Keniston

KENISTON HOUSING ASSOCIATION LIMITED

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MARCH 2023

Registered Society under the Co-operative and Community Benefits Societies Act 2014 No. 19475R
Registered Social Landlord No. L1965

KENISTON HOUSING ASSOCIATION LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

CONTENTS	**Pages**
Officers and Professional Advisers	2
Report of the Board	3
Statement of Board Responsibilities	13
Independent Auditor's Report	14
Statement of Comprehensive Income	17
Statement of Financial Position	18
Statement of Changes in Capital and Reserves	19
Statement of Cash Flows	20
Notes to the Statement of Cash Flows	21
Notes to the Financial Statements	22

KENISTON HOUSING ASSOCIATION LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

BOARD	Simone Bailey Antonia Bance (appointed 27/04/2022, resigned 18/11/2022) Elizabeth Emmanuel (appointed 23/03/2023) Samantha Herelle (appointed 27/04/2022, resigned 3/07/23) Stephen Hoad (appointed 27/04/2022) Shehla Husain (Co-Vice Chair) Seema Jassi (resigned 7/05/2023) Emma Keegan (Chair) Barry Luhmann (Chair: Audit & Risk Committee, resigned 22/01/2023) Ian Pinches (Chair: Audit & Risk Committee, appointed 26/01/2023) Sally Rice (Chair: Development & Growth Committee) Lucy Worrall Peter Voisey (Co-Vice Chair)
CHIEF EXECUTIVE	Jonathan Card
COMPANY SECRETARY	Andreas Shiatis
BANKERS	National Westminster Bank Plc 235 High Street Orpington Kent BR6 0NS
AUDITORS	CLA Evelyn Partners Limited 45 Gresham Street London EC2V 7BG
REGISTERED OFFICE	13 Artington Close Farnborough Orpington Kent BR6 7UL
STATUTORY REGISTRATIONS	Registered Society under the Co-operative and Community Benefit Societies Act No. 19475R Registered Social Landlord No. L1965

REPORT OF THE BOARD OF KENISTON HOUSING ASSOCIATION FOR THE YEAR ENDED 31 MARCH 2023

The Board is pleased to present its report together with the audited Financial Statements for the year ended 31 March 2023.

Principal Activities

The principal activity of the Association is the provision and management of affordable rented accommodation for people in housing need.

The Association's vision is to deliver:

- **Better Homes**: Keeping its homes safe and well-maintained, now and into the future;
- **Better Services**: Delivering good quality, cost-effective services and putting residents at the heart of what it does; and
- **Better Neighbourhoods**: Remaining a responsible, caring and personal landlord that creates sustainable neighbourhoods and supports communities.

Review of the Business

The financial results for the year ended 31 March 2023 show a satisfactory position.

The Association made a surplus for the year of £319,545 (2022: £1,530,377), on a turnover of £6,060,316 (2022: £5,867,732). It should be noted that this year's surplus included a loss of £383,565 as a result of an impairment of property costs incurred during the course of construction (see notes 9 and 23) and that last year's surplus included a profit of £695,717 on the sale of a property and of some of the Association's car parking rights.

Total capital and reserves are £20,164,737 (2022: £19,887,190). After taking account of investments in housing properties, the Association's assets before deducting long-term loans and other long-term creditors total £42,629,508 (2022: £48,232,201).

During the year, the Association continued to consider the recommendations and good practice guidance, together with any changes in regulations, emerging from the ongoing Grenfell fire enquiry. Although compliant with all current requirements, the Association has enhanced and has continued to look for ways to further enhance its fire safety working practices across all its schemes through a comprehensive programme of fire risk assessments and timely remedial work where required.

During the year the Association continued to work to shape its approach to sustainability and the journey towards a zero-carbon future and has now developed its Asset Management Strategy. In part, this identifies where additional intelligence regarding its properties is required to inform a major retrofitting programme of works which will be delivered over the coming years. This information gathering work is underway. The Association's long-term business plan includes a provision for the investment required for this work. This provision will be reviewed and refined as this intelligence is improved.

Planned maintenance and cyclical decorations contracts started during the year include:

- Stock re-investment works to 220 properties, totalling £812,756.
- External redecoration works covering 100 properties totalling £241,568.
- Adaptations to 27 properties for people with disabilities.
- Various other improvement works to 8 scheme sites totalling £40,320.

Composition of the Board

The Board currently comprises nine non-executive members and normally meets with the Management Team five times a year. The Finance & Resources Director is elected as Company Secretary and in his absence the Chief Executive fulfils this role.

The members of the Board of the Association, who have served during the year, are as follows:

Simone Bailey
Antonia Bance (appointed 27/04/2022, resigned 18/11/2022)
Elizabeth Emmanuel (appointed 23/03/2023)
Samantha Herelle (appointed 27/04/2022, resigned 3/07/23)
Stephen Hoad (appointed 27/04/2022)
Shehla Husain
Seema Jassi (resigned 7/05/2023)
Emma Keegan
Barry Luhmann (resigned 22/01/2023)
Ian Pinches (appointed 26/01/2023)
Sally Rice
Lucy Worrall
Peter Voisey

The members of the Board are expected to:

- Determine and uphold the Association's values and ethos.
- Set the annual and longer-term objectives for the Association.
- Uphold the Association's adopted Code of Governance and Code of Conduct.
- Enable the achievement of the Association's objectives through appropriate delegated authorities, operational procedures, and the employment of staff with the appropriate skills.
- Ensure that suitable policies are established for the Association.
- Review the performance of the Association and maintain its financial viability.
- Manage the risk exposure within the Association.
- Protect the public funds invested in the Association.
- Ensure that the interests and needs of the Association's current and future residents are considered in all matters.
- Ensure that the Association's properties are maintained to a high standard.
- Ensure the Association is a good employer.
- Promote the accountability of the Association through openness and contact with communities in which it works and with local authorities.
- Attend and contribute to Board meetings and to review the performance of the Board to ensure it has the capacity and commitment to understand and control the Association.
- Ensure that the Association is positive about equalities, diversity and inclusion, and works towards meeting its targets in this area.
- Take overall responsibility for health and safety in the organisation.
- Scrutinise and challenge reports from executives and advisers.
- Attend training, functions and other meetings in the interests of the Association.

Once an appointment has been approved by the Board, each member of the Board holds one fully paid share of £1 in the Association. As with all registered societies under the Co-operative and Community Benefit Societies Act 2014, profits are not distributable to Shareholders.

The Board has a formal schedule of matters reserved for its decision, which includes overall strategy and future development, allocation of financial resources, risk management, acquisitions and disposals, approval of major financial transactions, annual budgets, annual results, appointment of the Chief Executive and various policies including treasury management.

The Audit & Risk Committee met three times during the year to discuss matters relating to risk, internal controls and internal and external audits.

The Development & Growth Committee met three times during the year to discuss matters relating to the property assets and the growth of the Association.

The Complaints Panel only meets when there is a requirement to do so. The Complaints Panel was not required to meet during the year.

The Management Team

Responsibility for the Association's day-to-day operations is delegated to the Management Team who report through the Chief Executive.

The senior staff of the Association, who have served during the year, are as follows:

Jonathan Card	Chief Executive
Andreas Shiatis	Finance & Resources Director
Sue McDonnell	Operations Director
Tony Coward	Property Services Director

The Management Team hold no interest in the Association's share capital. They act as executives within the authority delegated by the Board. The detailed scrutiny and performance, the development of policy and procedures and expenditure approvals within budget are carried out by the Management Team in conjunction with other staff and advisers. The Management Team normally meets once every two weeks.

Employees

The Association has continued its practice of keeping employees informed on matters affecting them and on the progress of the Association. This is normally carried out in a number of ways, including formal and informal briefings, team meetings and access to Management Team meeting minutes.

The Association has continued to assess and has taken appropriate measures in order to protect the wellbeing of its employees, including conducting regular staff 'pulse' surveys, the results of which are reported to the Board, and to keep employees fully up to date with any changes to working practices through a mixture of arrangements including health and safety updates, advice regarding its employee assistance scheme, online team meetings and regular briefings from the Chief Executive.

It is the policy of the Association that training, career development and promotion opportunities should be available to all employees. 82 training sessions were provided for 45 staff and Board members at a total cost of approximately £9,747 (2022: £3,833).

Applications for employment by disabled persons are given full and fair consideration for all vacancies, having regard to their aptitude and abilities. In the event of employees becoming disabled, the policy is to make all reasonable adjustments to retain their employment within the organisation.

Equality and Diversity

The Association operates an Equality and Diversity Policy in all areas of its work, including the recruitment, training and development of staff and in the delivery of its services in a way which is seen to be fair.

Donations

The Association made small charitable donations of money to other organisations supporting local communities in which the Association works or for the homeless.

Insurance

Insurance policies are maintained by the Association for all buildings, certain areas of risk and for members of the Board and for all staff against liabilities in relation to the Association.

Corporate Governance and Regulatory Code

For the period under review, the Board has elected to adopt the principles of the National Housing Federation's (NHF) Code of Governance (2020): ("the Code") and NHF's Code of Conduct 2022. The Board is committed to integrity and accountability in the stewardship of the Association's affairs and considers that the Association has complied throughout the period under review with the provisions of the Code.

As a point of note, the Code requires that the Board must appoint a Company Secretary (or a person with that function) with a clear accountability to the Board, to advise it on compliance with the organisation's constitution, this code and other statutory or regulatory requirements. Whilst the Finance & Resources Director acts as Company Secretary for most matters, the Chief Executive currently fulfils the role of providing advice to the Board on compliance.

The Association's compliance with the Regulator for Social Housing's Governance and Financial Viability Standard is reviewed each May with the Board. The Board considers that the Association has complied with this standard.

Internal Controls

The Board is ultimately responsible for the Association's system of internal control and for reviewing its effectiveness, with the Audit & Risk Committee taking the role of overseeing internal control assurance activities and the Development & Growth Committee reviewing risks which fall specifically within their remit. However, it is recognised that such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board confirms there is an on-going process for identifying, evaluating and managing the significant risks faced by the Association that has been in place for the year under review and up to the date of approval of the Financial Statements and that this process is regularly reviewed by the Board.

The Board has reviewed the effectiveness of the system of internal control by reviewing the evidence of controls, the Risk Management policy and the procedures in place over the year. In particular, it continues to review and update the process for identifying and evaluating the significant risks affecting the business and the policies and procedures by which these risks are managed.

The Risk Management policy includes the need for managing on-going viability, especially to fund stock reinvestment works and development of new homes, with the avoidance of high impact risks, balancing growth and existing service provision, insurance and the use of internal and external auditors.

The Management Team are responsible for the identification and evaluation of significant risks applicable within the Association, together with the design and operation of suitable internal controls. These risks are assessed on an on-going basis and may be associated with a variety of internal or external sources, including control breakdowns, disruption in information systems, competition, natural catastrophe, pandemics, regulatory requirements, and failure to achieve business critical objectives.

A thirty-year financial plan is prepared to ensure that the Association's finances remain viable, and this is stress tested using various significant risk scenarios.

Independent internal auditors also provide a degree of assurance as to the operation and validity of the systems of internal control. An annual programme of internal audit derived from an audit needs assessment includes reviewing the risk identification procedures and control processes implemented by the Management Team. Internal auditors have continued the programme of reviews during the year and the internal audit reports with management responses have been presented to the Audit & Risk Committee and summarised to the Board. Planned corrective actions are monitored for timely completion.

The Chief Executive also reports to the Board on behalf of the Management Team on significant changes in the business and the external environment which may significantly affect risks. The Finance & Resources Director provides the Board with a quarterly risk update and financial information, and the Management Team include key performance and risk indicators within their quarterly reports to the Board. Performance measures on key areas of activity are also reported to the Board quarterly.

Value for Money

Approach to Value for Money

Value for Money is about achieving an optimal balance of economy, efficiency and effectiveness, in order to achieve the maximum benefit from available resources, while managing risks and ensuring long term viability. Keniston is not necessarily aiming to achieve the lowest costs for its operations, but rather to deliver quality services and homes, that meet its residents' needs and deliver satisfaction, while protecting affordability to its residents and viability for the Association.

The Association's governance structure supports how it ensures the achievement of value for money across the organisation and the Board approves its value for money report as set out in these Financial Statements. Every board report considers the value for money implications of its topic and the Audit & Risk Committee acts on behalf of the Board to ensure that Keniston obtains appropriate assurance through the internal and external audit functions.

To help achieve value for money, the Association is focused on having the right people to provide the right level of service at the right cost. Staff need to be properly trained to do their work and have the right resources to enable them to carry out their roles effectively.

Performance against our own targets and the Regulator for Social Housing's metrics

Keniston analyses its cost and performance across a range of activities, complementing those determined by the Regulator for Social Housing with additional metrics which it, and its peers, believe to be relevant to ongoing operations. The Association compares trends over time and with two peer groups, regionally with its chosen benchmarking group, National Smalls London, which comprises about 47 comparable small London based associations and nationally with the Small Providers Benchmarking Group (SPBM) comprising approximately 140 organisations. This shows areas where, to achieve the optimum combination of cost and quality, the Association is performing well and areas that the Association may need to focus on. Where appropriate and meaningful, Keniston sets and monitors its performance against targets. These targets together with a summary of its performance are shown in the table as set out on the following page.

Costs of delivering landlord services present a mixed picture. The Headline Social Housing cost per unit has decreased slightly from the previous year. It is currently lower than the peer group average and close to the national average. This is attributable to a range of factors but primarily reflects the significantly reduced planned maintenance programme this year compared to the catch-up last year following the lifting of Covid restrictions. Nevertheless, planned maintenance works and cyclical decorations are measures that the Association typically has relatively higher costs than the average. We believe that these higher levels of investment in our stock do support long term value for money and resident satisfaction.

Housing Management costs are lower than average whilst responsive repair and void costs are above the average recorded by our peer group. Stock investment expenditure is typically above average, though it has decreased this year, largely due to an increased volume of work last year to catch-up following the easing of Covid restrictions. We continue to prioritise expenditure on stock investment, seeking to maintain the quality of the stock, high resident satisfaction and deliver long term value for money.

The most recent comprehensive satisfaction survey was carried out in 2021, with results that generally held up well in comparison to our peers. A further full survey is scheduled for 2023 in line with requirements to collect the regulatory Tenant Satisfaction Measures. In the meantime, we continue to measure satisfaction on completion of responsive repairs. In 2022-23 this showed 93% satisfaction.

KENISTON HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF KENISTON HOUSING ASSOCIATION
FOR THE YEAR ENDED 31 MARCH 2023 (continued)

Value for Money (continued)

	Keniston	Keniston	Keniston	Peer Group median	Peer Group Quartile (note 1)	SPBM median	SPBM Quartile (note 1)	Keniston TARGET	
	2020-21	2021-22	2022-23	2022-23		2022-23		2022-23	2023/24
REGULATORY METRICS									
Business Health									
Operating margin (overall) (note 2)	22.2%	19.6%	16.8%	10.3%	1	13.2%	2	-	-
Operating margin (social housing)	24.1%	20.5%	17.6%	11.4%	1	13.0%	2	-	-
Return on capital employed (ROCE) (note 2)	2.4%	3.7%	2.4%	1.8%	2	1.9%	2	-	-
EBITDA MRI Interest Cover	594%	273%	314%	152%	N/A	170%	N/A	-	-
Headline social housing cost/ unit	4,462	5,711	5,505	6,787	1	5,178	3	-	-
Growth and capacity									
New supply % social housing units	0.0%	0.0%	0.0%	0	N/A	0	N/A	-	-
New supply % non-social housing units	0.0%	0.0%	0.0%	0	N/A	0	N/A	-	-
Reinvestment in supply of properties	2.2%	3.4%	3.5%	3.7%	3	4.0%	3	-	-
Gearing % (net debt calculation)	9.6%	7.1%	6.8%	14.5%	N/A	14.5%	N/A	-	-
ADDITIONAL METRICS									
Business Process									
Occupancy GN	99.9%	99.7%	99.8%	99.25%	1	99.5%	2		
% rent collected (all tenants)	101.2%	103.7%	99.7%	99.3%	1	99.5%	2	100.0%	100.0%
Current arrears as % of rent due (all tenants)	2.6%	2.1%	2.3%	4.00%	1	2.53%	2	3.00%	2.60%
Repairs fixed on first visit	87%	75%	79%	94.1%	4	92.5%	4	85%	
Emergency repairs completed in target time	98%	99%	99%	99%	2	100.0%	3	97%	97%
Average days to complete all responsive repairs	5.7	6.9	6.3	12.9	1	9.57	1	6.5	6.5
Cost per property p.a - Housing Management/ £	277	268	320	523	1	486	1		
Cost per property p.a - Responsive repairs & voids/ £	776	992	1042	825	4	793	4		
Cost per property p.a - Major & Cyclical works / £	1,203	2,188	1,776	1534	3	1216	3		
Homes & Neighbourhoods									
Average re-let time - GN (days)	16	12	15	33.0	1	26.5	2	17	16
Average re-let time - HfOP (days)	17	21	13	28.4	1	30.0	1	17	16
Services									
Satisfaction with overall services - GN	94%	89%	89%	84%	1	85%	1		
Satisfaction with overall services - HfOP	97%	91%	91%	91%	2	93%	3		
Satisfaction with repairs & maintenance - GN	87%	95%	93%	85%	2	85%	2	95%	95%
Satisfaction with planned repairs	100%	95%	99%	N/A	N/A	N/A	N/A		
Satisfaction with estate services	85%	81%	88%	N/A	N/A	N/A	N/A		
Stage 1 complaints per 1,000 homes			9.1	21.0	2	16.9	2	20	20
People									
Staff Turnover	22.3%	27.0%	8.0%	N/A	N/A	N/A	N/A	-	
Average days lost to short term sickness	3.5	7.7	5.3	N/A	N/A	N/A	N/A	4.0	4.0

Key

GN - General Needs

HfOP - Housing for Older People

1 Quartile data compares the most recent data for Keniston with the most recent peer group data. Datasets may therefore not be the same year.

1	Keniston's performance is within the first / top quartile compared to the benchmark data available
2	Keniston's performance is within the second quartile compared to the benchmark data available
3	Keniston's performance is within the third quartile compared to the benchmark data available
4	Keniston's performance is within the fourth / bottom quartile compared to the benchmark data available

2 Calculated after allowing for the impairment write off of £383,565 put through in 2023

Value for Money (continued)

Target setting for 2023-24 has continued to carry a large degree of uncertainty due to unknowns relating to the economy and the effect this may have on our residents and on our contractors and supplies. In general, targets have been retained at similar levels to last year, with some targets tightened such as the arrears % to reflect current performance and others kept the same reflecting ongoing operational challenges. We have largely maintained the same suite of KPIs as in 2022-23 with some additions to align our approach to the Tenant Satisfaction Measures. Our approach to target setting for health and safety compliance measures has been to adopt targets to achieve 100% of required actions.

Performing well:

- **Income management:** This operational area continues to be a significant success. We have significantly exceeded the target of arrears at year end of 3.0% of the collectable rent by some distance with 2.28% and are very close to the collection target of 100% by collecting 99.97% of the rent due. We continue to exceed our target for the higher-level debts (accounts owing over £500) with a total of £76k owed against the target of £90k. We carried out one eviction during the year. We continue to reap the benefits of a highly competent team and efficient and effective homebased working practices.
- **Lettings**: We carried out 32 lettings, a reduction from 2021-22 where we carried out 45. We have exceeded the relet target of 17 days with an average of 14 days, significantly better than the average for our peers.
- **Speed of completing repairs:** We exceeded our target of an average of 6.5 days to complete responsive repairs with 6.3 days, outperforming our peers. We also achieved 98.4% repairs within target, exceeding the 97% target.
- **Gas safety**: We continue to achieve 100% compliance.
- **Health & Safety:** We continue to manage this area well. The volume of incidents and accidents is low at two for the year.
- **Complaints**: The volume of complaints has increased in line with sector trends but remains within target and lower than our peers.

Areas to focus on:

- **Staff sickness (short term)**: Full year average per full time staff member at 5.3 days is a reduction from the previous year but we did not achieve the target of 4.0 days. The Management Team continues to actively manage this area.
- **Reactive repairs**: Performance is mixed. While we achieved targets in several key areas as set out above, we were below target in others, including post inspections, resident satisfaction and completion in a single visit. The volume of repairs completed during the year, at 2,467, has increased compared to the previous 2 years but remains below pre-Covid levels. We completed 2,831 repairs in 2019-20. Average cost per job has slightly reduced from £236 to £214.

Strategy for delivering homes which meet a range of needs

Our focus during the year has been on bringing plans for building new homes for social rent on an infill site at Darrick Wood, in the borough of Bromley, in line with the council's housing priorities. Unfortunately, since the year end we learnt that planning consent has been refused by Bromley Council. Whilst we consider that we have strong grounds to appeal, we will take a rounded view based on a range of factors including value for money.

In addition, plans remain to provide additional new homes on the Bickley estate, which we acquired in 2019, including the redevelopment of Robert Whyte House which is a part of this scheme.

Value for Money (continued)

Conclusion

In the light of all the above, having considered the Association's performance and the high levels of resident satisfaction, the conclusion drawn is that the Association can demonstrate its compliance with the regulatory standard on Value for Money.

Post Balance Sheet Events

In May 2023, after the accounting period end, Bromley Council notified Keniston that they had refused to grant planning consent for one of its ongoing development projects. Whilst the Association currently believes that there are good grounds for appeal against this decision, such an appeal will not likely be heard until after the signing of these accounts. The refusal to grant planning consent by Bromley Council though has underlined some uncertainty in terms of the likelihood of being able to obtain consent and as such Keniston has treated the £383,565 of property costs incurred during the course of construction in relation to this proposed development, as impaired and this has been written off to its Statement of Comprehensive Income. The result of this is a reduction in the value of the Association's housing properties as stated in the Statement of Financial Position from £46,074,814 to £45,691,249 and a reduction in the surplus from £703,110 to £319,545.

Going Concern

The Association has assessed and has taken appropriate measures to protect the organisation against the impact of the uncertainty within the economic environment on its business operations and finances. The Association's long-term plan has been tested to determine its durability to anticipated changes in its key assumptions, including increases in arrears, interest rates and inflation, an increase in works costs and capital cost and a potential increase in its future pension deficit liabilities resulting from future pension valuations. This has shown that the Association currently has sufficient capacity to endure significant changes in the economic environment and that it will remain in compliance with all current loan covenants.

In addition, as at 31 March 2023, the Association has a cash balance of £ 2,137,808 (2022: £3,030,665) and also as at 31 March 2023, there is £5,750,000 (2022: £5,000,000) of available loan facility funds to draw down upon as required. No further amounts have been drawn on this facility since the year end up to the date of signing these Financial Statements. This loan facility is due to expire in February 2024 and the Association has already received heads of terms from several banks confirming an interest and a desire to lend to the Association.

As such, the Board has a reasonable expectation that the Association has adequate resources to continue in operation for the foreseeable future, being a period of no less than one year from the date of approval of these Financial Statements. The Association therefore continues to adopt the going concern basis in preparing the Financial Statements.

Auditor

A resolution to reappoint the auditor, CLA Evelyn Partners Limited will be proposed at the next Board Meeting.

Disclosure of Information to the Auditor

In the case of each person who was a member of the Board at the time this report was approved:

- so far as that member was aware, there was no relevant available information of which the Association's auditor was unaware; and
- that member had taken all steps that he or she ought to have taken as a member of the Board to make himself or herself aware of any relevant audit information and to establish that the Association's auditor was aware of that information.

By order of the Board

Emma Keegan (Jul 23, 2023 20:56 GMT+1)

Emma Keegan
Chair

Date: 23/07/2023

STATEMENT OF BOARD RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Board is responsible for preparing the Financial Statements in accordance with applicable law and regulations.

The Board has elected to prepare the Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

The Co-operative and Community Benefit Societies Act 2014 and Housing and Regeneration Act require the Board to prepare Financial Statements for each financial year which give a true and fair view of the state of affairs of the Association and of the surplus or deficit of the Association for that period. In preparing these Financial Statements the Board is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Association will continue in business.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and its assets and liabilities and to enable them to ensure that the Financial Statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022. It has general responsibility for taking reasonable steps to safeguard the assets of the Association and to prevent and detect fraud and other irregularities.

The Board is also responsible for the maintenance and integrity of the corporate and financial information which is included on the Association's website. Legislation in the United Kingdom governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KENISTON HOUSING ASSOCIATION LIMITED

Opinion

We have audited the financial statements of Keniston Housing Association Limited (the 'association') for the year ended 31 March 2023 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Capital and Reserves, the Statement of Cash Flows and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the Report and Financial Statements, other than the financial statements and our auditor's report thereon. The Board is responsible for the other information contained within the Report and Financial Statements. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

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

Responsibilities of the Board
As explained more fully in the Statement of the Board's Responsibilities set out on page 13, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal controls as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

We obtained a general understanding of the association's legal and regulatory framework through enquiry of management in respect of their understanding of the relevant laws and regulations. We obtained an understanding of the entity's policies and procedures in relation to compliance with relevant laws and regulations. We also drew on our existing understanding of the association's industry and regulation.

We understand that the association complies with the framework through:

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

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

- FRS 102, the requirements of the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022, in respect of the preparation and presentation of the financial statements;
- Health and safety regulations, including building and fire safety; and
- Regulatory standards as applied to Registered Providers and enforced by the Regulator of Social Housing.

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

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

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

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

- Testing of a sample of manual journal entries, selected through applying specific risk assessments applied based on the association's processes and controls surrounding manual journal entries; and
- reviewing and challenging estimates made by management.

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

Use of our report

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

CLA Evelyn Partners Limited

CLA Evelyn Partners Limited (Jul 24, 2023 11:45 GMT+1)

CLA Evelyn Partners Limited
Statutory Auditor
Chartered Accountants

45 Gresham Street
London
EC2V 7BG

24/07/2023

KENISTON HOUSING ASSOCIATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 £	2022 £
Turnover	2,3	6,060,316	5,867,732
Operating expenditure	3	(5,043,625)	(4,779,514)
Impairment of property costs incurred during the course of construction	9	(383,565)	-
Surplus on disposal of Social Housing Properties	3	-	695,717
Operating surplus	3	633,126	1,783,935
Interest receivable and finance income		15,531	3,770
Interest payable and other finance costs	6	(329,112)	(257,328)
Surplus for the year	7	319,545	1,530,377
Other comprehensive income			
Actuarial (loss) on defined benefit pension plan for the year	16	(42,000)	(77,000)
Total comprehensive income for the year		277,545	1,453,377

The Association's activities are all classified as continuing.

KENISTON HOUSING ASSOCIATION LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023

	Notes	2023 £	2022 £
Fixed assets			
Housing properties	9	45,691,249	46,448,419
Other fixed assets	10	462,951	347,379
		46,154,200	46,795,798
Current assets			
Debtors	11	288,186	276,253
Cash and cash equivalents		2,137,808	3,030,665
		2,425,994	3,306,918
Creditors: amounts falling due within one year	12	(5,950,686)	(1,870,515)
Net current (liabilities) / assets		(3,524,692)	1,436,403
Total assets less current liabilities		42,629,508	48,232,201
Creditors: amounts falling due after more than one year	13	(21,738,771)	(27,532,011)
Provisions for liabilities	16	(726,000)	(813,000)
Total net assets		20,164,737	19,887,190
Capital and Reserves			
Non-equity share capital	17,18	10	8
Revenue reserves	18	20,164,727	19,887,182
		20,164,737	19,887,190

The Financial Statements were approved by the Board on 23/07/2023 2023 and signed on their behalf by:

Emma Keegan (Jul 23, 2023 20:56 GMT+1)
…………………………
Emma Keegan
Chair

Ian Pinches (Jul 24, 2023 10:01 GMT+1)
…………………………
Ian Pinches
Board Member

…………………………
Andreas Shiatis
Company Secretary

STATEMENT OF CHANGES IN CAPITAL AND RESERVES FOR THE YEAR ENDED 31 MARCH 2023

	Non-equity share capital £	Revenue reserves £	Total capital and reserves £
At 1 April 2022	8	19,887,182	19,887,190
Total comprehensive income for the year	-	277,545	277,545
Shares issued	5	-	5
Shares surrendered	(3)	-	(3)
At 31 March 2023	10	20,164,727	20,164,737

	Non-equity share capital £	Revenue reserves £	Total capital and reserves £
At 1 April 2021	9	18,433,805	18,433,814
Total comprehensive income for the year	-	1,453,377	1,453,377
Shares surrendered	(1)	-	(1)
At 31 March 2022	8	19,887,182	19,887,190

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 £	2022 £
Net cash inflow from operating activities	A	1,730,752	2,211,572
Cash flow from investing activities			
Interest received		15,531	4,982
Additions to housing property components		(1,085,115)	(1,296,383)
Housing property development costs		(41,440)	(233,261)
Purchase of other fixed assets		(179,927)	(44,483)
Proceeds from sale of housing properties		-	735,271
Proceeds from sale of other fixed assets		-	3,376
Net cash flow from investing activities		(1,290,951)	(830,498)
Cash flow from financing activities			
Interest paid		(269,254)	(214,766)
Repayment of housing loans		(1,050,070)	(769,910)
Repayment of finance leases		(13,334)	(15,524)
Net cash flow from financing activities		(1,332,658)	(1,000,200)
Net change in cash and cash equivalents	B	(892,857)	380,874
Cash and cash equivalents:			
At beginning of the financial year		3,030,665	2,649,791
At the end of the financial year	B	2,137,808	3,030,665

A Reconciliation of surplus for the year to net cash inflow from operating activities

	2023 £	2022 £
Surplus for the year	319,545	1,530,377
Adjustments to reconcile surplus for the year to net cash flow from operating activities:		
Loss on replacement of housing property components	72,565	59,205
Impairment of property costs incurred during the course of construction	383,565	-
Loss on sale of other tangible fixed assets	2,064	1,901
Profit on sale of Housing Properties	-	(695,717)
Interest receivable and finance income	(15,531)	(3,770)
Interest payable	285,492	217,708
Other finance costs	43,620	39,620
Depreciation charges on tangible fixed assets	1,402,488	1,377,107
Government grant amortised during the year	(481,186)	(481,186)
(Increase) / Decrease in debtors	(11,933)	8,291
(Decrease) / Increase in creditors	(113,937)	307,036
Net defined benefit pension costs	(156,000)	(149,000)
Net cash inflow from operating activities	1,730,752	2,211,572

B Cash and cash equivalents

Cash and cash equivalents are comprised entirely of cash at bank or in hand.

C Reconciliation of net debt

	At 1 April 2022 £	Cashflows £	Other non-cash changes £	At 31 March 2023 £
Cash at hand and in bank	3,030,665	(892,857)	-	2,137,808
Total cash and cash equivalents	**3,030,665**	**(892,857)**		**2,137,808**
Bank borrowings due within one year	(277,450)	300,070	(4,583,614)	(4,560,994)
Bank borrowings due in more than one year	(5,983,397)	750,000	4,560,994	(672,403)
Finance lease due within one year	(9,123)	984	(215)	(8,354)
Finance lease due within more than one year	(4,286)	-	215	(4,071)
	(3,243,591)	158,197	(22,620)	(3,108,014)

1 Accounting policies

The Association is incorporated as a registered society in England and Wales under the Co-operative and Community Benefit Societies Act 2014 and is a Registered Provider of Social Housing registered with the Homes and Communities Agency.

A description of the nature of the Association's operations and its principal activity is disclosed in the Report of the Board on page 3.

The Association's registered office is 13 Artington Close, Farnborough, Kent, BR6 7UL.

The Association is a public benefit entity as defined by FRS 102.

Basis of preparation

These accounts are prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland and the Housing SORP 2018 Update "Statement of Recommended Practice for Registered Social Housing Providers" ("the SORP") and comply with the Accounting Direction for Private Registered Providers of Social Housing 2022.

The accounts have been prepared under the historical cost convention.

The functional currency of the Association is pounds sterling, this being the currency of the economic environment in which the Association operates.

There have not been any changes or adjustments to prior year numbers.

Going Concern

The Association has assessed and has taken appropriate measures to protect the organisation against the impact of the uncertainty within the economic environment on its business operations and finances. The Association's long-term plan has been tested to determine its durability to anticipated changes in its key assumptions, including increases in arrears, interest rates and inflation, an increase in works costs and capital cost and a potential increase in its future pension deficit liabilities resulting from future pension valuations. This has shown that the Association currently has sufficient capacity to endure significant changes in the economic environment and that it will remain in compliance with all current loan covenants.

In addition, as at 31 March 2023, the Association has a cash balance of £ 2,137,808 (2022: £3,030,665) and also as at 31 March 2023, there is £5,750,000 (2022: £5,000,000) of available loan facility funds to draw down upon as required. No further amounts have been drawn on this facility since the year end up to the date of signing these Financial Statements. This loan facility is due to expire in February 2024 and the Association has already received heads of terms from several banks confirming an interest and a desire to lend to the Association.

As such, the Board has a reasonable expectation that the Association has adequate resources to continue in operation for the foreseeable future, being a period of no less than one year from the date of approval of these Financial Statements. The Association therefore continues to adopt the going concern basis in preparing the Financial Statements.

1 Accounting policies (continued)

Judgements and estimates

The preparation of the Financial Statements requires the use of estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for income and expenses for the year. The estimates and underlying assumptions are reviewed on an on-going basis.

Significant judgements in applying the Association's accounting policies

The following are the significant judgements, apart from those involving estimations (which are dealt with separately below), that the Board has made in the process of applying the Association's accounting policies and that have the most significant effect on the amounts recognised in the Financial Statements.

Basic versus other for financial instruments: The classification of financial instruments as "basic" or "other" requires judgement as to whether all applicable conditions as basic are met. This includes consideration of the form of the instrument and its financial return.

Impairment of housing property: Where there are indications of impairment on housing property assets, the Association performs impairments tests on these assets. As explained in the accounting policies, housing properties are grouped into schemes reflecting the way that they are managed.

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

Recoverable amounts for assets held for their service potential is assessed as the depreciated replacement cost which is the lower of the cost of purchasing an equivalent property on the open market, and the land cost plus the rebuilding cost of the structure and components. Although the Association has some limited history of acquiring or selling properties from or to other registered providers, the Board considers that there is no active market for this.

Property costs incurred during the course of construction: The Association capitalises costs incurred in relation to ongoing development projects. Judgement is required in order to assess the likelihood of completion of each development project and where there is uncertainty the Association will estimate the amount of property costs incurred during the course of construction which may need to be treated as impaired. Property costs incurred during the course of construction treated as impaired during the financial year amount to £383,565 (2022: £nil).

Key sources of estimation uncertainty

The estimates and assumptions which have the most significant effect on amounts recognised in the Financial Statements are set out below:

Housing property costs: The Association accounts for its expenditure on housing properties using component accounting. Under component accounting, the housing property is divided into those major components which are considered to have substantially different useful economic lives. Judgement is used in estimating the allocation of property costs between components and in determining the useful economic lives of each component. At 31 March 2023, the cost of housing properties is £73,272,655 (2022: £72,645,542).

1 Accounting policies (continued)

Depreciation: The depreciation expense is the recognition of the decline in the value of the asset and allocation of the cost of the asset over the periods in which the asset will be used. Judgements are made on estimating the useful life of the assets which are regularly reviewed to reflect changes in the environment. At 31 March 2023, the accumulated depreciation of housing properties is £27,197,841 (2022: £26,197,123) and the accumulated depreciation of other tangible fixed assets is £748,917 (2022: £684,589).

Contract Works: For contract works completed but not yet invoiced, estimates are used of the value of work completed. At 31 March 2023, a liability of £69,250 (2022: £130,742) is recorded in the Statement of Financial Position.

Defined benefit pension liability: Various estimates are used in the calculation of the defined pension liability, such as discount rate, inflation and mortality rates. In determining the appropriate discount rate, consideration is made to the interest rates of corporate bonds with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. Inflation is set by considering market expectations, for example taking the difference between yields available on long-dated fixed-interest and index-linked gilts. Mortality rates are set in line with SAPS tables S2, adjusted to allow for any expectation of higher or lower life expectancy of scheme members due to geographic, socio-economic or demographic factors. At 31 March 2023, a liability of £726,000 for pensions (2022: £813,000) is recorded in the Statement of Financial Position.

Tangible fixed assets and depreciation

Housing properties

Housing properties are properties held for the provision of social housing or to otherwise provide social benefit and are stated at cost less depreciation and less provision for any impairment in value.

The cost of properties is the initial purchase price together with those costs that are directly attributable to acquisition and construction.

Interest on a fair proportion of total borrowings on housing properties in development is capitalised during the period of development.

Development overheads are capitalised to the extent that they are directly attributable to bringing schemes into working condition for their intended use. Such expenditure consists of a proportion of the cost of staff who work on development activities. Marketing or administration costs in relation to developments are not capitalised.

Properties acquired are recognised from the date of their acquisition, being the date that the Association obtains control and is able to obtain benefit from the properties.

The Association accounts for its expenditure on housing properties using component accounting. Under component accounting, the housing property is divided into those major components which are considered to have substantially different useful lives.

1 Accounting policies (continued)

The components and useful economic lives are as follows:

Land	Infinite
House Structure	100 years
Roof Structure and Covering	15-40 years
Windows and External Doors	30 years
Bathrooms	25-30 years
Kitchens	15 years
Heating System	15-25 years
Freehold office premises	50 years

Land is stated at cost and is not depreciated. Properties in the course of construction are not depreciated.

Subsequent expenditure which relates to either the replacement of previously capitalised components or the enhancement of such components which results in incremental future benefit is capitalised and the carrying amount of any replaced component or part component is derecognised.

All other major repair expenditure and the cost of responsive repairs, cyclical maintenance and internal decorations is charged to the Statement of Comprehensive Income when work is performed.

Depreciation is provided on a straight-line basis on the cost over the useful economic lives of the property components.

Other fixed assets

Other fixed assets are included at cost to the Association, less provision for any impairment in value and depreciation.

Depreciation is provided on a straight-line basis on the cost over the useful lives of the assets, at the following annual rates:

Office Furniture and Equipment	10-25%
Motor Vehicles	25%
Computer Equipment	25-33%
Scheme Equipment	5-20%

Impairment

Non-financial assets (comprising housing properties and other fixed assets)

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

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

1 Accounting policies (continued)

Value in use for housing properties is based on either the net present value of the future cash flows before interest generated from the scheme or for those housing properties which are able to be let in their current condition and which are fulfilling the social purpose for which they were acquired, is based on the depreciated replacement cost of the asset.

Where indicators exist for a reduction in an impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not exceed the original carrying value.

Financial assets (comprising rents receivable, other debtors and cash and cash equivalents)

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

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

Grants

Government grant

The Association applies the accrual model for government grant relating to assets.

Government grants include grants receivable from the government and local authorities. Grants received for housing properties are recognised in income over the useful life of the housing property structure and its individual components (excluding land), on a pro rata basis under the accrual model.

The unamortised element of the government grant is recognised as deferred income in creditors due within one year or due after more than one year as appropriate in the Statement of Financial Position. Government grant which is received in advance of total development costs is shown as a current liability.

Where a component is replaced the amount of any unamortised government grant associated with this component is taken to income.

Government grant is repayable indefinitely unless formally abated or waived. On the occurrence of certain relevant events, primarily following the sale of property, the government grant repayable or to be recycled will be restricted to the net proceeds of sale where appropriate. In recognition of this, external lenders seek the subordination of Homes England's right to recover government grant to their own loans.

Government grant received in respect of revenue expenditure is recognised within income in the same period as the related expenditure, provided that the conditions for its receipt have been satisfied and there is reasonable assurance that the grant will be received using the performance model of grant accounting.

Where units are acquired from a third party who received grant funding for the development, the grant is not disclosed in the Association's Statement of Financial Position. Instead, it is classified in the notes to the financial statements as the obligation will only crystallise on the disposal of these units.

1 Accounting policies (continued)

Other grants

Grants received from non-government sources are recognised using the performance model. A grant which does not impose a specific future performance condition is recognised as revenue when the grant proceeds are receivable. A grant that imposes specific future performance related conditions on the Association is recognised only when these conditions are met. A grant received before the revenue recognition criteria are satisfied is shown as a liability in the Statement of Financial Position.

Recycled capital grant fund

Following certain relevant events, primarily the sale of dwellings, Homes England can direct the Association to recycle capital grant or to repay the recoverable capital grant back to the Authority. Where the grant is recycled the recoverable capital grant is credited to a Recycled Capital Grant Fund which is included as a creditor due within one year or due after more than one year as appropriate.

Financial Instruments

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

All financial assets and financial liabilities are initially measured at transaction price (including transaction costs) unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

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

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

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

Financial assets are only derecognised when and only when:

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

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

The Association does not use stand-alone derivative financial instruments to reduce exposure to interest rate movements.

1 Accounting policies (continued)

Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand and at bank and short-term deposits. Cash equivalents are highly liquid investments that are readily convertible to known amounts of cash without significant risk of change in value.

Leases

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

Assets held under finance leases are recognised initially at the fair value of the leased asset (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the Statement of Financial Position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation using the effective interest method so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are deducted in measuring profit or loss. Assets held under finance leases are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the lease term, unless the rental payments are structured to increase in line with expected general inflation, in which case the Association recognises annual rent expense equal to amounts owed to the lessor.

Provisions

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

Pension costs

The Association is part of the Social Housing Pension Scheme, a multi-employer defined benefit (final salary) contributory pension scheme administered independently by The Pensions Trust. Sufficient information is available for the Association to account for its obligations on a defined benefit basis. As such, the Association recognises in its Statement of Financial Position the present value of its defined benefit obligations less the fair value of plan assets. The current service cost is charged against operating profit. Interest on the scheme liabilities net of the expected return on scheme assets is included in the finance costs.

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

1 Accounting policies (continued)

Holiday pay and unpaid overtime accrual

A liability is recognised to the extent of any unused holiday pay entitlement and unpaid overtime entitlement which has accrued at the balance sheet date, has been carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

Turnover

Turnover comprises rental income and service charges receivable (net of void losses), fees receivable, revenue grants and amortised grants from local authorities and Homes England.

Rental income is recognised on the basis of the amount receivable for the year. Rental income received in advance is disclosed within creditors in the Statement of Financial Position.

Service charge and other income is accounted for on the basis of the value of goods or services supplied during the period. Any over or under recovery of service charge amounts due is reflected as a creditor or debtor, respectively.

Through its service charge, the Association collects sinking funds for significant items of future expenditure. Such funds have been recognised as a creditor in the Statement of Financial Position.

Grant income is recognised as set out in the grant accounting policy.

Taxation

The Association has charitable status and is therefore not subject to Corporation Tax on surpluses derived from charitable activities.

The Association is not registered for VAT purposes and expenditure is shown gross of any value added tax.

2 Turnover and surplus analysis

All turnover and operating costs arose from social housing activities as shown in note 3.

3 Turnover, operating costs and operating surplus

Note A - Particulars of turnover, operating costs and operating surplus

	2023 Turnover £	2023 Operating costs £	2023 Operating surplus £	2022 Turnover £	2022 Operating costs £	2022 Operating surplus £
Social housing lettings (Note B)	6,016,285	(4,960,165)	1,056,120	5,822,351	(4,688,977)	1,133,374
Charges for support services	44,031	(83,460)	(39,429)	45,381	(90,537)	(45,156)
Total	6,060,316	(5,043,625)	1,016,691	5,867,732	(4,779,514)	1,088,218
Impairment of property costs incurred during the course of construction			(383,565)			-
Surplus on disposal of social housing properties			-			695,717
			633,126			1,783,935

3 Particulars of turnover, operating costs and operating surplus (continued)

Note B - Particulars of income and expenditure from Social Housing lettings

	2023 £	2022 £
Income from lettings		
Rent receivable net of identifiable service charges	4,970,017	4,813,485
Service charge income	532,950	501,797
Net rents receivable	5,502,967	5,315,282
Amortised government grants	481,186	481,186
Other income	32,132	25,883
Total income from social housing lettings	6,016,285	5,822,351
Expenditure on letting activities		
Management costs	713,606	648,821
Service charge costs	519,691	585,861
Routine maintenance	1,735,952	1,554,381
Planned maintenance	385,689	366,486
Bad debts	13,422	9,078
Accelerate depreciation on replacement of housing property components	72,565	59,205
Depreciation of housing properties	1,327,847	1,307,514
Loss on disposal of other fixed assets	2,064	1,901
Other costs	(22,977)	(20,858)
Development costs	212,306	176,588
Operating costs on social housing lettings	4,960,165	4,688,977
Operating surplus on social housing lettings	1,056,120	1,133,374
Void losses - being rental income lost as a result of property not being let, included in rents receivable above	25,457	25,768

4 Emoluments of the Board and Management Team

	2023 £	2022 £
Aggregate emoluments including pension contributions and benefits in kind:		
Non-executive Board members	24,691	5,000
The Management Team	328,250	309,434
	352,940	314,434
The emoluments of the highest paid Management Team member, the Chief Executive were:		
Gross salary (excluding pension contributions and benefits in kind)	93,059	89,250
The emoluments of the Chair of the Board were:		
Gross salary	5,000	5,000
Full time equivalent staff with remuneration between:		
£60,000 and £70,000	2	3
£70,000 and £80,000	1	-
£80,000 and £90,000	-	1
£90,000 and £100,000	1	-

Jonathan Card as Chief Executive of the Association was the highest paid Management Team member during the year.

The Chief Executive is a member of the Association's defined contribution pension scheme, on standard terms.

Except for one board member who declined to receive remuneration for their services to the Association, in the year to 31 March 2023, the non-executive board members receive remuneration of between £1,800 and £5,000 per annum depending on their specific roles within the board, pro-rata for the length of time served during the year. This is the first year that these non-executive board members, other than the Chair, have received remuneration for their services. The remuneration received by the Chair is disclosed separately above.

5 Employee information

The average monthly number of persons (excluding board members) employed during the year expressed in full time equivalents based on a 35-hour week was:

	2023 No.	2022 No.
Office staff	21	21
Wardens, caretakers and cleaners	8	8
Maintenance	1	-
Full time equivalents	30	29

	£	£
Staff costs (including the Chief Executive)		
Wages and salaries	1,121,756	1,049,922
Social security	112,914	99,458
Pension costs	105,623	100,096
	1,340,293	1,249,476

6 Interest payable and other finance costs

	2023	2022
	£	£
On housing loans repayable wholly or partly:		
- in less than five years	255,672	184,397
- in more than five years	29,596	32,819
On finance leases repayable wholly or partly in less than five years	224	492
Unwinding of prepaid bank facility arrangement fee	22,620	22,620
Net interest costs on pensions	21,000	17,000
	329,112	257,328

7 Surplus for the year

	2023	2022
	£	£
The surplus is stated after charging / (crediting):		
Depreciation of tangible fixed assets		
- housing properties	1,327,847	1,307,514
- other fixed assets	74,641	69,593
Amortised government grant	(481,186)	(481,186)
Auditor's remuneration		
- as auditor	31,770	22,680
Loss on disposal of other fixed assets (note 8)	2,064	1,901

8 Loss on disposal of other fixed assets

	2023	2022
	£	£
Proceeds from sale	-	3,376
Net book value at disposal	(2,064)	(5,277)
	(2,064)	(1,901)

9 Housing properties

	Freehold housing properties held for letting £	Properties in the course of construction £	Long leasehold housing properties £	Total £
Cost				
At 1 April 2022	71,599,673	540,552	505,317	72,645,542
Additions	-	42,241	-	42,241
Component replacement	984,566	-	-	984,566
Disposals of components	(399,694)	-	-	(399,694)
At 31 March 2023	72,184,545	582,793	505,317	73,272,655
Accumulated depreciation				
At 1 April 2022	25,932,682	-	264,441	26,197,123
Charge for the year	1,312,952	-	14,895	1,327,847
Disposals of components	(327,129)	-	-	(327,129)
Impairment of property costs incurred during the course of construction	-	383,565	-	383,565
At 31 March 2023	26,918,505	383,565	279,336	27,581,406
Net book value				
At 31 March 2023	45,266,040	199,228	225,981	45,691,249
At 31 March 2022	45,666,991	540,552	240,876	46,448,419

The government have imposed 7% cap on social housing rent increases for 2023/24, some 4.1% below the previously allowable rent increase of CPI plus 1%. Since this will result in a loss of net rental income, the Association considers this as being an indication of potential impairment in the carrying value of its social housing properties. The Association has estimated the recoverable amount for all its properties on an individual property by property basis and has compared this to the carrying amount of each property in order to determine if an impairment loss has been incurred. Comparing the recoverable amount to the carrying amount of each property, there was no impairment of the Association's social housing properties.

In May 2023, Bromley Council notified Keniston that they had refused to grant planning consent for one of its ongoing development projects. Whilst the Association currently believes that there are good grounds for appeal against this decision, such an appeal will not likely be heard until after the signing of these accounts. The refusal to grant planning consent by Bromley Council though has underlined some uncertainty in terms of the likelihood of being able to obtain planning consent and as such Keniston has treated the £383,565 of property costs incurred during the course of construction in relation to this proposed development, as impaired and this has been written off to its Statement of Comprehensive Income.

9 Housing Properties (continued)

The total amount of property costs treated as impaired within Housing Properties amounts to £523,798 (2022: £140,233).

During the year no interest was capitalised (2022: nil) as part of properties in the course of construction.

10 Other fixed assets

	Freehold office premises £	Office Equipment £	Scheme equipment £	Motor Vehicles £	Computer Equipment £	Total £
Cost						
At 1 April 2022	214,910	88,388	549,247	-	179,423	1,031,968
Additions	-	991	130,874	20,360	40,052	192,277
Disposals	-	-	-	-	(12,377)	(12,377)
At 31 March 2023	214,910	89,379	680,121	20,360	207,098	1,211,868
Depreciation						
At 1 April 2022	129,998	75,629	349,117	-	129,845	684,589
Charge for year	3,915	3,428	31,630	2,930	32,738	74,641
Disposals	-	-	-	-	(10,313)	(10,313)
At 31 March 2023	133,913	79,057	380,747	2,930	152,270	748,917
Net book value						
At 31 March 2023	80,997	10,322	299,374	17,430	54,828	462,951
At 31 March 2022	84,912	12,759	200,130	-	49,578	347,379

11 Debtors

	2023 £	2022 £
Gross rental debtors	153,289	169,080
Less provision for bad and doubtful debts	(55,465)	(50,901)
	97,824	118,179
Other debtors	56,016	53,893
Prepayments and accrued income	134,346	104,181
	288,186	276,253

12 Creditors: amounts falling due within one year

	2023 £	2022 £
Trade creditors	296,627	410,873
Rents paid in advance	195,891	228,360
Housing loans (note 14)	4,560,994	277,450
Obligations under finance leases and hire purchase contracts (note 15)	8,354	9,123
Other creditors and accruals	350,540	424,426
Interest payable	30,269	14,031
Taxation and social security	26,825	25,066
Deferred government grant (note 21)	481,186	481,186
	5,950,686	1,870,515

13 Creditors: amounts falling due after more than one year

	2023	2022 £
Sinking funds	111,735	112,580
Housing loans (note 14)	672,403	5,983,397
Obligations under finance leases and hire purchase contracts (note 15)	4,071	4,286
Other creditors and accruals	5,500	5,500
Deferred government grant (note 21)	20,945,062	21,426,248
	21,738,771	27,532,011

14 Housing loans

In November 2008, the Association drew down a loan of £1,450,000 from Dexia Public Service Bank which is repayable in instalments by 2028 of which £756,024 had been repaid by 31 March 2023 (2022: £664,290). Interest charged was originally linked to Libor and was then fixed for the five-year period from March 2009 to March 2014 and subsequently fixed over the remaining term of the loan from March 2014 at 3.91%. This loan is secured by a first legal charge over certain of the Association's housing properties. This loan will be used for the general needs of the Association including development.

Housing loans totalling £2,153,359 were consolidated as a single loan from Orchardbrook Limited in March 2000 and are repayable in instalments by 2024. £1,841,315 has been repaid by 31 March 2023 (2022: £1,632,981). The loan is secured by a first legal charge over certain of the Association's housing properties and is repayable at a fixed rate of interest of 11.376%.

In February 2019, the Association entered into a £10,000,000 revolving loan facility with Clydesdale Bank for a period of 5 years. As at 31 March 2023, £4,250,000 (2022: £5,000,000) has been borrowed against this facility on a rolling 3-month basis, in order to help fund the Association's development and growth aspirations. The loan is secured by a first legal charge over certain of the Association's housing properties and is repayable at the Bank of England Base Rate plus 1.3% for each 3-month term of the loan.

Instalments on both loans are as follows:

	2023	**2022**
	£	**£**
Within one year	4,560,994	277,450
Between one and two years	190,336	333,616
Between two and five years	404,416	5,424,127
In five years or more	77,651	225,654
	5,233,397	6,260,847

15 Obligations under finance leases and hire purchase contracts

Finance leases and hire purchase contracts relate to office equipment used by the Association and are repayable by equal instalments in less than five years as follows:

	2023	**2022**
	£	**£**
Within one year	8,354	9,123
In one year or more	4,071	4,286
	12,425	13,409

Obligations under Finance Leases are repayable by equal instalment within five years. Finance Leases relate to computer and photocopying equipment.

16 Provision for liabilities

	2023 £	2022 £
Pension scheme obligations recognised as Defined Benefit schemes	726,000	813,000

Pension schemes

The Association's employees and past employees are deferred members or pensioners of the Social Housing Pension Scheme defined benefit schemes ("SHPS"). The Association also participates in the Growth Plan. Further information on these defined benefit schemes is given below.

At the balance sheet date there were no active members (2022: nil) of SHPS employed by the Association and there were no active members (2022: nil) of the Growth Plan.

The Association currently contributes to a defined contribution pension scheme for most of its employees which is also operated by SHPS.

The Association did not owe any contribution amounts in relation to the defined contribution pension scheme as at 31st March 2023 (2022: £nil).

As of 1st July 2019, the Association closed the SHPS Defined Benefit scheme to future accrual and transferred the participating members into the SHPS Defined Contribution scheme.

The Association has been notified in 2021 by the Trustee of the Scheme that it has performed a review of the changes made to the Scheme's benefits over the years and the result is that there is uncertainty surrounding some of these changes. The Trustee is seeking clarification from the Court on these items, and this process is ongoing with it being unlikely to be resolved before the end of 2024 at the earliest. It is estimated that this could potentially increase the value of the full Scheme liabilities by £155m. We note that this estimate has been calculated as at 30 September 2022 on the Scheme's Technical Provisions basis. Until the Court direction is received, it is unknown whether the full (or any) increase in liabilities will apply and therefore, in line with the prior year, no adjustment has been made in these financial statements in respect of this.

SHPS

The Association participated in the scheme, a multi-employer scheme, which provides benefits to some 500 non-associated employers. The Scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK. The last triennial valuation of the scheme for funding purposes was carried out as at 30 September 2020. This valuation revealed a deficit of £1,560m. A Recovery Plan has been put in place with the aim of removing this deficit by 31 March 2028.

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

16 Pension scheme (continued)

Key assumptions	**2023 %**	**2022 %**
Discount rate	4.90	2.79
Inflation (RPI)	3.21	3.70
Inflation (CPI)	2.69	3.25
Salary growth	3.69	4.25
Allowance for commutation of pension for cash at retirement (% of maximum allowance)	75.0	75.0

The mortality assumptions adopted at 31 March 2023 imply the following life expectancies:

	Life expectancy at age 65 (years)
Male retiring in 2023	21.1
Female retiring in 2023	23.4
Male retiring in 2043	22.2
Female retiring in 2043	24.9

Defined benefit costs recognised in statement of comprehensive income	**2023 £'000**	**2022 £'000**
Current service cost	-	-
Expenses	6	6
Net interest expense	21	17
	27	23

Defined benefit costs recognised in Other Comprehensive Income	**2023 £'000**	**2022 £'000**
Experience on plan assets (excluding amounts included in interest income) – (loss)	(1,516)	(397)
Experience gains and losses arising on the plan liabilities – gain / (loss)	142	(108)
Effects of changes in demographic assumptions underlying the present value of the defined benefit obligation – gain	10	94
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – gain	1,322	334
Actuarial loss recognised	(42)	(77)

16 Pension scheme (continued)

Present values of defined obligation, fair value of assets and defined benefit assets / (liabilities)	2023 £'000	2022 £'000
Fair value of plan assets	3,174	4,560
Present value of funded retirement benefit obligation	(3,900)	(5,373)
Net liability	(726)	(813)

Reconciliation of movements on the defined benefit obligation	2023 £'000	2022 £'000
Defined benefit obligation at the start of the period	5,373	5,733
Current service cost	-	-
Expenses	6	6
Interest expense	148	120
Contributions by plan participants	-	-
Actuarial (gains) / losses due to scheme experience	(142)	108
Actuarial (gains) due to changes in demographic assumptions	(10)	(94)
Actuarial (gains) due to changes in financial assumptions	(1,322)	(334)
Benefits paid and expenses	(153)	(166)
Defined benefit obligation at the end of the period	3,900	5,373

Reconciliation of movements in the fair value of plan assets	2023 £'000	2022 £'000
Fair value of plan assets at the start of the period	4,560	4,867
Interest income	127	103
Experience on plan assets (excluding amounts included in interest income) - (loss)	(1,516)	(397)
Contributions by the Association	156	153
Contributions by plan members	-	-
Benefits paid and expenses	(153)	(166)
Fair value of plan assets at the end of the period	3,174	4,560

16 Pension scheme (continued)

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2023 was £(1,389,000) (2022: £294,000).

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

Categories of plan assets are as follows:	2023 £'000	2022 £'000
Absolute return	34	183
Alternative risk premia	6	150
Cash	23	16
Corporate bond fund	-	304
Credit relative value	120	152
Currency hedging	6	(18)
Distressed opportunities	96	163
Emerging markets debt	17	133
Fund of hedge funds	-	-
Global equity	59	875
High Yield	11	39
Infrastructure	362	325
Insurance-linked securities	80	106
Liability driven investment	1,462	1,273
Liquid credit	-	-
Long lease property	96	117
Net current assets	8	13
Private debt	141	117
Property	137	123
Opportunistic credit	-	16
Opportunistic illiquid credit	136	153
Risk sharing	234	150
Secure income	146	170
Total assets	3,174	4,560

The overall pension shortfall is funded by additional contribution payments from each participating employer. The additional contributions for the year ended 31 March 2023 will be £165,888.

The Growth Plan

The Association participates in the scheme, a multi-employer defined benefit scheme which provides benefits to some 950 non-associated participating employers. At the year ended 31 March 2023 the liability in respect of this scheme was £590 (2022: £925) and as immaterial this has not been recognised in the financial statements. The additional contributions for the Association for the year ended 31 March 2023 will be £2,064.

17 Non-equity share capital

	2023 £	2022 £
10 (2022: 8) non-equity share of £1 each	10	8

The shares have limited rights. They carry no entitlement to dividend, they are not repayable and do not participate in a winding up. They carry the following voting rights: to approve the Financial Statements, to appoint members of the Board, to appoint the auditors and to pass resolutions.

18 Capital and reserves

Non-equity share capital represents the nominal value of shares which have been issued.

Revenue reserves include all current and prior period retained surpluses and deficits.

19 Analysis of accommodation

	Units under management	
	2023 No.	2022 No.
Social housing accommodation:		
General needs	609	609
Affordable housing	19	19
Housing for older people	184	184
	812	812

In addition, the Association has 33 (2022: 33) properties which are held by leasehold tenants.

20 Financial commitments

At 31 March 2023, the Association has not contracted for expenditure so far as not provided for (2022: £nil).

At 31 March 2023, the Association has £1,425,600 (2022: £1,401,600) of expenditure approved by the Board but not yet contracted. This primarily relates to the Association's housing property stock reinvestment expenditure and cyclical decorations for the forthcoming year.

The above commitments are proposed to be financed by cash reserves.

21 Grant

	Total £
At 1 April 2022	40,620,965
Grant received during the year	-
Grant released on replacement of property component	(149,080)
At 31 March 2023	40,471,885
Grant Amortisation	
At 1 April 2022	18,713,531
Grant amortised in the year	481,186
Grant released on replacement of property component	(149,080)
At 31 March 2023	19,045,637
Deferred Capital Grant at 31 March 2023	21,426,248

The Association has received Housing Association Grant and Social Housing Grant from the government and local authorities to be applied towards the cost of acquiring, refurbishing and developing housing for rent or sale.

The Association has a total obligation of £249,955 attributable to the acquisition of 120 units from another registered provider of social housing. The obligation will only crystallise on the disposal of these units. This liability has not been recognised as a liability in grants in line with the related accounting policy.

Total revenue grant received by the Association is £12,869,594 (2022: £12,869,594).

At the end of the financial year and the previous financial year all Social Housing Grant had been received.

22 Related party transactions

The Board and the Management Team have the authority and the responsibility for planning, directing and controlling the activities of the Association. The Chair of the Board receives an annual remuneration of £5,000. All other members of the Board receive remuneration for their services of between £1,050 and £5,000 per annum.

The aggregate remuneration received by the Management Team was £366,541 including employers' national insurance (2022: £344,556).

23 Events since the end of the financial year

In May 2023, after the accounting period end, Bromley Council notified Keniston that they had refused to grant planning consent for one of its ongoing development projects. Whilst the Association currently believes that there are good grounds for appeal against this decision, such an appeal will not likely be heard until after the signing of these accounts. The refusal to grant planning consent by Bromley Council though has underlined some uncertainty in terms of the likelihood of being able to obtain consent and as such Keniston has treated the £383,565 of property costs incurred during the course of construction in relation to this proposed development, as impaired and this has been written off to its Statement of Comprehensive Income. The result of this is a reduction in the value of the Association's housing properties as stated in the Statement of Financial Position from £46,074,814 to £45,691,249 and a reduction in the surplus from £703,110 to £319,545.