Financial Statements

2022/2023

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Our highlights

We are focused on providing homes for people that need them and offer a range of support and services. We want our current and future customers to live in places where they feel comfortable, safe, and can make the most of their lives.

Strong growing business

£77.6m turnover	**£20.0m** operating surplus	**25.8%** operating margin (all activities and/or core business)	**104.2%** EBITDA MRI interest rate cover
G1/V2 rating from the Regulator of Social Housing	**11,522** properties owned or managed[1]	**£728m** housing assets	**A-** credit rating from S&P

[1]Figure includes homes, shops or other commercial units and garages.

Safe and well-maintained homes

6,643 homes with an EPC rating of C or above	**£17.7m** invested in repairing and maintaining existing homes	**£8.2m** invested in improving and modernising existing homes

More great new homes

400 new homes built

£31.9m invested in new homes development

Great place to work

+5.4 Net Promoter Score

Delighting customers

89% customer satisfaction

CHP customer, Annie, and Marketing Communications Executive, Karen

We support the growth of strong communities and provide opportunities for people to thrive.

Five-year financial summary

Group statement of comprehensive income	2019	2020	2021	2022	2023
	£m	£m	£m	£m	£m
Turnover	65.4	66.1	67.6	73.8	77.6
Operating surplus	20.4	16.2	21.4	23.8	20.0
Operating surplus as percentage of turnover	31%	25%	32%	32%	26%
Movement in fair value of investment properties and FI	(1.1)	(2.5)	1.3	(0.0)	2.2
Net financing	(16.7)	(17.4)	(17.3)	(19.2)	(19.7)
Surplus before tax	**2.6**	**(3.7)**	**5.4**	**4.6**	**2.5**

Repairs and maintenance spend	11.4	13.7	12.3	14.0	17.7
Capitalised spending on improvements to housing properties	2.0	3.1	2.3	4.1	7.4
EBITDA MRI as a percentage of interest payable	168.6%	158.5%	138.8%	119.6%	104.2%

Group statement of financial position	2019	2020	2021	2022	2023
	£m	£m	£m	£m	£m
Housing fixed assets	617.8	663.7	686.7	692.6	727.8
Other assets less current liabilities	50.0	39.1	56.5	52.9	42.5
Total assets less current liabilities	**667.8**	**702.8**	**743.2**	**745.5**	**770.3**
Debt (due over one year)	426.4	455.0	489.5	483.1	496.7
Other long term liabilities	92.0	106.5	98.6	71.5	21.2
Total long term liabilities	518.4	561.5	588.1	554.6	518.0
Reserves total	149.4	141.3	155.1	190.9	252.3
Total long term funding and reserves	**667.8**	**702.8**	**743.2**	**745.5**	**770.3**

Group cash flow	2019	2020	2021	2022	2023
	£m	£m	£m	£m	£m
Net cash from operating activities	39.1	25.3	31.5	37.4	31.9
Financing cash flow	(19.4)	(19.5)	(19.3)	(20.5)	(21.6)
Operating cash flow net of financing	19.7	5.8	12.2	16.9	10.3
Purchase of PPE	(51.9)	(56.7)	(39.6)	(32.3)	(49.6)
Operating cash flow net of financing and capex	(32.2)	(50.9)	(27.4)	(15.4)	(39.3)
Proceeds from sales	5.1	3.6	8.7	17.4	4.4
Grants and interest received	1.6	5.4	0.3	1.2	1.0
Operating and sales cash flow	(25.5)	(41.9)	(18.4)	3.2	(33.9)
Net movement in borrowings	(4.1)	28.9	35.2	(5.6)	13.9
Net change in cash and cash equivalents	**(29.6)**	**(13.0)**	**16.8**	**(2.4)**	**(20.0)**

Chair of the Board welcome

Welcome to our Financial Statements for 2022/2023. This was the first year of our new Corporate Strategy, which was developed in consultation with customers, to help us achieve our mission of transforming lives by creating great homes for everyone who needs them.

This was also a year dominated by global and economic shocks. In the UK this led to an increase in inflation and a sharp rise in the cost of living which has meant many households have had to make difficult decisions about how they spend their income.

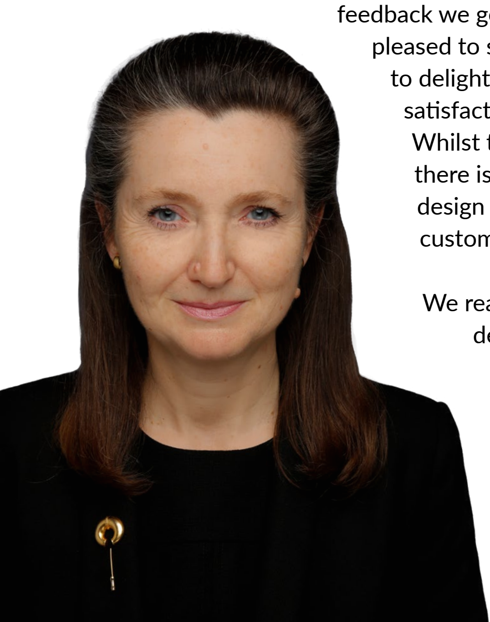
Despite these challenges, we have shown resilience as an organisation and performed well and I am proud of how our colleagues have demonstrated our values. They have been bold and open-minded in their pursuit of solutions and determined to make a difference to customers and communities because they care.

The inquest into the tragic death of two-year-old Awaab Ishak in Rochdale due to the condition of his home has shone a light on the responsibilities of all housing associations. For us, it highlighted the importance of our objective of safe and well-maintained homes. We reviewed our own approach to damp and mould, and prioritised working with customers to resolve issues in their homes. We have made good progress, but we know there is more work still to be done which we are committed to.

> "I am pleased to say we have continued to delight customers, with overall satisfaction at 89 percent."

We increased our support fund this year to help those most in need. We helped customers claim the benefits they are entitled to and throughout the year we looked for opportunities to provide additional support to struggling families, elderly, vulnerable, and isolated customers.

We measure the quality of our service delivery by the feedback we get from customers. I am pleased to say we have continued to delight customers, with overall satisfaction at 89 percent. Whilst this is positive, we know there is more we can do to design services that improve customers' experiences.



We reached a milestone in our development programme to help meet local housing need.

The delivery of over 100 new homes at Chelmer Waterside in Chelmsford meant that we have now provided over 4,000 new, affordable homes across the eastern region since our programme began in 2006.

Our turnover for the year was £77.6m. This was £3.8m more than last year. By supporting customers, we achieved a low level of arrears compared to other housing associations, collecting 99.09 percent of rent. This helps us to continue to deliver all our services. We generated £8.8m in income by selling 64 homes for shared ownership this year and achieved 42 percent of the sales off-plan before the homes were built.

We were pleased to have our G1 rating for governance and V2 rating for financial stability reconfirmed by the Regulator of Social Housing. We also maintained our 'A-' credit rating with S&P Global. These results recognise that we have performed well despite the economic climate and takes into account our ambitious development programme for building new homes.

We are expanding on the work we did last year to put greater focus on diversity, equity, and inclusion throughout our organisation. I signed up to the National Housing Federation Chairs' Challenge and I have been working to increase the diversity of our Board. This year we have welcomed three new Board members.

As we move into the second year of our Corporate Strategy, we know there will be many challenges ahead as we continue to respond to the economic environment. There will no doubt be fresh challenges too, but we are well placed to achieve the commitments we set out in our strategy and to deliver on our purpose for customers.

Nicola Sawford
Chair

Chelmer Waterside, Chelmsford


Delfords, Harwich

Chief Executive welcome

This year has been an extraordinary one. The changing external environment has brought significant challenges to us as a business, to the housing industry, and the UK as a whole. But our long-term strategy is sound, and I am pleased to say we have risen to the challenge.

Our priority has been, and will continue to be, supporting customers and providing them with great services, and safe and well-maintained homes. We have carefully balanced this with our commitment to deliver new homes to help meet the huge demand for affordable housing locally, whilst playing our part in the fight against climate change.

For people already on a tight budget, the cost of living increase has put even more strain on day-to-day living. Being unable to heat their home or feed their family is a reality for some of our customers. We used our dedicated support fund to give over £166,000 this year in financial help to struggling households. We supported customers with 489 fuel vouchers and 158 food bank vouchers. We also provided financial support to families most in need of help with back to school expenses.

"We provided 400 new homes with our partners for affordable rent, social rent, or shared ownership this year to help address the housing crisis."

We continued to invest in the homes we provide and improve their sustainability by modernising over 3,500 homes this year. We assessed the condition of existing homes for their energy efficiency and retrofitted poor performing homes to reduce their impact on the environment and lower customers' energy costs. Over 70 percent of our homes now have an EPC rating of C or above. Our aim is to reach 85 percent by the end of the current Corporate Strategy in 2025.

We started work on a project that will provide solutions to help us deliver an effective way of managing our empty homes. Our Voids Improvement Project has been reviewing the entire empty homes process with the aim to improve relet times for homes, reduce rent loss, and improve the customer experience when moving home.

We also began work on a remediation project at Parkside Court in Melbourne Avenue, Chelmsford. Following the Grenfell Tower tragedy, we carried out an investigation into the cladding and extension to the tower at Parkside Court, which identified defects and established that some of the work was non-compliant with building regulations. The issues we found were not the same as those found at Grenfell and we have kept the building safe to live in, but remediation work was needed so we made it a priority.

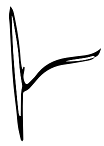
We provided 400 new homes with our partners for affordable rent, social rent, or shared ownership this year to help address the housing crisis. This puts us slightly behind target of 1,500 new, affordable homes by the end of our three-year Corporate Strategy, but this is due to normal fluctuations, and we are focused on actions to hit the target at the end of the three years. We managed 603 homes in total for our partners.

We were delighted to win the award for Climate Action at the Essex Housing Awards, which recognises the work we are doing to create sustainable homes and communities, and reduce our environmental impact. We will soon be publishing our third annual Environmental, Social and Governance (ESG) report providing more transparency into our activities.

The cost of living crisis not only put significant pressure on customers, but many employees too. We provided financial wellbeing support for employees and gave everyone a 'thank you' payment to help them with the challenges of the cost of living.

Despite the economic environment, the team showed huge generosity in giving something back by volunteering 69 days of time in total over the last year. Employees also raised thousands of pounds and donated hundreds of food items and goods to over 20 different charities and local communities.

We know the year ahead will see many of our customers continue to face very challenging times, but I am confident in our ability, and I know we will work hard to do everything we can for them. We will continue to care about our customers and communities, be bold in our ambition, determined to do our best, and open-minded about what that might look like.



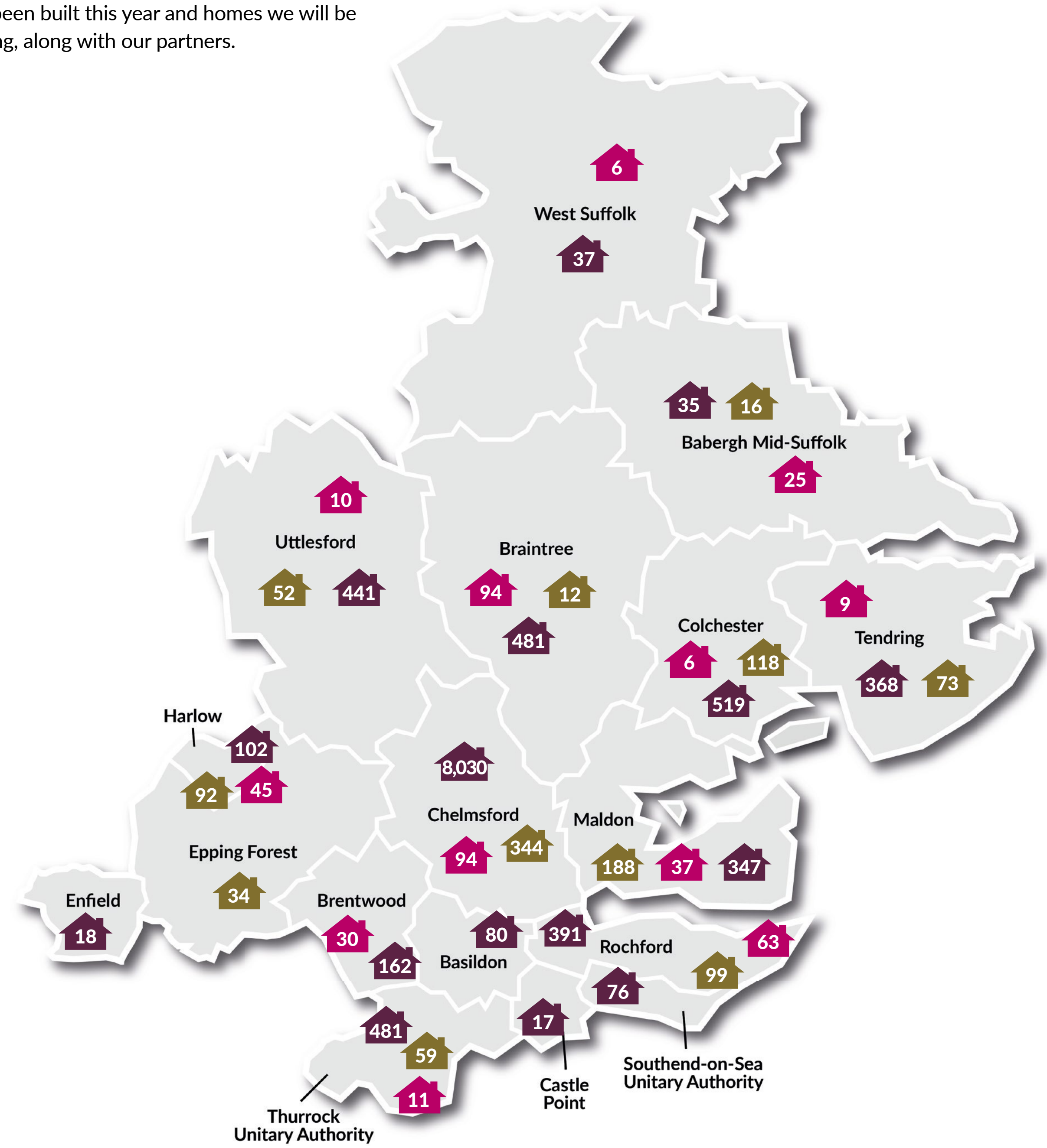
Paul Edwards
Chief Executive

Parkside Court, Chelmsford

Strategic report

Our operational area

This map shows how many properties we own or manage in each area as of 31 March 2023. It shows how many homes have been built this year and homes we will be building, along with our partners.



Total number of properties owned or managed

Homes built this year

Homes we will be building

Our vision, mission, and purpose

We are a locally-focused housing association that provides affordable homes to help tackle the housing shortage in the east of England. We own and manage over 11,000 homes and serve over 27,000 customers.

We care about the people who live in our homes. We know how important it is that our homes are warm, safe, and comfortable to live in. But we don't stop there. We want to help transform customers' lives and their communities. We offer a range of support and services for customers when they need them. For example, we provide personal welfare benefits advice and support if they are experiencing problems such as anti-social behaviour or domestic abuse. Because we are a not-for-profit organisation, we reinvest our surpluses to build more homes and support local communities, for example, by improving their skills and wellbeing.

To help us achieve our purpose, we have over 300 employees, including teams of specialists and skilled tradespeople. All our employees are committed to providing customers with a great service and a safe and well-maintained home.

We believe everyone deserves the opportunity to make the most of their lives. To achieve this, everything we do is guided by our strong values.

Our vision and mission

Our vision is to transform lives and our mission is to create great homes for everyone who needs them.

Operations Manager, Dave, CHP customer, Keeley, and Multi Skilled Electrician, Johann

Our values

To be an organisation that cares about our customers and communities and is determined to make a difference. We will be bold and open-minded in our pursuit of solutions to help people transform their lives.

Bold

We are focused on the issues that matter most to the community we serve, and we take a bold approach to solving hard-to-fix issues.

Open-minded

We are open to difference, to challenge, and to new ideas. We encourage diversity, curiosity, and inclusive communication.

Caring

We are passionate about what we do and continually strive to listen, learn, and improve together.

Determined

We are aware of the impact we have on our environment, our customers, and wider community, and we are determined to do the right thing. We will balance the sustainability of the organisation with the needs of the community and broader society.

Constructing new homes

Our Corporate Strategy

These Financial Statements cover our performance during the first year of our new Corporate Strategy which sets out our ambitions and shapes all our activities for 2022-2025.
We have six strategic objectives that will help us to achieve our mission of transforming lives.

1 Delighting customers

We want all customers to feel listened to, that their views are heard and acted upon, and that they are treated as individuals. By listening and learning, we are able to anticipate needs, improve our service delivery, and shape great neighbourhoods.

2 Safe and well-maintained homes

We are investing in our existing homes to make sure they are well-maintained and meet high standards of landlord safety. We are dedicated to reducing their environmental impact and lowering energy costs for customers, through our improvements.

3 More great new homes

We are focused on meeting housing need by collaborating with partners to deliver affordable, new homes and to provide more homes for social rent. New homes are environmentally sustainable and as many as possible will be 'zero carbon ready'.

4 Great place to work

We create a trusting and inclusive environment that values employee feedback. We want to attract and retain talented individuals who share our values. We give everyone opportunities to develop and grow and motivate our people to bring their best selves to work every day.

5 Smart ways of working

We use data and technology intelligently and effectively. It will inform, innovate, and improve the services we provide so we can achieve our goals. We prioritise what helps us to perform better and makes the most difference.

6 Strong growing business

We need strong finances to deliver our strategy and we make the most of every pound we spend for customers and communities. We collaborate with partners in both the public and private sector to make a positive social impact, steering our business through the challenging financial environment of this strategy.

Our customers

Jubilee themed crafts at the Hub

Customer satisfaction

Our customers are at the heart of what we do. To enable us to deliver a great customer experience we actively seek customer feedback and welcome both the positive and the negative. This helps us to know when we get things right and understand where we need to improve.

We monitor customer satisfaction as a measure for delivering a great customer experience. One of the ways we do this is through satisfaction surveys when a customer has experienced one of our services including repairs, call handling, estate cleaning, grounds maintenance, planned maintenance, and moving in. Overall customer satisfaction is high at 89 percent.

Customer engagement

This year, over 400 customers took part in engagement activities through feedback groups, consultations, or surveys This was an increase from 222 the previous year and more than ever before.

Our Customer Review Panel (CRP) embarked on their first scrutiny review by looking at our sheltered housing lettable standard. After an in-depth review, the CRP presented their recommendations to our Customer Experience Committee, and they have been adopted for implementation throughout the year.

Customers were also consulted on ten of our customer policies to improve their clarity and fairness. Policies they helped shape included our Garage Management Policy, Decant Policy, Rent and Charge Setting Policy, and our Domestic Abuse Policy.

Customer service

We know that not getting back to customers and a lack of communication are two areas that cause a lot of frustration for customers and results in complaints. We've been proactively working to change this. For example, we've improved the connection between our Customer Resolution Centre (CRC) and subject matter experts, so that when you contact us we're more prepared to provide you with the right answer the first time. First time resolutions increased from 67 to 72 percent this year. We've also been reviewing the way we respond to customers and have been focusing on providing you with clear communication.

Supporting customers

The high cost of living has put even more pressure on day to day life and for people already on a tight budget it has been difficult to make ends meet. We have a team of friendly and approachable advisors that provide help and information with all types of benefits, from filling out an application to appeal and tribunal. We helped customers claim £415,496 worth of additional benefits this year. We also issued 158 food bank vouchers and 489 fuel vouchers.

With their permission, we can help customers to get access to independent specialist support and advice when they need it. We do this by making referrals to a range of support agencies like Peabody Floating Support, The Trussell Trust, Citizens Advice, StepChange and the Essential Living Fund.

We have our own support fund and provided £166,468 in grants this year to help customers experiencing hardship. We also introduced a new platform that helps us issue vouchers directly to customers by text message or email, so they can get vital support straight away.

We also supported customers experiencing challenges in their homes and communities, such as anti-social behaviour, domestic abuse, and hoarding which can really affect quality of life.

Investing in communities

We spent £36,837 this year on neighbourhood improvement works to enhance our communities.

We also enhanced our community investment offering with new events, clubs, and courses at our Parkside Community Hub, so more people could receive help. The Hub is also available as a warm, safe space for anyone to stop by for a hot drink, chat or to access food from the community fridge. We had almost 4,000 visits to the Hub this year.

We continued to offer advice and support to anyone wanting to improve skills or gain qualifications.

We launched a variety of weekly clubs including crafts, social Spanish, and gardening where everyone is welcome to come along and join in. We celebrated special events such as the Queen's Platinum Jubilee by hosting a themed craft session making jubilee wreaths.

We hosted a workshop in partnership with Independent Age, a charity which provides support for older people facing loneliness and financial hardship. Customers joined us to get advice on budgeting, welfare benefits, and how to stay safe and warm during winter.

In December, we held a Christmas meal for elderly and more isolated customers.

We hosted weekly drop-in sessions with Peabody so communities could access support and resources with concerns about housing, mental health, debt, isolation, or substance misuse.

People also visited the Hub to access other types of support including help with welfare and benefits, general form filling, digital skills, and access to Hearing Help Essex for people with hearing loss.

400

customers took part in engagement activities

Complaints

We simplified our complaints process this year to make sure we are compliant with the Housing Ombudsman's new Complaint Handling Code that came into force in October 2022.

We also introduced a Learning from Customers Panel who look at the complaints we receive to see how we are performing and track trends. The panel is made up of senior managers from across the business who make decisions for their own service areas and work with their teams to implement any changes or improvements.

We use our customers' voices to embed lessons learnt into our daily service delivery, identified through the Learning from our Customers Panel and via our complaints process.

Neighbourhood Advisor, Trevor

Our people

As well as inviting customer feedback, we also ask for employee feedback. We carried out an employee Net Promoter Score survey this year as a way of measuring how likely our employees are to recommend CHP as a good place to work.

We scored +5.4, which is an improvement of +10.5 from the survey the previous year, when the score was -5.9. We are pleased that the score reflects the work we are doing to make improvements, including working more closely with employees to understand the challenges they face. We recognise there is more work to do and there are still areas for improvement.

Neighbourhood Advisors, Ashley and Mikaela

Employee health and wellbeing

Over the past year we have continued to focus on employee wellbeing. We have looked at ways we can support our team in achieving the right balance across our four pillars: social, financial, physical, and mental.

The cost of living crisis has impacted each of our employees as well as our customers, so we have provided financial wellbeing support. This ranged from working with a partner to deliver financial planning awareness and support, and providing advice on how to keep their homes warm this winter.

We also gave all our employees a 'thank you' payment in recognition for their hard work in exceptional times to help them with the challenges of the cost of living.

A Living Wage employer

We were accredited by the Living Wage Foundation as being a Living Wage employer. This means that everyone working at CHP earns a real Living Wage. The Living Wage is higher than the Government's minimum wage, or National Living Wage, and is an independently calculated hourly rate of pay that is based on the actual cost of living.

Gender pay report

We published our annual Gender Pay Gap Report in February 2023. It shows the difference in average earnings between men and women at CHP.

We continue to be committed to closing the gender pay gap. You can find out how we compare with the national average and what we are doing about the gender pay gap in our report by visiting our website at **chp.org.uk**.

Ethnicity pay report

We voluntarily produced our first Ethnicity Pay Gap Report this year, which helps us identify any ethnicity pay gaps for 2021/2022. It shows the difference between the average earnings of white and ethnically diverse employees at CHP.

You can find out what we are doing about the ethnicity pay gap through learning and development, recruitment and selection, and pay and benefits in our report by visiting our website **chp.org.uk**.

Diversity, equity, and inclusion

We continued to promote diversity, equity, and inclusion (DEI) throughout our organisation. Our Diversity and Inclusion Working Group, which represents all areas of the organisation and all employees, has been championing the awareness and knowledge of diversity and inclusion issues amongst our team.

Our Chair of the Board, Nicola Sawford, signed up to the National Housing Federation Chairs' Challenge, which is a public commitment for embedding and driving equality, diversity, and inclusion.

Nicola has been working to increase the diversity of our Board, so we are more representative of the customers and communities we serve to support our understanding of their experiences. This year, we have welcomed three new Board members; Toby D'Olier, Hetal Trivedi, and Katie Rogers. They bring a diversity of backgrounds, experience, age, and viewpoints, ultimately helping us to make better decisions for customers as a Board.

Reverse mentoring

We launched a new scheme this year which enabled employees to pair up with a senior manager to share their experiences and knowledge. Employees used their expertise to help shape the business and connect with leadership. It also meant they could find ways together to remove any barriers to development for others across the organisation.

Supporting the armed forces

We signed the Armed Forces Covenant, which is a promise from the nation to those who serve. It says we will do all we can to make sure serving and ex-military personnel are treated fairly and not disadvantaged in their day-to-day lives. The covenant brings together the government, businesses, local authorities, charities, and the public to support those who serve in our armed forces.

We have also received a bronze award in the Armed Forces Covenant Employer Recognition Scheme. This recognises our efforts to support defence personnel issues for existing or prospective employees.

Giving back

We give our employees time off work so that they can volunteer to give back to charities and local communities. This year employees volunteered 69 days of time through our CHParticipate programme, with almost 20 percent of the workforce getting involved. We raised thousands of pounds, and donated hundreds of food items and goods to charities and local communities. Activities included supporting a Christmas party for hundreds of disabled children, planting trees, and holding a charity football match.

69
days of time given back

Christmas meal for customers at our Parkside Community Hub

Operating and financial review

The financial year 2022/2023 was full of economic uncertainties. The UK economy began to feel the impact of the Russian invasion of Ukraine, which exacerbated the economic damage caused by the COVID-19 pandemic. The UK has also been faced with rising inflation and a cost of living crisis, slowing economic growth, an energy crisis, and rising interest rates to stem inflation. Alongside this there have been stresses on supply chains and labour shortages in certain sectors.

Our Board meet regularly to review the organisation's performance in light of this challenging economic environment and monitor the delivery of our corporate objectives and achievements in key areas such as rent collection, maintenance, repairs, and development.

Rent

Despite these challenging financial circumstances, turnover for the Group for the financial year end 2022/2023 came to £77.6m with an operating surplus of £20.0m.

In total, we collected £55.87m in rent, which was 99.09 percent of a possible £56.37m. Total rent arrears at the end of the financial year were £916,377 which represented 1.6 percent of all rent charged. This low level of arrears means we can reinvest in providing safe, well-maintained, and energy-efficient homes.

Modernisation

This year we spent £8.2m on improving and modernising homes, that is £3.6m more than the previous year. We survey homes to assess if work is needed and this year we completed 1,394 home surveys.

Alongside day-to-day repairs and maintenance, we delivered:

	2022/2023	2021/2022
Planned repairs	12,601	8,824
Number of homes modernised	3,584	1,191
New kitchens	116	99
New bathrooms	131	77
Heating improvements	797	728
Electrical supply upgrades	266	400
Wet rooms	33	27

We began an alarms programme in September 2022. 5,021 homes required smoke alarms or carbon monoxide alarms to be installed to meet new regulations.

Repairs

This year we also spent £17.7m on repairing and maintaining homes. This was £3.7m more than the previous year.

Following the tragic news of Awaab Ishak, in November 2022 we set up a specialist task force to better manage damp, mould, and condensation reports in homes. This team was set up to provide dedicated resources over the winter months focused on customers' damp concerns and to provide quick solutions. We contacted over 10,000 customers via letter, email or text message to raise awareness of the importance of reporting damp, mould, and condensation. We invited all customers to get in touch with any concerns.

We reallocated budget and reprioritised work to deal with the volume of reports and continue to work with customers until they are happy the issues have been resolved.

We also repaired 630 homes that became empty during the year so they were ready for new lettings. This was 27 more than the previous year. We spent an average of £2,888 on vacant homes, this is more than last year where we spent £2,356.

99.98 percent of our homes met the Decent Homes Standard at the end of 2022/2023. One gas safety check and one water risk assessment were overdue. Both were completed shortly after the end of March 2023.

We have plans to deliver major works to over 3,000 homes in the coming year.

Development and sales

Our goal for the life of our three-year Corporate Strategy is to provide 1,500 new, affordable homes. We provided 400 new homes working with our partners this year with developments in Braintree, Chelmsford, Colchester, Harlow, Maldon, Rochford, Tendring, Thurrock, Uttlesford, Babergh, and West Suffolk.

We are slightly behind target, which is due to normal fluctuations, and we are focused on actions to hit the target at the end of the three years.

Of the 400 new homes the group have provided this year, 293 were built by CHP and 107 for our partners. Most of the homes we built were on land from developers. Two homes were built across one regeneration site which gives us more control over the design, standard, and delivery.

We were only able to build two homes for social rent ourselves this year due to delays with delivery of these type of homes. This is much lower than the previous year when we built 32 homes for social rent. Our aim is to build 150 homes for social rent by the end of our three-year Corporate Strategy in 2025, with 25 homes built in the first year of the strategy, 50 in the second year, and 75 in the third.

Multi Skilled Carpenter, Andrew, and Operations Supervisor (Electrical), Mark

We also took handover of our first Gypsy, Roma, and Traveller (GRT) site this year. Owned by Chelmsford City Council and managed by us, the site provides nine pitches and facilities for mobile homes belonging to the GRT community. We have a Site Manager who is available to help residents meet the terms of their Pitch Agreement and can assist with setting up support and referrals to other agencies if it is needed.

The carrying value, which is the original cost of an asset minus depreciating factors, of our properties (including assets under construction) was £727.8m. This compares with £692.6m last year. The upturn is due to the increased number of homes we own.

We sold 64 homes for shared ownership this year. This enables customers who cannot afford to buy on the open market to part-buy and part rent their home. This generated £8.8m in income, £2.6m less than the previous year when we sold 98 homes. We achieved 42 percent of the sales this year off-plan before the homes were built.

We helped 13 shared ownership households own more of their home by buying a bigger share through 'staircasing'. This raised an additional £2.1m.

We helped seven households buy their current home at a discount through the Right to Acquire scheme, achieving £1.7m.

We reinvest all proceeds from sales in maintaining our existing homes and delivering more new homes.

Investment in homes and the development of new ones was funded through a mixture of loan finance and working capital.

400
new homes provided this year

Operating and financial review

Regulator of Social Housing

Along with answering to our customers, we are also accountable to the Regulator of Social Housing (RSH). The regulator's role is to make sure that housing providers are properly governed, well managed, and financially secure.

The regulator has assessed our performance as a G1 rating for governance and V2 rating for financial viability. This means the RSH has judged that we are well governed and in a strong position to continue delivering on our corporate strategic objectives. Our V2 grading recognises that we are a strong growing business with sound financial plans in place. It takes into account that we have an ambitious development programme to deliver more homes to help meet housing need in the region and reflects our commitment to becoming carbon Net Zero, which includes our investment to improve the energy efficiency of our homes.

Credit rating

We were awarded an 'A-' credit rating again this year in our annual review by S&P Global. This rating expects our financial performance to remain strong and is based on several factors. These include our development programme, our strong liquidity position, and our timely response to the challenges presented by the volatile economic environment we are operating in.

A-

credit rating

Drakes Lane, Chelmsford - our first Gypsy, Roma, and Traveller site

Corporate finance and treasury

Monitoring of the treasury function is based upon stipulations in our Treasury Management Policy. As of 31 March 2023, all covenants and golden rules were met. Our interest cover was 126 percent at the end of 2022/2023. This is higher than the golden rule of 121 percent. The Regulator's interest cover (EBITDA MRI) from the VfM metrics stands at 104.2 percent.

We had committed debt funding of £573m and drawn funding totalling £474.5m, (2022: £459.2m). We seek to maintain diversification in our funding sources, with 47.31 percent coming from three banks and 52.69 percent from the issued bond.

We hedge our bank borrowing with International Swap and Derivative Association (ISDA) standalone swap agreements totalling £177m. The Group's refinancing risk within the next five years is £109.5m with 75.3 percent of the Group's debt maturing after five years.

Liquidity

We have £98.5m of committed undrawn facilities available for immediate drawing and £19.8m cash in hand, representing total available liquidity of £118.3m. These resources are considered sufficient to fund 36 months' worth of commitments.

Committed funding

All committed funds are fully secured by property. At the year end, the Group had 1,454 properties unencumbered for use for new loans. These properties are estimated to provide potential security of £192m for future new loans. The ability to raise new loans may enable us to develop more new homes in the future.

Interest rate management

The Board regularly monitors interest rate risk to ensure fixed debt remains within the range of 80 – 100 percent. At the year end, our portfolio was 90.00 percent fixed.

Our average interest rate cost for the year was 4.41 percent (2022: 4.22 percent) reflecting the fixed rate hedging noted above. We do not have any non-sterling or exchange rate exposure.

Investments

Excess cash is invested in accordance with our financial regulations. As of 31 March 2023, £8.3m was invested with Goldman Sachs on an overnight deposit and £4.7m in a Federated Investors AAA money market fund. Rates of return are between 3.91 percent and 3.94 percent.

Neil Perrins, Chief Financial Officer

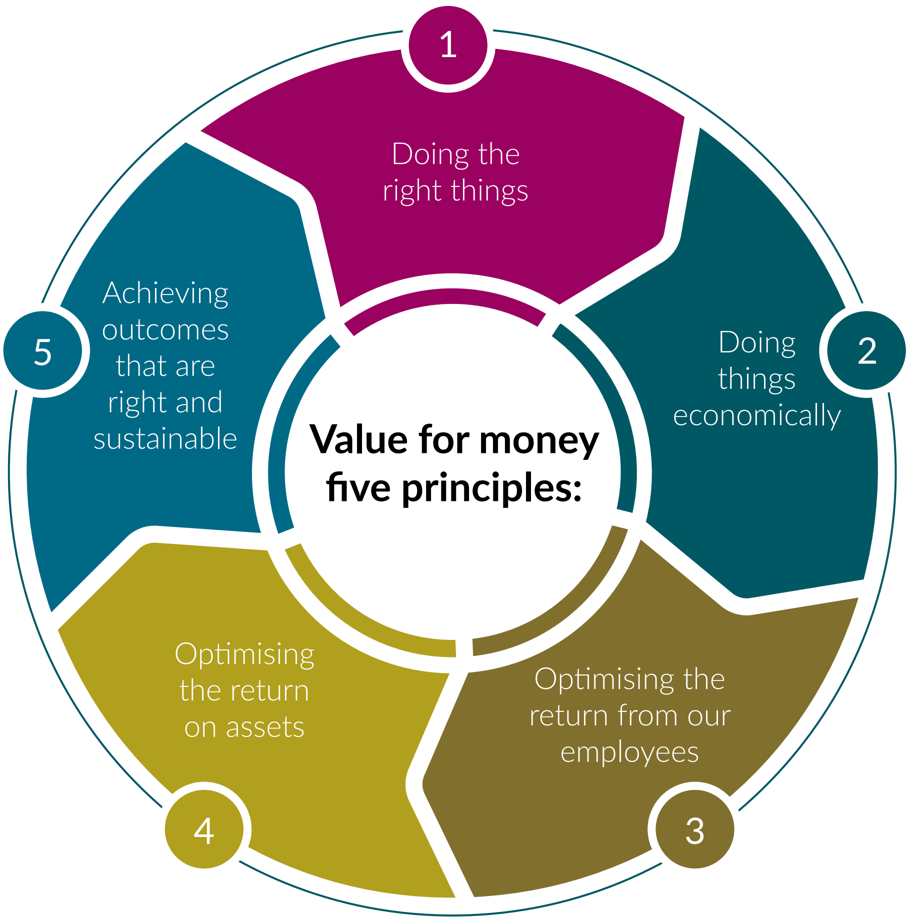
Value for money

Our vision in delivering value for money

Value for money is at the heart of everything we do. At CHP, our mission is to transform lives by creating great homes for everyone. We are one of the largest housing associations in our region and one of the biggest developers of new homes. To achieve our mission we must be a modern, innovative business that invests in places and people and delivers high-quality services to all our customers. The shortage of affordable homes, welfare, and sustainability challenges, the high cost of living and the volatile macroeconomic climate, means we must make sure every pound we receive is used in the best way possible. The more efficient and effective we are with how we spend our money, the more we can invest in new and existing homes and make sure we provide high-quality services. We are committed to making our money work harder for our customers and our business.

Our definition and application of value for money

Value for money is the achievement of efficiency (spending well), effectiveness (spending wisely) and economy (spending less). To make sure that we achieve this across all our activities, the Board has agreed the following five principles:



Principle 1: Doing the right things

We ensure we have clear business plans and strategies to enable our teams to focus on 'what matters most'.

During 2022/2023 the Board and Executive Management Team continued to monitor the robustness of the 30-year business plan through different stress testing scenarios, as well as the agreed 'Golden Rules' and its Risk Appetite.

Principle 2: Doing things economically

We aim to deliver our services in effective and efficient ways, using innovation, technology and research to design better ways to work. We investigate whether we are best placed to deliver services or if they could be undertaken more efficiently, effectively, or economically by someone else.

The Board, the Executive, and Senior Management Team have rigorously monitored financial performance to ensure the business was adhering as much as possible with the approved annual budget. This was during unprecedented cost increases, supply chain issues, and a turbulent political climate.

We have also continued to invest in identifying and implementing connected IT systems that help achieve lean and efficient processes.

> We are committed to making our money work harder for our customers and our business.

Principle 3: Optimising the return from our employees

We aim to invest in our colleagues, promoting high performance, and a culture of innovation. This principle focuses on how we recruit, train, support, and retain our talent.

Principle 4: Optimising the return on assets

We create and maintain high-quality homes and other assets and use these as a platform to grow and develop. This principle focuses on the lifecycle of a home: development, maintenance, and stock rationalisation. Linking to the Asset Strategy, we ensure we invest in the right homes, to the right standard, at the right cost to deliver the right return.

Principle 5: Achieving outcomes that are right and sustainable

We assess our effectiveness and measure how successful we have been in achieving our Corporate Strategy through the lens of 'value for money'. We focus on what value has been delivered in terms of financial, social, economic, and environmental return.

Savings through more efficient procurement of contracts

Our team works hard through procurement, service delivery, training, and employment initiatives to deliver more for current and future customers.

During the year 2022/2023 approximately £341k savings were recorded by our Procurement Team, the majority being through direct price-based savings and payment terms-based discount/savings. Savings were achieved via multiple procurements and negotiations where the most cost effective, value for money solutions were selected through the evaluation process. Also, terms have been negotiated for multiple contracts. Some of the best examples were through achieving reduced costs from contracts on our heating services, stock condition surveys, plumbing equipment, and smart thermostats.

Regulator of Social Housing metrics

Value for money metrics by the Regulator of Social Housing

The value for money metrics requires registered providers to annually report on their performance against a suite of measures defined by the regulator along with their own value for money measures and targets. This is to measure economy, efficiency, and effectiveness.

The Board agrees the metrics targets every year based on the approved budget and business plan. We have incorporated the Regulator of Social Housing's value for money metrics into our routine reporting, financial planning, decision making, Board discussion and have monitored our performance against the agreed targets throughout 2022/2023. This enables us to analyse our performance and understand the areas where we are doing well, as well as the areas that need improvement.

We also benchmark ourselves against other housing associations. The Board has agreed a peer Group based on geographical location, size, and development programme, as follows.

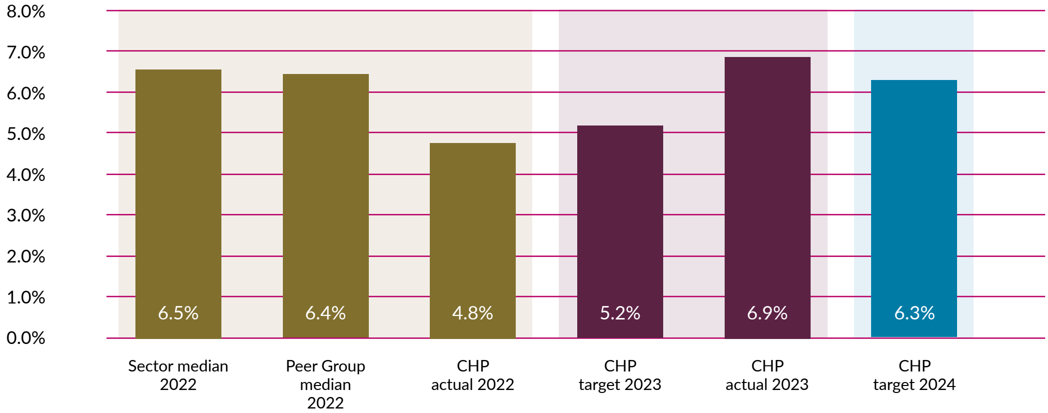
- bpha
- Flagship Housing Group
- Eastlight Community Homes
- The Havebury Housing Partnership
- Moat Homes
- Saffron Housing Trust
- Settle Group

These measures of the metrics have been mandated by the Regulator of Social Housing. This includes the definition of the measure, which sometimes differs to measures elsewhere in the Financial Statements and to our financial covenants.

Kitchen install

Metric 1 – Reinvestment %

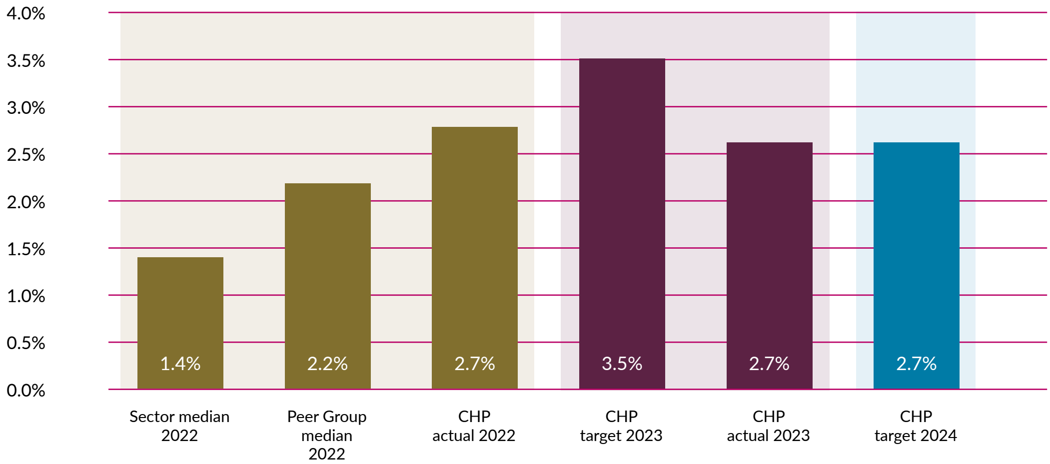
Reinvestment metric measures our investment in the acquisition and development of new properties plus our investment in maintaining existing properties as a proportion of the total value of our housing properties.



Our actual performance in March 2023 is higher than the set target and our peer Group as we handed over more new development units and spent more on works to existing properties. We aim to continue with similar pace in the next financial year. Our focus will remain on meeting housing need and maintaining our existing homes as per our Asset Management Strategy to ensure our homes are warm, safe, and sustainable.

Metric 2 – New supply delivered %

The new supply metric sets out the number of new social housing units that have been developed or acquired in the year as a proportion of total social housing and leasehold units owned at period end.



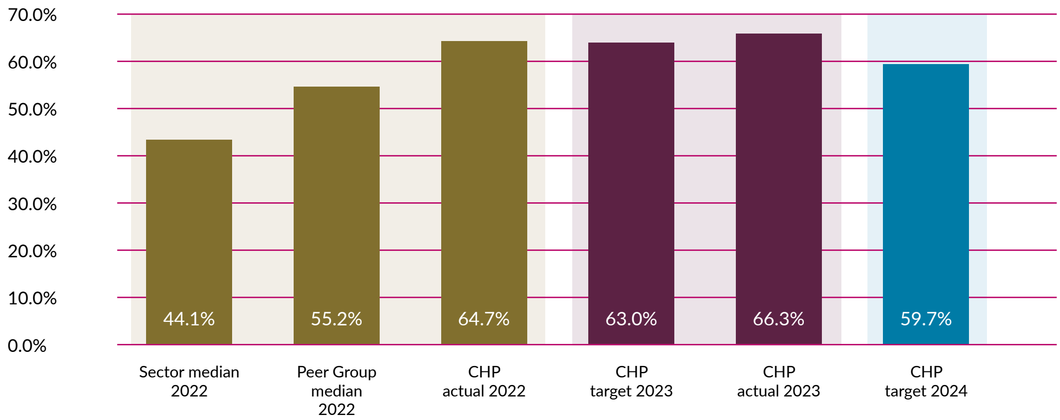
Our actual performance in March 2023 is lower than the anticipated target for the year. The development programme continued to experience delays in delivering the new schemes at the anticipated time, mainly due to the developing sector struggling with supply chain and reduced labour force problems. However, compared to our peer Group and sector, we have done better.

We are focused on meeting housing need by collaborating with partners to deliver affordable, new homes and to provide more homes for social rent. New homes will be environmentally sustainable and as many as possible will be 'zero carbon ready'. We worked with two partners this year, Chelmsford City Council (CCC) and Legal & General Affordable Homes (LGAH) to help provide more affordable homes and meet housing need.

The delivery of new affordable homes is dependent on the timing of development schemes and may not reflect the level of investment during the period.

Metric 3 – Gearing %

The gearing metric assesses how much of our assets are made up of debt and the degree of dependence on debt finance. It is often a key indicator of a registered provider's appetite for growth.



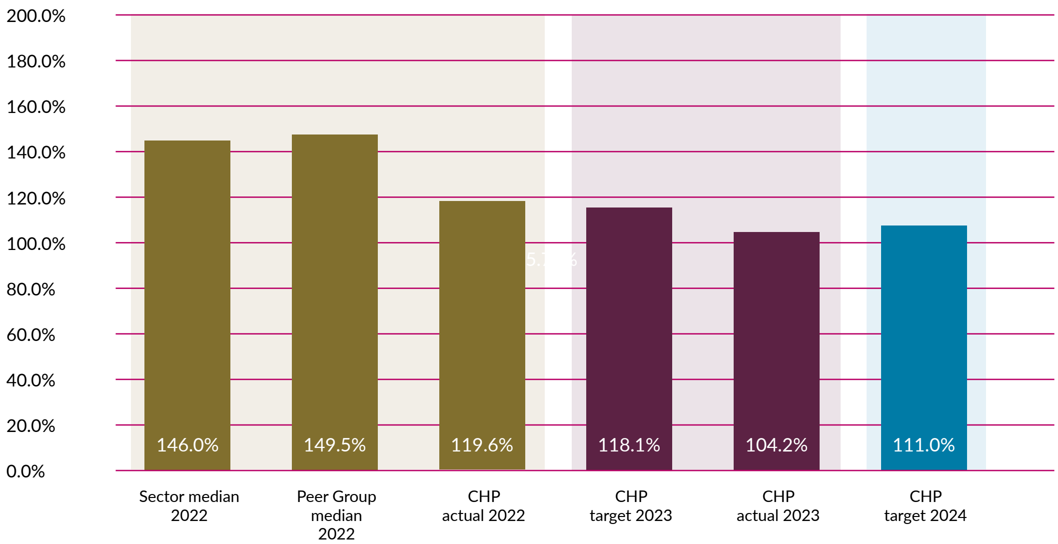
Our level of gearing shows that we are making use of our assets to raise funds for investment while maintaining a sustainable level of debt.

Actual performance in March 2023 is slightly higher than the target as a result of our housing asset values rising slower than predicted. Our gearing is higher than the sector and peer Group, predominantly driven by our long-standing focus on building new homes to help meet local housing need.

We expect the gearing levels to drop next year as our asset values continue to rise.

Metric 4 – EBITDA MRI interest rate cover %

The Earnings Before Interest, Tax, Depreciation, Amortisation, Major Repairs Included (EBITDA MRI) metric is a key indicator for liquidity and investment capacity. It seeks to measure the level of surplus that we generate (after adjusting for depreciation and major repairs) compared to the interest payable on our bank loans and bond.



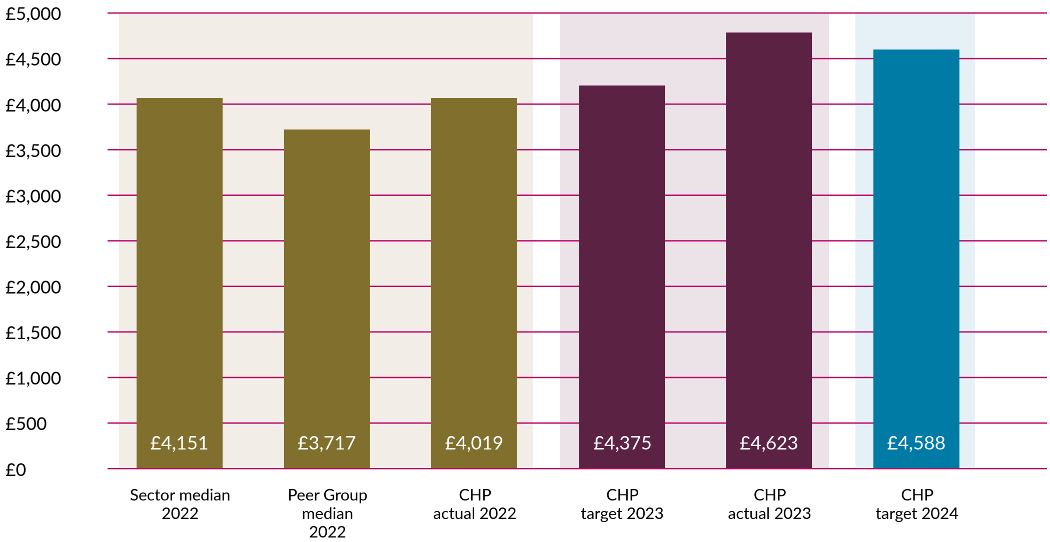
Our actual performance in March 2023 is 14 percent lower than target. Though efforts were made throughout the year to monitor and control the budgets, the adjusted operating surplus (EBITDA MRI) dropped by £2.7m. Repairs and maintenance alone cost the business over £2.2m more than originally budgeted.

According to the quarter four review by the Regulator of Social Housing, the registered providers experienced an interest cover averaged at 87 percent over the 2022/2023 financial year. This is the lowest figure ever recorded. This illustrates how much the macroeconomic world has changed in the last year or so, and the significant impact those changes have had. The UK has also been faced with rising inflation and a cost of living crisis, slowing economic growth, an energy crisis, and rising interest rates to stem inflation. There has also been a strain on supply chains and labour shortages in certain sectors.

When comparing our performance for the year 2021/2022 with our peer Group, our EBITDA is lower and we seem to have a higher percentage of interest paid for our debts compared to our operating surplus, which in return produces a lower interest cover.

Metric 5 – Headline social housing cost per unit

This metric assesses the headline social housing cost per unit as defined by the regulator.



Our actual social housing cost per unit in March 2023 is 5.7 percent higher than the set target.

Again referring to the regulator's report, which covers the year 2022/2023, the sector has been facing "substantial pressures" due to operating costs being squeezed by high inflation, shortages in labour and materials, and higher spend on repairs and maintenance.

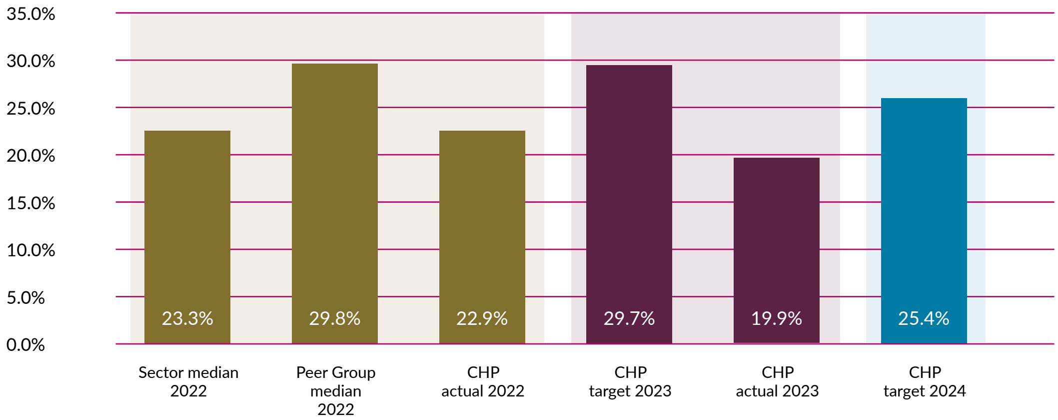
When comparing our performance for the year 2021/2022 with our peer Group, our social housing cost per unit was eight percent higher. One of the drivers seemed to be our percentage of management costs compared to total operating costs, which came higher than our peers.

We aim to control and possibly lower the costs next year and at the same time increase the number of homes we own and manage.

Metric 6 – Operating margin

The operating margin demonstrates the profitability of operating assets before exceptional expenses are taken into account. Increasing margins are one way to improve the financial efficiency of a business.

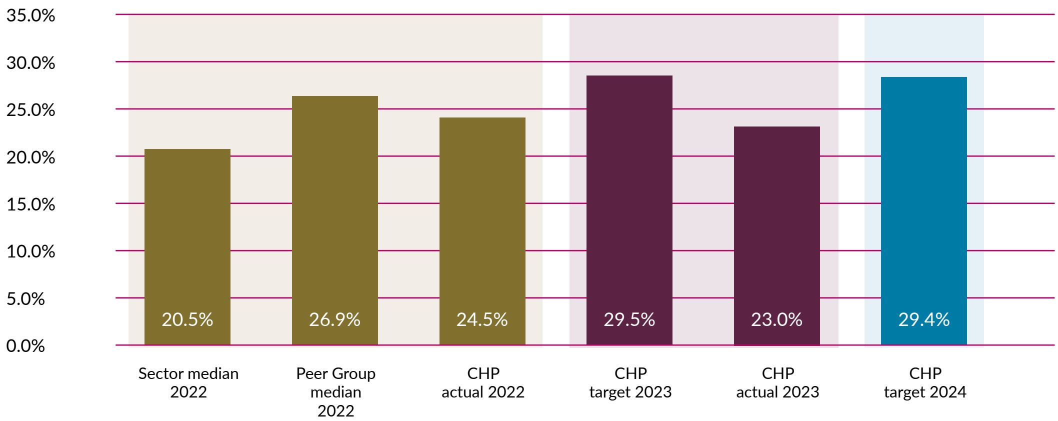
a) Social housing



Our performance to March 2023 is lower than the predicted target and our peer Group for both social housing and overall. The reduced operating surplus, especially due to higher costs to repair and maintain our existing homes, along with higher turnover, compared to more conservative set target for turnover has led to reduced operating margins.

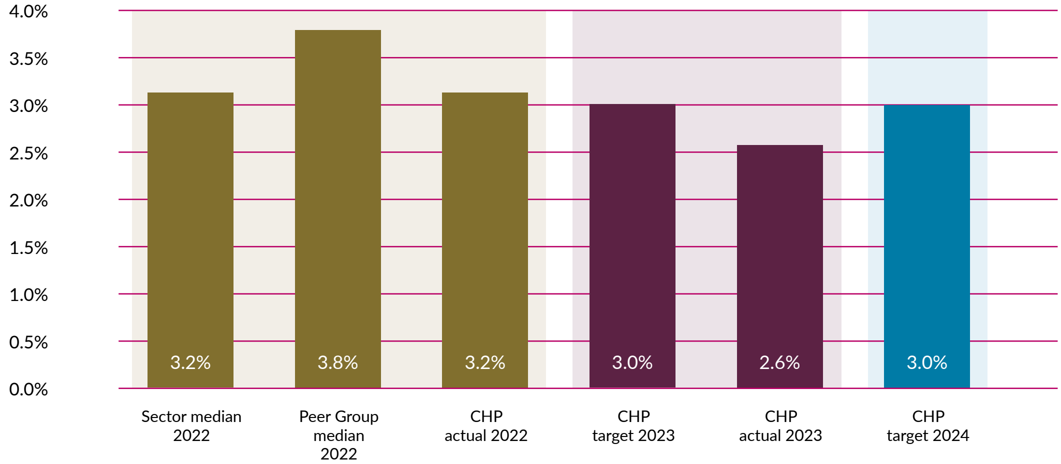
By ensuring tight monitoring and control of our operating activities and our operating expenditure, as well as always looking for efficiencies, we intend to increase our operating margins for next year.

b) Operating margin (overall)



Metric 7 – Return on capital employed (ROCE)

The ROCE compares the operating surplus to total assets less current liabilities and is a common measure in the commercial sector to assess the efficient investment of capital resources.



Our performance to March 2023 is lower than target and our peer Group. Both operating surplus and total assets less current liabilities were lower than what was anticipated at the start of the year.

The operating surplus was affected by higher operating costs, as explained in the other metrics above; and the lower value in assets was affected mainly by delays in the development programme.

We expect this metric to trend upwards over the coming years as we continue to deliver against our Corporate Strategy objectives.

Head of New Homes, Jemma, and Head of Growth, Helen

Sustainability summary report - Environmental, Social & Governance (ESG)

We recognise that our financial performance is underpinned by strong Environmental, Social, and Governance (ESG) performance. We are adopters of the Sustainability Reporting Standard for Housing (SRS). This was created three years ago through consultation with housing providers, industry experts, and financial institutions to create a standardised means of reporting on ESG and sustainability in the sector.

In our soon to be published third ESG report against the SRS, we have disclosed our performance on a range of measures such as our EPC ratings for existing and new homes, the social value we create in our communities, our carbon emissions, and a variety of other measures outlined in the standard.

This year, 88 percent of the new homes we provided have an EPC rating of B or above. Of our existing homes, 70 percent have an EPC rating of C or above, an increase from the previous year of 12 percent in total. We continue to invest in our homes to help reduce greenhouse gas emissions. The newly updated design brief for our land-led new build homes actively promotes renewable energy and low carbon systems. We fit air source heat pumps and photovoltaic panels as standard and incorporate infrastructure for electric vehicle charging in many of our new build sites. In our existing homes, we have replaced over 750 gas boilers to improve heating efficiency and lodged over 2,000 EPC ratings. We have also entered into partnership with Switchee to provide 500 smart thermostats to help our customers to better manage their heating costs. They will also provide us with accurate, real-time data to help us manage and improve our inefficient homes.

At our head office in Chelmsford, our waste management contract is based on a zero-landfill policy, meaning all of the waste we collect is either recycled or used for refuse derived fuel. Our office and sheltered schemes continue to be powered by electricity on a green tariff despite the rising utilities costs. This means our electricity is derived from renewable sources through our utility provider. Our vehicle fleet remains at 12 percent electric, which we plan to expand upon in the future.

We enhanced our community investment offering with new events, clubs, and courses at our Parkside Community Hub, so more people could receive help. In total, we had nearly 4,000 visits this year.

Over 1,000 people visited to access support with welfare and benefits, general form filling, digital skills, and access to Hearing Help Essex for people with hearing loss. Over 750 people accessed learning opportunities to help improve their skills or gain qualifications. Courses available through our partners include maths, English and English for speakers of other languages (ESOL). We also offered Vocational training courses including the Construction Skills Certificate Scheme (CSCS), food safety in catering and child psychology.

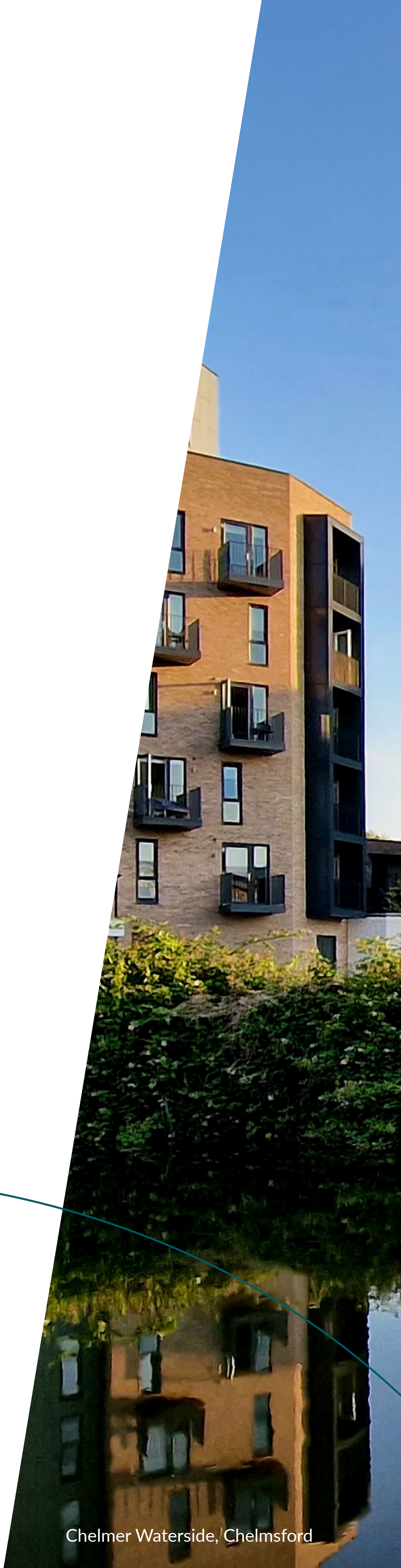
We took advantage of social value opportunities in our supply chain. We procured 100 electric fans for elderly and vulnerable customers struggling with the heatwave in the summer. Our employees also gave 69 days of their time through our CHParticipate volunteer programme supporting charities and local communities. We raised thousands of pounds and donated hundreds of food items and goods. Overall, our community investment work generated over £1.7m of social value across the year (calculated through the HACT social value methodology).

Statement of Compliance

In preparing this strategic report, the Board has followed the principles set out in the Housing SORP 2018 and Accounting Direction 2022.

Approved and signed on behalf of the Board on 19 July 2023.

Nicola Sawford, Chair



Chelmer Waterside, Chelmsford

Tamage Place interior

Governance

Board Report

East Street, Braintree

The Board presents its report and the audited consolidated Financial Statements of Chelmer Housing Partnership Limited (CHP) and its subsidiary entities for the year ended 31 March 2023.

We have adopted the National Housing Federation's Code of Governance (revised 2020) and annually review our compliance with the code and with the Regulator's Governance and Financial Viability Standards.

The Board has received assurance that we are fully compliant with the Code and the Standards.

CHP's Governance Framework, approved by the Board and its Scheme of Delegations, Code of Conduct and Financial Regulations specify how the Group operates including those matters reserved to the Board.

The Board meets regularly and has established several standing committees, including: the Audit and Risk Committee; Customer Experience Committee; Treasury and Investment Committee and Governance, Remuneration, and Nominations Committee, which meet quarterly. Delegated responsibilities and authority are agreed by the Board under formal terms of reference. As necessary, the Board will also set up task and finish working Groups to focus on specific topics.

We have been working to increase the diversity of our Board and we have welcomed three new members this year. They bring a diversity ultimately helping us to make better decisions for customers as a Board.

The number of Board and Committee meetings held during 2022/2023 and the attendance of Board Directors at those meetings is detailed in the Group Board Structure section. The numbers compare the actual attendance of Board Directors to the total number of possible meetings held. Board and Committee Directors have online access to meeting papers and have flexibility to attend meetings in person, virtually via Teams/Zoom or by phone. The Chairs and membership of Committees is reviewed annually by the Board.

The Annual General Meeting was held on 29 September 2022.

Group Board structure

Non-Executive Directors

Nicola Sawford
Chair

Stephen Bennett
Chair of Governance, Remuneration, and Nominations Committee

Peter Cogan
Chair of Customer Experience Committee

Toby D'Olier
(Appointed 28 September 2022)

Fred Goymour
Chair of Treasury and Investment Committee

Sarah Jones
Chair of Audit and Risk Committee

Karen Mayhew

Marc Noaro
Senior Independent Director

Katie Rogers
(Appointed 28 September 2022)

Hetal Trivedi
(Appointed 28 September 2022)

Joanna Wanmer
(Stepped down 28 September 2022 having reached end of her tenure)

Board Committees

Audit and Risk Committee
Customer Experience Committee
Treasury and Investment Committee
Governance, Remuneration, and Nominations Committee

Executive Directors

Paul Edwards
Chief Executive

Mary Gibbons
Chief Executive (Resigned 22 April 2022)

Rachel Hadley
People and Culture Director and Deputy Chief Executive

Michael Barber
Digital and Transformation Director

Naomi Cohen
Communications, Policy, and Engagement Director

Carl Hockey
Growth and Partnerships Director
(Retired 3 February 2023)

Fiona Hollingsworth
Growth and Partnerships Director
(Appointed 6 February 2023)

Thomas Kearney
Homes and Places Director

Neil Perrins
Chief Financial Officer
(Appointed 1 August 2022)

Simran Sion
Interim Chief Financial Officer
(Resigned 12 August 2022)

Tracey Spencer
Customer Services Director
(Appointed 19 April 2022)

Board Director meeting and committee attendance

Reporting Period: 01 April 2022 to 31 March 2023

No. Meetings held in period	11	5	4	6	3	2	3	5
	Group Board (scheduled meetings)	Audit and Risk Committee	Customer Experience Committee	Governance Rem and Noms Committee	Treasury and Investment Committee	Myriad Capital Plc	Myriad Homes Ltd	Myriad Housing Ltd
Non-Executive Directors								
Stephen Bennett	11/11			6/6			3/3	
Peter Cogan	9/11		4/4				3/3	
Toby D'Olier	5/6		2/2				2/2	
Fred Goymour	11/11	4/5			3/3	1/1	3/3	
Sarah Jones	10/11	5/5		5/6			3/3	
Karen Mayhew	10/11		4/4		2/3		3/3	
Marc Noaro	11/11		4/4	5/6			3/3	
Katie Rogers	6/6				2/3		2/2	
Nicola Sawford	11/11	Observer 4/5	Observer 4/4	6/6	3/3	2/2	3/3	
Hetal Trivedi	5/6	2/2					1/2	
Joanna Wanmer	6/6	3/3	1/2				1/1	
Independent Members								
Karen Bird			2/2					
Amanda Wade		4/5						
Executive Directors								
Paul Edwards	11/11	5/5	4/4	4/6	3/3	2/2	3/3	5/5
Rachel Hadley								4/4
Carl Hockey								4/4
Thomas Kearney								3/4
Simran Sion						1/1		4/4
Neil Perrins						1/1		1/1

Disclosure of information to auditors

Our current Board Directors have individually confirmed the following:

- so far as they are aware there is no relevant information needed by the Association's auditors in connection with preparing their report of which the Association's auditors are unaware;
- they have taken all the steps necessary as Board Directors to make themselves aware of any relevant information needed by the Association's auditors in connection with preparing their report and to establish that the Association's auditors are aware of that information.

Statement of directors' responsibilities in respect of the Financial Statements

The directors are responsible for preparing the Board's Annual Report and the Group and the Association Financial Statements in accordance with applicable law and regulations.

Co-operative and Community Benefit Association law requires the directors to prepare Financial Statements for each financial year. Under that law the directors have elected to prepare the Financial Statements in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

The Financial Statements are required by law to give a true and fair view of the state of affairs of the Group and the Association and of the income and expenditure of the Group and the Association for that period.

In preparing each of the Group and the Association Financial Statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Financial Statements, and
- assess the Group and the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the Association or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the Association and enable them to ensure that its Financial Statements comply with the Co-operative and Community Benefit Societies Act 2014. They are responsible for such internal control as they determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and the Association and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Association's website. Legislation in the UK governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

Paul Edwards, Chief Executive Officer

Strategic risks

Key risks and how we manage them

We have a strong focus on understanding key risks to the organisation and the wider sector. We do all we can to ensure that robust mitigations are in place. We deliver regular assurance to the Board so the best-informed decisions can be made and we can carry out our mission of transforming lives by creating great homes for everyone.

Our Board has overall accountability for risk management setting the risk appetite, engaging with the strategic risk register quarterly, and requiring risk assessments and evaluations on key business decisions. To support the Board, further responsibility is delegated to the Audit and Risk Committee, whose expertise is used to provide additional assurance, through activities such as key risk deep dives, in-depth reviews of the strategic risk register and active engagement with our internal controls and Assurance Framework.

Our Risk Management Framework sets out how we take a holistic approach to both strategic and operational risks. This includes how risks are identified, assessed, and acted upon; and details the ways in which we ensure strong ownership of risk at all levels of the organisation. In 2022/2023, we saw a changing risk landscape with multiple challenges emerging. From the deepening cost of living crisis, focus on response to damp, mould, and condensation across the sector, to the volatile external economic and political environments. Our swift response to these emergent risks has underscored the value of having an agile, balanced, and informed approach to risk management. It also highlights the value of further strengthening our adaptability, horizon scanning, and sector collaboration to understand and manage risks as we continue to deliver on our Corporate Strategy.

Drakes Lane, Chelmsford

Risk appetite and strategic priorities

The Board sets our risk appetite annually in its Risk Appetite Statement. This outlines the level of risk we are willing to accept across 25 key business areas. The Risk Appetite Statement reconciles the ambitions and vision for the future as mentioned in the Corporate Strategy section with the potential risks needed to take on to achieve this.

In July 2022, the Risk Appetite Statement allowed the Board to agree on key strategic priorities for investment. The three high priority areas that were agreed are:

- providing additional support for our customers;
- more affordable homes;
- bringing our existing housing stock up to EPC level C or above, and every other spend on the quality of CHP homes (e.g. damp issues).

The Board has considered all our key risks and utilised this in reviewing and approving our financial plans, including various stress testing scenarios. These show we are comfortably within our available borrowing facilities and covenants. We have a limited private market sales exposure, and we can switch new shared ownership homes to different tenures should there be a long-term impact on the housing market.

Business Assurance Framework

We use a comprehensive Assurance Framework, which brings together a wide range of reporting tools we have in place. It provides integrated assurance mapping that identifies and assesses the type, performance, and relationship of the sources of assurance across all lines of defence.

In 2022/2023 this included in-depth reviews with external specialists in areas such as Landlord compliance, Risk management, IT disaster recovery, and Board effectiveness.

CHP employees in Clacton

Our top strategic risks in 2022/2023

Our top strategic risks have been grouped into key risk areas that feature the same corporate objective, for example: being a strong growing business. If the risk area was not mitigated against, then this could lead to a failure of achieving our corporate objective.

Risk area
Failure to ensure we provide high quality homes for our customers, leading to a failure of achieving our corporate objective of providing safe and well-maintained homes.

Corporate risk
Responsive repairs and maintenance

Mitigation
We have an in-house maintenance delivery team which is well established and accountable for the majority of all responsive repairs and maintenance. We closely monitor performance in this area to ensure strong customer satisfaction.

Corporate risk
Strategic asset management

Mitigation
Our Asset Management Strategy provides a toolkit to empower teams to understand the condition and quality of homes, setting the standards and ensuring our homes are fit for the future.

Corporate risk
Damp and mould

Mitigation
We have developed and implemented strong systems to prioritise and address every category of damp and mould. This includes removing damp and mould in all reported cases, and engaging customers with dedicated resources to swiftly resolve any concerns raised.

Corporate risk
Decarbonisation (Net Zero)

Mitigation
The Board have approved a 'Net Zero Carbon' fund to invest in meeting future decarbonisation requirements. Delivery against our current Environmental Sustainability Strategy is strong, and we were recognised for the Climate Action award at the Essex Housing Awards this year. This will be further developed in a 'Pathway to Net Zero' strategy in 2023.

Risk area
Failure to achieve strong value for money for our key stakeholders, leading to a failure of achieving our corporate objective of being a strong growing business.

Corporate risk
Inflation

Mitigation
Stress testing has shown CHP to be resilient in the face of inflationary pressure. Higher inflation has been factored into the budget and business planning process. We have increased the strength of controls in place to maintain fixed pricing and/or, maximum CPI uplift in our contract management and procurement.

Corporate risk
Rent affordability and collection

Mitigation
We are emphasising further support in place for customers such as financial advice, our support fund, a fuel voucher scheme, and referral to specialist partners.

Risk area
Failure to deliver high quality new homes in Essex and tackle housing need, leading to a failure of achieving our corporate objective of delivering more great new homes.

Corporate risk
Growth strategy

Mitigation
We have a strong number of committed and pipeline schemes, and established and trusted development partners in Essex. In 2022/2023 we established a 'Treasury and Investment Committee' which has helped provide additional Non-Executive Director oversight over development activity and supported the delivery of more great new homes.

Risk area
Failure to manage our IT data governance, pervasive cyber risks and integration of systems and processes to achieve our corporate objective of achieving smart ways of working.

Corporate risk
IT (data) security and malware

Mitigation
Strong processes are in place, with all remote access being subject to controls and regular external testing and validation. All systems are firewalled, all application access is secured by industry leading security products (web-based products used where applicable). IT security policy is in place and is enforced through regular testing exercises such as ongoing phishing training, which is conducted across the organisation. A process of annual auditing and controlled penetration testing supports these mitigations.

Corporate risk
Organisational data quality

Mitigation
We have established data owners across the organisation, with a drive to further improve responsibility for high standards of data governance. Further investment is being made, including the generation of a suite of data integrity reports which aim to swiftly highlight any potential data quality issues. This work is validated through specialist data quality reviews carried out with Savills and internal audit reviews for data integrity and are monitored through regular reporting to ensure management oversight.

Statement of internal controls

Purpose

This statement provides an opinion to stakeholders on how effectively the Group governs and manages the key risks related to its business and financial plan.

Sources of assurance

The Board acknowledges and accepts that it has overall responsibility for establishing and maintaining the internal control system and for reviewing its effectiveness. The Board has delegated authority for reviewing the effectiveness of the system to the Audit and Risk Committee.

The Audit and Risk Committee considers risk reports, internal audit reports, management assurances, a fraud register and the external audit management letter.

The process for identifying, evaluating, and managing significant risks is on-going and has been in place throughout the period commencing 1 April 2022 up to the date of approval of the Financial Statements.

Key elements of the internal control framework during 2022/2023 were as follows.

- Board approved terms of reference and delegated authorities for the committees and working Groups.
- Delegation schedules dictating roles and responsibilities for the Chief Executive and Executive Management Team.
- A refreshed Risk Management Framework and Assurance Framework, leading to clearly defined responsibility for the identification, evaluation, and control of significant risks.
- Quarterly reviews of the risk register by the Audit and Risk Committee and Board.
- Interrogation of high-risk areas by the Audit and Risk Committee.
- Robust strategic and business planning processes, including regular stress testing, against detailed financial budgets and long-term forecasts.
- Monthly reporting to the Executive Management Team and Board on key performance indicators to assess progress towards achievement of key business objectives, targets, and outcomes.
- Receipt by the Board of a 'CEO Report' at each meeting which details CHP's performance against its corporate objectives along with information from the wider sector.
- Appraisal and authorisation process for new initiatives and commitments.
- Formally reviewed recruitment policy, to ensure retention of skilled employees.
- An experienced and well-trained approach to treasury management with regular reviews by Board and Committees.
- An internal and external review of treasury management strategies, policies, and procedures.
- An Asset Management Strategy.
- Regular review and monitoring of liquidity and cash forecasting.
- Approval of a suite of key policies such as CHP's Rent and Charge Setting Policy; Diversity, Equity, and Inclusion Policy, and Whistleblowing (confidential reporting) Policy in 2022/2023.
- Self-assessment against the Governance and Financial Viability Standard and the NHF Code of Governance assurance to the Board to confirm compliance.
- Board approved Health and Safety Framework, along with the six key compliance policies for Gas, Electrical, Asbestos, Fire, Water hygiene, and Lifts.

The Audit and Risk Committee has received the Executive Management Team's annual review of the effectiveness of the system of internal control, together with the Annual Report of the internal auditor and has recommended these to the Board.

Independent auditor's opinion/report

Opinion

We have audited the Financial Statements of Chelmer Housing Partnership Ltd Association ("the Association") for the year ended 31 March 2023 which comprise the Group and Parent Association Balance Sheets, the Group and Parent Association's Income and Expenditure Accounts, the Group and Parent Association's Statements of Changes in Equity, the Group's Cash Flow Statement and related notes, including the accounting policies in note 1.

In our opinion the Financial Statements:

- give a true and fair view, in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, of the state of the Group's and the Association's affairs as at 31 March 2023 and of the income and expenditure of the Group and the Association for the year then ended;
- comply with the requirements of the Co-operative and Community Benefit Societies Act 2014; and
- have been prepared in accordance with 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group and the Association in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the Financial Statements on the going concern basis as they do not intend to liquidate the Group or the Association or to cease their operations, and as they have concluded that the Group's and the Association's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the Financial Statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Group's business model and analysed how those risks might affect the Group and the Association's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the Financial Statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group and the Association's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Association will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- enquiring of the Board, the Audit and Risk Committee, internal audit and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, and the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- reading Board and Audit and Risk Committee minutes.
- using analytical procedures to identify any unusual or unexpected relationships.

Independent auditor's opinion/report

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet loan covenants, we perform procedures to address the risk of management override of controls, in particular that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because we do not consider there is an opportunity for revenue to be recognised in the wrong financial period.

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of some of the Group-wide fraud risk management controls.

We also performed procedures including:

- identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation; and
- assessing significant accounting estimates for bias.

Identifying and responding to risks of material misstatement due to noncompliance with laws and regulations.

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the Financial Statements from our general commercial and sector experience, and through discussion with the directors and other management (as required by auditing standards), and from inspection of the Group's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

As the Group is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the Financial Statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the Financial Statements including financial reporting legislation (including related co-operative and community benefit society legislation), and taxation legislation, pensions legislation and specific disclosures required by housing legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related Financial Statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of noncompliance could have a material effect on amounts or disclosures in the Financial Statements, for instance through the imposition of fines or litigation or the need to include significant provisions. We identified the following areas as those most likely to have such an effect: health and safety, employment and general data protection recognising the regulated nature of the Group's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Independent auditor's opinion/report

Other information

The directors are responsible for the other information, which comprises the Board's Annual Report. Our opinion on the Financial Statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our Financial Statements audit work, the information therein is materially misstated or inconsistent with the Financial Statements or our audit knowledge. Based solely on that work, we have not identified material misstatements in the other information.

Matters on which we are required to report by exception

Under the Co-operative and Community Benefit Societies Act 2014 we are required to report to you if, in our opinion:

- the Association has not kept proper books of account; or
- the Association has not maintained a satisfactory system of control over its transactions; or
- the Financial Statements are not in agreement with the Association's books of account; or
- we have not received all the information and explanations we need for our audit.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 41 the Association's directors are responsible for: the preparation of Financial Statements which give a true and fair view; such internal control as they determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error; assessing the [Group and 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 they either intend to liquidate the Group or the Association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Statements.

A fuller description of our responsibilities is provided on the FRC's website at **www.frc.org.uk/auditorsresponsibilities.**

The purpose of our audit work and to whom we owe our responsibilities

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

JLees

Joanne Lees
for and on behalf of KPMG LLP,
Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

11 September 2023

Tamage Place exterior

Financial Statements

Financial Statements

Statement of comprehensive income

		Group		Association	
		2023	2022	2023	2022
	Note	£'000	£'000	£'000	£'000
Turnover	3	**77,576**	73,814	**74,955**	72,311
Cost of sales	3	**(7,103)**	(8,455)	**(5,670)**	(8,093)
Operating expenditure	3	**(52,623)**	(47,251)	**(52,524)**	(47,208)
Gain on disposal of property, plant and equipment (fixed assets)	6	**2,155**	5,685	**2,155**	5,684
Operating surplus		**20,005**	23,793	**18,916**	22,695
Gift Aid		**-**	-	**867**	143
Interest receivable	7	**455**	24	**666**	166
Interest and financing costs	8	**(19,785)**	(18,811)	**(19,936)**	(18,827)
Other finance costs		**(371)**	(429)	**(371)**	(429)
Movement in fair value of investment properties	15	**256**	173	**256**	173
Movement in fair value of financial instruments		**1,970**	(193)	**1,970**	(193)
Surplus before tax		**2,530**	4,557	**2,368**	3,728
Taxation	11	**-**	-	**-**	-
Surplus for the financial year		**2,530**	4,557	**2,368**	3,728
Remeasurement of the net defined benefit pension liability	28	**23,255**	10,131	**23,255**	10,131
Gains recognised on cash flow hedges		**35,374**	21,081	**35,374**	21,081
Total comprehensive income for the year		**61,159**	35,769	**60,997**	34,940

The above results relate wholly to continuing activities. The accompanying notes form part of these Financial Statements. The Financial Statements were authorised and approved by the Board on 19 July 2023 and signed on its behalf by:

Nicola Sawford
Chair

Sarah Jones
Audit and Risk Committee Chair

Louisa Allen
Company Secretary

Co-operative and Community Benefit Society: 8112

Statement of financial position

		Group		Association	
		2023	2022	2023	2022
	Note	£'000	£'000	£'000	£'000
Fixed assets					
Property, plant & equipment - housing properties	12	**727,782**	692,594	**733,081**	697,904
Intangible Assets	13	**927**	821	**927**	821
Other property, plant & equipment	14	**16,129**	16,488	**16,129**	16,488
Investment properties	15	**7,826**	7,570	**7,826**	7,570
Investments in associates	16	**-**	-	**50**	50
		752,664	717,473	**758,013**	722,833
Current assets					
Stock		**5,561**	2,608	**347**	371
Properties for sale	17	**1,950**	1,736	**1,950**	1,736
Trade and other debtors	18	**3,824**	3,221	**9,025**	6,109
Cash and cash equivalents		**19,854**	39,885	**17,618**	38,126
Net pension asset	28	**7,491**	-	**7,491**	-
		38,680	47,450	**36,431**	46,342
Creditors: Amounts falling due within one year	19	**(21,084)**	(19,455)	**(20,682)**	(20,007)
Net current assets		**17,596**	27,995	**15,749**	26,335
Total assets less current liabilities		**770,260**	745,468	**773,762**	749,168
Creditors:					
Amounts falling due after more than one year	20	**(496,758)**	(483,128)	**(496,205)**	(482,611)
Deferred government grants	21	**(13,109)**	(12,574)	**(13,109)**	(12,574)
Derivative financial instruments	23	**(8,140)**	(45,484)	**(8,140)**	(45,484)
Net pension liability	28	**-**	(13,405)	**-**	(13,405)
		(518,007)	(554,591)	**(517,454)**	(554,074)
Total assets less current liabilities		**252,253**	190,877	**256,308**	195,094
Capital and reserves					
Income and expenditure reserve		**91,155**	61,716	**95,210**	65,933
Revaluation reserve		**148,916**	151,405	**148,916**	151,405
Cash flow hedge reserve	23	**12,182**	(22,244)	**12,182**	(22,244)
Total reserves		**252,253**	190,877	**256,308**	195,094

Stocks are shown at the lower of cost and net realisable value. The accompanying notes form part of these Financial Statements. The Financial Statements were authorised and approved by the Board on 19 July 2023 and signed on its behalf by:

Nicola Sawford
Chair

Sarah Jones
Audit and Risk Committee Chair

Louisa Allen
Company Secretary

Co-operative and Community Benefit Society: 8112

Consolidated statement of changes in reserves

	Income and expenditure reserve	Revaluation reserve	Cash flow hedge reserve	Total
	£'000	£'000	£'000	£'000
Balance as at 1 April 2021	42,568	153,644	(41,104)	155,108
Transfer between cash flow hedge reserve and income and expenditure reserve	2,221		(2,221)	-
Surplus for the year from statement of comprehensive income	4,557	-	-	4,557
Other comprehensive income				
Remeasurement of the net defined benefit pension liability	10,131	-	-	10,131
Gains/(losses) recognised on cash flow hedges	-	-	21,081	21,081
Transfer from revaluation reserve to income and expenditure reserve	2,239	(2,239)	-	-
Balance at 31 March 2022	**61,716**	**151,405**	**(22,244)**	**190,877**
Balance at 1 April 2022	61,716	151,405	(22,244)	190,877
Less reclassified to profit and loss	**217**	-	-	**217**
Transfer between cash flow hedge reserve and income and expenditure reserve	**948**	-	**(948)**	-
Surplus from statement of comprehensive income	**2,530**	-	-	**2,530**
Other comprehensive income				
Remeasurement of the net defined benefit pension liability	**23,255**	-	-	**23,255**
Gains/(losses) recognised on cash flow hedges	-	-	**35,374**	**35,374**
Transfer from revaluation reserve to income and expenditure reserve	**2,489**	**(2,489)**	-	-
Balance at 31 March 2023	**91,155**	**148,916**	**12,182**	**252,253**

The accompanying notes form part of these Financial Statements.

The revaluation reserve represents the cumulative effect of revaluations of the housing properties up to the date of transition when the deemed cost exemption was taken. The difference between the revalued carrying amount of properties and the historical cost net book value is credited to the revaluation reserve.

The income and expenditure reserve holds the accumulated surpluses and deficits from the statement of comprehensive income.

The cash flow hedge reserve represents the cumulative portion of gains and losses on hedging instruments deemed effective.

Association statement of changes in reserves

	Income and expenditure reserve	Revaluation reserve	Cash flow hedge reserve	Total
	£'000	£'000	£'000	£'000
Balance as at 1 April 2021	47,614	153,644	(41,104)	160,154
Transfer between cash flow hedge reserve and I & E reserve	2,221		(2,221)	-
Surplus for the year from statement of comprehensive income	3,728	-	-	3,728
Other comprehensive income				
Remeasurement of the net defined benefit pension liability	10,131	-	-	10,131
Gains/(losses) recognised on cash flow hedges	-	-	21,081	21,081
Transfer from revaluation reserve to income and expenditure reserve	2,239	(2,239)	-	-
Balance at 31 March 2022	**65,933**	**151,405**	**(22,244)**	**195,094**
Balance at 1 April 2022	65,933	151,405	(22,244)	195,094
Less reclassified to profit and loss	**217**	-	-	**217**
Transfer between cash flow hedge reserve and I & E reserve	**948**	-	**(948)**	-
Surplus from statement of comprehensive income	**2,368**	-	-	**2,368**
Other comprehensive income				
Remeasurement of the net defined benefit pension liability	**23,255**	-	-	**23,255**
Gains/(losses) recognised on cash flow hedges	-	-	**35,374**	**35,374**
Transfer from revaluation reserve to income and expenditure reserve	**2,489**	**(2,489)**	-	-
Balance at 31 March 2023	**95,210**	**148,916**	**12,182**	**256,308**

The accompanying notes form part of these Financial Statements.

The revaluation reserve represents the cumulative effect of revaluations of the housing properties up to the date of transition when the deemed cost exemption was taken. The difference between the revalued carrying amount of properties and the historical cost net book value is credited to the revaluation reserve.

The income and expenditure reserve holds the accumulated surpluses and deficits from the statement of comprehensive income.

The cash flow hedge reserve represents the cumulative portion of gains and losses on hedging instruments deemed effective.

Financial Statements

Consolidated statement of cash flows

	Note	2023	2022
	Note	£'000	£'000
Net cash generated from operating activities	29	**31,876**	37,421
Cash flow from investing activities			
Purchase of property, plant and equipment		**(48,710)**	(31,508)
Purchase of other property, plant and equipment		**(866)**	(762)
Proceeds from sale of property, plant and equipment		**4,444**	17,394
Grants received		**499**	1,168
Interest received		**457**	24
		(44,176)	(13,684)
Taxation		**-**	-
Cash flow from financing activities			
Interest paid		**(21,509)**	(20,461)
Net movement in loans		**13,819**	(5,600)
Other finance costs		**(41)**	(31)
		(7,731)	(26,092)
Net change in cash and cash equivalents		**(20,031)**	(2,355)
Cash and cash equivalents at beginning of year		**39,885**	42,239
Cash and cash equivalents at end of year		**19,854**	39,885

The accompanying notes form part of these Financial Statements.

Notes to the Financial Statements

Notes to the Financial Statements

1. Legal status

Chelmer Housing Partnership (CHP) is registered under the Co-operative and Community Benefit Society Act 2014 and is registered with the Regulator of Social Housing as a non for profit Registered Provider of social housing as defined by the Housing and Regeneration Act 2008.

We have three wholly owned subsidiaries; Myriad Capital PLC (MYC), which is the Group's financing Association, Myriad Homes Ltd (MHS), established for the purpose of progressing profit-making commercial opportunities for reinvestment in our core activities and Myriad Housing Ltd (MHD), which lets and manages housing development on our behalf. All three subsidiaries are registered under the Companies Act 2006.

2. Accounting policies

Basis of preparation

The Financial Statements have been prepared on a going concern basis, in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including Financial Reporting Standard 102 (FRS 102) and the Housing SORP 2018:Statement of Recommended Practice for Registered Social Housing Providers and comply with the Accounting Direction for Private Registered Providers of Social Housing 2019. They are prepared under the historical cost convention unless otherwise stated in the relevant accounting policy note(s). As a public benefit entity, CHP has applied all paragraphs of FRS 102 which relate to public benefit entities in preparing the Financial Statements. The Financial Statements are presented in Sterling (£).

Segmental reporting

For the purpose of segmental reporting, the Chief Operation Decision Maker (CODM) is considered to be the Board. In line with the segments reported to the CODM, the presentation of these Financial Statements and accompanied notes reflect the Group's management and internal reporting.

The information reviewed within the management accounts to assess performance and make strategic decisions is consistent with and closely aligned to these Financial Statements. Segmental reporting is presented in note three to the Financial Statements where information about income and expenditure attributable to the material operating segments are presented on the basis of the tenure type of the housing assets held by the Group. This is appropriate on the basis of the similarity of the services provided, the nature of the risks associated and the nature of the regulatory environment in which the Group operates.

Assets and liabilities are not reported by operating segment of tenure, other than housing properties which are split by tenure type and are shown in note 12.

Disclosure exemptions

The individual accounts of Chelmer Housing Partnership Limited have adopted the following exemptions available under FRS 102:

- the requirement to present an individual statement of cash flows and related notes;
- certain financial instruments disclosures as equivalent disclosures have been provided in respect of the Group as a whole;
- disclosing the aggregate remuneration of the key management personnel as equivalent disclosures have been provided in respect of the Group as a whole.

The principal accounting policies of CHP are set out below.

Going concern

The Financial Statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The Group prepares a 30-year business plan which is updated and approved on an annual basis. As well as considering the impact of a number of scenarios on the business plan the Board also adopted a stress testing framework against the base plan. The stress testing impacts were measured against loan covenants and peak borrowing levels compared to agreed facilities, with potential mitigating actions identified to reduce expenditure. The Group has undertaken a series of further scenario testing including severe but plausible downsides in the worst-case assessment.

The Board, after reviewing the Group and Association budgets for 2023/2024 and the Group's medium term financial position as detailed in the 30-year business plan including changes arising post COVID-19 pandemic, is of the opinion that, taking account of severe but plausible downsides, the Group and Association have adequate resources to continue in business for the foreseeable future.

In order to reach this conclusion, the Board have considered:

- the property market - budget and business plan scenarios have taken account of delays in handovers, lower numbers of shared ownership property sales, reductions in sales values and potential conversion of shared ownership sale to social homes;
- maintenance costs - budget scenarios have been modelled to take account of cost increases and delays in maintenance expenditure, with major works being phased into future years;
- rent and service charge receivable – arrears and bad debts have been increased to allow for customer difficulties in making payments and budget and business plan scenarios to take account of potential future reductions in rents;
- liquidity - Our net cash requirement (which excludes uncommitted development schemes) is covered by cash for 12 months (minimum requirement is three months), and by cash and funding lines for 36 months (minimum requirement is 24 months).

The Group did not suffer significant negative financial impact because of COVID-19. As part of the going concern assessment and conclusion, the post COVID-19 effects and post Brexit transition, as well as increases in inflation and the Ukraine crisis have been considered in the Group's forecasts and factored into the stress test carried out, including any mitigation actions that may be required.

The Board therefore believe the Group and Association has sufficient funding in place and expect the Group to be in compliance with its debt covenants even in severe but plausible downside scenarios.

On this basis, the Board are confident that the Group and Association will have sufficient funds to continue to meets its liabilities as they fall due for at least 12 months from the date of approval of the Financial Statements and therefore have prepared the Financial Statements on a going concern basis.

Judgements and key sources of estimation uncertainty

In the process of applying the Group's and Association's accounting policies, management has made certain judgements that have a significant impact on the Financial Statements. These are detailed below:

Defined benefit pension obligation

In determining the valuation of the Group's pension schemes assets and liabilities, a number of assumptions are made around factors that are uncertain. These include life expectancy, inflation rate, discount rates and salary and pension inflation rates. The Group is exposed to risk if the actuarial assumptions differ from actual experience and through volatility in the plan assets. More detail is disclosed in note 28.

Fair value measurement

Financial instruments are fair valued at each period end. Assumptions are made using market observable inputs and data. The directors have opted to apply IFRS 9 instead of FRS 102 for the recognition and measurement of financial instruments.

Fixed assets and impairment

Fixed assets are reviewed annually for evidence of impairment. Impairment indicators are set out later in these policies.

The basis of valuation of assets is discounted cash flows and includes the deemed cost based on the valuations as at 31 March 2014 with a split between land and buildings.

For housing properties, the assets are broken down into components based on management's assessment of the properties. 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.

For impairment purposes, as explained in the accounting policies, housing properties are reviewed at the reporting date for indicators of impairment and a judgement is made on the impact of those indicators on either the future cash flows or, for assets held for their service potential, their carrying value.

Government grants received for housing properties are recognised in income over the useful life (as identified for the depreciation charge) of the housing property on a straight line basis under the accrual model.

Shared ownership

The allocation of costs for shared ownership properties including those under construction are split between fixed assets and current assets. The split is determined by the percentage of the property sold under the first tranche disposal and the remainder retained by the Association within its social housing property, plant and equipment. The proportion expected to be sold under the first tranche disposal is recognised as inventory in current assets.

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date based on the expected utility of the assets including any components. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software and IT equipment and changes to the Decent Homes Standards which may require more frequent replacement of key components.

Basis of consolidation

These Financial Statements are the result of the consolidation of the Association and the following subsidiaries during the year ended 31 March 2023

- Myriad Housing Ltd;
- Myriad Homes Ltd;
- Myriad Capital PLC.

Uniform accounting policies have been adopted across the Group, and surpluses/deficits and balances on intra-Group transactions have been eliminated on consolidation.

Turnover and revenue recognition

Turnover comprises:

- rental and service charge income receivable in the year;
- grants from local authorities and Homes England;
- income from shared ownership first tranche sales;
- income from properties developed for sale;
- grant amortisation and other services included at the invoiced value (excluding VAT where recoverable) of goods and services supplied in the year, all of which arise in the UK.

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 income is recognised when service charge expenditure is incurred as this is the point at which the services have been performed. Income from first tranche sales and sales of properties built for sale is recognised at the point of legal completion of the sale. Government 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.

Gift Aid income

Donations received under the Gift Aid scheme from our subsidiaries are recognised as turnover upon receipt as it relates to the principal activities of the Association and is eliminated on consolidation.

Value Added Tax

The Group is partially exempt in relation to Value Added Tax (VAT), and accordingly is able to recover from HM Revenue and Customs part of the VAT incurred on expenditure. At the year-end VAT recoverable or payable is included in the statement of financial position. Irrecoverable VAT is accounted for in the statement of comprehensive income.

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.

Pensions

The Association participates in the Essex County Council Pension Scheme (ECCPF), a defined benefit scheme. For defined benefit schemes, the amounts charged to operating profit are the costs arising from employee services rendered during the period and the cost of plan introductions, benefit changes, settlements and curtailments. They are included as part of employee costs. The net interest cost on the net defined benefit liability is charged to profit or loss and included within finance costs. Remeasurements comprising actual gains and losses and the return on scheme assets (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in other comprehensive income.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the Group, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method. The actuarial valuations are obtained at least triennially and are updated at each statement of financial position date.

A full valuation of the defined benefit scheme was conducted for year end 31 March 2022.

The operating costs of providing retirement benefits to participating employees are recognised in the accounting periods in which the benefits are earned. The related finance costs, expected return on assets and any other changes in fair value of the assets and liabilities, are recognised in their accounting period in which they arise.

Contributions to defined contribution pension schemes are charged to profit or loss as they become payable in accordance with the rules of the scheme. Differences between contributions payable in the year and those actually paid are shown as either accruals or prepayments in the statement of financial position.

Refer to Note 28 for more details.

Investment properties

Investment properties consist of commercial properties and other properties not held for the social benefit or for use in the business. After initial recognition investment property is measured at its fair value based on the valuation by an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and class of the investment property valued.

The judgement requires determining the appropriate yield to be used in the valuation (6.50%).

Development costs

The anticipated costs to complete on a development scheme based on anticipated construction cost, effective rate of interest on loans during the construction period, legal and other costs, and the capitalisation of development costs. During 2022/2023, development costs included £1,235k of capitalised interest.

Provisions for liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in the income and expenditure account in the period it arises.

Judgement is made around the recoverability of debt and a provision is made based on the age and type of debt. Former arrears are provided in full. Current arrears are provided for based on age.

3. Turnover, cost of sales, operating expenditure and operating surplus

This note breaks down the turnover, cost of sales, and operating expenditure into the different types of activities that relate to social and non-social housing so that the surplus or deficit is recognised for each activity type.

Turnover is recognised as follows:

- rental and service charge income is recognised in the period to which it relates net of rent and service charge losses from voids;
- revenue grants are recognised in the statement of comprehensive income in the same period as the expenditure to which they relate;
- government 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;
- sales of first tranche shared ownership properties are recognised on legal completion.

Notes to the Financial Statements

3a. Turnover, cost of sales, operating expenditure, and operating surplus: Group

	2023				
	Turnover	Cost of sales	Operating expenditure	Gain on disposal of fixed assets	Surplus/(deficit)
	£'000	£'000	£'000	£'000	£'000
Social housing lettings (note 3b)	63,395	-	(50,785)	-	12,610
Supported housing	85	-	-	-	85
Development services	-	-	(45)	-	(45)
Management services	1,175	-	(1,390)	-	(215)
First tranche shared ownership sales	8,804	(5,670)	-	-	3,134
Staircasing activity on low cost home ownership	-	-	-	901	901
Sales of other housing properties	-	-	-	1,254	1,254
Other	2,947	(1,433)	(49)	-	1,466
	13,011	(7,103)	(1,484)	2,155	6,579
Non-social housing activities					
Lettings	955	-	(304)	-	651
Outright sales	-	-	-	-	-
Other	215	-	(50)	-	165
Subtotal	1,170	-	(354)	-	816
Total	77,576	(7,103)	(52,623)	2,155	20,005

	2022				
	Turnover	Cost of sales	Operating expenditure	Gain on disposal of fixed assets	Surplus/ (deficit)
	£'000	£'000	£'000	£'000	£'000
Social housing lettings (note 3b)	58,923	-	(45,419)	-	13,504
Other social housing activities					
Supported housing	105	-	-	-	105
Development services	-	-	(488)	-	(488)
Management services	758	-	(1,004)	-	(246)
First tranche shared ownership sales	11,402	(8,093)	-	-	3,309
Staircasing activity on low cost home ownership	-	-	-	1,437	1,437
Sales of other housing properties	-	-	-	4,247	4,247
Other	1,417	(283)	(13)	-	1,121
	13,682	(8,376)	(1,505)	5,684	9,485
Non-social housing activities					
Lettings	955	-	(297)	-	658
Outright sales	127	(79)	-	-	48
Other	127	-	(30)	-	97
Subtotal	1,209	(79)	(327)	-	803
Total	73,814	(8,455)	(47,251)	5,684	23,792

3a. Turnover, cost of sales, operating expenditure, and operating surplus: Association

	2023				
	Turnover	Cost of sales	Operating expenditure	Gain on disposal of fixed assets	Surplus/(deficit)
	£'000	£'000	£'000	£'000	£'000
Social housing lettings (note 3b)	63,395	-	(50,785)		12,610
Supported housing	85	-	-	-	85
Development services	-	-	(45)	-	(45)
Management services	1,175	-	(1,390)	-	(215)
First tranche shared ownership sales	8,804	(5,670)	-	-	3,134
Staircasing activity on low cost home ownership	-	-	-	901	901
Sales of other housing properties	-	-	-	1,254	1,254
Other	326	-	-	-	326
	10,390	(5,670)	(1,435)	2,155	5,440
Non-social housing activities					
Lettings	955	-	(304)	-	651
Outright sales	-	-	-	-	-
Other	215	-	-	-	215
Subtotal	1,170	-	(304)	-	866
Total	74,955	(5,670)	(52,524)	2,155	18,916

	2022				
	Turnover	Cost of sales	Operating expenditure	Gain on disposal of fixed assets	Surplus/(deficit)
	£'000	£'000	£'000	£'000	£'000
Social housing lettings (note 3b)	58,923	-	(45,419)		13,504
Other social housing activities					
Supported housing	105	-	-	-	105
Development services	-	-	(488)	-	(488)
Management services	758	-	(1,004)	-	(246)
First tranche shared ownership sales	11,402	(8,093)	-	-	3,309
Staircasing activity on low cost home ownership	-	-	-	1,437	1,437
Sales of other housing properties	-	-	-	4,247	4,247
Other	41	-	-	-	41
	12,306	(8,093)	(1,492)	5,684	8,405
Non-social housing activities					
Lettings	955	-	(297)	-	658
Outright sales	-	-	-	-	-
Other	127	-	-	-	127
Subtotal	1,082	-	(297)	-	785
Total	72,311	(8,093)	(47,208)	5,684	22,694

Notes to the Financial Statements

3b. Particulars of turnover and operating expenditure from social housing lettings

				Group and Association	
				2023	2022
	General needs housing	Supported housing and housing for older people	Low-cost homeownership	Total	Total
Income	£'000	£'000	£'000	£'000	£'000
Rent receivable net of identifiable service charges	56,015	112	3,079	59,206	55,118
Service charge income	3,614	24	477	4,115	3,714
Amortised government grants	65	-	9	74	91
Turnover from social housing lettings	59,694	136	3,565	63,395	58,923
Operating expenditure					
Management	15,948	36	990	16,974	16,532
Services	4,713	11	293	5,017	4,440
Routine maintenance	8,800	20	553	9,373	7,449
Planned maintenance	6,955	16	-	6,971	5,009
Major repairs expenditure	1,345	3	-	1,348	1,540
Bad debts	322	1	-	323	187
Depreciation of social housing properties	9,932	19	401	10,352	9,859
Amortisation of intangible assets	427	-	-	427	403
Operating expenditure on social housing lettings	48,442	106	2,237	50,785	45,419
Operating surplus on social housing lettings	11,252	30	1,328	12,610	13,504
Losses from voids	(755)	(2)	-	(757)	(945)

3c. Particulars of turnover from non-social housing lettings

	Group		Association	
	2023	**2022**	**2023**	**2022**
	£'000	£'000	£'000	£'000
Shop rental	**596**	610	**596**	610
Properties rented at market rate	**359**	345	**359**	345
Outright sales	**-**	127	**-**	-
Other	**215**	127	**215**	127
Total	**1,170**	1,209	**1,170**	1,082

4. Accommodation in management and development for Group and Association

At the end of the year accommodation in management for each class of accommodation was as follows:

	2023	2022
Social housing	Number	Number
General needs - social rent	**7,295**	7,304
General needs - affordable rent	**2,081**	1,853
Supported housing and housing for older people - social rent	**23**	23
Shared ownership	**632**	578
Managed by others	**5**	5
Total owned	**10,036**	9,763
Leasehold properties	**762**	758
Managed for others	**561**	443
Leasehold and managed for others	**42**	42
Total social housing	**11,401**	11,006
Non-social housing		
Shops	**78**	78
Other	**1**	1
Market rented properties	**42**	42
Total owned and managed	**11,522**	11,127
Accommodation in development at the year end	**505**	514

There was an increase of 395 homes owned or managed during the year. This includes 293 new properties built in the year plus a further 107 properties being managed on behalf of Legal & General Affordable Homes. We increased the number of properties that we manage on behalf of Chelmsford City Council by 11. We sold 16 properties and four properties moved from shared ownership or leasehold managed for others to leasehold following completion of sales.

The Association owns and manages 23 sheltered housing schemes (2022: 23) which are now categorised as General Housing following changes to their management arrangements. The Association manages 154 homes on behalf of Chelmsford City Council and 449 on behalf of Legal & General Affordable Homes.

5. Operating surplus

This is arrived at after charging:

	Group		Association	
	2023	**2022**	**2023**	**2022**
	£'000	£'000	£'000	£'000
Depreciation of social housing properties	**10,352**	9,859	**10,352**	9,859
Depreciation of non-social housing properties and other property, plant and equipment	**689**	695	**689**	695
Operating lease rentals				
- other fixed assets	**561**	430	**561**	430
Auditor's remuneration (excluding VAT)				
- for audit services	**110**	62	**78**	42
- for assurance services	**6**	6	**6**	6

6. Sale of properties

	Group	Association
	2023	**2022**
	£'000	£'000
Disposal proceeds	**4,706**	20,332
Carrying value of housing properties	**(1,773)**	(14,134)
Grant recycled	**-**	-
Other operating costs and costs of disposal	**(778)**	(513)
Surplus on Sale of Properties	**2,155**	5,685

The carrying value of fixed assets includes £0k (2022: £4,073k) in relation to net asset management receipts. In operating costs there are 5 Right to Buy (2022: 3).

Other operating costs and costs of disposal include the amounts paid back to Chelmsford City Council as part of the original transfer agreement when we were created. These relate to right to buy disposals.

7. Interest receivable and other income

	Group		Association	
	2023	**2022**	**2023**	**2022**
	£'000	£'000	£'000	£'000
Bank interest receivable	**455**	24	**453**	24
Interest received from investments	**-**	-	**-**	-
Interest received from subsidiaries	**-**	-	**213**	142
Total interest receivable	**455**	24	**666**	166

8. Interest payable and similar charges

Interest payable on loans specifically financing development is capitalised, based on the interest rate charged on the Bond, for the period from start of works up to the date of practical completion or acquisition of legal title, whichever is later. The interest is either on borrowings specifically financing a scheme or on net borrowings to the extent that they are deemed to be financing a scheme. This treatment applies irrespective of the original purpose for which the loan was required. Other interest payable is charged to the statement of comprehensive income in the year.

	Group		Association	
	2023	**2022**	**2023**	**2022**
	£'000	£'000	£'000	£'000
Interest payable on loans and swaps	**21,020**	20,471	**21,020**	20,471
Interest payable capitalised on housing properties under construction	**(1,235)**	(1,660)	**(1,084)**	(1,644)
Total interest payable	**19,785**	18,811	**19,936**	18,827
Interest rate used to determine the finance costs capitalised during the period	**4.79%**	4.79%	**4.79%**	4.79%

Included within interest payable in the Association is £11,912k (2022: £11,924k) relating to amounts payable to Group entities.

9. Employees

Average monthly number of employees expressed in full-time equivalent based on a 37-hour week:

	Group and Association	
	2023	**2022**
	FTEs	FTEs
Administration	**93**	97
Operational	**244**	221
	337	318
Aggregate payroll cost of these persons:		
Wages and salaries	**12,845**	11,657
Social security costs	**1,421**	1,293
Other pension costs	**1,885**	1,837
	16,151	14,787

The Other Pension costs shown above represent the cost of employer's contributions paid to Essex County Council Pension Fund (ECCPF) during 2022/23.

At March 2023 the Association made contributions on behalf of 189 (2022: 211) employees to the ECCPF, and 165 (2022: 109) employees to the stakeholder's scheme. Further information on pensions costs is given in note 28.

Employee by banding

The full time equivalent number of employees who received remuneration greater than £60,000:

	2023	**2022**
Banding (£)	Number	Number
60,000 - 69,999	**6**	6
70,000 - 79,999	**6**	8
80,000 - 89,999	**3**	2
90,000 - 99,999	**-**	-
100,000 - 109,999	**1**	1
110,000 - 119,999	**2**	1
120,000 - 129,999	**3**	-
130,000 - 139,999	**-**	1
140,000 - 149,999	**-**	-
150,000 - 159,999	**-**	-
160,000 - 169,999	**-**	1
170,000 - 179,999+	**1**	-

10. Board members and Directors' emoluments

	2023	2022
CHP Board Members	£	£
S Bennett	**10,950**	10,113
K Bird	**2,165**	-
R Braithwaite	**-**	9,270
P Cogan	**10,950**	10,113
T D'Olier	**4,487**	-
N Fisher (Vice Chair)	**-**	7,209
F Goymour	**8,775**	7,900
S Jones	**10,950**	5,133
K Mayhew	**8,775**	7,900
M Noaro	**10,950**	7,900
K Rogers	**4,487**	-
N Sawford (Chair)	**19,400**	18,525
H Trivedi	**4,487**	-
A Wade	**4,233**	3,826
J Wanmer	**4,321**	7,900
	104,930	95,789

The total payments to Board and Committee members is reviewed annually, taking external independent advice where appropriate. Remuneration is based on sector benchmarking data for comparable Associations.

Board Members received payments totalling £104,930 in aggregate in their capacity as members of the Association Board (2022: £95,789).

Key management personnel

The aggregate remuneration for key management personnel (the Executive Team), which includes the executive directors and other members of the Senior Management Team, charged in the year is:

	Group and Association	
	2023	2022
	£'000	£'000
Emoluments (including benefits in kind)	**995**	979
Pension contributions	**129**	139
	1,124	1,118

The Executive Team received payments totalling £994,770 in aggregate (2022: £978,770) excluding £100,000 in relation to payments for an interim Chief Financial Officer.

Emoluments (excluding pension contributions) include amounts in relation to the Chief Executive. During the year, the Association paid £190,636 (2022: £211,457) in Chief Executive salaries. Pension contributions totalling £34,350 (2022: £38,545) were made to the Essex County Council Pension Fund in respect of the Chief Executive.

The Chief Executive is an ordinary member of the Essex County Council Pension Fund and no enhanced or special terms apply. The Association does not make any further contribution to an individual pension arrangement for the Chief Executive.

At March 2023 the Association make contributions on behalf of 1 (2022: 3) Director to the ECCPF defined benefit scheme which are included in the numbers of employees quoted in note 9.

11. Tax on surplus on ordinary activities

	Group		Association	
	2023	**2022**	**2023**	**2022**
Current tax	£'000	£'000	£'000	£'000
UK corporation tax charge/(credit) on surplus for the year	**-**	-	**-**	-
Adjustment in respect of prior years	**-**	-	**-**	-
Deferred tax				
Net origination and reversal of timing differences	**-**	-	**-**	-
	-	-	**-**	-

	Group		Association	
	2023	**2022**	**2023**	**2022**
Current tax reconciliation	£'000	£'000	£'000	£'000
Surplus / (deficit) on ordinary activities before tax	**2,530**	4,557	**2,368**	3,728
Surplus on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2022:19%)	**481**	866	**450**	708
Expenses not deductible for tax purposes	**-**	-	**-**	-
Income not taxable	**(481)**	(866)	**(450)**	(708)
Total current tax charge	**-**	-	**-**	-

The tax expense represents the sum of the tax currently payable and any deferred tax.

The current tax charge is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Association's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences between taxable profits and total comprehensive income that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle on a net basis.

Notes to the Financial Statements

12. Property, plant, and equipment

Housing properties

Housing properties are properties held for the provision of social housing or to otherwise provide social benefit and are principally properties available for rent and shared ownership.

On transition to FRS 102, we took the option of using the previous GAAP revaluation of completed housing properties as at 31 March 2014 as their deemed cost at the revaluation date, being 31 March 2014.

Housing properties constructed or acquired since the date of transition to FRS 102 are stated at cost less depreciation and impairment (where applicable). The cost of housing land and property represents their purchase price and any directly attributable costs of acquisition and construction, which may include an appropriate amount for staff costs and interest, up to the date of completion. The cost of land for mixed developments is split between tenures based upon the respective site values.

Expenditure on items not separately identified as components are capitalised if they result in incremental future benefit, for example an increase in the net rental stream over the life of the property. The carrying amount of the part of the asset replaced is derecognised.

Shared ownership properties are split proportionally between current and fixed assets based on the element relating to expected first tranche sales. The first tranche proportion is classed as a current asset until disposal and related sales proceeds included in turnover. The remaining element is classed as a fixed asset and included in housing properties at cost once completed, less any provisions needed for depreciation or impairment. Prior to completion, the properties are carried under assets under construction. Subsequent sales are treated as sales of fixed assets.

The exception to the above is where this would result in a surplus on the disposal of the current asset that would exceed the anticipated overall surplus. In these circumstances any surplus on disposal of the first tranche is limited to the overall surplus by adjusting the costs allocated to current or fixed assets.

The overall surplus is the difference between the net present value of cash flows and the cost. The net present value of the cash flows is the sum of the first tranche proceeds, net rental streams and expected receipts from subsequent disposals of the asset, less any grant repayable.

Freehold land is not depreciated. Assets in the course of construction are not depreciated until they are complete and ready for use. Depreciation is charged on major components so as to write off the cost of the components to their residual value, over their estimated useful lives, using the straight-line method. The components identified, with their respective useful lives, are as follows:

Component	Estimated useful life
Structure	100
Kitchen	25
Bathroom	35
Heating system: boiler	7-15
Heating system: remainder	40
Windows and doors	30
Roofs	70

Refurbishment or replacement of such components is capitalised and depreciated over the estimated useful life of the component. The carrying amount of any replaced component or part component is derecognised.

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognised within the statement of comprehensive income.

During 2022/2023, CHP spent a total of £5,491,177 on decarbonisation works. This compromised of:

Energy efficiencies £3,393,779
Property improvements £1,933,231
Sustainability works £164,167

Non-financial assets (property, plant and equipment)

The Group's housing properties and other property, plant and equipment are assessed for impairment at each reporting date. Where indicators are identified, then an assessment is undertaken to compare the carrying amount of assets or cash-generating units for which impairment is indicated to their recoverable amounts. If there is objective evidence of impairment, an impairment loss is recognised immediately in the statement of comprehensive income.

A cash generating unit is the smallest identifiable Group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or Groups of assets.

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Value in use represents the present value of the future cash flows expected to be derived from an asset or cash-generating unit, appropriately adjusted to account for any restrictions on their use. The assessment of value in use may involve considerations of the service potential of the assets or cash-generating units, provided the property concerned is being used for social housing and is in demand. Value in use for assets held for their service potential represents the depreciated replacement cost, being the most economic cost required to replace the service potential of the asset. Depreciated replacement cost is the lower of the cost of constructing or acquiring a replacement asset to provide the same level of service potential. The cost of acquiring a replacement asset could be either through purchasing an equivalent property on the open market or purchasing an equivalent property from another registered provider, providing there is considered to be an active market.

12. Property, plant and equipment - housing properties : Group

	Social housing properties held for letting					Shared ownership		
Group	**Social rent**	**Affordable**	**Components**	**Intermediate rent**	**Under construction**	**Under construction**	**Completed**	**Total**
Cost	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2022	312,656	206,870	134,508	8,323	23,215	4,928	58,444	748,944
Additions	-	-	-	-	32,344	10,227	-	42,571
Works to existing properties	-	-	7,378	-	-	-	-	7,378
Cross subsidy adjustment	-	-	-	-	-	-	(4)	(4)
Schemes completed	319	33,930	5,893	-	(40,142)	(9,238)	9,238	-
Disposals	(552)	(45)	(2,388)	-	-	-	(3,269)	(6,254)
Change of tenure/ asset type	-	-	-	-	-	-	-	-
At 31 March 2023	**312,423**	**240,755**	**145,391**	**8,323**	**15,417**	**5,917**	**64,409**	**792,635**
Depreciation								
At 1 April 2022	18,669	5,519	30,228	499	-	-	1,435	56,350
Depreciation charge in year	2,523	1,496	5,867	66	-	-	401	10,353
Released on disposal	(48)	(5)	(1,750)	-	-	-	(47)	(1,850)
Change of tenure/ asset type	-	-	-	-	-	-	-	-
At 31 March 2023	**21,144**	**7,010**	**34,345**	**565**	**-**	**-**	**1,789**	**64,853**
Net book value								
At 31 March 2023	**291,279**	**233,745**	**111,046**	**7,758**	**15,417**	**5,917**	**62,620**	**727,782**
At 31 March 2022	293,987	201,351	104,280	7,824	23,215	4,928	57,009	692,594

12. Property, plant and equipment - housing properties : Association

Association	Social housing properties held for letting: Social rent	Affordable	Components	Intermediate rent	Under construction	Shared ownership: Under construction	Completed	Total
Cost	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2022	312,656	206,870	134,508	8,323	28,664	4,789	58,444	754,254
Additions	-	-	-	-	32,333	**10,227**	-	**42,560**
Works to existing properties	-	-	**7,378**	-	-	-	-	**7,378**
Cross subsidy adjustment	-	-	-	-	-	-	**(4)**	**(4)**
Schemes completed	**319**	**33,930**	**5,893**	-	(40,142)	**(9,238)**	**9,238**	-
Disposals	**(552)**	**(45)**	**(2,388)**	-	-	-	**(3,269)**	**(6,254)**
Change of tenure/ asset type	-	-	-	-	-	-	-	-
At 31 March 2023	**312,423**	**240,755**	**145,391**	**8,323**	**20,855**	**5,778**	**64,409**	**797,934**
Depreciation								
At 1 April 2022	18,669	5,519	30,228	499	-	-	1,435	56,350
Depreciation charge in year	**2,523**	**1,496**	**5,867**	**66**	-	-	**401**	**10,353**
Released on disposal	**(48)**	**(5)**	**(1,750)**	-	-	-	**(47)**	**(1,850)**
Change of tenure/ asset type	-	-	-	-	-	-	-	-
At 31 March 2023	**21,144**	**7,010**	**34,345**	**565**	-	-	**1,789**	**64,853**
Net book value								
At 31 March 2023	**291,279**	**233,745**	**111,046**	**7,758**	**20,855**	**5,778**	**62,620**	**733,081**
At 31 March 2022	293,987	201,351	104,280	7,824	28,664	4,789	57,009	697,904

12. Property, plant and equipment - housing properties

Affordable social housing properties for rent have been constructed under the Short Form Agreement, which is not part of the HCA Affordable Homes Programme (2011-2015).

On transition to FRS 102 in 2015/2016, we took the option of using a previous valuation as its deemed cost at the transition date. Housing properties completed subsequently have been measured at cost. The Association's housing properties were valued by professional external valuers, Savills (L&P) Limited, Chartered Surveyors.

Completed properties for social rent and shared ownership are valued at Existing Use Value for Social Housing (EUV-SH) and properties for intermediate rent are valued at Market Value Subject to Tenancies (MV-STT).

The carrying value of the completed housing properties that would have been included in the Financial Statements had the assets been carried at historical cost is as follows:

	Group and Association	
	2023	**2022**
	£'000	£'000
Historical cost	**676,455**	625,572
Depreciation	**(79,808)**	(72,843)
	596,647	552,729

Housing properties historical cost book value, net of depreciation:

	Group and Association	
	2023	**2022**
	£'000	£'000
Freehold land and buildings	**591,319**	548,041
Long leasehold land and buildings	**5,328**	4,688
	596,647	552,729

Additions to housing properties in the course of construction during the year included capitalised interest of £1,235k (2022: £1,660k) at an average interest rate of 4.79% (2022: 4.79%).

13. Intangible assets

Cost or valuation	£'000
At 1 April 2022	2,531
Additions	536
Disposals	(249)
Impairment (charge) / reversal	-
At 31 March 2023	**2,818**
Depreciation	
At 1 April 2022	1,710
Charge for the year	427
Released on disposal	(246)
At 31 March 2022	**1,891**
Net book value	
At 31 March 2023	**927**
At 1 April 2022	821

Notes to the Financial Statements

14. Other property, plant, and equipment: Group and Association

We have a number of commercial units situated within mixed tenure dwellings. As these units provide a service to our residents and wider communities, we have classified these as property, plant and equipment.

Other property, plant and equipment are stated at cost less depreciation and any impairment. Cost includes any expenditure directly attributable to bringing the asset into use. Repairs and maintenance are charged to income and expenditure.

Depreciation is charged on a straight-line basis over the expected useful lives of the assets to write them down to their estimated residual values over their expected useful lives, as follows:

	Years
Commercial properties for rent	40
Freehold office buildings	50
Plant and machinery	4
Fixtures, fittings and equipment	4 - 12

	Commercial properties for rent	Freehold offices	Plant and machinery	Fixtures, fittings and equipment	Total
Cost or valuation	£'000	£'000	£'000	£'000	£'000
At 1 April 2022	7,709	10,791	403	2,447	21,350
Additions	-	-	201	129	330
Disposals	-	-	(31)	(224)	(255)
Impairment (charge) / reversal	-	-	-	-	-
Change of tenure/asset type	-	-	-	-	-
At 31 March 2023	**7,709**	**10,791**	**573**	**2,352**	**21,425**
Depreciation					
At 1 April 2022	1,537	1,232	228	1,865	4,862
Charge for the year	201	165	67	256	689
Released on disposal	-	-	(31)	(224)	(255)
Change of tenure/asset type	-	-	-	-	-
At 31 March 2023	**1,738**	**1,397**	**264**	**1,897**	**5,296**
Net book value					
At 31 March 2023	**5,971**	**9,394**	**309**	**455**	**16,129**
At 1 April 2022	6,172	9,559	175	582	16,488

The carrying value of the commercial properties which are all freehold that would have been included in the Financial Statements had the assets always been carried at cost is as follows:

	Group and Association	
	2023	**2022**
	£'000	£'000
Historical cost	**(1,589)**	(1,506)
Depreciation	**5,218**	5,302
	3,629	3,796

15. Investment properties (market rented properties)

Valuation	£'000
At 1 April 2022	7,570
Additions	-
Schemes completed	-
Disposals	-
Valuation adjustment	**256**
At 31 March 2023	**7,826**

Market rent properties are stated at Market Value Subject to Tenancies (MV-STT). The Association's investment properties were valued by professional external valuers, Savills (L&P) Limited, Chartered Surveyors. The assumptions used by the valuers included Gross Yield of 6.50% per annum.

The valuation exercise was carried out in March 2023 with a valuation date of 31 March 2023. The Royal Institute of Chartered Surveyors (RICS) Valuation Global Standards effective 31 January 2022 ('Red Book') has been applied.

The valuation adjustment of £256k (2022: £173k) has been credited to the statement of comprehensive income.

The carrying value of the completed housing properties that would have been included in the Financial Statements had the assets always been carried at historical cost would be £6,279k (2022: £6,256k).

We have an interest in the freeholds of market rented properties, which are deemed investment properties because they are held for the purpose of ensuring a continuing rental income and are not held for social benefit or use in the business.

Investment properties are initially measured at cost and subsequently at fair value, with any changes in fair value recognised in the statement of comprehensive income.

16. Investments in subsidiaries

The investments in subsidiaries are as follows:

Name of subsidiary	Myriad Capital PLC	Myriad Homes Ltd	Myriad Housing Ltd
Principal activities of subsidiary	Investment	Sales	Design and Build
Ownership percentage	100	100	100
Ownership of incorporation	United Kingdom	United Kingdom	United Kingdom
	£	£	£
At 31 March 2023	**50,000**	**100**	**100**
At 31 March 2022	50,000	100	100

17. Properties for sale

Properties for sale are carried at cost less impairment provision. Cost includes all statutory and professional fees relating to the acquisition of a property, obtaining planning consents, legal fees and the costs of construction and redevelopment. Finance costs are capitalised within the cost of properties for sale.

	Group and Association	
	2023	**2022**
	£'000	£'000
Shared ownership properties under construction	**1,926**	1,597
Completed shared ownership properties	**24**	139
	1,950	1,736

The Group assesses at each year end whether any impairment is required. This assessment is made by comparing the carrying amount with its selling price less costs to complete and sell. Selling price is calculated by estimating the likely end sales value of completed developments less all necessary future development and disposal costs. If there is an impairment, the carrying amount is reduced to the selling price less costs; the resulting impairment loss is recognised immediately in the statement of comprehensive income. When the circumstances that previously caused an impairment no longer exist or there is clear evidence of an increase in selling price, the amount of the impairment would be reversed so that the new carrying amount is the lower of the cost and the revised selling price less costs to complete and sell.

18. Debtors

Debtors with no stated interest rate and receivable or payable within one year are recorded at transaction price.

We have made arrangements with individuals for arrears payments of rent and service charges and these arrangements are effectively loans granted at nil interest rate.

Financial assets comprise trade and other debtors, cash and cash equivalents and loan balances. Financial assets are assessed for impairment at each reporting date using the lifetime expected credit loss model. Lifetime expected credit losses are recognised where there has been a significant increase in credit risk since initial recognition, otherwise 12 months expected credit losses are recognised. Credit risk is assessed as the risk of a default occurring over the expected life of the financial instrument. Impairment gains or losses are recognised in the statement of comprehensive income.

The Association is partially exempt for Value Added Tax (VAT). The Financial Statements include VAT to the extent that it is suffered by CHP and not recoverable from HM Revenue and Customs. The balance of VAT payable or recoverable at the year-end is included as a current liability or asset.

	Group		Association	
a) On lend to subsidiaries	**2023**	**2022**	**2023**	**2022**
	£'000	£'000	£'000	£'000
Lending to Myriad Housing Ltd	-	-	**415**	815
Lending to Myriad Homes Ltd	-	-	**4,957**	2,175
	-	-	**5,372**	2,990

	Group		Association	
b) Debtors	**2023**	**2022**	**2023**	**2022**
Due within one year	£'000	£'000	£'000	£'000
Rents and service charges receivable	**1,883**	1,458	**1,883**	1,458
Less: Provision for bad and doubtful debts	**(1,022)**	(708)	**(1,022)**	(708)
	861	750	**861**	750
Other debtors	**638**	613	**408**	511
Prepayments and accrued income	**2,312**	1,858	**2,312**	1,858
Amount owed by other Group companies	**13**	-	**72**	-
	3,824	3,221	**3,653**	3,119

	Group		Association	
c) Total Debtors	**2023**	**2022**	**2023**	**2022**
	£'000	£'000	£'000	£'000
Note a and b	**3,824**	3,221	**9,025**	6,109

19. Creditors: Amounts falling due within one year

Creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price.

	Group		Association	
	2023	**2022**	**2023**	**2022**
	£'000	£'000	£'000	£'000
Trade creditors	**1,041**	616	**832**	616
Rent and service charges received in advance	**1,948**	1,762	**1,948**	1,762
Interest payable	**3,305**	3,746	**20**	460
Housing loans	**5,557**	5,243	**5,557**	5,243
Bond premium	**1,157**	1,124	**1,157**	1,124
Other taxation and social security	**435**	469	**483**	467
Other creditors	**2,071**	1,142	**2,071**	1,142
Amount owed by other Group companies	**224**	-	**6,165**	5,929
Accruals and deferred income	**5,346**	5,353	**2,449**	3,264
Disposal proceeds fund	**-**	-	**-**	-
	21,084	19,455	**20,682**	20,007

20. Creditors: Amounts falling due after more than one year

	Group		Association	
	2023	**2022**	**2023**	**2022**
Housing loans	£'000	£'000	£'000	£'000
Within one to two years	**5,940**	5,558	**5,940**	5,558
Within two to five years	**20,228**	19,012	**20,228**	19,012
In five years or more	**442,775**	429,430	**441,020**	427,675
Total housing loans	**468,943**	454,000	**467,188**	452,245
Bond Premium	**31,482**	32,639	**31,482**	32,639
Less: Loan arrangement costs	**(3,669)**	(3,621)	**(2,467)**	(2,383)
	496,756	483,018	**496,203**	482,501
Disposal proceeds fund	**-**	-	**-**	-
Recycled capital grant fund	**2**	110	**2**	110
	496,758	483,128	**496,205**	482,611

The housing loans are secured by a floating charge over the assets of the Association and by specific charges on the Association's housing properties. All loans are repayable by lump sums at set stages in the debt agreement until 2042. At 31 March 2023 the Association had undrawn loan facilities of £99m (2022: £119m). Included in the total housing loans is a discounted prepayment on issue of the bond finance of £685k (2022: £704k). Bond interest was issued at an interest rate of 4.79%, which after taking into account the discounted prepayment gives a net rate of 4.75%.

CHP uses interest rate swaps to manage its interest rate risk. At the year-end instruments were held with a nominal value of £177m and fair value of £8m, with security of property £92m and cash £0m.

Notes to the Financial Statements

21. Grants

	Social	Affordable	Shared ownership	Under construction: Social housing	Under construction: Shared ownership	Total
Cost or valuation	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2022	(3,611)	(6,892)	(855)	(1,438)	-	(12,796)
Additions	-	-	-	(616)	(67)	(683)
Schemes completed	(149)	(250)	-	399	-	-
Disposals	41	-	-	-	-	41
At 31 March 2023	**(3,719)**	**(7,142)**	**(855)**	**(1,655)**	**(67)**	**(13,438)**
Amortisation						
At 1 April 2022	80	134	8	-	-	222
Charge for the year	37	65	9	-	-	111
Released on Disposal	(4)	-	-	-	-	(4)
At 31 March 2023	**113**	**199**	**17**	**-**	**-**	**329**
Net book value						
At 31 March 2023	**(3,606)**	**(6,943)**	**(838)**	**(1,655)**	**(67)**	**(13,109)**
At 31 March 2022	(3,531)	(6,758)	(847)	(1,438)	-	(12,574)

Government Grants include grants receivable from Homes England, local authorities and other government organisations. Government Grants are recognised as deferred income and amortised to income on a straight line basis over the expected useful life of the housing property structure under the accrual model of accounting. Amortisation starts from the point of completion of the housing property to which the grant relates.

Grants relating to revenue are recognised in statement of comprehensive income over the same period as the expenditure to which they relate. Until the revenue grants are recognised as income they are recorded as liabilities.

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

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 as income in the statement of comprehensive income.

Other grants are recognised in income once the performance conditions have been met under the performance model of accounting.

The carrying value of the grants that would have been included in the Financial Statements had they been carried at historical value less amortisation is as follows:

	2023	2022
Group and Association:	£'000	£'000
Historical cost	**57,413**	56,770
Amortisation	**(6,196)**	(5,634)
	51,217	51,136

22. Disposal proceeds fund and recycled capital grant fund

Recycled Capital Grant Fund	2023	2022
	£'000	£'000
	Homes England	Homes England
At 1 April	110	110
Grant recycled	37	-
Interest accrued	2	-
Applied to new build / not utilised	(147)	-
At 31 March	2	110
Amounts three years or older where repayment may be required	-	-

The Group generally has the option to recycle capital grant which would otherwise be repayable, for re-use on new developments. If unused within a three year period, it will be repayable to the Homes England with interest. The development programme of the Group is such that the recycled grant is expected to be re-used before it becomes repayable. Any unused recycled capital grant held within the capital grant recycling fund is disclosed in the statement of financial position split between creditors falling due within one and after one year.

Withdrawals from the disposals proceeds fund were used for approved works for new builds and existing properties.

Since 6 April 2017, there is no longer a requirement to add any new net proceeds of disposals to the Disposal Proceeds Fund. Existing Funds were fully utilised in 2018/19.

Notes to the Financial Statements

23. Financial instruments: Group

Financial assets:	**2023**	**2022**
	£'000	£'000
Measured at fair value through the profit and loss		
Current asset listed investments	**-**	-
Measured at undiscounted amounts receivable		
Trade and other Debtors	**638**	**612**
	638	**612**

Financial liabilities:		
Measured at fair value and designated in an effective hedging relationship		
Derivative financial liabilities	**8,140**	45,484
Measured at fair value, non-hedged financial instruments		
Measured at amortised cost		
Loans repayable	**507,139**	493,006
Measured at undiscounted amounts receivable		
Trade and other creditors	**3,112**	1,758
	518,391	540,248

The Group's income, expenditure, gains, and losses in respect of the financial instruments are summarised below:

Interest income and expense		
Total interest income for financial assets at amortised cost	**-**	-
Total interest expense for financial liabilities at amortised cost	**21,020**	20,471

Derivatives that are designated and effective as hedging instruments carried at fair value		
Liabilities		
Interest rate swaps	**8,140**	45,484
Fair value loss charged to the Statement of Comprehensive Income	**1,970**	(193)
Closing loan liability	**(22,292)**	(23,047)
Cash Flow Hedge Reserve	**(12,182)**	22,244

23. Financial instruments: Group continued.

Derivative financial instruments: Group and Association

	2023	2022
Derivative that are designed and effective as hedging instruments carried at fair value	£'000	£'000
Liabilities		
Interest rate swaps	**(8,140)**	(45,484)
Non-hedged instruments carried at fair value		
Liabilities		
RPI swaps	**-**	-
	(8,140)	(45,484)

The following table details the notional principal amounts and remaining terms of interest rate swaps contracts outstanding as at the reporting date:

Outstanding - receive floating and pay fixed contracts	Average contract fixed interest rate		Notional value	Principal	Fair value	
	2023	2022			2023	2022
	%	%	£'000	£'000	£'000	£'000
Less than one year	**-**	-	-	-	**-**	-
One - two years	**-**	-	-	-	**-**	-
Two - five years	**4.47%**	5.13%	**28,150**	**28,150**	**3,200**	2,265
Five years +	**3.48%**	3.53%	**148,850**	**148,850**	**4,940**	43,219
			177,000	**177,000**	**8,140**	45,484

23. Financial instruments: Group continued.

The interest rate swaps settle on a quarterly basis. The floating rate on the interest rate swaps Sterling Overnight Index Average (SONIA) plus a credit adjustment spread of 0.1193. The Group will settle the difference between the fixed and floating interest rate on a net basis.

Interest rate swap contracts exchanging floating rate interest amounts for fixed rate interest amounts are designated as cash flow hedges to reduce the Group's cash flow exposure resulting from variable interest rates on borrowings. The hedged cash flows are expected to occur and to affect profit or loss over the period to maturity of the interest rate swaps.

Financial assets and liabilities comprise trade and other debtors, cash and cash equivalents, trade and other payables, loans and derivatives financial instruments.

The Group has made an accounting policy choice to apply the recognition and measurement requirements of IFRS 9 Financial Instruments.

Recognition and de-recognition

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the financial asset expire or are settled, (b) the Group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or (c) the Group, despite having to retain some significant risks and rewards of ownership, has transferred control of the asset to another party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

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

Offsetting

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

Initial measurement

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Subsequent measurement

Financial assets and liabilities (other than financial assets and liabilities at fair value through profit or loss) are subsequently measured at amortised cost using the effective interest method, less any impairment. Where a premium or discount has been incurred on a bond issue, this is released over the term of the debt using the effective interest rate method.

Interest income and expense is recognised by applying the effective interest rate, except for short-term receivables and payables when the recognition of interest would be immaterial.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

23. Financial instruments: Group continued.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

Hedge accounting

The Group designates certain interest rate swap derivative financial instruments as cash flow hedges.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in cash flows of the hedged item.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'other gains and losses' line item.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognised in profit or loss, in the same line of the income statement as the recognised hedged item.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income at that time is accumulated in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

Financial risk management

Our operations expose us to a variety of financial risks. We have in place a risk management programme that seeks to limit the adverse effects on our financial performance by monitoring levels of debt finance and related finance costs. The key risks are as follows:

Credit risk
The liabilities to funders are secured by a legal charge over property assets owned by the Group with a value in excess of total borrowings. The carrying value of the funding liabilities represents the maximum value exposed to credit risk.

Liquidity risk
Expected cash flows from the financial assets, in particular cash resources, are used in assessing and managing the risk of not being able to meet our obligations when they are due.

Interest rate risk
At 31 March, 90% of our debt was fixed or hedged. There is no intention to repay any term debt other than in accordance with the terms of each agreement. The Group has £48.2m of variable debt funding which could be exposed to rises in SONIA rates. If SONIA were to increase by 0.5%, then the impact would be additional interest costs of £60.8k to the statement of comprehensive income. The Group is subject to interest rate risk on investment income on short term deposits, cash balances, and swaps.

Notes to the Financial Statements

24. Non-equity share capital

CHP is a Community Benefit Society limited by guarantee and has issued no share capital.

At 31 March 2023 the Association had 68 certificated members (31 March 2022: 71).

The certificates provide members with the right to vote at general meetings, but does not provide any rights to dividends. In the event of a winding up the members are liable to subscribe for £1 each to satisfy their guarantee to the Association.

25. Financial commitments

	Group		Association	
Capital expenditure	**2023**	**2022**	**2023**	**2022**
	£'000	£'000	£'000	£'000
Contracted but not provided	**88,223**	65,006	**87,247**	60,662
Authorised but not contracted	**144,514**	60,842	**147,568**	62,133
	232,737	125,848	**234,815**	122,795

The above commitments will be financed through a combination of sales receipts, cash, and the undrawn loan facilities provided by Barclays Bank and Lloyds Bank Group.

26. Operating leases:

The total future minimum lease payments which the Association is committed to make under operating leases are as follows:

		Group and Association	
		2023	**2022**
	Leases expiring	£'000	£'000
(i) Land and buildings	Within one year	**29**	30
	Two to five years	**74**	113
	In more than five years	**-**	-
		103	143
(ii) Office and computer equipment	Within one year	**30**	39
	Two to five years	**26**	75
	In more than five years	**-**	-
		56	114
(iii) Vehicle leases	Within one year	**396**	396
	Two to five years	**857**	1,285
	In more than five years	**-**	-
		1,253	1,681

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

27. Contingent liabilities

The Group previously identified that works amounting to £5m may be required to our only tower block, Parkside Court, as a result of changes to the building regulations arising from the Hackett Review together with remedial works required to the cavity barriers. The costs of this work costs will be recovered from the contractor who installed the original cladding. No further contingent liabilities have been identified.

Notes to the Financial Statements

28. Pension obligations

Essex County Council Pension Fund (ECCPF): Group and Association

The ECCPF is a multi-employer defined benefit pension scheme, administered by Essex County Council under the regulations governing the Local Government Pension Scheme, a defined benefit scheme. The most recent formal actuarial valuation was completed as at 31 March 2022 by a qualified independent actuary. The ECCPF was closed to new employees with effect from 1 October 2018 but employees already within the scheme will continue to contribute and accrue pension benefits.

The employer's contributions to the ECCPF by the Association for the year ended 31 March 2023 were £1,572k (2022: £1,639k) at a contribution rate of 19.2% (2022: 19.2%) of pensionable salaries, set until the next triennial funding valuation as at 31 March 2025.
The contribution rate was increased with effect from 1 October 2018 with the closure of the ECCPF to new employees.

Reconciliation of opening and closing balances of the present value of the defined benefit obligation as at 31 March

	2023	**2022**
	£'000	£'000
Opening fair value of liabilities	**84,223**	84,067
Service cost	**3,210**	4,001
Past service cost	**350**	3
Interest cost	**2,180**	1,676
Contributions by the members	**519**	552
Change in financial assumptions	**(38,051)**	(5,189)
Change in demographic assumptions	**(2,103)**	-
Experience (loss)/gain on defined benefit obligation	**6,057**	167
Net benefits paid out	**(1,416)**	(1,054)
Closing fair value of liabilities	**54,969**	84,223

28. Pension obligations continued

Reconciliation of opening and closing balances of the present value of fund assets as at 31 March

	2023	**2022**
	£'000	£'000
Opening fair value of assets	**70,818**	63,325
Interest on assets	**1,850**	1,278
Return on assets less interest	**(1,598)**	5,109
Actuarial gain/(loss) on assets	**573**	-
Contributions by the employer	**1,572**	1,639
Contributions by the members	**519**	552
Estimated benefits paid net of transfers in	**(1,416)**	(1,054)
Administration expenses	**(41)**	(31)
Closing fair value of assets	**72,277**	70,818

The total return on the fund assets for the year ending 31 March 2023 is £252k (2022: £6,387k).

Amounts recognised in the statement of comprehensive income

	2023	**2022**
	£'000	£'000
Service cost	**(3,560)**	(4,004)
Net interest on defined liability (asset) Administration expenses	**(330)**	(398)
Administration expenses	**(41)**	(31)
Total loss	**(3,931)**	(4,433)

28. Pension obligations continued

Group asset share

	2023		2022	
	% of total	£'000	% of total	£'000
Equities	**58%**	**41,633**	60%	42,522
Gilts	**1%**	**1,057**	3%	1,691
Other bonds	**0%**	**0**	4%	3,101
Property	**8%**	**5,920**	8%	5,808
Cash	**3%**	**2,330**	3%	1,797
Alternative assets	**16%**	**11,439**	12%	8,751
Other managed funds	**14%**	**9,898**	10%	7,148
Total value of fair assets	**100%**	**72,277**	100%	70,818

Net pension deficit as at 31 March

	2023	**2022**
	£'000	£'000
Present value of the defined benefit obligation	**(54,969)**	(84,223)
Fair value of fund assets	**72,277**	70,818
Impact of asset ceiling	**(9,817)**	-
Net defined pension asset / (liability)	**7,491**	(13,405)

Assumptions

The main financial assumptions used by the actuary were:

% per annum	**2023**	**2022**
Rate of increase in salaries	**3.85%**	4.20%
Rate of increase in pensions in payment	**2.85%**	3.20%
Discount rate	**4.80%**	2.60%
Inflation assumption:		
CPI	**2.90%**	3.20%
RPI	**3.20%**	3.55%
Life expectancy from age 65 years - retiring today / in 20 years:		
Male	**21.1 / 22.3**	21.6 / 23.0
Female	**23.5 / 25.0**	23.7 / 25.1

28. Pension obligations continued

Re-measurement of the net assets / (defined liability) included in other comprehensive income

	2023	2022
	£'000	£'000
Return on fund assets in excess of interest	**(1,598)**	5,109
Other actuarial gains / (losses) on assets	**573**	-
Change in financial assumptions	**38,051**	5,189
Change in demographic assumptions	**2,103**	-
Experience gain / (loss) on defined benefit obligation	**(6,057)**	(167)
Changes on effect of asset ceiling	**(9,817)**	-
Remeasurement of net assets / (defined liability)	**23,255**	10,131

Projected pension expense for the year to 31 March 2023

	2023
	£'000
Service cost	**1,362**
Net interest on the defined benefit liability	**(870)**
Administration expenses	**42**
Total loss	**534**
Employer contributions	**1,625**

29. Cash flow from operating activities

	2023	2022
	£'000	£'000
Operating surplus for the year	**20,005**	23,793
Adjustments for non-cash items:		
Depreciation of property, plant and equipment	**11,468**	10,956
Loss on component replacements	**-**	-
Decrease / (increase) in stock	**(2,953)**	(411)
(Increase) in trade and other debtors	**(603)**	(1,140)
Increase / (decrease) in trade and other creditors	**2,255**	(899)
Amortisation of grant	**(111)**	(92)
Pension costs less contributions payable	**2,029**	2,396
Movement in properties for sale	**(214)**	2,818
Net cash generated from operating surplus	**31,876**	37,421

Cash and cash equivalents consist of cash at bank, in hand, deposits and money market deposits held for more than 24 hours that can be withdrawn at any time without penalty and deposits for fixed term amounts up to 12 months.

Cash equivalents are short term highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.

Net debt reconciliation	**At 1 April 2022**	**Cashflows**	**Other Non Cash Changes**	**At 31 March 2023**
	£'000	£'000	£'000	£'000
Cash and cash equivalents	**39,885**	(20,031)	-	**19,854**
Loans	**493,006**	13,819	314	**507,139**
	532,891	(6,213)	314	**526,993**

30. Related parties transactions

The Group is required to disclose details of material transactions with related parties, bodies or individuals that have the potential to control or influence the Group or to be controlled or influenced by the Group. A related party is the transfer of assets or liabilities or the performance or services by, or for another (related) party irrespective of whether a charge is made. Disclosures of these transactions allows readers to assess the extent to which the Group might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Group.

Board Directors

Board directors have control over the Group's operating and financial policies. The total remuneration paid to the board directors is shown in note 10. As of 31 March 2023, there are no related party transactions to report.

31. Subsidiaries

CHP issued a £200m 30 year bond in December 2013 via its subsidiary, Myriad Capital PLC. This bond was tapped for an additional £50m in March 2021 under the existing terms, taking the total amount issued to £250m.

CHP provides employees and other services to its subsidiaries under the terms of procedure agreements. Salary costs are recharged on a time spent basis and the general overheads on the number of units on site for each subsidiary and the average cost per head within the development programme. Details of the amounts charged to the subsidiaries within the Group are as follows;

	2023	2022
	£'000	£'000
Myriad Homes Ltd	**10**	8
Myriad Housing Ltd	**709**	684
Myriad Capital PLC	**-**	-
	719	692

Myriad Capital PLC is the financing vehicle for CHP and charges interest to CHP.

CHP guarantees the contracts undertaken by Myriad Housing Ltd when requested to do so.
We have Parent Association Guarantees in place on the following schemes:

Channels Phase One, Chelmsford, Bellway
Prittlebrook, Southend, Bellway
Hall Road, Rochford, Bellway Kent
Arisdale Avenue, South Ockenden, Persimmon
Hall Road Phase Two, Rochford, Bellway Thames
Main Road, Gt Leighs, Bellway
Hall Road Phase Three, Rochford, Bellway
Holloway Road, Heybridge, Bellway
Newhall, Harlow, Bellway
Arla, Hatfield Peveral, Bellway
High Road, Fobbing, Bellway
Broad St Green, Heybridge, Bellway
Brierley Paddocks, West Mersea, City and Country

Legal and administrative details

Registered name and address
Our Association name is Chelmer Housing Partnership Limited, but we like to be known as CHP.

Myriad House
33 Springfield Lyons Approach
Chelmsford, Essex, CM2 5LB

Registered numbers

Co-operative and Community Benefit Society: 8112
Regulator of Social Housing: L4331

Our Group

We have three wholly owned subsidiary companies in our Group:

Myriad Capital PLC
Myriad Homes Limited
Myriad Housing Limited

Advisers

External auditor (appointed October 2019)

KPMG LLP
15 Canada Square, London, E14 5GL

Internal auditor

Mazars
30 Old Bailey, London, EC4M 7AU

Banker

National Westminster Bank Plc
4-5 High Street, Chelmsford, Essex, CM1 1FZ

Solicitors

Trowers and Hamlins LLP
3 Bunhill Row, London, EC1Y 8YZ

Devonshires Solicitors LLP
30 Finsbury Circus, London, EC2M 7DT

Funders

Lloyds Banking Group PLC
PO Box 39900, Bishopsgate Exchange
155 Bishopsgate, London, EC2M 3YB

Barclays Bank PLC
1 Churchill Place, London, E14 5HP

National Australia Bank
Level 25, 255 George Street, Sydney
NSW 2000 Australia

Financial Statements

2022/2023

Please contact us if you would like a copy of this document in large print, on CD or in another language.

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www.chp.org.uk

Chelmer Housing Partnership Limited
Report and Financial Statements for the year ended 31 March 2023.

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