SANCTUARY AFFORDABLE HOUSING LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

Registered Society Number: 31442R
Regulator of Social Housing Number: 4684

Annual Report and Financial Statements for the year ended 31 March 2024

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Members of the Board and Advisors

Members of the Board at date of approval of the financial statements
Ian Chisholm
Trudi Elliott
Arvinda Gohil
Ros Kerslake
Ed Lunt
Andrew Manning-Cox
Craig Moule
Olu Odeniyi
Nicole Seymour
James Thallon
Alan West

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Nicole Seymour

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Registration numbers:
Registered Society Number: 31442R
Regulator of Social Housing Number: 4684

The Board's Report and Operating and Financial Review

The Members of the Board (the Board) present the Annual Report and the audited financial statements for the year ended 31 March 2024.

Strategic Context

Sanctuary Affordable Housing Limited (the Association) was registered for the purpose of developing and managing affordable homes in England.

The Association is registered under the Co-operative and Community Benefit Societies Act 2014, number 31442R, and is registered with the Regulator of Social Housing, number 4684.

The Association's ultimate parent undertaking is Sanctuary Housing Association and it forms part of the Sanctuary Group of entities (the Group).

The Group's new three-year Corporate Strategy, launched in January 2023 and reviewed in February 2024, places customers at the heart of everything we do. The strategy outlines our three key strategic priorities to ensure we are delivering our mission to build affordable homes and sustainable communities where people choose to live:

- Putting our customers first
- Investing in our assets
- Growing our services

Our priorities are supported by our Value for Money Strategy to ensure we make the best use of our spend. The approaches that we take to measure Value for Money performance are included in the Value for Money section of this report.

Review of the Business and Future Developments

Overall Performance

The Association achieved an operating surplus for the year of £25,191,000 (2023: £26,523,000). There was an increased contribution from social housing lettings, but lower shared ownership first tranche and staircasing sales surpluses. The table below highlights performance by income stream:

	Revenue		**Operating surplus**	
	2024	**2023**	**2024**	**2023**
	£'000	**£'000**	**£'000**	**£'000**
Social housing lettings	49,762	43,485	22,607	20,371
Social housing property sales	22,417	17,594	2,241	3,051
Other social housing income	5,358	4,642	(808)	(870)
Non-social housing property sales	518	1,263	89	572
Other non-social housing income	135	91	-	-
Other gains and losses	-	-	1,062	3,399
Totals	**78,190**	**67,075**	**25,191**	**26,523**

The Association requires extensive borrowings to finance its ambitious development programme and after finance costs recorded a net surplus for the year of £8,883,000 (2023: £6,164,000).

The Board's Report and Operating and Financial Review (continued)

Review of the Business and Future Developments (continued)

Social Housing lettings

Key Performance Indicators for social housing lettings are shown below

	2024	**2023**
Revenue (£'000)	49,762	43,485
Operating surplus (£'000)	22,607	20,371
Operating margin (%)	45.4	46.8
Current tenant arrears (%)	3.4	3.2
Void loss from empty homes (%)	2.2	3.2
Average relet days	38	49
Number of relets	637	660

Social housing lettings revenue has improved due to increased rents for existing properties, together with revenue from new developments. The Association weathered the impacts of steeply rising cost inflation through careful cost management, including using fixed price contracts and an energy hedging strategy. Increased revenue has translated into improved operating surplus, with only a slight decline in the Association's operating margin.

Strong operational management has maintained low rent arrears at 3.4% (2023: 3.2%). Vacant properties continue to be a focus and void losses have improved to 2.2% (2023: 3.2%). The average number of days to relet properties also reduced from 660 to 637.

The Board's Report and Operating and Financial Review (continued)

Review of the Business and Future Developments (continued)

Development

Key Performance Indicators for Development activities are shown below:

	2024	2023
New affordable homes built during the year	361	351
Homes on site and in development	1,157	1,487
Sales in the year	189	130

During the year a total of 361 new properties were completed (2023: 351) as part of the Affordable Homes programmes, with 189 sales being made (2023: 130). At the year end 1,157 (2023: 1,487) homes were on site and in development.

The Association is working in conjunction with Beech Grove Homes Limited (Beech Grove Homes), a fellow Group subsidiary, to ensure maximum efficiency for development of mixed tenure sites. Beech Grove Homes is responsible for the Group's open market sales programme, whilst the Association continues to develop social housing properties. Beech Grove Homes is building affordable homes on behalf of the Association, with appropriate legal transfer agreements in place, on several mixed tenure sites. Likewise, on other sites, the Association is building open market homes on behalf of Beech Grove Homes, again with appropriate legal transfer agreements in place.

In 2024/2025 and beyond, the Association, in conjunction with Beech Grove Homes, will continue with the development of existing schemes, as well as progressing other opportunities within the development pipeline.

Homes in management

	2024	2023
Social housing accommodation:		
General needs housing	465	434
General needs affordable rent	3,384	3,250
Supported housing	900	930
Housing for older people	530	524
Social care homes	40	39
Shared ownership	1,238	1,077
Home ownership	135	126
Social housing leased outside Group	86	84
	6,778	6,464
Non-social housing accommodation:		
Registered care homes	550	550
Commercial	29	29
Non-social leased housing	560	484
	1,139	1,063
Total homes in management	**7,917**	**7,527**

The increase in the number of housing properties is due to the development of new homes.

The Board's Report and Operating and Financial Review (continued)

Sustainable communities

Our mission is to build affordable homes and sustainable communities where people choose to live.

We believe that delivering on that mission is about more than simply the bricks and mortar. It's about creating strong, sustainable, empowered communities and investing in initiatives that build connections and resilience for our customers and the neighbourhoods where they live.

Our customers are always at the heart of what we do, and as a not-for-profit social housing provider we use the surpluses we generate to improve our homes and communities.

We invest time and resources to support projects and activities that make a real difference to our customers and the areas where they live.

The aim of our charitable investments is to build resilience and connections for our customers and their communities. Our aspiration is always for this to be led by our customers and communities.

We do this by working with a network of community partners, with the objectives of:

- Supporting people to create conditions in which they can thrive, increasing their ability to adapt to adversity in a positive way.
- Helping people to maintain and build relationships, increase connections with others, and feel part of their community.
- Supporting community groups to access funding, advice, peer networks and training.

Slavery and human trafficking statement

We are committed to achieving greater clarity and understanding of our supply chains in order to seek out and deal with any evidence of slavery and human trafficking. We recognise that no supply chain can be considered entirely free from the potential for slavery or human trafficking to occur and we are endeavouring to take further steps to understand high risk areas, communicate our approach and take positive action. The Group's full statement can be found on the Group website at https://www.sanctuary.co.uk/about-sanctuary/publications.

Inclusion for All

We want to be a truly diverse and inclusive organisation where differences are valued, and everyone feels safe and comfortable being themselves. This year we launched our new diversity and inclusion strategy, Inclusion for All, which sets out how we plan to deliver on that ambition. The diverse voices of our colleagues and customers have played a key part in shaping the new strategy and our goals for the next three years. Our second Inclusion for All strategy builds on the success of our first and has an increased focus on our customers, equity and being data informed so we can track our progress and set ambitious targets for improvement.

Our four staff networks – PRISM (LGBTQ+), Race Equality, Parent, and Disability – have continued to grow over the last 12 months. The networks host regular flagship events throughout the year to help embed an inclusive culture and educate colleagues. Each network is sponsored by a member of the Executive team to provide feedback and foster an inclusive culture. We are committed to enhancing the diversity of our workforce to reflect the communities we operate in. We are undertaking an in-depth review to ensure our recruitment processes continue to be inclusive, and improve our attraction and recruitment of diverse talent. This will support us to identify changes to the way we advertise, shortlist and interview, and implement solutions to improve the recruitment of diverse talent.

The Board's Report and Operating and Financial Review (continued)

Sustainable communities (continued)

Environment and climate change

We have always committed to being as transparent as possible about our environmental progress. Launching our Decarbonisation and Net Zero Strategy in November 2023 has enabled us to clearly communicate our plans for all areas of emissions, down to the last tonne of carbon. Our approach to achieving net zero emissions involves reducing all material categories of carbon emissions as much as feasibly possible, before using carbon offsetting only where absolutely necessary for any remaining emissions.

We believe transparency is the most important principle of reporting on an organisation's net zero transition. By publicly stating all our emissions, and sharing our annual trend analysis, we aim to be open and honest about our progress.

Our Decarbonisation and Net Zero Strategy also demonstrates our commitment to assessing the materiality of our emissions: we are prioritising the decarbonisation projects that tackle our areas of greatest emissions.

https://www.sanctuary.co.uk/sustainability

Value for Money

While the economy has returned to a relatively stable position compared to 2022 and 2023, the cost of living continues to impact our customers with prices of goods and services remaining stubbornly high. The need to deliver Value for Money for our customers therefore remains as great as ever and it continues to be fundamental to our mission of building affordable homes and sustainable communities. It is also central to our Corporate Strategy's objectives of putting customers first, growing our services and investing in our assets, and builds on our values of ambition,
inclusion, integrity, quality, and sustainability.

Our Value for Money principles

Our Value for Money principles are based on maximising:

Economy – When inputs or goods were purchased, did we get them for the lowest possible price?

Efficiency – How proficient are we at turning the inputs or goods into outputs or services?

Effectiveness – Did our outputs or services deliver the desired outcome or standard of service?

Equity – Are our services equally available to, and did they reach, all the people that they are intended for?

Monitoring our performance

We analyse our performance in four areas: resources, structures and processes, customers, and assets.

Value for Money plays a key role in delivery of our strategic objectives; putting our customers first, growing our services and investing in our assets.

Putting our customers first

- Customer commitments
- Customer services
- Customer living standards
- Customer engagement
- Customer accessibility

The Board's Report and Operating and Financial Review (continued)

Value for Money (continued)

Investing in our assets

- Investing in our homes
- Investing in our communities
- Investing in people
- Investing in efficiencies

Growing our services

- Growing through development
- Growing through acquisition
- Growing through innovation

Further Value for Money information

The responsibility for delivering Value for Money starts with the Group Board and is embedded in all activities across the Group, including those of Sanctuary Affordable Housing Limited. Further details of the Group's achievements in delivering Value for Money and future objectives can be found in the Group Annual Report and Financial Statements, available on Sanctuary's website.

Going Concern

The Board confirm that they have a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future. The Association also has the continued support of its ultimate parent, Sanctuary Housing Association, who has provided a letter of support to the Board of the Association to confirm that it intends to provide financial and other support to the Association as required for a period of at least 12 months from the date of these financial statements. Accordingly the Association continues to adopt the going concern basis in its financial statements. Further details are given in note 1.

The Board's Report and Operating and Financial Review (continued)

Governance

Members of the Board

The Members of the Board who served during the year and at the date on which the financial statements were approved, along with details of these appointments and resignations, is shown below:

Ian Chisholm	
Trudi Elliott	
Arvinda Gohil	
Ros Kerslake	
Ed Lunt	
Andrew Manning-Cox (Chair)	
Craig Moule	
Olu Odeniyi	(appointed 20 September 2023)
Nicole Seymour	
James Thallon	
Alan West	

Secretary

Nicole Seymour

Code of Governance and viability statement

The Group Board considers that the Group and its Registered Provider subsidiaries comply with the provisions of the National Housing Federation's Code of Governance 2020.

The Board can also confirm that it has complied with the Governance and Financial Viability Standard set out by the Regulator of Social Housing. During the year, the Regulator of Social Housing gave Sanctuary Group ratings for Governance and Viability of G1 and V2 respectively (2023: G1 and V2).

The Group's viability statement can be found in the Group Annual Report and Financial Statements, available on the Group website.

The Board's Report and Operating and Financial Review (continued)

Risk Management

Risk management policy

The Association maintains detailed risk maps which are monitored and updated on a regular basis. The risk maps identify risks which the Association might face, the likelihood of such risks occurring and their impact on the Association if they do occur. The risk maps also identify action taken by the Association to mitigate such risks occurring or to minimise their impact. The risk maps are utilised by both the Board and the Executive Team to ensure that the Association minimises, and controls as far as possible, the level of risk to which it is exposed.

The principal risks identified in the most recent risk maps are:

- Regulatory intervention and reputation – Regulatory intervention or adverse media coverage due to failure to meet required standards.
- Sales – the risk of failure to sell properties for the forecast prices or at the expected rates.
- Rental income and collection – Failure to effectively manage income processes resulting in reduction in service delivery or reinvestment.
- Ineffective management of tenancies – Inappropriate tenancies are granted or void re-let periods are excessive, resulting in lost revenue, increase tenancy management costs and loss of reputation.
- Reputational and customer service – by operating businesses that provide services to many residents and tenants, we run the risk of reputational damage that could lead to loss of business and, at its most extreme, viability concerns for particular business streams.
- Asset maintenance and compliance – A failure to monitor and invest in a group or class of assets leads to a significant impairment due to inadequate returns, a decline in demand or obsolescence generating a material financial loss, impact of health and safety requirements, operational failures or degradation of competitive ability.
- Staffing – the risk of failing to recruit, train and retain a workforce with appropriate knowledge, skills and experience.
- Modernisation – Failing to realise benefits of modern working opportunities, resulting in poorer services, missed efficiencies and reputational damage.
- Information security and data protection – Failure to protect the Group's technology data, and assets against unauthorised access, failure to adequately comply with GDPR and DSAR resulting financial and reputation loss, system unavailability and prosecution.
- Climate change – Climate change adversely affects or threatens the continuity of business operations and service delivery. Alternatively increased costs associated with climate events.
- Development - risks including: the ability to obtain suitable land, developing units to schedule in terms of quality and budget, adhering to regulatory, contractual and legislative compliance obligations, accuracy of development appraisals, ability to obtain planning permission, the risk that development programmes are not build to schedule, quality or budget and the risk of abortive costs.

Health and Safety

The Board is aware of its responsibilities on all matters relating to health and safety. The Association's risk appraisal and management processes aim to address all health and safety matters in relation to property, tenants and staff. A report on health and safety matters is submitted to each meeting of the Board.

The Board's Report and Operating and Financial Review (continued)

Financial risk management

The Association's operations expose it to a variety of financial risks that include the effects of cash flow risk, liquidity risk, price risk and interest rate risk. The Association has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Association by monitoring levels of debt finance and related finance costs.

Cash flow risk
The Association operates an interest rate policy designed to minimise interest cost and reduce volatility in cash flow and debt service costs. At 31 March 2024, 100% of the Association's debt, excluding leases, was intercompany (2023: 100%). In addition, the Association seeks to minimise the risk of uncertain funding in its operations by borrowing within a spread of maturity periods. At the year end, £189,000 of loans were payable within one year (2023: £39,756,000). The Association does not use stand-alone derivative financial instruments to manage interest rate costs.

Liquidity risk
The Association actively maintains a level of debt finance that is designed to ensure that the Association has sufficient available funds for its operations.

Price risk
The Association is exposed to rental income price risk as a result of the updated regulatory framework for social housing in England from 1 April 2015. However, revised business plans and forecasts demonstrate the Association's ability to absorb any fluctuations in future rental streams.

Interest rate risk
The Association has interest bearing liabilities, which are largely maintained at a fixed rate to ensure certainty of future interest cash flows. These liabilities are all intercompany from Sanctuary Treasury Limited.

The Board's Report and Operating and Financial Review (continued)

Statement of Internal Control

The Board is ultimately responsible for ensuring that the Association maintains a system of internal control that is appropriate to the various business environments in which it operates. Internal control systems are designed to meet the particular needs of the Association and the risks to which it is exposed. The controls by their nature can provide reasonable but not absolute assurance against material misstatement or loss.

The Board has established key procedures to provide internal control and there are clear lines of responsibility for the establishment and maintenance of the procedures through the designated senior executives. These controls are designed to give reasonable assurance with respect to:

- the reliability of financial information used within the Association or for publication;
- the maintenance of proper accounting records; and
- the safeguarding of assets against unauthorised use or disposition.

Major business risks are identified through a system of continuous monitoring. The financial control framework includes the following key features:

- the Board is directly responsible for strategic risk management;
- the adoption of formal policies and procedures including documentation of key systems and rules relating to a delegation of authorities which allows the monitoring of controls and restricts the unauthorised use of the Association's assets;
- experienced and suitably qualified staff being responsible for important business functions. Annual appraisal procedures have been established to maintain standards of performance;
- executives to monitor the key business risks and financial objectives allowing the Association to progress towards its financial plans set for the year and the medium term. Regular management accounts are prepared promptly providing relevant, reliable and up-to-date financial and other information including significant variances from budgets and forecasts which are investigated as necessary;
- all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures; and
- the Group Audit and Risk Committee reviews reports from management and from PricewaterhouseCoopers LLP (internal auditor) to provide reasonable assurance that control procedures are in place and are being followed. The Group Audit and Risk Committee receive an annual report on internal controls from the Executive Committee. The Group Audit and Risk Committee makes regular reports to the Group Board and relevant points are communicated to the Association. The Association follows formal procedures for instituting appropriate action to correct weaknesses identified in the above reporting.

On behalf of the Board, the Group Audit and Risk Committee has reviewed the effectiveness of the systems of internal control in existence in the Association for the year ended 31 March 2024 and is not aware of any material changes at the date of signing the financial statements.

The Board's Report and Operating and Financial Review (continued)

Statement of the Board's Responsibilities in Respect of the Board's Report and the Financial Statements

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

Co-operative and Community Benefit Society law requires the Board to prepare financial statements for each financial year. Under those regulations the Board have elected to prepare the financial statements in accordance with UK-adopted international accounting standards.

The financial statements are required by law to give a true and fair view of the state of affairs of the Association and of its income and expenditure for that period.

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

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

The Board is responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the Association and enable them to ensure that its financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022. It is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the Association and to prevent and detect fraud and other irregularities.

Disclosure of information to Auditor

In the case of each of the persons who are Members of the Board at the date when this report was approved:

(a) so far as the Member is aware, there is no relevant audit information of which the Association's auditor is unaware; and

(b) they have taken all the steps that they ought to have taken as a Member of the Board to make themselves aware of any relevant audit information and to establish that the Association's auditor is aware of that information.

Independent statutory auditor

KPMG LLP has indicated its willingness to continue in office and a resolution concerning the appointment of the auditor will be proposed at the Annual General Meeting.

By order of the Board.

DocuSigned by:

Nicole Seymour

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Nicole Seymour
Secretary
25 September 2024

Independent auditors report to the members of Sanctuary Affordable Housing Association

Opinion

We have audited the financial statements of Sanctuary Affordable Housing Association ("the Association") for the year ended 31 March 2024 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view, in accordance with UK accounting standards, including International Financial Reporting Standards as adopted in the UK, of the state of affairs of the Association as at 31 March 2024 and of its income and expenditure for the year then ended;
- comply with the requirements of the Co-operative and Community Benefit Societies Act 2014; and
- have been properly prepared in accordance with the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Association in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

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

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

Our conclusions based on this work:

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

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

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

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

Fraud and breaches of laws and regulations – ability to detect (continued)

Identifying and responding to risks of material misstatement due to fraud (continued)

- Enquiring of the Board, internal audit and inspection of policy documentation as to the Association's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Association's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

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

As required by auditing standards, and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements such as the valuation of inventory, classification of property and revenue recognition. On this audit we do not believe there is a fraud risk related to revenue recognition given the nature of the Association's revenue stream being simple, non-complex transactions and do not contain significant judgements or estimates. Furthermore, there is no history of significant or a high number of audit misstatements in relation to revenue and management is not incentivised on revenue directly.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the committee (as required by auditing standards) and discussed with the committee the policies and procedures regarding compliance with laws and regulations.

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

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Association is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, taxation legislation, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Association is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery and employment law. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the committee and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Fraud and breaches of laws and regulations – ability to detect (continued)

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulation.

Other information

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

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

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Board's responsibilities

As explained more fully in their statement set out on page 13, the Association's Board is responsible for: the preparation of financial statements which give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 it either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Independent auditors report to the members of Sanctuary Affordable Housing Association (continued)

Auditor's responsibilities

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

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

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

This report is made solely to the Association in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014 and section 128 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the Association those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association as a body, for our audit work, for this report, or for the opinions we have formed.

Salmaan Khan
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

Date: 25 September 2024

Statement of Comprehensive Income for the year ended 31 March 2024

Income Statement	Notes	2024 £'000	2023 £'000
Continuing operations			
Revenue	2,3	78,190	67,075
Cost of sales	3	(20,605)	(15,234)
Operating expenditure	3	(33,456)	(28,717)
Other gains and losses	6	1,062	3,399
Operating surplus	5	**25,191**	**26,523**
Finance income	8a	17,821	8,739
Finance costs	8b	(34,129)	(29,098)
Surplus before tax		**8,883**	**6,164**
Taxation	9	-	-
Surplus for the year from continuing operations		**8,883**	**6,164**

There were no discontinued operations in either the current or previous financial year.

There are no recognised gains and losses other than those included in the Income Statement above and therefore no separate Statement of Other Comprehensive Income has been presented.

The notes on pages 22 to 60 form part of the financial statements.

Statement of Financial Position as at 31 March 2024

	Notes	31 March 2024 £'000	31 March 2023 £'000
Assets			
Non-current assets:			
Property, plant and equipment	10	755,891	727,218
Trade and other receivables	11	132,394	145,489
		888,285	872,707
Current assets:			
Trade and other receivables	11	188,123	63,794
Inventory	12	17,622	23,602
Cash and cash equivalents		9,610	4,872
		215,355	92,268
Total Assets		**1,103,640**	**964,975**
Liabilities			
Current liabilities:			
Trade and other payables	13	39,217	23,448
Contract liabilities	2	1,646	1,854
Loans and borrowings	14	189	39,756
Provisions	16	-	109
		41,052	65,167
Non-current liabilities:			
Trade and other payables	13	1,593	712
Loans and borrowings	14	1,038,681	885,224
Provisions	16	299	740
		1,040,573	886,676
Total liabilities		**1,081,625**	**951,843**
Equity			
Equity attributable to owners of the parent:			
Share capital	18	-	-
Retained earnings		22,015	13,132
Total equity		**22,015**	**13,132**
Total equity and liabilities		**1,103,640**	**964,975**

The notes on pages 22 to 60 form part of these financial statements.

The financial statements were authorised and approved by the Board on 25 September 2024 and were signed on its behalf by:

Signed by: Andrew Manning-Cox BC5CBC04E073425...
Signed by: Ed Lunt BB4D3EA748F745D...
DocuSigned by: Nicole Seymour 05803E631D83476...

Andrew Manning-Cox
Chair

Ed Lunt
Board member

Nicole Seymour
Secretary

Statement of Changes in Equity for the year ended 31 March 2024

	Share capital £'000	Retained earnings £'000	Total equity £'000
At 1 April 2022	-	6,968	6,968
Surplus for the year	-	6,164	6,164
Total comprehensive income	**-**	**6,164**	**6,164**
At 31 March 2023	**-**	**13,132**	**13,132**
At 1 April 2023	-	13,132	13,132
Surplus for the year	-	8,883	8,883
Total comprehensive income	**-**	**8,883**	**8,883**
At 31 March 2024	**-**	**22,015**	**22,015**

The notes on pages 22 to 60 form part of these financial statements.

Statement of Cash Flows for the year ended 31 March 2024

	Notes	2024 £'000	2023 £'000
Cash flows from operating activities			
Surplus for the year		8,883	6,164
Adjustments for:			
Depreciation	5	6,325	5,308
Surplus on sale of property, plant and equipment	5	(1,062)	(3,399)
Net finance costs	8a/b	16,308	20,359
Tax expense	9	-	-
		21,571	22,268
Cash generated before working capital movements		30,454	28,432
Changes in Trade and other receivables		(14,956)	3,010
Changes in Trade and other payables		19,703	1,405
Changes in Inventories		5,980	34,978
Changes in Provisions		(550)	(514)
		10,177	38,879
Cash generated from operating activities		40,631	67,311
Interest paid		(34,203)	(30,574)
Net cash inflows from operating activities		**6,428**	**36,737**
Cash flows from investing activities			
Interest received		15,980	6,899
Proceeds from sale of property, plant and equipment	6	2,193	6,640
Acquisition and construction of property, plant and equipment		(61,577)	(54,985)
Capital grants received		33,862	16,492
Repayment of Intra-Group loans		(105,000)	(67,395)
Net cash outflows from investing activities		**(114,542)**	**(92,349)**
Cash flows from financing activities			
Proceeds from loans and borrowings		163,000	167,109
Repayment of borrowings		(49,623)	(110,129)
Transaction costs		(525)	(1,551)
Net cash inflow from financing activities		**112,852**	**55,429**
Net movement in cash and cash equivalents		**4,738**	**(183)**
Cash and cash equivalents 1 April		4,872	5,055
Cash and cash equivalents 31 March		**9,610**	**4,872**

The notes on pages 22 to 60 form part of these financial statements.

Notes to the Financial Statements

1. Principal accounting policies

General information

Sanctuary Affordable Housing Limited (the Association) is registered in England as a Registered Society (Number 31442R) and with the Regulator of Social Housing (Number 4684).

The financial statements are presented in pounds sterling which is the Association's functional currency. Unless otherwise stated, amounts are denominated in thousands (£'000) rounded to the nearest £1,000.

Basis of accounting

The Association's Financial Statements (the Financial Statements) have been prepared and approved by the Directors in accordance with UK-adopted international accounting standards (IFRS). They are also prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, Schedule 1 to the Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing 2022. Additional guidance is taken from the Statement of Recommended Practice: Accounting by Registered Social Housing Providers 2018 (the SORP) where this does not conflict with IFRS.

Alternative performance measures

In the reporting of financial information, the Association uses various Alternative Performance Measures (APMs). These measures are not defined under IFRS and therefore may not be directly comparable with the APMs of other businesses reporting under IFRS.

APMs are not intended to be a substitute for, or superior to, IFRS measurement, but are included to provide additional useful information on the underlying trends, performance and position of the Association.

APMs are used for the following reasons:

- Where metrics have been defined by the Regulator of Social Housing (RSH) and are a compulsory requirement within the Financial Statements of a housing association.
- Where metrics are not defined by the RSH but are commonly used within the sector and so their use aids comparability with peers.
- Where adjustment for events outside normal operations aids users of the Financial Statements in understanding the Association's underlying performance.

Going concern

The Association's principal activities, together with factors likely to affect its future performance, are set out on page 3-5.

The financial statements have been prepared on a going concern basis which the Board considers to be appropriate for the following reasons.

The Board has prepared a going concern assessment, based on consideration of cash flow forecasts, for a period of at least 12 months from the date of approval of these financial statements (the going concern assessment period), taking account of a number of plausible downside scenarios. In forming their view the Board has taken into consideration that Sanctuary Housing Association, the Association's ultimate parent, has provided a letter of support to the Board of the Association to confirm that it intends, should the need arise, to provide financial and or other support to the Association, including, if required, not seeking repayment of amounts currently made available (note 13 - £21,320,000 at 31 March 2024 (2023: £13,541,000)), for the period covered by the forecasts. Based on these considerations it has been concluded that the Association will have sufficient funds to meet its liabilities as they fall due for the period of assessment.

Notes to the Financial Statements (continued)

1. Principal accounting policies (continued)

Going concern (continued)

As with any entity placing reliance on other group entities for financial support, the Board acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the Board are confident that the Association will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and have therefore prepared the financial statements on a going concern basis.

IFRSs not yet applied

The following list details new standards, amendments and interpretations which are not yet effective, which may have an impact on the accounting within the Association's financial statements in future periods:

- Amendments to IFRS 16 Leases in relation to leases on sale and leaseback (annual periods beginning on or after 1 January 2024).
- Amendments to IAS 1 Presentation of Financial Statements in relation to non-current liabilities with covenants (annual periods beginning on or after 1 January 2024).
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instrument Disclosures in relation to supplier finance arrangements (annual periods beginning on or after 1 January 2024).

Other forthcoming standards, amendments or interpretations which are not covered within the above are unlikely to impact the Financial Statements of the Association.

Critical accounting judgements

In the process of applying the Association's accounting policies, management have made certain judgements which have a significant impact upon the financial statements, these are detailed below.

Classification of property

A degree of judgement is required over the classification of housing property held for social lettings. It is the Association's opinion that whilst rental income is received from the provision of social housing, the primary purpose is to provide social benefits. The provision of social housing is therefore akin to supplying a service and so property held for this purpose has been accounted for as property, plant and equipment (PPE). This treatment is consistent with housing associations that have chosen the alternative option of applying the revised UK GAAP (FRS 102), which contains explicit provisions for this scenario and arrives at a similar conclusion; it is also consistent with guidance contained in the Statement of Recommended Practice: Accounting by Registered Social Housing Providers 2018 (the SORP).

Critical accounting estimates and assumptions

The preparation of the Association's financial statements requires management to make estimates and assumptions that affect reported carrying amounts of assets and liabilities.

Estimates and assumptions are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual experience may differ from these estimates and assumptions. The Directors have not been required to make any judgements which have a significant impact upon the financial statements, nor have they been required to make any significant estimates or assumptions which could result in a significant risk of material adjustments in future periods.

Notes to the Financial Statements (continued)

1. Principal accounting policies (continued)

Other Accounting Judgements, Estimates and Assumptions

Revenue

Many of the Association's activities involve a high number of end service users, each of whom has a separate contract. However, for each activity type (for example, general needs housing) there is very little variation in the substance of the individual contracts. In arriving at its conclusions over application of IFRS 15, management has therefore applied the practical expedient that allows application of the Standard to portfolios of contracts with similar characteristics, rather than to individual contracts. Management believes that the effect on the Financial Statements of applying the Standard to the portfolios does not differ materially from applying the Standard to the individual contracts within the portfolios.

Detailed consideration has been given to the way in which shared ownership property transactions should be accounted for under IFRS 15, with the conclusion that existing practice remains the most appropriate treatment. Since such transactions are unique to the housing industry no specific guidance is offered within the Standard itself and so in reaching this conclusion management has relied upon an assessment of the substance of the underlying elements of the arrangement, while considering guidance within the housing SORP and drawing on wider industry practice.

The Association has entered into a number of transactions annually with fellow Group entity Beech Grove Homes Limited (Beech Grove Homes), to transfer property under a deed of trust arrangement. Management is required to make a judgement on the passing of control at both the point of initial transfer and with regards to subsequent build work. Under these arrangements land and property under construction owned by the Association, is transferred to Beech Grove Homes under a deed of trust. From the point of legal completion of the contract, control of the element of the site that has transferred under the terms of the deed is considered to have passed to Beech Grove Homes. This is deemed to be a revenue transaction under IFRS 15 and so revenue, and an associated cost of sales, is recognised within the Association. After this initial transfer, Beech Grove Homes is deemed to have control and direction of the asset and so any further development of the site by the Association is considered to be in an agency capacity, with all amounts recognised directly in the inventory of Beech Grove Homes and no revenue recognised within the Association.

Inventory carrying value

The Association has ongoing procedures for assessing the carrying value of inventories and identifying where this is in excess of net realisable value, with reference to estimates of costs to complete and remaining revenues. The assumptions and estimates for both revenue and costs are based on conditions existing at the reporting date, with reference to recent experience on similar properties and site-specific knowledge.
A material portion of the Association's activities are undertaken through house building and development and the Association is required to make estimates in accounting for revenue and margin. These estimates may depend upon the outcome of future events and may need to be revised as circumstances change.

Specific procedures for assessing development projects include:

- **Market analysis** – A review of potential impact on build costs and sales revenues based on analysis of information published by the leading consultants in the sector;
- **Contract analysis** – A review of current contractual positions and the potential impact on build costs; and
- **Impact analysis** – Application of a series of sensitivities to existing models to assess the impact of potential revenue and cost movements.

Details of the year end review are included in note 12.

Notes to the Financial Statements (continued)

1. Principal accounting policies (continued)

Other Accounting Judgements, Estimates and Assumptions (continued)

Provisions

A provision is recognised when the Association has a measurable present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions, by their nature, have a degree of uncertainty over the timing or amount of the future expenditure required in settlement. Management determines the level of an obligation by considering the range of possible outcomes and estimating the probable financial effect of settlement using judgement based on past experience and, where applicable, information provided by independent experts. Details of the provisions held within the Association are included in note 16.

Expected Credit Losses on Trade Receivables and Contract Assets

Under IFRS 9, as long as there is no significant financing component, loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime Expected Credit Losses (ECLs). Lifetime ECLs are a probability-weighted estimate of credit losses that result from all possible default events over the expected life of a financial instrument (see note 17). Due to the diverse activities of the Association a range of different methodologies are used to derive ECLs for the different operational areas, taking into account factors such as service type, customer type, customer status, age of debt, level of debt and legal status. Outcomes have been assessed by using both quantitative and qualitative information and analysis, based on the Association’s historical experience and informed credit assessment.

Climate change

Climate change mitigation activities are already well underway within the Association, with a short-term target of halving operational carbon emissions by 2030. The Association continues to invest in environmental initiatives to drive decarbonisation, and the effect that these initiatives may have on existing asset component lives is kept under constant review. To date, works have been within existing life cycles or additive in nature and so have not been indicative of a shortening of component lives.

Climate risks are considered when assessing assets for impairment. The review of physical climate-related risks such as flooding, changes in temperature and extreme weather events, has not resulted in identification of indicators of impairment for the Association's assets. When determining cash flows for value in use calculations, climate change is deemed to have a negligible impact on the Association’s income streams and maintenance requirements in the short or medium-term and so no adjustments have been required.

The Association continues to improve sustainability standards in the construction of new homes in a range of ways to reduce carbon emissions and to minimise exposure to physical climate change risks in the future.

Whilst there is currently no material impact expected from climate change over the short to medium-term, the Association will continue to assess the risks of climate change against judgements and estimates made in preparation of the Association’s Financial Statements.

Notes to the Financial Statements (continued)

1. Principal accounting policies (continued)

Property, plant and equipment and depreciation

Property, plant and equipment (PPE) is stated at cost less accumulated depreciation and accumulated impairment losses. Where parts of an item of PPE have different useful lives, they are accounted for as separate items of PPE.

Land and buildings:

Land and buildings consists of housing properties for social rent and shared ownership properties. The provision of social housing is akin to supplying a service and therefore property held for the primary purpose of providing social benefits should be excluded from the scope of Investment Property and accounted for as PPE. Housing properties are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. The cost of such properties includes the following:

a) cost of acquiring land and buildings;
b) construction costs including internal equipment and fitting;
c) directly attributable development administration costs;
d) cost of capital employed during the development period;
e) expenditure incurred in respect of improvements and extensions to existing properties; and
f) construction costs incurred but not yet certified at the reporting date.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic or social benefits associated with the item will flow to the Association and the cost of the item can be measured reliably.

Expenditure on housing properties which is capable of generating increased future rents, extends their useful life, or significantly reduces future maintenance costs, is capitalised. All other repairs and maintenance are charged to the Statement of Comprehensive Income during the financial year in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Structure	40 – 125 years
Doors and door entry systems	10 – 40 years
Bathrooms	15 – 40 years
External works	20 – 25 years
Heating systems	15 – 40 years
Kitchens	30 years
Lifts	10 years
Green technologies	25 years
Roof coverings	50 years
Windows	40 years
Electrical wiring	30 years

The acquisition and disposal of properties is accounted for on the date when completion takes place.

Offices, plant and equipment:

Assets are stated at cost (this includes the original purchase price of the asset and the costs attributable to bringing the asset into its working condition for its intended use) less accumulated depreciation, which is charged on a straight line basis to write off assets over their expected economic useful lives as follows:

Freehold land and buildings (offices) and improvements	10 – 40 years
Furniture and equipment	4 – 10 years

Notes to the Financial Statements (continued)

1. Principal accounting policies (continued)

Shared ownership property

Under shared ownership arrangements, the Association disposes of a long lease to the occupier; the initial lease premium paid for the first tranche is typically for between 25 per cent and 75 per cent of the value. The occupier has the right to purchase further proportions. A shared ownership property comprises two assets: that to be disposed of in the first tranche, which is recorded as inventory within current assets; and that retained by the Association, which is recorded as a non-current asset (PPE) in the same manner as general needs housing properties. This initial apportionment is done on a 40 per cent / 60 per cent split between inventory and PPE. Proceeds of sale for first tranches are accounted for as revenue in the Income Statement, with apportioned cost being shown as cost of sales within operating results. Subsequent tranches sold (staircasing) are reflected as surpluses or deficits on sale of housing properties, shown within other gains and losses on the Income Statement.

Borrowing costs and development administration costs

Interest on the Association's borrowings is capitalised when directly attributable to the construction of an asset that necessarily takes a substantial amount of time to get ready for its intended use or sale. For the Association, qualifying assets are properties under construction for sale or rental. The interest is either on borrowings specifically financing a scheme (after deduction of interest on Social Housing Grant (SHG) received in advance) or the weighted average borrowing rate across net borrowings deemed to be financing a scheme. Where a scheme has SHG in excess of costs, interest receivable is accrued against the balance.

Labour costs of employees that are incurred in relation to the development of properties, whether for sale or rental, are also capitalised.

SHG and other public grant

Where developments have been financed wholly or partly by SHG and/or other public grant, the amount of grant received is offset against the cost of developments on the face of the Statement of Financial Position. In instances where grant for the development programme exceeds development costs, an amount equal to the excess is held in payables. Where grants are receivable for the development programme in arrears the amounts are accrued within receivables. Where grants are repayable and the associated asset is sold, the grant is held within the recycled capital grant fund (RCGF).

Recycled capital grant fund

In certain circumstances the Association is permitted to retain the SHG relating to properties sold and to apply this to further property development within a certain time frame. If this time frame is exceeded the grant may be repayable. In these circumstances it is included within the RCGF.

Notes to the Financial Statements (continued)

1. Principal accounting policies (continued)

Impairment

Financial assets

At each reporting date, the Association assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The Association recognises loss allowances for Expected Credit Losses (ECLs) on financial assets measured at amortised cost. ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (that is the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Association expects to receive).

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. Twelve-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Association is exposed to credit risk.

Loss allowances for trade receivables are measured at an amount equal to lifetime ECLs. Other loss allowances are measured at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date
- other debt securities and bank balances for which credit risk (that is the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Association considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Association's historical experience and informed credit assessment and including forward-looking information.

The Association considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Association considers this to be 'Baa3' or higher as per the rating agency Moody's.

Notes to the Financial Statements (continued)

1. Principal accounting policies (continued)

Impairment (continued)

Non-financial assets

The carrying amounts of the Association's non-financial assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or a cash-generating unit (CGU) exceeds its estimated recoverable amount. Impairment losses are recognised in the Statement of Comprehensive Income. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the 'cash-generating unit'). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to CGUs.

Impairment testing – property

When an impairment indicator is identified, an impairment review is performed at an individual CGU level and compared to recoverable amount, which is defined as the higher of:

- fair value less selling costs, or
- value in use (VIU).

Should the carrying value of the CGU exceed the higher of these measures, it is impaired to this value, with the movement going through the Income Statement.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

A valuation technique that may be used to determine fair value is the cost approach, which reflects the amount that would be required currently to replace the service capacity of the asset (current replacement cost). For social housing properties this is depreciated replacement cost (DRC) of the property. To determine the DRC, the Group uses information on current and recently completed developments in order to establish a build cost relevant to the property being tested, based on size, location, and other factors.

Value in Use (VIU) is the present value of the future cash flows expected to be derived from the CGU, established by estimating future cash inflows and outflows from the use of the asset and applying an appropriate discount rate to those cash flows.

Inventories

Inventories are stated at the lower of cost and net realisable value and comprise properties held for outright sale and proportions of shared ownership properties allocated as first tranche sales; costs include direct materials, direct labour and other direct costs that have been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less any anticipated selling costs.

Notes to the Financial Statements (continued)

1. Principal accounting policies (continued)

Leases

At inception of a contract, the Association assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identical asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of identified asset, the Association assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. if the supplier has a substantive substitution right, then the asset is not identified;
- the Association has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and
- the Association has the right to direct the use of the asset. The Association has the right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is uses is predetermined, the Association has the right to direct the use of the asset if either;
  - the Association has the right to operate the asset; or
  - the Association designed the asset in a way that predetermines how and for what purpose it will be used.

This policy is applied to contracts entered into, or changed, on or after 1 April 2019.

At inception or on reassessment of a contract that contains a lease component the Association allocated the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Association has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

As a Lessee

The Association recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the initial rate implicit in the lease. The Association uses a single discount rate for each portfolio of leases with reasonably similar characteristics.

Notes to the Financial Statements (continued)

1. Principal accounting policies (continued)

Leases (continued)

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Association is reasonably certain to exercise, lease payments in an optional renewal period if the Association is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Association is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Association's estimate of the amount expected to be payable under a residual value guarantee, or if the Association changes its assessment or whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Association presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the Statement of Financial Position.

Short-term leases and leases of low-value assets

The Association has elected not to recognise right-of-use assets and lease liabilities for short-term and low value assets. The Association recognises the lease payments associated with the leases as an expense on a straight-line basis over the lease term.

Notes to the Financial Statements (continued)

1. Principal accounting policies (continued)

Financial instruments

Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Association becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement

a) Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or FVPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Association changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Notes to the Financial Statements (continued)

1. Principal accounting policies (continued)

Financial instruments (continued)

Classification and subsequent measurement (continued)

Business model assessment

The Association makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level, because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the funding needs of the Association
- how the performance of the assets is evaluated and reported to the Association's management
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed
- the contractual cash flows
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Assessment of contractual cash flows that are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (for example liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Association considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Association considers:

- contingent events that would change the amount or timing of cash flows
- terms that may adjust the contractual coupon rate, including variable-rate features
- prepayment and extension features
- terms that limit the Association's claim to cash flows from specified assets (for example non-recourse features).

b) Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVPL. A financial liability is classified as at FVPL if it is held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense is recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Notes to the Financial Statements (continued)

1. Principal accounting policies (continued)

Financial instruments (continued)

Derecognition

a) Financial assets

The Association derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Association neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Association enters into transactions whereby it transfers assets recognised in its Statement of Financial Position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

b) Financial liabilities

The Association derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Association also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Financing costs

Costs which are incurred directly in connection with the raising of private finance are deducted from the liability and amortised over the term of the loan on a consistent periodic rate of charge. Premiums or discounts on financial instruments are amortised using the effective interest rate basis or a straight-line basis where it can be demonstrated that there is no material difference between the two methods.

Leasehold service charge sinking funds

The Association is required to set aside sums for future maintenance of certain properties subject to leasehold arrangements. These sums are held in a separate bank account to which interest is added. Amounts accumulated in the fund are included within trade and other receivables and within trade and other payables. Unutilised contributions to sinking funds and over recovery of service costs repayable to tenants/leaseholders are shown in liabilities (including any interest). Where there has been an under recovery of variable service charges, the balance is included within receivables to the extent it is recoverable.

Corporation Tax

The Association has been granted charitable status for tax purposes by His Majesty’s Revenue and Customs (HMRC) and so is no longer liable for corporation tax on the majority of its profits.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Notes to the Financial Statements (continued)

2. Revenue

Accounting policies - revenue

Under IFRS 15, revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Association recognises revenue when it transfers control over a product or service to a customer.

A significant proportion of the Association's income is derived from contracts of 'residential occupation'. Management has determined that social housing tenancies do not meet the definition of leases; consequently they are treated as revenue contracts under IFRS 15.

As per the Standard, revenue must be recognised either over time or at a point in time. The majority of the Association's activities are services where the customer consumes the benefits of performance simultaneously with the Association performing and so revenue is recognised over time. Revenue from property sales, which is a transfer of goods, is recognised at a point in time.

Contract liabilities are obligations to transfer goods or services to a customer for which the Association has received consideration, or for which an amount of consideration is due from a customer. Such balances include payments received in advance and deferred income.

Contract receivables are unconditional rights to consideration where only the passage of time is required before payment becomes due. Such balances include rental receivables, other trade receivables and accrued income.

The Association has presented contract liabilities as separate line items on the Statement of Financial Position while contract receivables are included within trade and other receivables.

IFRS 15 requires that the incremental costs of obtaining a contract with a customer are capitalised if those costs are expected to be recovered through future services to the customer. The Association does not incur costs such as sales commissions in obtaining contracts and any pre-contract costs that are incurred are not incremental, consequently no asset of this nature has been recognised. The Association continually reviews costs incurred in fulfilling contracts to determine if they require capitalisation under the new Standard.

Accounting for the revenue from shared ownership property transactions is considered to be an accounting judgement.

Notes to the Financial Statements (continued)

2. Revenue (continued)

Nature of goods and services and revenue recognition

The following is a description of the principal activities from which the Association derives its revenue.

Product/ Service	Nature, timing of satisfaction of performance obligations and significant payment terms
Social housing lettings income	Social housing lettings income relates to rent and service charges received from social housing tenancies, which may be classified as: general needs, sheltered housing, extra care, shared ownership or supported housing. Revenue is recognised over time based on rental periods, in accordance with tenancy agreements. Where periodic timing differences arise between billing and rental periods, then revenue is accrued or deferred accordingly. Some older tenancy agreements include rent-free periods each year, in these cases income is accrued or deferred in order to recognise the rent-free periods on a straight-line basis over 52 weeks. Tenants generally pay weekly or monthly in advance.
Property sales - outright sales	Property held for sale in the ordinary course of business or in the process of construction or development for such a sale is treated as inventory as per IAS 2; sales of these properties are treated as revenue under IFRS which is consistent with the approach of the housing SORP. Revenue is recognised on the date of legal completion of the sale to the new owner of the property when consideration is also received.
Property sales - initial sales	Initial sales are governed by a shared ownership arrangement, where the Association will retain a percentage of the ownership of the property with the new shared owner having the remaining share. The Association recognises sales of shared ownership properties as those where the initial tranche of equity has been sold; this is treated as revenue under IFRS which is consistent with the approach of the housing SORP. Revenue is recognised on the date of legal completion of the sale of the acquired proportion when consideration is also received.

Notes to the Financial Statements (continued)

2. Revenue (continued)

Disaggregation of revenue

In the following table, revenue is disaggregated by major products and services using the same headings as the note prepared to meet the requirements of the Accounting Direction for Registered Providers of Social Housing 2022 (notes 3 and 4).

Year ended 31 March 2024	General needs housing	Sheltered & supported housing	Shared ownership housing	Other social housing activities	Other non-social housing activities	Total
Revenue recognised over time	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Income from social housing lettings	27,630	16,340	5,792	-	-	**49,762**
Home ownership and managed properties	-	-	-	763	-	**763**
Supporting People contract income	-	-	-	2,874	-	**2,874**
Development administration	-	-	-	-	-	**-**
Other social housing income	-	-	-	1,721	-	**1,721**
Other non-social housing income	-	-	-	-	135	**135**
Total revenue over time	**27,630**	**16,340**	**5,792**	**5,358**	**135**	**55,255**
Revenue at a point in time						
Shared ownership first tranche sales	-	-	-	22,417	-	**22,417**
Non-social housing property sales	-	-	-	-	518	**518**
Total revenue at a point in time	**-**	**-**	**-**	**22,417**	**518**	**22,935**
Total revenue from contracts with customers	**27,630**	**16,340**	**5,792**	**27,775**	**653**	**78,190**

Notes to the Financial Statements (continued)

2. Revenue (continued)

Year ended 31 March 2023	General needs housing	Sheltered & supported housing	Shared ownership housing	Other social housing activities	Other non-social housing activities	Total
Revenue recognised over time	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Income from social housing lettings	24,608	13,914	4,963	-	-	**43,485**
Home ownership and managed properties	-	-	-	692	-	**692**
Supporting People contract income	-	-	-	2,600	-	**2,600**
Development administration	-	-	-	1	-	**1**
Other social housing income	-	-	-	1,349	-	**1,349**
Other non-social housing income	-	-	-	-	91	**91**
Total revenue over time	**24,608**	**13,914**	**4,963**	**4,642**	**91**	**48,218**
Revenue at a point in time						
Shared ownership first tranche sales	-	-	-	17,594	-	**17,594**
Non-social housing property sales	-	-	-	-	1,263	**1,263**
Total revenue at a point in time	**-**	**-**	**-**	**17,594**	**1,263**	**18,857**
Total revenue from contracts with customers	**24,608**	**13,914**	**4,963**	**22,236**	**1,354**	**67,075**

Contract balances

The following table provides information about receivables, and contract liabilities from contracts with customers.

	2024	2023
	£'000	**£'000**
Contract receivables (included in trade and other receivables)		
Tenant rental receivables net of expected credit loss (note 11)	1,425	1,477
Other trade receivables (note 11)	985	244
Accrued income (note 11)	174	942
	2,584	2,663
Contract liabilities		
Payments received in advance	1,512	1,491
Deferred income	134	363
	1,646	1,854

The Association applies the practical expedient in paragraph 121 of IFRS 15 and does not disclose information about remaining performance obligations that have original expected durations of one year or less.

Notes to the Financial Statements (continued)

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

	2024 Turnover £'000	2024 Cost of sales £'000	2024 Operating costs £'000	2024 Operating surplus £'000	2023 Operating surplus £'000
Social housing lettings					
General needs housing	27,630	-	(12,088)	15,542	15,149
Sheltered and supported housing	16,340	-	(13,721)	2,619	1,389
Shared ownership housing	5,792	-	(1,346)	4,446	3,833
	49,762	**-**	**(27,155)**	**22,607**	**20,371**
Other social housing activities					
Development administration	-	-	(1,077)	(1,077)	(1,114)
Home ownership and managed properties	763	-	(494)	269	244
Supporting people contract income	2,874	-	(2,874)	-	-
Shared ownership first tranche sales	22,417	(20,176)	-	2,241	3,051
Other social housing income	1,721	-	(1,721)	-	-
	27,775	**(20,176)**	**(6,166)**	**1,433**	**2,181**
Non-social housing activities					
Non-social housing property sales	518	(429)	-	89	572
Other non-social housing income	135	-	(135)	-	-
	653	**(429)**	**(135)**	**89**	**572**
Totals	**78,190**	**(20,605)**	**(33,456)**	**24,129**	**23,124**
Other gains and losses				1,062	3,399
Operating surplus				**25,191**	**26,523**
Finance income				17,821	8,739
Finance costs				(34,129)	(29,098)
Surplus for the year before tax				**8,883**	**6,164**
Taxation				-	-
Surplus for the year				**8,883**	**6,164**

Notes to the Financial Statements (continued)

4. Income and expenditure from social housing lettings

	General needs housing £'000	Sheltered & supported housing £'000	Shared ownership housing £'000	2024 Total £'000	2023 Total £'000
Income from lettings					
Rents	25,860	6,184	4,969	37,013	32,669
Service charges	1,722	9,440	819	11,981	10,338
Other income	48	716	4	768	478
Turnover from social housing lettings	**27,630**	**16,340**	**5,792**	**49,762**	**43,485**
Expenditure on lettings					
Management	(1,897)	(2,821)	(601)	(5,319)	(4,662)
Services	(2,044)	(6,386)	(287)	(8,717)	(7,039)
Routine maintenance	(2,724)	(2,413)	(20)	(5,157)	(4,574)
Planned maintenance	(1,032)	(664)	(15)	(1,711)	(1,403)
Rent losses from bad debts	(138)	(258)	-	(396)	(485)
Depreciation of properties	(4,253)	(1,179)	(423)	(5,855)	(4,951)
Operating costs from social housing lettings	**(12,088)**	**(13,721)**	**(1,346)**	**(27,155)**	**(23,114)**
Operating surplus from social housing lettings	**15,542**	**2,619**	**4,446**	**22,607**	**20,371**
Voids	**(258)**	**(737)**	**-**	**(995)**	**(1,267)**

5. Operating surplus

Cost of sales relates to the cost of properties sold in the ordinary course of business. Expenditure relating to the provision of services, which forms the majority of the Association's activities, is shown within operating expenditure.

	2024 £'000	2023 £'000
The surplus is arrived at after charging/(crediting):		
Cost of sales		
Cost of inventories recognised as an expense	20,605	15,234
Operating expenditure		
Rented and sheltered bad debts (note 17)	330	529
Other bad debts (note 17)	128	(6)
Depreciation charge for the year		
Depreciation of property, plant and equipment (note 10)	6,325	5,308
Other gains and losses		
Surplus on sale of property, plant and equipment (note 6)	1,062	3,399
Auditor's remuneration		
In their capacity as external auditor	16	16

There were no non-audit service during the year or the prior year.

Notes to the Financial Statements (continued)

6. Other gains and losses

2024

	Subsequent staircasing £'000	Other properties and equipment £'000	Total 2024 £'000
Proceeds	2,048	145	2,193
Cost of disposals	(1,028)	(103)	(1,131)
	1,020	42	1,062

2023

	Subsequent staircasing £'000	Other properties and equipment £'000	Total 2023 £'000
Proceeds	6,530	110	6,640
Cost of disposals	(3,138)	(103)	(3,241)
	3,392	7	3,399

Cost of disposals includes the carrying amount of assets prior to disposal and other related disposal costs.

Subsequent staircasing relates to shared ownership properties, where the tenant owners have purchased an additional stake in the property from the Association. This is treated as a gain or loss on asset disposal based on guidance from the SORP that does not conflict with IFRS.

7. Members' emoluments and employee information

Members of the Board

The Members of the Board who served during the year are set out on page 9. Members of the board receive salaries in their capacity as employees of the parent undertaking, Sanctuary Housing Association, and their costs were not recharged as they were incidental to their services provided to other Sanctuary Group companies. Expenses borne by the ultimate parent undertaking are negligible.

Employee information

There were no employees of the Association during the year (2023: none). Development, support services, management and administration are carried out by its parent undertaking Sanctuary Housing Association and recharged to the Association.

Notes to the Financial Statements (continued)

8. Finance income and costs

a) Finance income

	2024	2023
Interest receivable from:	£'000	£'000
Short-term cash deposits	292	59
Intercompany loans	17,529	8,680
	17,821	**8,739**

b) Finance costs

	2024	2023
Intercompany loans:	£000	£000
Repayable within five years by instalments	350	402
Repayable wholly or partly in more than 5 years	37,064	33,647
Interest in respect of right-of-use assets	39	70
Less interest capitalised on housing property development	(3,324)	(5,021)
	34,129	**29,098**

9. Taxation

(a) Analysis of tax charge for the year

	2024	2023
Current tax:	£'000	£'000
Tax on surplus for the year	-	-
Adjustments in respect of prior periods	-	-
Total tax charge	-	-

b) Factors affecting the tax charge in the year

The Association has been granted charitable status for tax purposes by His Majesty's Revenue and Customs (HMRC) and so is not liable for corporation tax on the majority of its activities.

The tax charge is lower than the standard rate of corporation tax in the UK of 25% (2023: lower than the standard rate of 19%). The differences are explained below:

	2024	2023
	£'000	£'000
Surplus before tax	8,883	6,164
Surplus before tax multiplied by the main rate of corporation tax in the UK of 25% (2023: 19%)	2,221	1,171
Effects of:		
Activities which are exempt from taxation	(2,221)	(1,171)
Total current tax charge for the year	-	-

Factors affecting future tax charge:
From April 2023, the main rate of corporation tax was increased to 25%. No further changes to corporation tax have been announced.

Notes to the Financial Statements (continued)

10. Property, plant and equipment

	Land and buildings £'000	Land and buildings shared ownership £'000	Offices, plant and equipment £'000	Under construction £'000	Shared ownership under construction £'000	Total £'000
Cost						
1 April 2022	682,077	98,100	1,838	111,723	29,241	922,979
Additions	2,909	-	901	30,852	-	34,662
Transfer to completed	46,680	20,222	-	(46,680)	(20,222)	-
Transfers between categories	5,701	(5,701)	-	-	-	-
Transfers from/(to) inventory	426	-	-	(1,633)	11,626	10,419
Disposals	(227)	(3,219)	-	-	-	(3,446)
Balance at 31 March/ 1 April 2023	737,566	109,402	2,739	94,262	20,645	964,614
Additions	1,569	106	714	44,166	-	46,555
Transfer to completed	43,831	25,570	-	(43,831)	(25,570)	-
Transfers between categories	(2,983)	100	(6)	2,889	-	-
Transfers from inventory	-	-	-	2,588	19,348	21,936
Disposals	(264)	(1,057)	(23)	-	-	(1,344)
Balance at 31 March 2024	779,719	134,121	3,424	100,074	14,423	1,031,761
Depreciation and impairment						
1 April 2022	23,806	1,309	615	-	-	25,730
Depreciation charge for the year	4,706	333	269	-	-	5,308
Transfers between categories	27	(27)	-	-	-	-
Disposals	(124)	(81)	-	-	-	(205)
Balance at 31 March/ 1 April 2023	28,415	1,534	884	-	-	30,833
Depreciation charge for the year	5,571	374	380	-	-	6,325
Disposals	(43)	(28)	(18)	-	-	(89)
Balance at 31 March 2024	33,943	1,880	1,246	-	-	37,069
Social Housing Grant						
1 April 2022	149,555	17,389	-	12,779	5,090	184,813
Additions	543	145	-	10,914	3,252	14,854
Transfer to completed	4,789	3,252	-	(4,789)	(3,252)	-
Transfers between categories	61	(111)	-	50	-	-
Transfers from other grant	130	-	-	-	-	130
Disposals	(82)	(337)	-	-	-	(419)
Balance at 31 March/ 1 April 2023	154,996	20,338	-	18,954	5,090	199,378
Additions	-	-	-	32,363	-	32,363
Transfer to completed	7,438	6,272	-	(13,710)	-	-
Disposals	(64)	(61)	-	-	-	(125)
Balance at 31 March 2024	162,370	26,549	-	37,607	5,090	231,616
Other grant						
1 April 2022	6,296	763	-	273	-	7,332
Additions	-	-	-	(17)	-	(17)
Transfer to completed	75	-	-	(75)	-	-
Transfers between categories	(9)	(8)	-	17	-	-
Transfers to social housing grant	(130)	-	-	-	-	(130)
Balance at 31 March/ April 2023	6,232	755	-	198	-	7,185
Additions	-	-	-	-	-	-
Transfer to completed	125	-	-	(125)	-	-
Balance at 31 March 2024	6,357	755	-	73	-	7,185
Net book value						
31 March 2024	**577,049**	**104,937**	**2,178**	**62,394**	**9,333**	**755,891**
31 March 2023	**547,923**	**86,775**	**1,855**	**75,110**	**15,555**	**727,218**
1 April 2022	**502,420**	**78,639**	**1,223**	**98,671**	**24,151**	**705,104**

Notes to the Financial Statements (continued)

10. Property, plant and equipment (continued)

Assets pledged as security

Property with a pre-grant carrying amount of £343,590,000 (2023: £318,483,000) has been pledged to secure Association borrowings.

Annual impairment review

The Association annually reviews properties for indicators of potential impairment. Assets that reveal indicators are then subjected to further impairment tests using the methods described in note 1.

Social housing assets are considered to have indicators of impairment when they have been vacant for a period of ninety days or longer. In the current and prior year, the carrying value of social housing properties identified with indicators of potential impairment was not material to the Association and so further impairment tests were not deemed necessary.

For the year ended 31 March 2024 no impairment has been recognised (2023: £nil).

11. Trade and other receivables

	2024 £'000	2023 £'000
Current:		
Tenant rental receivables (note 17)	1,425	1,477
Other trade receivables (note 17)	985	244
Amounts due from fellow group undertakings	178,918	57,761
Prepayments	4,902	2,017
Accrued grant income	174	942
Other receivables	1,719	1,353
	188,123	**63,794**
Non Current:		
Amounts due from fellow group undertakings	132,394	145,489
	132,394	**145,489**
Total trade and other receivables	**320,517**	**209,283**

Tenant rental receivables are stated net of expected credit loss of £453,000 (2023: £450,000). Other trade receivables are stated net of expected credit loss of £192,000 (2023: £137,000). Further information on tenant rental receivables and other trade receivables is contained in note 17.

The amounts due from fellow group undertakings relate to loan facility agreements with the following entities; Beech Grove Homes Limited £168,094,000 (2023: £133,094,000) repayable by 31 March 2025, Johnnie Johnson Homes Limited £10,000,000 repayable by 27 February 2026, Swan Housing Association £110,000,000 (2023: £50,000,000) repayable by 31 March 2026 and Cornwall Care Limited £12,395,000 (2023: £12,395,000) repayable by 21 October 2025. The remaining balance relates to trading balances of £10,823,000 (2023: £7,761,000). The interest on the loans are charged at a rate of SONIA plus 3% to Beech Grove Homes Limited (2023: SONIA plus 3%), and SONIA plus 2.75% for loans to Cornwall Care Limited (2023: SONIA plus 2.75%), and SONIA plus 2% for loans to Johnnie Johnson Homes Limited, and SONIA plus 2% for loans to Swan Housing Association (2023: SONIA plus 2.75%).

Notes to the Financial Statements (continued)

12. Inventory

	2024 £'000	2023 £'000
Properties held for sale – completed	1,321	3,393
Properties held for sale – under construction	16,301	20,209
	17,622	**23,602**

Included within properties held for sale for the Association are £1.3 million (2023: £3.4 million) completed shared ownership properties and £9.3 million (2023: £13.8 million) shared ownership properties under construction.

Properties held for sale relate to proportions of shared ownership properties allocated as first tranche sales, as well as properties held for outright sale; movements in the year are shown in the reconciliation below.

	£'000
1 April 2023	23,602
Additions	2,716
Transfers to property, plant and equipment	(21,936)
Sales and transfers from Beech Grove Homes Limited	33,845
Property sales (external to Group)	(20,605)
At 31 March 2024	**17,622**

No inventories have been written down during the year and none are carried at fair value less costs to sell.

A detailed year end review of all development projects was carried out to assess the carrying value of property inventories to identify if there were any instances where this was in excess of net realisable value. No impairment has been recognised as a result of this exercise.

Notes to the Financial Statements (continued)

13. Trade and other payables

	2024 £'000	2023 £'000
Current:		
Trade payables	2,806	899
Amounts due to fellow group undertakings	21,320	13,541
Other taxation	378	586
Other payables	34	430
Accruals	13,041	6,738
Future maintenance on home ownership schemes	1,280	1,073
Recycled capital grant fund	358	181
	39,217	**23,448**
Non current:		
Recycled capital grant fund	1,593	712
	1,593	**712**
Total trade and other payables	**40,810**	**24,160**

Amounts due to fellow group undertakings include £8,072,000 (2023: £1,146,000) which is trading in nature, repayable on demand and non-interest bearing. The remaining balance of £13,248,000 (2023: £12,395,000) relates to accrued loan interest on intercompany loans. Further information on trade payables and amounts owed to fellow Group undertakings can be found in note 17.

All social housing and other grants are potentially repayable to the issuing body. The potential liability is recognised through the balances held as recycled capital grant fund.

Recycled capital grant fund (RGCF)

	Homes England £'000	Greater London Authority £'000	Total £'000
Recycled capital grant fund at 1 April 2023	517	376	893
Inputs to RCGF – grants recycled	1,078	13	1,091
Inputs to RCGF - interest accrued	50	18	68
Repayment of grant	-	(101)	(101)
Recycled capital grant fund at 31 March 2024	**1,645**	**306**	**1,951**

Notes to the Financial Statements (continued)

14. Loans and borrowings

	2024 £'000	2023 £'000
Current:		
Amounts owed to group companies	133	39,658
Net lease liability (note 15)	56	98
	189	**39,756**
Non current:		
Amounts owed to group companies	1,037,946	884,486
Net lease liability (note 15)	735	738
	1,038,681	**885,224**
Total loans and borrowings	**1,038,870**	**924,980**

Based on the lender's earliest repayment date, loans fall due as follows:

	2024 £'000	2023 £'000
Due within one year	189	39,756
Due in more than one year but less than two years	51,387	(186)
Due in more than two years but less than five years	87,761	5,968
Due in more than five years	899,533	879,442
	1,038,870	**924,980**

Borrowings are stated net of £4,453,000 set up costs (2023: £4,540,000). Details on interest rates are contained in note 17.

15. Leases

Lessee arrangements

The Association leases a number of residential properties. Typical residential leases most commonly run from periods of between 100 and 999 years. Leases will be typically appraised prior to expiry of the initial term of the contract or at the next break opportunity. A decision to either terminate or renew the lease will be undertaken. Leases that pass the initial term without a decision will continue in a holdover period until resolved.

Right-of-use assets

Right-of-use assets relates to leased properties that do not meet the definition of investment property are presented as property, plant and equipment (see note 10).

Notes to the Financial Statements (continued)

15. Leases (continued)

Right-of-use assets included within Property, plant and equipment

	Land and buildings £'000
Cost	
Balance as at 1 April 2023	1,071
Additions	19
Balance as at 31 March 2024	**1,090**
Depreciation and impairment	
Balance as at 1 April 2023	260
Depreciation charge for the year	110
Balance as at 31 March 2024	**370**
Net book value	
31 March 2024	**720**
31 March 2023	**811**

Amounts recognised in the Statement of Comprehensive Income

	2024 £'000	2023 £'000
Interest on lease liabilities	39	70
Depreciation charge for right-of-use assets	110	106
	149	**176**

Amounts recognised in the Statement of Cash Flows

	2024 £'000	2023 £'000
Total cash outflow for leases	91	155
	91	**155**

Rent reviews

The majority of the Association's leases have rent reviews within their terms. These reviews rely on information such as inflation indexes and market rates at the time of the review. These future increases (and occasional decreases) in rents payable will not be recognised in the right-of-use assets and lease liabilities until they become effective.

Notes to the Financial Statements (continued)

15. Leases (continued)

Lease liabilities

Undiscounted lease payments to be made under lease arrangements fall due as shown below.

	2024 £'000	2023 £'000
Land and buildings:		
Under one year	109	130
In the second to fifth year inclusive	360	375
In more than five years	3,733	3,815
Total gross payments	4,202	4,320
Financing costs	(3,411)	(3,484)
Net lease liability	**791**	**836**

The present value of amounts payable under leases is as follows:

	2024 £'000	2023 £'000
Land and buildings:		
Under one year	56	98
In the second to fifth year inclusive	184	187
In more than five years	551	551
	791	**836**

All leases are on a fixed repayment basis and no arrangements have been entered into for contingent payments.

Lessor arrangements

It has been determined that contracts of residential occupation, which include social housing tenancies, do not meet the definition of a lease under IFRS 16. These arrangements are treated as revenue contracts under IFRS 15.

16. Provisions

	Onerous contracts £'000	Property related £'000	Total £'000
Cost			
Balance at 1 April 2023	740	109	849
Released in the year	(441)	(109)	(550)
Balance at 31 March 2024	299	-	299
<u>Ageing of provisions – expected utilisation</u>			
At 31 March 2024			
Under one year	-	-	-
Over one year	299	-	299
At 31 March 2023			
Under one year	-	109	109
Over one year	740	-	740

Notes to the Financial Statements (continued)

16. Provisions (continued)

Provisions relate to an onerous contract. The onerous contract provision will be unwound over a period of three years.

17. Financial instruments and risk management

Financial risk management objectives and policies

The Group's Treasury function is responsible for the management of funds and control of the associated risks. Other financial risks, for example tenant rental arrears, are the responsibility of other operating divisions of the Group's finance function. Treasury and finance activities are governed in accordance with the Group Board approved policy and the management of associated risks is reviewed and approved by the Group Audit and Risk Committee.

Where financial instruments are measured in the Statement of Financial Position at fair value, disclosure of fair value measurements by level is required, in accordance with the following fair value measurement hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The Association's financial instruments include:

Financial assets

Financial assets at amortised cost

	2024 £'000	2023 £'000
Tenant rental receivables (note 11)	1,425	1,477
Other trade receivables (note 11)	985	244
Other receivables (note 11)	1,719	1,353
Amounts due from fellow group undertakings (note 11)	311,312	203,250
Cash and cash equivalents	9,610	4,872
	325,051	**211,196**

Of the above tenant rental receivables, other trade receivables, amounts due from subsidiary undertakings and other receivables totalling £315,441,000 (2023: £206,324,000) derive from current and non current trade and other receivables balances on the Statement of Financial Position. Trade and other receivables totalled £320,517,000 at 31 March 2024 (2023: £209,283,000). The remaining balances of £5,076,000 (2023: £2,959,000) are not considered to fall within the definition of a financial asset.

Notes to the Financial Statements (continued)

17. Financial instruments and risk management (continued)

Financial liabilities

Financial liabilities at amortised cost - current

	2024 £'000	2023 £'000
Debt finance gross of set up costs	133	40,152
Net lease liability (note 15)	56	98
Trade payables (note 13)	2,806	899
Amounts due to fellow group undertakings (note 13)	21,320	13,541
Other payables	1,692	2,089
	26,007	**56,779**

Other payables include taxation and future maintenance on home ownership schemes. Current trade and other payables as disclosed in the Statement of Financial Position totalled £39,217,000 (2023: £23,448,000). The difference between the Statement of Financial Position and the amounts disclosed above is £13,399,000 (2023: £6,919,000) and relates to balances that are not considered to fall within the definition of a financial liability. Debt finance consists of loans and mortgages and is presented before deduction of set up costs.

Financial liabilities at amortised cost – non-current

	2024 £'000	2023 £'000
Debt finance gross of set up costs	1,042,399	888,532
Net lease liability (note 15)	735	738
	1,043,134	**889,270**

Debt finance consists of loans and mortgages and is presented before deduction of set up costs.

Total current and non-current other financial liabilities at 31 March 2024 were £1,069,141 (2023: £946,049,000). All significant inputs required to value the above instruments are observable, as such, the Association has classified them as level 2.

Valuation

Balances are valued in accordance with note 1 Principal Accounting Policies – Financial Instruments. Fair value equates to book value for all of the Association's instruments. Further details on loans and borrowings contained in note 17a.

Notes to the Financial Statements (continued)

17. Financial instruments and risk management (continued)

Analysis of risks

a) Interest rate risk and exposure

Interest rate risk is defined as the risk that interest rates may change in the future materially affecting the Association's liabilities and cash flows.

The interest rate exposure of the Association net debt at 31 March 2024 was:

	£'000	%
Fixed rate financial liabilities	828,367	79.7
Floating rate financial liabilities	210,503	20.3
	1,038,870	**100.0**

The cost of borrowing of the Association's financial liabilities is 4.11% (2023: 3.69%). The weighted average life of fixed rate financial liabilities is 22.5 years (2023: 22.3 years). The Association operates an interest rate policy designed to minimise interest cost and reduce volatility in cash flow and debt service costs.

The Association's cash flow interest rate risk relates to:

- Variable rate financial instruments which are subject to rate changes – a 10% increase in interest costs would result in an additional charge to the Statement of Comprehensive Income of £1,317,000 (2023: £501,000).
- Fixed rate financial instruments where benefits of interest rate reductions are lost – a 0.25% rate reduction would result in a lost benefit of £2,140,000 (2023: £2,142,000).

A comparison of the book value to fair value of the Association's long-term borrowings at 31 March 2024 is set out below.

	2024 Book Value £'000	2024 Fair Value £'000
Amounts owed to Group companies (note 14)	1,037,946	926,213
Lease liability (note 15)	735	735
	1,038,681	**926,948**

The following methods and assumptions have been applied in determining the value of the financial instruments in the table above.

(i) The book value of loans with a maturity of less than one year is assumed to equate to their carrying value.
(ii) The fair value of loans greater than one year is established by utilising discounted cash flow valuation models or listed market prices where available.

Interest rate risk applies to debt finance.

b) Liquidity risk

Liquidity risk is the risk that the Association will fail to be able to access liquid funds - either through:

- lack of available facilities; or
- lack of secured, but available, facilities; or
- lack of identification of need to draw on available facilities.

Notes to the Financial Statements (continued)

17. Financial instruments and risk management (continued)

Analysis of risks (continued)

b) Liquidity risk (continued)

The Group Treasury function ensures the above risks are managed by preparing cash forecasts on a daily and longer term basis to ensure that short and longer term requirements are known. The forecasts are cautious in the approach and are constantly updated to allow for sensitivity in assumptions. These are reported to the Chief Financial Officer on a fortnightly basis. The forecasts identify when draw-downs on existing facilities are required and when existing facilities expire. Further facilities are negotiated and secured well in advance of them being needed for draw-down.

The Group Treasury function also manages a database of the Association's stock in order to identify unencumbered stock for security of new facilities. A programme of valuations is maintained to ensure that optimum value as security is gained from the Association's stock. These systems ensure that facilities are available to the Association which are secured and available to draw on as required.

The Association's liquidity policy is to maintain sufficient liquid resources to cover cash flow requirements and fluctuations in funding to enable the Association to meet its financial obligations.

The Association has not defaulted on any of its loan arrangements in the year. Liquidity risk applies to cash and all payables balances.

Contractual cash flows for all financial liabilities

The following is an analysis of the anticipated contractual cash flows including interest and finance charges payable for financial liabilities on an undiscounted basis. For lease liabilities, this represents gross minimum lease payments. For the purpose of this table, debt is defined as bank loans, mortgages and deferred finance. Interest is calculated based on debt held at 31 March.

At 31 March 2024	**Debt**	**Interest on debt**	**Lease liability**	**Other liabilities not in net debt**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£000**
Due less than one year	(641)	(42,245)	(109)	(25,818)	(68,813)
Between one and two years	(52,741)	(40,488)	(109)	-	(93,338)
Between two and three years	(45,741)	(40,503)	(89)	-	(86,333)
Between three and four years	(2,741)	(38,006)	(81)	-	(40,828)
Between four and five years	(41,692)	(36,880)	(81)	-	(78,653)
Greater than five years	(923,129)	(523,620)	(3,733)	-	(1,450,482)
Gross contractual cash flows	**(1,066,685)**	**(721,742)**	**(4,202)**	**(25,818)**	**(1,818,447)**

At 31 March 2023	**Debt**	**Interest on debt**	**Lease liability**	**Other liabilities not in net debt**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£000**
Due less than one year	(40,641)	(38,511)	(130)	(16,529)	(95,811)
Between one and two years	(642)	(38,207)	(103)	-	(38,952)
Between two and three years	(2,742)	(37,134)	(103)	-	(39,979)
Between three and four years	(2,741)	(36,899)	(87)	-	(39,727)
Between four and five years	(2,741)	(36,656)	(81)	-	(39,478)
Greater than five years	(903,820)	(579,018)	(3,816)	-	(1,486,654)
Gross contractual cash flows	**(953,327)**	**(766,425)**	**(4,320)**	**(16,529)**	**(1,740,601)**

Notes to the Financial Statements (continued)

17. Financial instruments and risk management (continued)

Analysis of risks (continued)

c) Credit risk

Credit risk applies to all debtor balances and to debt finance. The risk falls into two categories: financial and operational.

Financial

The Association manages credit risk by carrying out monthly credit checks on all counterparties from which the Association either sources funds or places deposits. The financial credit risk is mitigated to some extent by the existence of borrowing facilities with such counterparties. It is the Association's policy not to take or place funds with any financial institution which is not accepted as a counterparty in the Association's Financial Regulations. Such counterparties are approved by the Association's Board but only on the achievement of the desired credit agency rating. All of the Association's current borrowing is through Sanctuary Treasury Limited, a fellow member of the Sanctuary Group.

Twelve-month probabilities of default (PD) are based on historical credit loss data supplied by the rating agency Moody's. Assets measured at amortised cost or FVOCI were subject to a 12-month ECL allowance, none of these assets were materially credit impaired. Largely due to the low credit risk of the financial assets held, there has been no expected credit loss recognised at 31 March 2024 because the amounts are not material.

Operational

The majority of the operational debt at any given time relates to tenants of the Association. These debts are reported to management on a weekly basis and recovery of debts is coordinated through subsidiary and regional management teams. Performance of debt recovery is reviewed monthly by the Group Executive Directors.

Tenant rental receivable arrears

Gross tenant rental receivable arrears due as at 31 March 2024 totalled £1,878,000 (2023: £1,927,000). Most of this balance was past due as the majority of tenancy agreements state that the rent is due in advance. The age of these arrears was as follows:

	2024 **£'000**	**2023** **£'000**
Less than 30 days	1,064	1,218
30 to 60 days	217	212
60 to 90 days	145	138
More than 90 days	452	359
Balance as at 31 March	**1,878**	**1,927**

There is an expected credit loss against £453,000 (2023: £450,000) of this balance leaving a net rental arrears balance of £1,425,000 (2023: £1,477,000) (see note 11).

Notes to the Financial Statements (continued)

17. Financial instruments and risk management (continued)

Analysis of risks (continued)

c) Credit risk (continued)

Tenant rental receivable arrears loss allowance

	2024 £'000	2023 £'000
Balance as at 1 April	450	449
Provided in the year	330	529
Amounts written off	(327)	(528)
Balance as at 31 March	**453**	**450**

Under IFRS 9, loss allowances for tenant rental receivables are measured at an amount equal to lifetime Expected Credit Losses (ECLs). Lifetime ECLs are a probability-weighted estimate of credit losses that result from all possible default events over the expected life of a financial instrument.

Other trade receivables

Gross other trade receivables balances as at 31 March 2024 totalled £1,177,000 (2023: £381,000). The age of gross other trade receivables balances was as follows:

	2024 £'000	2023 £'000
Less than 30 days	705	57
30 to 60 days	81	113
60 to 90 days	38	7
More than 90 days	353	204
Balance as at 31 March	**1,177**	**381**

There is an expected credit loss against £192,000 (2023: £137,000) of this balance leaving a net other trade receivables balance of £985,000 (2023: £244,000) (see note 11).

Other trade receivables loss allowance

	2024 £'000	2023 £'000
Balance as at 1 April	137	167
(Released)/Provided in the year	128	(6)
Amounts written off	(73)	(24)
Balance as at 31 March	**192**	**137**

Under IFRS 9, loss allowances for other trade receivables are measured at an amount equal to lifetime Expected Credit Losses (ECLs). Lifetime ECLs are a probability-weighted estimate of credit losses that result from all possible default events over the expected life of a financial instrument.

Notes to the Financial Statements (continued)

17. Financial instruments and risk management (continued)

c) Credit risk (continued)

Analysis of risks (continued)

The maximum credit risk at 31 March 2024 and 2023 was as follows:

	2024 £'000	2023 £'000
Receivables	315,441	206,324
Cash and cash equivalents	9,610	4,872
	325,051	**211,196**

d) Concentration risk

Concentration risk is defined as the risk associated with a reliance on transactions that carry a similar risk profile.

Management determines concentrations of risk through its standard risk management procedures, as detailed in the Board's Report and Operating and Financial Review.

Management considers the Association's main concentration of risk to be within rent and service charge arrears. The shared characteristic of this concentration is the social demographic of the client base that can be linked to lower credit quality. However, the arrears are from a number of types of tenancy:

- General needs;
- Sheltered housing;
- Supported housing;
- Shared ownership; and
- Home ownership.

A reduced level of risk is associated with shared ownership and home ownership residents.

The maximum exposure to this risk is equal to the tenant arrears balance (net of expected credit loss) at 31 March 2024, £1,425,000 (2023: £1,477,000).

e) Capital

The Association considers its capital balances to be share capital (note 18) and reserves.

18. Share capital

	2024 £	2023 £
Authorised, allotted, issued and fully paid:	3	3

The shares do not have a right to any dividend or distribution on winding-up, and are not redeemable. Each share has full voting rights.

Notes to the Financial Statements (continued)

19. Capital commitments

	2024 £'000	2023 £'000
Expenditure contracted	88,375	169,910
Authorised expenditure not contracted	129,201	98,399
	217,576	**268,309**

Of the £217,576,000 of capital commitments at 31 March 2024 (2023: £268,309,000), £82,798,000 (2023: £54,886,000) will be financed by grant and other public finance.

The remainder will be funded through private finance and reinvestment of the Association's surpluses.

20. Notes to the Statement of Cash Flows

	2024 £'000	2023 £'000
Cash and cash equivalents per Statement of Financial Position	9,610	4,872
Cash and cash equivalents per Statement of Cash Flows	9,610	4,872

Cash and cash equivalents at the end of the reporting period can be reconciled to the related items in the Statement of Financial Position as shown above.

Reconciliation of liabilities arising from financing activities

	At 1 April 2023 £'000	Cash flows £'000	Other non-cash changes £'000	At 31 March 2024 £'000
Debt due less than one year	(39,756)	50,148	(10,581)	(189)
Debt due after more than one year	(885,224)	(163,000)	9,543	(1,038,681)
	(924,980)	**(112,852)**	**(1,038)**	**(1,038,870)**

	At 1 April 2022 £'000	Cash flows £'000	Non-cash changes £'000	At 31 March 2023 £'000
Debt due less than one year	(978)	111,680	(150,458)	(39,756)
Debt due after more than one year	(867,435)	(167,109)	149,320	(885,224)
	(868,413)	**(55,429)**	**(1,138)**	**(924,980)**

Non-cash changes reflect progression in the ageing of debt due after more than one year to less than one year as well as amortisation of premiums and capitalised borrowing costs.

Notes to the Financial Statements (continued)

21. Related party transactions

Trading

During the year the Association had the following transactions with non-RSH regulated Group undertakings:

Sales / (purchases/recharges)	2024 £'000	2023 £'000
Beech Grove Homes Limited	(22,708)	(208)
Cornwall Care Limited	1,356	-
Sanctuary Care Limited	84	15
Sanctuary Home Care Limited	(445)	(963)
Sanctuary Maintenance Contractors Limited	(10,435)	(9,757)
Sanctuary Scotland Housing Association	15	1
Sanctuary Treasury	(102)	-

At the reporting date, the Association had the following trading balances with non-RSH regulated Group undertakings:

Receivable / (payable)	2024 £'000	2023 £'000
Beech Grove Homes Limited	(7,284)	5,508
Cornwall Care Limited	1,978	-
Sanctuary Care Limited	42	(6)
Sanctuary Home Care Limited	(11)	102
Sanctuary Maintenance Contractors Limited	(714)	(1,139)
Sanctuary Scotland Housing Association	-	(1)
Sanctuary Treasury Limited	(63)	-
	(6,052)	**4,464**

During the year the Association had the following transactions, including capital transactions, with RSH regulated Group undertakings:

Sales and grant receipts / (purchases/recharges)	2024 £'000	2023 £'000
Sanctuary Housing Association (sales/grant receipts)	46,869	39,847
Sanctuary Housing Association (purchases/recharges)	(21,401)	(24,413)

At the reporting date, the Association had the following trading balances with RSH regulated Group undertakings:

Receivable	2024 £'000	2023 £'000
Sanctuary Housing Association	8,804	2,151
	8,804	**2,151**

Notes to the Financial Statements (continued)

21. Related party transactions (continued)

Loans and interest receivable

At the reporting date, the Association had the following loan balances receivable from RSH regulated Group undertakings:

Loans	**2024**	**2023**
	£'000	**£'000**
Johnnie Johnson Homes Limited	10,000	-
Swan Housing Association	110,000	50,000
	120,000	**50,000**

During the year the Association recognised interest on the above loan as follows:

Interest	**2024**	**2023**
	£000	**£000**
Interest on intercompany loans	3,779	1,271
	3,779	**1,271**

At the reporting date, the Association had the following accrued interest receivable balance, in relation to the above loan.

Accrued interest	**2024**	**2023**
	£'000	**£'000**
Accrued interest receivable	500	302
	500	**302**

At the reporting date, the Association had the following loan balances receivable from non-RSH regulated Group undertakings:

Loans	**2024**	**2023**
	£'000	**£'000**
Beech Grove Homes Limited	168,094	133,094
Cornwall Care Limited	12,395	12,395
	180,489	**145,489**

During the year the Association recognised interest on the above loans as follows:

Interest	**2024**	**2023**
	£000	**£000**
Interest on intercompany loans	13,750	7,409
	13,750	**7,409**

At the reporting date, the Association had the following accrued interest receivable balance, in relation to the above loans.

Accrued interest	**2024**	**2023**
	£'000	**£'000**
Accrued interest receivable	1,290	932
	1,290	**932**

Notes to the Financial Statements (continued)

21. Related party transactions (continued)

Loans and interest payable

At the reporting date, the Association had the following loan balances with non-RSH regulated Group undertakings:

Loans	**2024** **£'000**	**2023** **£'000**
Sanctuary Treasury Limited	(1,038,079)	(924,144)
	(1,038,079)	**(924,144)**

During the year the Association incurred interest on the above loans as follows:

Interest	**2024** **£000**	**2023** **£000**
Interest on intercompany loans	37,414	32,395
Less interest capitalised on housing property development	(3,324)	(5,021)
Net finance cost recognised in the Income Statement	**34,090**	**27,374**

At the reporting date, the Association had the following accrued interest balances (included within amounts due to fellow group undertakings in note 13), in relation to the above loans.

Accrued interest	**2024** **£'000**	**2023** **£'000**
Accrued interest	(13,248)	(12,394)
	(13,248)	**(12,394)**

The Association made no other related party transactions in the year. Details of all the subsidiaries within the Group can be found within the Group financial statements.

22. Ultimate parent company

The ultimate parent undertaking and controlling party is Sanctuary Housing Association, registered in England as a Registered Society (Number 19059R) and with the Regulator of Social Housing (Number L0247). A copy of the Group financial statements can be obtained from Sanctuary Housing Association, Chamber Court, Castle Street, Worcester, WR1 3ZQ.

23. Events after the reporting period

There are no events after the reporting period that require disclosure.