



**ARAWAK WALTON  
HOUSING ASSOCIATION LIMITED**  
(A Charitable Co-operative and Community Benefit Society)

**Financial Statements**

**For the Year Ended 31 March 2023**

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**Arawak Walton Housing Association Limited**  
**Association Details**  
**For the Year Ended 31 March 2023**

<b>Board of Management</b>	<p>Mr Adrian Carridice-Davids (Chair Appointed September 2022)</p> <p>Ms Evelyn Asante-Mensah (Chair Resigned September 2022)</p> <p>Mr David Brown (Deputy Chair)</p> <p>Ms Anita Patel</p> <p>Ms Jenny McGarry</p> <p>Mr Rob Wakefield</p> <p>Ms Sally Penni</p> <p>Ms Elizabeth Webster (Appointed co-optee May 2022)</p> <p>Mr Troy Tull</p> <p>Mr Rob Brown</p> <p>Mr Sharon Thomas</p>
<b>Secretary</b>	Ms. C. D'Souza, A.C.A.
<b>Executive Officers</b>	<p>Ms. C. D'Souza, A.C.A. (Chief Executive)</p> <p>Ms K Forrester (Interim Operations Director)</p> <p>Mrs A Harris, BA (Hons), ACMA (Finance Director)</p>
<b>Bankers</b>	<p>Royal Bank of Scotland Plc.</p> <p>Customer Service Centre Drummond House</p> <p>1 Redheughs Avenue</p> <p>Edinburgh</p> <p>EH12 9JN</p>
<b>Solicitors</b>	<p>Knights plc</p> <p>Riverside Court</p> <p>Bollin Walk</p> <p>Wilmslow</p> <p>SK9 1DL</p>
<b>Auditor</b>	<p>Beever and Struthers Chartered Accountants</p> <p>One Express</p> <p>1 George Leigh Street</p> <p>Ancoats</p> <p>Manchester</p> <p>M4 5DL</p>
<b>Registered office</b>	<p>Margaret House</p> <p>23 Manor Street</p> <p>Ardwick</p> <p>Manchester</p> <p>M12 6HE</p>
<b>Registration Number</b>	<p>L3713 - Regulator of Social Housing</p> <p>25160R - Co-operative and Community Benefit Societies Act 2014</p>

# **Arawak Walton Housing Association Limited**

## **Board Report incorporating Strategic Report and VFM Report**

### **For the Year Ended 31 March 2023**

The Board presents its report and audited financial statements for the year ended 31 March 2023.

#### **Principal activities**

The Association's principal activities are the acquisition and management of social housing primarily for the Black and Minority Ethnic communities in the North West.

#### **Legal status**

The Association is registered under the Co-operative and Community Benefit Societies Act 2014 and is a Registered Provider with charitable status.

The Association is a Public Benefit Entity as defined by FRS102.

#### **Review of the year**

The financial year 2022/23 saw a small change to our stock of homes increasing by 7 units taking our total properties owned to 1,115. The Association also continues to manage 71 properties on behalf of the Boaz Trust. Turnover was slightly higher than the 2022 levels at £5.9million. The total comprehensive income for the year of £500,133 has taken total reserves to £14,857,208. Our reserves have been re-invested and helped to fund the acquisition and refurbishment of new properties costing £566,286, improvement works to existing properties costing £184,576 and replacing components such as bathrooms, kitchens, windows and boilers in our existing stock costing £777,123.

The Association now has approximately £18.1 million of loan facilities in place as at 31<sup>st</sup> March 2023, of which £16.6 million has been utilised.

The Association has been successful in achieving the Customer Service Excellence Standard in 2022. The award is a mark of excellent customer service and continuous improvement in service provision. It also denotes that services that are provided are effective and represent Value for Money (VfM).

The impact on costs of increasing inflation has been felt during the year across most areas, together with increased interest costs. Effective budgetary control, treasury management and planning has meant that our overall surplus position exceeded expectations. The impact of increasing costs has been discussed by our Board throughout the year. Stress testing and sensitivity analysis has been undertaken in order to understand the potential further impact of the further cost increases together with the rent increase cap.

#### **Future developments**

The Association intends to continue with its programme of modest growth. Growth will be through partnerships with other Housing Associations, local authorities and by acquisitions from the open market.

#### **Changes in fixed assets**

Details of the movements in fixed assets are set out in note 11 to the accounts.

#### **Board of Management and Executive Officers**

The Board of Management and Executive Officers of the Association are listed on page 2.

Each member of the Board of Management holds one fully paid share of £1 in the Association. The Executive Officers of the Association hold no interest in the Association's share capital and, although not having legal status of Directors, they act as Executives within the Authority delegated to them by the Board of Management.

## **Financial risk management objectives and policies**

The Association uses conventional forms of working capital to finance its day to day activities and as such the figures appearing in the accounts reflect the absolute value of amounts recoverable and payable. The Board receives regular reports on these figures in order to manage the Association's requirements.

## **Employees**

The strength of the Association lies in the quality and commitment of its employees. The Association operates an appraisal system and provides training programmes focused on quality and customer service and seeks employees' views on how to improve systems and on matters of concern.

Details of employees are set out in note 9 of the accounts.

## **Auditor**

A resolution to reappoint Beever and Struthers as auditor will be proposed at the Annual General Meeting.

## **Principal Risks and Uncertainties**

The Board has adopted a comprehensive planning, risk and control framework. It has identified the following as the principal risks and sources of uncertainty which may impact on the Association's plans, and has put in place measures to monitor and, where appropriate, to mitigate these:

### **Government Policy**

- A change to government policy results in a new measure which reduces the income which can be generated by the Association, increases the Association's costs, threatens its ability to operate independently, or otherwise has a negative impact on the Association.

### **Operating Environment**

- A change in the operating environment such as an increase in inflation or interest rates increases the costs of the Association's work or otherwise has a negative impact on the Association.

### **Governance**

- A problem of governance results in the Association making poor decisions, either about the Association's future strategy, its finances or the management of risks.

### **Property Risks**

- The Association delivers its work primarily through letting physical property assets. This work is threatened if there are problems in letting or maintaining these assets in a cost effective way.

### **Compliance Risks**

- The Association operates in an environment which requires compliance with both internal and external rules, regulatory standards and legislation. The failure to comply with one or more of these could lead to reputational damage, financial loss or harm to people. During the year we have outsourced some aspects of health and safety compliance activity including asbestos, fire alarm and emergency lighting checks. We have worked with our Board to establish a damp, mould and condensation policy and procedure to ensure that we are handling cases of damp and mould appropriately and effectively, minimising disrepair claims and promoting safe warm homes for our tenants.

### **Uncertainty in Economy**

The main issue affecting the UK and globally is the continued rise in living costs and the uncertain economic environment. Our approach to manage these uncertainties are:

- Regular review of our costs with comparison to our budget and business plan assumptions;

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- Stress testing and sensitivity analysis specific to increased costs and interest payments;
- Ensuring our website is kept up to date for our tenants to offer help to access support available;
- Review our rent levels in terms of affordability

The key areas of uncertainty identified are:

Increased costs of property maintenance	<p>We have planned for increases in costs across most operational areas of the business. We will continue to stress test against further increases and plan ahead on how the business can sustain this without increasing rent levels excessively. Management will continue to monitor levels of expenditure.</p> <p>We are aware of increased reports from tenants of damp mould and condensation and have reflected this in financial plans.</p> <p>We have a small sample of stock condition data validated by an external provider which provides insight to the condition of our homes and likely lifecycle for replacing components.</p>
Increased borrowing costs	<p>We have planned for further increases in interest costs in our business plan and also stressed test for further increases and mitigation plans. Our annual treasury strategy ensures we are managing the risk of interest rates.</p>
Increased rent arrears	<p>Whilst rent arrears have remained stable over the past 12 months, we will continue to monitor arrears weekly. We will continue to provide support for vulnerable tenants in order that they can access the support that's available to them.</p>
Cashflow implications	<p>Reduced income from an increase in rent arrears has been modelled through the business plan. The Association has access to £1.5m of undrawn loan facility.</p>
Loan covenant compliance	<p>The financial plan has been reviewed and demonstrates that all loan covenants can be met.</p>

### Statement of the Board's responsibilities in respect of the accounts

The Co-operative and Community Benefit Societies Act requires the Board to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Association and of the surplus of the Association for that period. In preparing these accounts the Board is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed;
- prepare the financial statements on a going concern basis unless it is inappropriate.

The Board is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Association and to enable it to ensure that the accounts comply with the Co-operative and Community Benefit Societies Act and the Housing Acts. It is also responsible for safeguarding the assets of

the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities, by establishing and maintaining a satisfactory system of control over the Association's accounting records, cash holdings and all its receipts and remittances.

In so far as the Board of Management is aware:-

- there is no relevant audit information of which the Association's auditor is unaware, and;
- the Board has taken all steps that it ought to have taken to make itself aware of any relevant audit information and to establish that the auditor is aware of that information.

## **Statement of the Board of Management on internal controls**

The Board is ultimately responsible for the Association's system of internal control and for reviewing its effectiveness. However such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

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

The Board has reviewed the effectiveness of the system of internal control. In particular, it has reviewed and updated the process for identifying and evaluating the significant risks affecting the business and the policies and procedures by which these risks are managed.

The Board are responsible for the identification and evaluation of significant risks together with the design and operation of suitable internal controls. These risks are assessed on a continual basis and may be associated with a variety of internal or external sources including control breakdowns, disruption in information systems, competition, natural catastrophe and regulatory requirements.

A control self-assessment and hierarchical reporting has been established which provides for a documented and auditable trail of accountability. These procedures are relevant across all operations and provide for successive assurances to be given at increasingly higher levels of management and finally to the Board. This process is facilitated by internal audit that also provide a degree of assurance as to the operation and validity of the system of internal control. Planned corrective actions are independently monitored for timely completion.

The executive officers report regularly on their review of risk and how they are managed to the Board. Internal audit independently review the risk identification procedures and control process implemented by the executive officers and report to the Audit Committee as part of the internal controls framework at least three times a year. The Audit Committee reviews the assurance procedures, ensuring that an appropriate mix of techniques is used to obtain the level of assurance required by the Board. The Audit Committee presents its findings to the Board on a regular basis.

The Chief Executive also reports to the Board on behalf of the Executive officers on significant changes in the business and the external environment, which affect significant risks. The Finance Director provides the Board with regular financial information, which includes key performance and risk indicators. Where areas for improvement in the system are identified, the Board considered the recommendations made by the delegated Committee.

## Value for Money Report 2022/23

### Executive Summary

Arawak Walton Housing Association (the Association) has used Housemark and the Regulator of Social Housing's (RSH) VFM metrics and 2022 Global Accounts figures to help understand and compare its performance across a range of value for money metrics and identify priorities for the future. At the time of writing 2022/23 comparative data is not available.

The Association's headline cost per unit (cpu) for 2022/23 was £4,179 (£3,973 in 2021/22), which is £240 per property higher than our peer's median of £3,939 in 2021/22. This increase was expected - in 2022 we reported that our plans are to invest more in maintaining our properties which will mean that our cpu will increase and this is reflected in our figures this year.

By working in inner-city areas with high levels of deprivation, the service we provide to our tenants is our key focus. We offer an intensive service to those who need it which we recognise will incur greater costs. In addition, a large proportion of our properties are pre-1919 terraced properties and as such our costs will be higher than many associations.

During the year we have reviewed our asset management strategy, focussing on fire safety measures and investment in compartmentation works, fire doors, component replacements. Our 30 year business plan include estimated costs of around £200k for further fire safety measures over the next 2 years and continue to include provisional figures for investment in carbon reduction.

We recognise that we should continue to review the delivery of our maintenance and major repairs functions to ensure we are operating efficiently, and to that end we work with similar groups in the North West through the Community Housing Association's North West Group to compare prices and discuss best practice to get value for money for the Association.

### Section 1. Value for Money Strategy

As a specialist Black and minority ethnic (BME) housing provider, Arawak Walton's mission is to champion the provision of quality affordable homes in sustainable multi-cultural communities. We aim to redress the inequity faced by BME communities in accessing good housing, health, education, training and employment. To do this, we work in areas where BME communities predominantly live or aspire to live. We play a direct role in contributing to the success of the local economy by directly employing local staff and utilising the services of local contractors and suppliers. Over £3m (circa 50%) of our rental stream is reinvested directly into the local economy. Our contractor development policy and community sponsorship programme demonstrate our commitment to the areas in which we work.

Our VFM targets are informed by the work we identify in order to achieve our mission and objectives, as per below:

#### Our Vision and Values delivered through our business plan

**We are keen financial managers;** We need financial strength and effective financial management to underpin and expand our work; we use our resources to add value and release potential.

**We are open and accountable;** We provide user-friendly information about our performance as a housing association.

**Our aims are to:**

- Retain our strong financial position with capacity to grow
- Achieve our agreed set of performance measures
- Retain G1 / V1

The Board has overall responsibility for the Association's Value for Money Strategy and each year sets annual targets in line with the approval of the Business Plan and KPIs. Value for Money is at the centre of everything we do in terms of achieving our Business Plan objectives and targets. Specific elements of our approach to value for money are:



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#### Managing our costs and assets

- an annually updated Asset Management Strategy which sets out our plans for sustaining and enhancing the value of our asset base;
- a feasibility model that incorporates not only funding but also housing management and long-term maintenance requirement to ensure the financial soundness of potential new property acquisitions;
- an annual Treasury Strategy which maps out treasury activities for the coming year, balancing value for money and mitigating risks to the Association;
- the requirement to tender certain procurements and obtain quotes for others to ensure market prices are paid, whilst maintaining our objective to work with local contractors where possible;
- we review contractor performance regularly, with a formal review undertaken every 3 years. This review includes a review of value for money of services provided.

#### Reviewing our services

- an annual review of our customer profile in terms of their diversity, housing and geographical location aspirations to ensure it delivers housing opportunities where our customers want to live;
- consideration of the value for money implications of new initiatives at Senior Management Team (SMT) and Board level;
- An independent tenant satisfaction survey is undertaken regularly to assess our customers' levels of satisfaction.

#### Reviewing & improving our performance

- Weekly, monthly and quarterly KPIs are reported and reviewed by SMT. Quarterly KPIs are reviewed by Board;
- A regular review of contractors' performance by officers and tenants and an annual appraisal;
- Attendance at a range of procurement, value for money and function specific best practice events, sharing good practice and contributing to some of our procurement efficiencies
- Participation in formal and informal benchmarking activities to identify areas where our performance does not meet that of our peers

## Section 2. Value for Money Metrics

The Regulator's VFM standard requires that seven key metrics are measured along with other financial and non-financial KPIs selected by the Association. This allows for a rounded view of the activities of the organisation.

The table below shows our results and targets for our VFM KPIs and compares these against our peers' data from 2021/22 (2022/23 peer data is not yet available). Whilst we are keen to keep costs as low as possible we know that investing in our properties is key to providing good quality homes for our tenants. Our future plans include further investment in enhanced fire safety measures, carbon reduction works and scheme 21<sup>st</sup> century improvements.

During 2022/23 we reviewed our Housemark peer group and this continues to include - all Traditional Registered Providers with less than 5,000 properties, based in the North (NW, NE, York & Humberside) and Midlands (East Midlands & West Midlands). These results are shown together with the peer results from the RSH's latest global accounts ([see RSH's VFM report for 2021/22](#)).

The rising cost of repairs and maintenance costs has been felt during 2022/23 and we expect inflationary increases across most of our expenditure areas in the next few years.

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## Board Report incorporating Strategic Report and VFM Report

### For the Year Ended 31 March 2023

VFM KPIs													
Detail	AWHA					HOUSEMARK PEER			RSH	Future Targets			
	ACTUAL	ACTUAL	ACTUAL	TARGET	Target Achieved?	Median	Upper Quartile	Lower Quartile	Global Accounts (under 2.5k units)	AWHA	AWHA	AWHA	
	20/21	21/22	22/23			21/22				23/24	25/26	2024/25	
1	Operating Margin	25%	20%	21%	17.5%	Yes	20%	25%	16%	17%	17.3%	18%	18%
2	Operating Margin (social Housing)	25%	20%	21%	18%	Yes	24%	26%	18%	20%	18%	19%	19%
3	Interest Cover (EBITDA MRR) %	311%	227%	183%	157%	Yes	195.7%	248.0%	152.5%	194%	140%	133%	127%
4*	New Supply Delivered %	0%	0%	0%	0%	N/a	1.00%	1.6%	0.3%	0.9%	0%	0%	0%
5	New Supply Delivered % (non-social)	0%	0%	0%	0%	N/a	0.0%	0%	0%	0.0%	0%	0%	0%
6	New Supply (incl prop acquisitions )	1.2%	0.1%	0.6%	0.9%	No	n/a	n/a	n/a	n/a	0%	0%	0%
7**	Gearing	44%	41%	42%	43%	Yes	36.0%	25.3%	45.8%	32%	43%	43%	43%
8	Reinvestment % (new & existing)	1%	2.2%	2.6%	2.4%	Yes	4.9%	6.7%	2.7%	4.7%	2.4%	2.7%	2.8%
9	Return on Capital Employed	3.80%	3.53%	3.30%	2.7%	Yes	2.8%	3.4%	2.5%	2.4%	2.9%	3.2%	3.3%
10	Cost Per Unit	3,375	3,969	4,179	4,255	Yes	3,939	3,290	4,692	4,960	4,471	4,916	5,027
11	Customer Satisfaction	92%	92%	93%	>91%	Yes	79%	82%	74%	N/A	>91%	>91%	>91%
12	Ratio of resp repairs to planned maint.	73%	69%	60%	64%	Yes	70%	50%	90%	N/A	80%	71%	70%
13	Occupancy GN	99.9%	100.0%	99.9%	99.8%	N/A	99.6%	99.7%	99.30%	N/A	>99%	>99%	>99%
14	Rent collected GN	101.9%	100.1%	100.1%	98.9%	N/A	100.1%	101.2%	98.8%	N/A	>99%	>99%	>99%

(1) - Taken from RSH's VFM Metrics Report - under 2500 units

Equal to / better than peer medium

Within 10% of peer

Below / worse than peer medium

\* The RSH's metric only classes newbuild properties as new supply. For new supply incl prop acquisitions see No 6, which shows AWAHA above peer %

\*\* A considerable amount of AWAHA grant (£26m) was gained via stock transfer it is shown differently in the accounts than other RP's grant. If the treatment was consistent our gearing figures would be 24%

## Section 3. Analysis of Metrics

The analysis in this section focuses on the seven key metrics together with our own KPI's as chosen by the Board.

### 1) Operating Margin (overall)

Our 2022/23 operating margin of 21% was higher than our target of 17.5%, which is largely due to our focus on delivering strong performance on housing management activities including income and voids management. With increases in costs across the sector and the wider economy, together with the rent increase cap, our target for 2023/24 is to have an operating margin above 17% and for the following 4 years, above 18%.

Whilst building and tenant safety is our upmost priority, the Association continues to plan to invest in carbon reduction measures in order to get all our properties to an EPC minimum level of C. In addition to this we have also planned for modernisation improvements in our communal schemes in order to keep them attractive and somewhere where tenants enjoying living.

Our analysis of our costs per unit is shown below in section 10.

Our key challenges for the future to ensure excellent Value for Money homes and services will be:

- minimising cost increases, especially in key areas of expenditure such as maintenance and staff costs, as a result of rising inflation;
- Ensure all properties are safe and warm and damp, mould and condensation is dealt with appropriately and effectively;
- Keeping rent levels as low as possible whilst ensuring that the association has sufficient funds to provide a quality service to tenants;
- Implementing a carbon reduction programme that is affordable and is what our tenants want.

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### For the Year Ended 31 March 2023

#### 2) Operating Margin (Social Housing)

Our operating margin (social housing) in 2022/23 was 21%, which is below our housemark peer figure of 24%, but higher than the RSH's global accounts figure of 20% (peer results relate to 2020/21).

As mentioned above in 1) our operating margin was higher than our target for the year due to strong performance on income and voids.

#### 3) Interest cover

The Association's interest cover ratio reduced from 227% in 2021/22 to 183% in 2022/23 and whilst this was better than our target, it is below the peer median of 196%. The reduction is as a result of increased investment in property improvements together with an increase in interest payments. Around 34% of our loans are on variable interest rates and whilst we have benefited in the past from low interest rates, during 2022/23 we have seen interest costs increase as the Bank of England base rates have increased. Our stock condition data shows that increased investment in our properties is required in the future as properties age and this together with a short-term projection of rising interest costs, has meant our future projections show interest rate cover reducing to around 130-140% over the next 10 years.

Whilst it currently might not be the best time to increase our proportion of fixed rate loans we will consider this as part of our treasury management strategy.

#### 4) & 5) New Supply Delivered - Social and Non-Social

Although the Association is not currently developing new properties, there have been opportunities to acquire properties from different sources which has resulted in some years seeing significant growth. Our growth is reflected in the KPI below.

#### 6) New Supply Delivered - Social and Non-Social - including acquisitions

This KPI is our own measure and includes properties acquired on the open market or from other registered providers, which is excluded from the RSH's VFM metrics.

In 2022/23 we have been able to acquire 7 properties (0.6%) with a further 7 in the pipeline for early 2023/24. Whilst our target is to continue growing, this is not reflected in the business plan as it will require new funding. In early 2023/24 we undertake a review of the value for money of acquiring during the current climate of high interest rates.

#### 7) Gearing

The Association has a gearing figure of 42% as per the RSH's metrics calculation. This is above the 2021/22 median figure of 36%. However, it must be noted that with FRS102, any grants received by the Association via acquisition are required to be netted off against fixed asset costs with the result that cost of assets are reduced by £26m. If these grants were added back in, the calculation would show a gearing calculation of 24% which would put the Association in the upper quartile when compared with peers.

As at 31.3.23 we have £1.5m of undrawn monies available from our loan facility with Warrington BC and this is expected to meet our requirements until September 2025.

#### 8) Reinvestment % (new and existing properties)

During the year we are pleased that we exceeded our target of 2.4% and invested 2.6% (£962k) on improving our properties in the following ways:

- We spent £548k replacing windows and doors (incl fire safety upgrades)
- We spent £133k replacing 25 kitchens;

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- We spent £88k upgrading a communal scheme;
- We spent £193k on other property improvements such as boilers and bathrooms;

Our revised 30 year financial plan incorporates our stock condition data and shows the requirement to increase our investment in this area in the next few years which will increase this percentage, as shown in our future targets. Our forecast over the next 5 years is that our reinvestment % will be an average of 2.8% each year - this is excluding our investment in acquisitions.

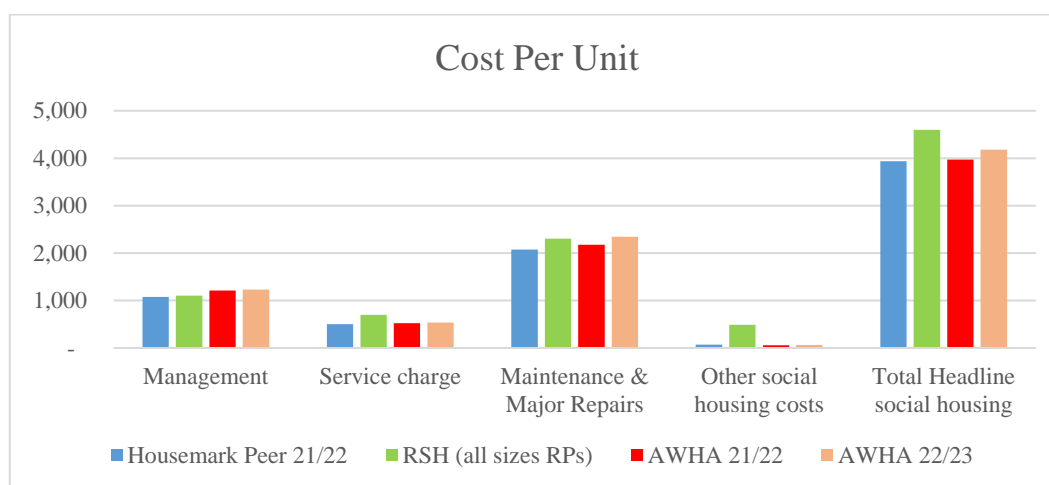
## 9) Return on Capital Employed (ROCE)

The Association has a Return on Capital Employed of 3.3% as measured by the RSH's metric calculation. This is above the peer median 21/22 figure of 2.8% and demonstrates a good return on investment for the Association's assets compared to its peers.

Our Manchester homes were largely acquired before those in Trafford and Stockport and therefore have a lower Net Book Value, and whilst the average Manchester rent is lower than in Trafford and Stockport, the low property value results in a higher ROCE. For our submarket rent properties, rents are typically almost 50% higher than general needs rents, but these properties were acquired more recently and therefore have significantly higher net book values, resulting in a modest contribution.

## 10) Cost Per Unit (CPU)

The chart below shows our cost per unit (cpu) figures for 2022/23 together with the previous year and our peer unit costs for 2021/22.



The Association's headline cpu for 2022/23 was £4,179 which is below our target but above our Housemark peer figure of £3,939.

The main reason for the increase in costs was additional investment of around £200k spend on property improvements.

During 2022/23 we

- continued to develop our mobile working software which so far has improved our ability to work out and about in our neighbourhoods efficiently. We will continue to develop the software to improve processes in our front facing teams, eliminating duplication and keeping our data more secure;
- Competitively tendered and entered into a new Gas serving contract for 3 years giving certainty of costs;
- Increased our repairs contractor portfolio, to ensure we meet the repair needs of our tenants. This has enabled us to control the costs on larger repairs by requesting estimates from multiple contractors;
- Provided in-house staff training on repairs diagnosis to ensure that we optimise the completion of first-time fixes;

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- Through continuous improvement we have redesigned services to meet the needs of our customers. Examples include:
- Focusing staffing resources on our busiest days for telephony call handling
- Training staff to offer generic service to customers so we can cover holidays and absences effectively with minimal impact to service delivery.
- Commenced work on automating our low level arrears recovery.
- Renewed the British Gas void contract with the best rates possible for our void properties / long term empty properties minimising utility costs, speeding up our void process, and offering utility connections to new tenants.
- Outsourced asbestos reinspections at a negotiated price which allows us to focus on other priority areas of compliance and asset activity.
- Introduced T100, an IT module that holds compliance, asset and health and safety data offering a more efficient recording, servicing, and reporting mechanism to manage our work.

Our costs over the last few years have increased in some areas and we have plans to invest more into our properties. Our future plans around Value for Money are:

<p><b>Management Costs</b></p> <p><b>Our future plans:-</b></p> <ul style="list-style-type: none"> <li>- Continue to develop our mobile working software so that all teams have system access whilst out and about in our neighbourhoods;</li> <li>- Review our rent collection and arrears processes to ensure we are working efficiently and effectively;</li> <li>- Continue to develop our Health and Safety system to ensure we are proactive and remain compliant</li> <li>- Aim to evaluate our training and recruitment processes in 2023 to ensure they are fit for purpose;</li> <li>- Review our Health and Wellbeing policy.</li> <li>- A review of community sponsorship activity is planned to facilitate a targeted approach to donations using an Asset Based Community Development model supporting communities with health &amp; wellbeing, food, furniture and finances.</li> </ul>	<p><b>Maintenance &amp; Major Repairs</b></p> <p><b>Our future plans:</b></p> <ul style="list-style-type: none"> <li>- We will continue to tender all maintenance contracts over £15k;</li> <li>- We will review our climate change strategy to look at investing carbon reduction measures.</li> <li>- We will continue to invest in fire safety enhancements for all our communal schemes</li> <li>- Review our decoration vouchers schemes for new tenants;</li> <li>- We will review the cost/benefit of our electrical re-wiring programme and other compliance works which have been outsourced.</li> <li>- Continue to work on initiatives to tackle Damp Mould and Condensation at source such as prioritising planned improvement works which improve the thermal efficiency of properties and associated initiatives eg dehumidifiers, tumble dryers with an aim of saving on mould wash works etc longer term.</li> </ul>
<p><b>Services</b></p> <p>We will continue to review costs and re-tender contracts on an annual programme to ensure we are getting the best value for money services for our tenants.</p> <p>During 2022/23 we benefited from fixed prices for electricity and gas. Our electricity contract is due to be reviewed in June 2023 and we will use our utility consultant to seek the best prices.</p>	<p><b>Other Costs</b></p> <p>Our costs in this category relate to supporting people charges and the management costs for the properties we manage on behalf of The Boaz Trust. We will continue to review our costs in this area.</p>

## 11) Customer satisfaction

One of our strategic aims is to continue to provide high quality and accessible services to customers by ensuring that services meet the needs of people who use them or are affected by them. In 2022/23 an independent survey gave us an 85% satisfaction rating

We continue to carry out satisfaction surveys on a weekly basis for all day to day repairs and our satisfaction rate for repairs is 98.84%, demonstrating the responsive high quality service delivered to our tenants. This is possible due to the partnership working with a number of small contractor providers who understand our ethos.

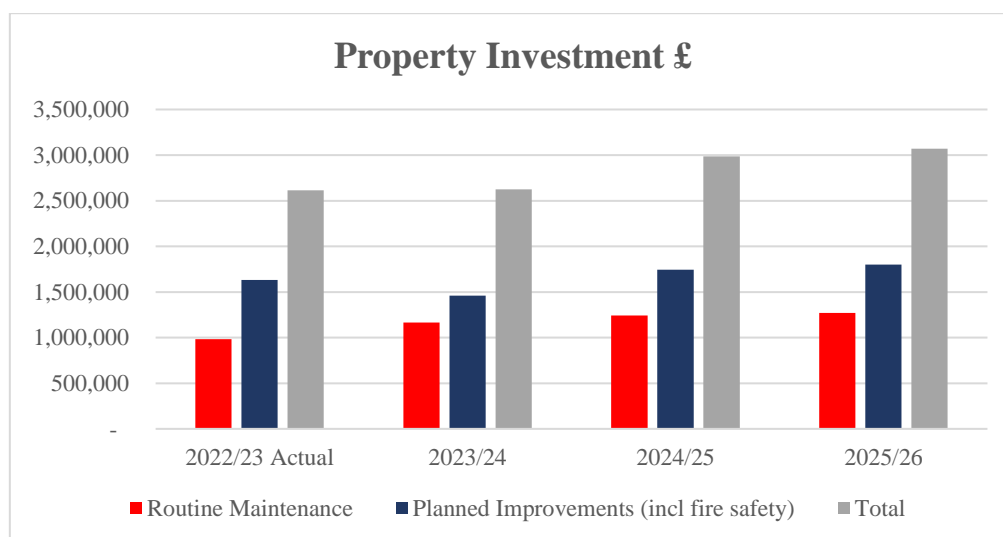
We are assisted in our review work by our Tenants Quality Panel, who during the year have assisted us in carrying out a comprehensive review of our Tenant involvement Strategy which links strongly to tenant satisfaction measures requirements being introduced by the Regulator for Social Housing. The Strategy approved by Board offers reassurance that policies relating to tenant services have an extra layer of scrutiny. The Panel reviewed the Tenant Responsibility policy which helps the organisation protect against paying for repairs where tenant have caused damage they are responsible for rectifying, and more recently reviewed our approach to damp and mould cases ensuring tenants report so we can repair and promote warm and safe homes.

Historically the Association has carried out the STAR survey (tenant satisfaction survey) and maintained high levels of satisfaction. During 2023, tenants will be surveyed on the new Tenants Satisfaction Measures (TSMs), the results of which will provide feedback to help us continuously improve our service provision. The TSMs consider housing management and property services, as well as the wider neighbourhood giving a more rounded view of tenant's perceptions.

## 12) Ratio of Responsive Repairs to Planned Maintenance

This measure looks at the ratio of expenditure on responsive repairs as a percentage of total planned maintenance expenditure (incl major repairs and capital expenditure).

Over the next few years our plans are to increase our planned programmes whilst maintaining similar levels of responsive repairs. Inflationary pressures are also expected to continue into 2023/24. The graph below shows our investment levels for 2022/23 and the following three years.



## 13) Occupancy

Our occupancy levels continue to be high at 99.9% for 2022/23. This is as a result of the efforts made to minimise vacancy rates by staff and contractors who work collaboratively to minimise void periods and rent loss. Void properties are re-let to a high standard providing quality homes to tenants and encouraging them to sustain their

## Arawak Walton Housing Association Limited

### Board Report incorporating Strategic Report and VFM Report

#### For the Year Ended 31 March 2023

tenancies. This is reflected in our turnover rates which are lower than the sector average. The Association currently has a waiting list for properties which shows a very high demand for all types of properties in our areas.

#### 14) Rent Collected

The amount of rent collected in the year has exceeded 100% and our current tenant arrears have remained around 2.3% during the year. This is due to the excellent level of proactive work by the Association's housing staff who assist our residents with any money concerns and work with them to ensure that they are receiving their full entitlement to any necessary benefits which has been particularly key during the pandemic. Our approach to growth by acquiring properties - the majority of which are at social rent - has hopefully helped tenants by keeping rents affordable.

Our budget and business plan assumptions are set prudently and assume an increase in arrears, however we will keep a watchful eye on this area.

#### Section 4. Social Value

The Association, as part of its business planning, is committed to playing a wider role in the community than just housing people.

Some examples of social added value are shown below:

- The Association brings its expertise and resource to support neighbourhood organisations working locally to build a more collaborative, solution focused approach to things that matter to tenants, for example parking, substance misuse and its connection to Anti-Social Behaviour, highways and safe play areas for families.
- Community sponsorship - during the course of the year we have worked closely with over 20 local support groups who in turn support our tenants. The Association has made donations to these small community groups building on what exists in communities and helping them to leverage valuable additional resource.
- Access to space & activities- Our sheltered housing schemes have opened their doors to local residents and the wider community by including them in a programme of enrichment activity throughout the year. This has included religious festival celebrations, parties, music events and entertainment. Our schemes also act as community meeting spaces allowing for intergenerational activity to take place and providing a valuable community hub.

#### Section 5. How will we use Value for Money gains?

Value for money gains which generate a cash saving will be used to reinvest back into our properties, reduce the cost of borrowing and will contribute to the purchase of additional homes.

#### Section 6. Conclusion

The Association has performed well against the VFM targets set for the year. Rent collection continues to exceed 100% and we have exceeded our operating margin target.

We have continued to use Housemark's sector scorecard analysis together with the RSH's Global Accounts to measure performance against peers in order to further understand the costs of the Association and drive through efficiencies.

Our future focus is to continue investing in properties, including fire safety works and carbon reduction measures, which will mean that our costs will increase and this is reflected in our future VFM targets. However a key part of our mission and vision is to provide quality homes and an excellent service.

Arawak Walton Housing Association complies with the requirements of the Value for Money standard.

**Arawak Walton Housing Association Limited**  
**Board Report incorporating Strategic Report and VFM Report**  
**For the Year Ended 31 March 2023**

**Statement of Compliance**

The board confirms that this Strategic Report has been prepared in accordance with the principles set out in Para 4.7 of the 2018 SORP for Registered Social Housing Providers.

The Board has undertaken a review of the requirements of the Governance and Financial Viability Standard (April 2015) published by the former Homes and Communities Agency, together with the Association's performance against these requirements. Based on this review, the Board certifies its compliance with the requirements of this Standard.

The Board adopted the National Housing Federation Code of Governance (2020) in November 2021. The Board complies with the requirements of the code.

**By Order of the Board:**



**Signed:**

**Date: 19<sup>th</sup> July 2023**



**Arawak Walton Housing Association Limited**  
**Report of the Independent Auditors**  
**For the Year Ended 31 March 2023**

**Independent Auditor's Report to the Members of Arawak Walton Housing Association Limited**

**Opinion**

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

In our opinion, the financial statements:

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

**Basis for opinion**

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

**Conclusions relating to going concern**

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

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

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

**Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Board of Management is responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

**Arawak Walton Housing Association Limited**  
**Report of the Independent Auditors**  
**For the Year Ended 31 March 2023**

We have nothing to report in this regard.

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

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

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

**Responsibilities of the Board of Management**

As explained more fully in the Statement of the Board's responsibilities set out on pages 4-6, the Board of Management is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board of Management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's web-site at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Extent to which the audit was considered capable of detecting irregularities, including fraud**

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

In identifying and addressing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We obtained an understanding of laws and regulations that affect the association, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws and regulations that we identified included the Co-operative and Community Benefit Societies Act, the Statement of Recommended Practice for registered housing providers: Housing SORP 2018, the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2022, tax legislation, health and safety legislation, and employment legislation.
- We enquired of the Board and reviewed correspondence and Board meeting minutes for evidence of non-compliance with relevant laws and regulations. We also reviewed controls the Board have in place, where necessary, to ensure compliance.
- We gained an understanding of the controls that the Board have in place to prevent and detect fraud.

**Arawak Walton Housing Association Limited**  
**Report of the Independent Auditors**  
**For the Year Ended 31 March 2023**

- We enquired of the Board about any incidences of fraud that had taken place during the accounting period.
- The risk of fraud and non-compliance with laws and regulations and fraud was discussed within the audit team and tests were planned and performed to address these risks. We identified the potential for fraud in the following areas: laws related to the construction and provision of social housing, recognising the nature of the association's activities and the regulated nature of the association's activities.
- We reviewed financial statements disclosures and tested to supporting documentation to assess compliance with relevant laws and regulations discussed above.
- We enquired of the Board about actual and potential litigation and claims.
- We performed analytical procedures to identify any unusual or unexpected relationships that might indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud due to management override of internal controls we tested the appropriateness of journal entries and assessed whether the judgements made in making accounting estimates were indicative of a potential bias.

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

#### **Use of our report**

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



Beever and Struthers, Statutory Auditor  
One Express  
1 George Leigh Street  
Ancoats  
Manchester  
M4 5DL

Date:

**Arawak Walton Housing Association Limited**  
**Statement of Comprehensive Income**  
**For the Year Ended 31 March 2023**

	Notes	Year ended 31 Mar 2023	Year ended 31 Mar 2022
		£	£
Turnover	2	5,877,428	5,620,189
Operating expenditure	2	(4,635,356)	(4,502,428)
Surplus on disposal of property, plant and equipment (fixed assets)	4b	-	166,475
<b>Operating surplus</b>		<b>1,242,072</b>	<b>1,284,236</b>
Interest receivable		6,106	84
Interest and financing costs	5	(633,045)	(515,355)
<b>Surplus for the year</b>	<b>6</b>	<b>615,133</b>	<b>768,965</b>
<b>Other Comprehensive income</b>			
Actuarial (losses)/gains in respect of pension scheme	10	(115,000)	429,000
<b>Total Comprehensive income for the year</b>		<b>500,133</b>	<b>1,197,965</b>

The financial statements on pages 19 to 44 were approved and authorised for issue by the Board on 19<sup>th</sup> July 2023 and were signed on its behalf by:

Board Member:



Mr Troy Tull

Board Member:



Mr David Brown

Board Member:



Mr Rob Wakefield

The results relate wholly to continuing activities and the notes on pages 23 to 44 form an integral part of these accounts.

**Arawak Walton Housing Association Limited**  
**Statement of Financial Position**  
**For the Year Ended 31 March 2023**

	Notes	Year ended 31 Mar 2023 £	Year ended 31 Mar 2022 £
<b>Fixed assets</b>			
Tangible fixed assets	11	<u>37,508,795</u>	<u>36,937,780</u>
		<b>37,508,795</b>	<b>36,937,780</b>
<b>Current assets</b>			
Trade and other debtors	12	281,935	148,984
Cash and cash equivalents	13	<u>1,518,081</u>	<u>857,417</u>
		<b>1,800,016</b>	<b>1,006,401</b>
<b>Less: Creditors:</b> amounts falling due within one year	14	<u>(1,709,934)</u>	<u>(1,562,025)</u>
<b>Net current assets/(liabilities)</b>		<b>90,082</b>	<b>(555,624)</b>
<b>Total assets less current liabilities</b>		<u><b>37,598,877</b></u>	<u><b>36,382,156</b></u>
<b>Creditors:</b> amounts falling due after more than one year	15a	<u>(22,338,944)</u>	<u>(21,585,055)</u>
<b>Provisions for liabilities</b>			
Pension - defined benefit liability	10	<u>(632,703)</u>	<u>(670,000)</u>
<b>Total net assets</b>		<u><b>14,627,230</b></u>	<u><b>14,127,101</b></u>
<b>Reserves</b>			
Non-equity share capital	18	22	26
Income and expenditure reserve		<u>14,627,208</u>	<u>14,127,075</u>
<b>Total reserves</b>		<u><b>14,627,230</b></u>	<u><b>14,127,101</b></u>

The financial statements on pages 19 to 44 were approved and authorised for issue by the Board on 19<sup>th</sup> July 2023 and were signed on its behalf by:

Board Member:



Mr Troy Tull

Board Member:



Mr David Brown

Board Member:



Mr Rob Wakefield

The notes on pages 23 to 44 form an integral part of these accounts.

**Arawak Walton Housing Association Limited**  
**Statement of Changes in Reserves**  
**For the Year Ended 31 March 2023**

	Income and expenditure reserve £
Balance as at 1 April 2021	12,929,110
Surplus for the year	768,965
<b>Other Comprehensive Income</b>	
Actuarial gains in respect of pension scheme	429,000
<b>Balance at 31<sup>st</sup> March 2022</b>	<u>14,127,075</u>
<b>Surplus for the year</b>	<b>615,133</b>
<b>Other Comprehensive Income</b>	
Actuarial losses in respect of pension scheme	(115,000)
<b>Balance at 31<sup>st</sup> March 2023</b>	<u><u>14,627,208</u></u>

The notes on pages 23 to 44 form an integral part of these accounts.

**Arawak Walton Housing Association Limited**  
**Statement of Cashflows**  
**For the Year Ended 31 March 2023**

	Year ended 31 Mar 2023 £	Year ended 31 Mar 2022 £
<b>Net cash generated from operating activities</b>	<b>1,963,178</b>	<b>1,847,805</b>
<b>Cash flow from investing activities</b>		
Purchase of tangible fixed assets	(1,520,126)	(1,127,495)
Proceeds from sale of tangible fixed assets	-	301,105
Interest received	6,106	84
Grant received	-	-
<b>Cash flow from financing activities</b>		
Interest paid	(645,693)	(529,800)
(Surrender)/Issue of ordinary shares	(4)	4
New secured loans	1,500,000	250,000
Repayment of borrowings	(642,797)	(630,423)
<b>Net change in cash and cash equivalents</b>	<b>660,664</b>	<b>111,280</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>857,417</b>	<b>746,137</b>
<b>Cash and cash equivalents at end of the year</b>	<b>1,518,081</b>	<b>857,417</b>
	<b>Year ended 31 Mar 2023 £</b>	<b>Year ended 31 Mar 2022 £</b>
<b>Cash flow from operating activities</b>		
Operating surplus for the year	1,242,072	1,284,236
<b>Adjustments for non-cash items:</b>		
Depreciation of tangible fixed assets	981,748	945,516
Decrease in trade and other debtors	(46,309)	(22,076)
(Increase) / decrease in trade and other creditors	(18,031)	(48,099)
Increase in provisions	(168,297)	(25,297)
Pension costs less contributions payable	-	-
<b>Adjustments for investing or financing activities:</b>		
Less Surplus on the Sale of fixed Assets	-	(166,475)
Government grants utilised in the year	(106,631)	(105,577)
Interest payable	78,626	(14,423)
<b>Net cash generated from operating activities</b>	<b>1,963,178</b>	<b>1,847,805</b>

The notes on pages 23 to 44 form an integral part of these accounts.

## Notes to the Financial Statements

### Legal Status

Arawak Walton Housing Association Limited is incorporated in England under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Regulator for Social Housing as a Private Registered Provider of Social Housing. The registered office is Margaret House, 23 Manor Street, Ardwick, Manchester M12 6HE.

### 1. Principal Accounting Policies

#### Basis of Accounting

The financial statements have been prepared in accordance with applicable United Kingdom Accounting Generally Accepted Accounting Practice (UK GAAP) and the Statement of Recommended Practice for registered housing providers: Housing SORP 2018.

The financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022. The accounts are prepared on the historical cost basis of accounting and are presented in sterling £.

The financial statements have been prepared in compliance with FRS102.

The Association is a Public Benefit Entity.

#### Going concern

The financial statements have been prepared on a going concern basis which assumes an ability to continue operating for the foreseeable future. The Association undertakes an annual review of its Business Plan and its ability to meet its financial covenants together with stress testing and sensitivity analysis. No significant concerns have been noted and we consider it appropriate to continue to prepare the financial statements on a going concern basis.

#### Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

- a. **Development expenditure.** The Association capitalises development expenditure in accordance with the accounting policy described on page 25. Initial capitalisation of costs is based on management's judgement that development scheme is confirmed, usually when Board approval has taken place including access to the appropriate funding. In determining whether a project is likely to cease, management monitors the development and considers if changes have occurred that result in impairment.
- b. **Categorisation of housing properties.** The Association has undertaken a detailed review of the intended use of all housing properties. In determining the intended use, the Association has considered if the asset is held for social benefit or to earn commercial rentals.
- c. **Impairment.** The Association has identified a cash generating unit for impairment assessment purposes at a property scheme level.



#### Principal Accounting Policies (continued)

- d. **Pension and other post-employment benefits.** The cost of defined benefit pension plans and other post-employment benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The underlying bonds are further reviewed for quality, and those having excessive credit spreads are removed from the population bonds on which the discount rate is based, on the basis that they do not represent high quality bonds. The mortality rate is based on publicly available mortality tables for the specific sector. Future salary increases and pension increases are based on expected future inflation rates for the respective sector. Further details are given in note 10.
- e. The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

#### Other key sources of estimation and assumptions:

- a. **Tangible fixed assets.** Tangible fixed assets are depreciated over their useful lives. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account.
- b. **Impairment of non-financial assets.** Reviews for impairment of housing properties are carried out when a trigger has occurred and any impairment loss in a cash generating unit is recognised by a charge to the Statement of Comprehensive Income. Impairment is recognised where the carrying value of a cash generating unit exceeds the higher of its net realisable value or its value in use. A cash generating unit is normally a group of properties at scheme level whose cash income can be separately identified.

Following the assessment of impairment no impairment losses were identified in the reporting period.

#### Turnover and revenue recognition

Turnover represents rental income receivable, amortised capital grant, revenue grants from local authorities and the RSH, income from the sale of shared ownership and other income and are recognised in relation to the period when the goods or services have been supplied.

Rental income is recognised when the property is available for let, net of voids. Income from property sales is recognised on legal completion. Supporting People Income is recognised under the contractual arrangements.

#### Support income and costs including Supporting People income and costs

Supporting People (SP) contract income received from Administering Authorities is accounted for as SP income in the Turnover as per note 2. The related support costs are matched against this income in the same note. Support charges included in the rent are included in the Statement of Comprehensive Income from social housing lettings note 3 and matched against the relevant costs.

## Principal Accounting Policies (continued)

### Service charges

Service charge income and costs are recognised on an accruals basis. The Association operates both fixed and variable service charges on a scheme by scheme basis in full consultation with residents. Where variable service charges are used the charges will include an allowance for the surplus or deficit from prior years, with the surplus being returned to residents by a reduced charge and a deficit being recovered by a higher charge.

### Loan interest costs

Loan interest costs are calculated using the effective interest method of the difference between the loan amount at initial recognition and amount of maturity of the related loan.

### Loan finance issue costs

These are amortised over the life of the related loan. Loans are stated in the Statement of Financial Position at the amount of the net proceeds after issue, plus increases to account for any subsequent amounts amortised. Where loans are redeemed during the year, any redemption penalty and any connected loan finance issue costs are recognised in the Statement of Comprehensive Income account in the year in which the redemption took place.

### Taxation

The Association is granted charitable exemptions by HM Revenue and Customs, under reference XR48512, effective from the 19<sup>th</sup> August 1998.

### Value Added Tax

The Association is not registered for VAT. All amounts disclosed in the accounts are inclusive of VAT.

### Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost, less accumulated depreciation. Housing properties under construction are stated at cost and are not depreciated. These are reclassified as housing properties on practical completion of construction.

Freehold land is not depreciated.

Where a housing property comprises two or more major components with substantially different useful economic lives (UELs), each component is accounted for separately and depreciated over its individual UEL. Expenditure relating to subsequent replacement or renewal of components is capitalised as incurred.

The Association depreciates freehold housing properties by component on a straight-line basis over the estimated UELs of the component categories.

UELs for identified components are as follows:

Housing properties - new build	100 years	Housing properties - rehab	60 years
Kitchens	15 years	Bathrooms	30 years
Boilers	15 years	Rewire	40 years
Windows & Doors	30 years	Lifts	25 years

The Association depreciates housing properties held on long term leases in the same manner as freehold properties, except where the unexpired lease term is shorter than the longest component life envisaged, in which case the unexpired term of the lease is adopted as the useful economic life of the relevant component category.

Depreciation is charged on other tangible fixed assets on a straight-line basis over the expected economic useful lives which are as follows:

Fixtures and fittings	15% on cost	Office Equipment	15% on cost
Computer equipment	25% on cost	Office improvements (minor)	33% on cost
Office Building	60 years		

## Principal Accounting Policies (continued)

### Low cost home ownership properties

The costs of low cost home ownership properties are split between current and fixed assets on the basis of the first tranche portion. The first tranche portion is accounted for as a current asset and the sale proceeds shown in turnover. The remaining element of the shared ownership property is accounted for as a fixed asset and subsequent sales treated as sales of fixed assets.

### Capitalisation of interest and administration costs

Administration costs relating to development activities are capitalised only to the extent that they are incremental to the development process and directly attributable to bringing the property into their intended use.

### Property managed by agents

Where the Association carries the majority of the financial risk on property managed by agents, income arising from the property is included in the Statement of Comprehensive Income Account.

Where the agency carries the majority of the financial risk, income includes only that which relates solely to the Association.

In both cases, the assets and associated liabilities are included in the Association's Statement of Financial Position.

### Leasing and hire purchase

Where assets are financed by hire purchase contracts and leasing agreements that give rights approximating to ownership (finance leases), they are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as obligations to the lessor in creditors. They are depreciated over the shorter of the lease term and their economic useful lives.

Other leases are treated as operating leases and payments are charged to the Statement of Comprehensive Income on a straight line basis over the term of the lease.

Reverse premiums and similar incentives received on leases to enter into operating lease agreements are released to Statement of Comprehensive Income over the term of the lease.

### Short-term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in other operating expenses.

### Social Housing and other government grants

Where developments have been financed wholly or partly by social housing and other grants, the amount of the grant received has been included as deferred income and recognised in Turnover over the estimated useful life of the associated asset structure (not land), under the accruals model. SHG received for items of cost written off in the Statement of Comprehensive Income Account is included as part of Turnover.

SHG must be recycled by the Association under certain conditions, if a property is sold, or if another relevant event takes place. In these cases, the SHG can be used for projects approved by Homes England. However, SHG may have to be repaid if certain conditions are not met. If grant is not required to be recycled or repaid, any unamortised grant is recognised as Turnover. In certain circumstances, SHG may be repayable, and, in that event, is a subordinated unsecured repayable debt.

### Recycling of Capital Grant

Where Social Housing Grant is recycled, as described above, the SHG is credited to a fund which appears as a creditor until used to fund the acquisition of new properties, where recycled grant is known to be repayable it is shown as a creditor within one year.

**Principal Accounting Policies (continued)**

**Holiday pay accrual**

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

**Retirement benefits**

The cost of providing retirement pensions and related benefits is charged to management expenses over the periods benefiting from the employees' services.

The Association participates in the Social Housing Pension Scheme ('SHPS'), a defined benefit multi-employer pension scheme administered by TPT Retirement Solutions ('TPT').

Consistent with the guidance in FRED 71 paragraph 4 (FRS 102 paragraph 28.11B), the difference between the deficit funding liability and the net defined benefit deficit for SHPS is recognised in Other Comprehensive Income. Further disclosures in this area are included in note 10.

**Financial Instruments**

Financial assets and financial liabilities are measured at transaction price initially, plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

At the end of each reporting period, financial instruments are measured as follows, without any deduction for transaction costs the entity may incur on sale or other disposal:

Commitments to receive or make a loan to another entity which meet the conditions in para 11.8(c) of FRS 102 are measured at cost less impairment.

- Financial assets such as cash, current asset investments and receivables are classified as loans and receivables and held at amortised cost using the effective interest method.
- Financial liabilities such as loans are held at amortised cost using the effective interest method,

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

	2023		
	Turnover £	Operating expenditure £	Operating surplus £
<b>Social housing lettings (note 3)</b>	5,785,515	4,558,167	1,227,348
<b>Other social housing activities</b>			
Supporting people	17,872	17,862	10
<b>Other:</b>			
Managed Associations	51,090	47,732	3,358
<b>Activities other than social housing</b>			
Other	22,951	11,595	11,356
<b>Total</b>	<u>5,877,428</u>	<u>4,635,356</u>	<u>1,242,072</u>
	2022		
	£	£	£
<b>Social housing lettings (note 3)</b>	5,531,646	4,433,174	1,098,472
<b>Other social housing activities</b>			
Supporting people	17,875	17,061	814
<b>Other:</b>			
Managed Associations	49,085	40,804	8,281
<b>Activities other than social housing</b>			
Other	21,583	11,389	10,194
<b>Total</b>	<u>5,620,189</u>	<u>4,502,428</u>	<u>1,117,761</u>

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**3. Turnover and operating expenditure**

	General Housing £	Housing for Older People £	Total 2023 £	Total 2022 £
<b>Income</b>				
Rent receivable net of identifiable service charge	4,551,125	562,707	5,113,832	4,895,117
Service charge income	173,895	379,788	553,683	521,306
Amortised government grants	104,231	2,400	106,631	105,577
Other grants	-	11,369	11,369	9,646
<b>Turnover from Social Housing Lettings</b>	<b>4,829,251</b>	<b>956,264</b>	<b>5,785,515</b>	<b>5,531,646</b>
<b>Operating expenditure</b>				
Management	1,188,950	182,350	1,371,300	1,340,349
Service charge costs	235,783	363,721	599,504	580,160
Routine maintenance	882,796	99,898	982,694	985,237
Planned maintenance	283,050	35,737	318,787	417,227
Major repairs expenditure	328,143	22,297	350,440	219,437
Bad debts	7,706	3,053	10,759	2,854
Depreciation of Housing Properties	821,792	97,713	919,505	880,190
Other Costs	5,178	-	5,178	7,720
<b>Operating expenditure on Social Housing Lettings</b>	<b>3,753,398</b>	<b>804,769</b>	<b>4,558,167</b>	<b>4,433,174</b>
<b>Operating Surplus on Social Housing Lettings</b>	<b>1,075,853</b>	<b>151,495</b>	<b>1,227,348</b>	<b>1,098,472</b>
<b>Void losses</b>	<b>16,379</b>	<b>3,837</b>	<b>20,216</b>	<b>26,016</b>

**Arawak Walton Housing Association Limited**  
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**4a. Accommodation owned, managed and in development**

	2023		2022	
	No. of properties Owned	Managed	No. of properties Owned	Managed
<b>Social Housing</b>				
Under management at end of year:				
General needs housing				
Social Rent	919	9	916	9
Supported housing and housing for older people	147	-	147	-
Affordable Rent	13	-	10	-
Low-cost home ownership	6	-	6	-
Leasehold Housing	10	-	10	-
Submarket Rent	20	-	19	-
	<u>1,115</u>	<u>9</u>	<u>1,108</u>	<u>9</u>
<b>Non-Social Housing</b>				
Under management at end of year:				
Staff Units	1	-	1	-
Rental Housing	-	71	-	76
	<u>1</u>	<u>71</u>	<u>1</u>	<u>76</u>

**4b. Accommodation owned, Right to Acquire property sales**

	Total 2023 £	Total 2022 £
Proceeds of sales	-	301,105
Less Cost of Sales	-	(134,630)
<b>Surplus</b>	<u>-</u>	<u>166,475</u>

**Arawak Walton Housing Association Limited**  
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**5. Interest and financing costs -**

	2023 £	2022 £
On loans repayable within five years	8,580	3,964
On loans wholly or partly repayable in more than five years	565,646	451,409
Costs associated with financing	<u>42,819</u>	<u>35,982</u>
	<b>617,045</b>	<b>491,355</b>
<b>On defined benefit pension scheme</b>		
Deferred Benefit pension charge		
Expected return on plan assets	(128,000)	(91,000)
Interest on scheme liabilities	<u>144,000</u>	<u>115,000</u>
	<b>633,045</b>	<b>515,355</b>

**6. Surplus for the year -**

	2023 £	2022 £
The surplus is stated after charging/(crediting):-		
Auditors remuneration (excluding VAT):		
- Audit of the financial statements	9,000	7,217
- In respect to other services	800	470
Operating lease rentals:		
- Office equipment	16,192	16,857
Depreciation of housing properties	919,505	880,190
Depreciation of other fixed assets	62,243	65,326
Surplus on sale of fixed assets	-	166,745

**7. Taxation**

The Association has charitable status and hence is exempt from paying Corporation Tax on its charitable activities.



**Arawak Walton Housing Association Limited**  
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**For the Year Ended 31 March 2023**

**8. Directors' remuneration**

	2023 £	2022 £
The aggregate emoluments paid to or receivable by non-executive Directors and former non-executive directors	<u>20,433</u>	<u>4,689</u>
The aggregate emoluments paid to or receivable by executive Directors and former executive directors	<u>268,004</u>	<u>247,314</u>
The emoluments paid to the highest paid Director excluding pension contributions	<u>104,049</u>	<u>101,288</u>

The Chief Executive is an ordinary member of the pension scheme. The pension scheme is a defined benefit scheme funded by annual contributions by the employer and employee. No enhanced or special terms apply. There are no additional pension arrangements. A contribution by the Association of £10,726 (2022: £10,403) was paid in addition to the personal contributions of the Chief Executive.

Directors (key management personnel) are defined as members of the Board, the Chief Executive and any other person who is a member of the Senior Management Team or its equivalent.

Non-executive Member Remuneration for the year ends 31<sup>st</sup> March 2023.

	2023 £	2022 £
Evelyn Asante-Mensah (Board)	2,250	4,339
Adrian Carridice-Davids (Board)	3,375	-
David Brown (Board)	3,000	-
Anita Patel (Board)	2,000	-
Anila Khalid (Audit Committee)	500	-
Rob Wakefield (Board)	1,500	-
Sharon Thomas (Board)	1,500	-
Jennifer McGarry (Board)	1,500	-
Robert Brown (Board)	1,500	-
Troy Tull (Board)	1,500	-
Sally Penni (Board)	1,500	-
Larry Gold (Audit Committee)	208	-
	<u>20,333</u>	<u>4,339</u>

**9. Employee information**

	2023 No.	2022 No.
The average number of persons employed during the year expressed in full time equivalents (35 hours per week) was:		
Office staff	25	26
Wardens and cleaners	<u>4</u>	<u>4</u>
	29	30

**Arawak Walton Housing Association Limited**  
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	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Staff costs		
Wages and salaries	<b>1,046,337</b>	1,008,996
Social Security costs	<b>109,327</b>	96,701
Other pension costs	<b>84,973</b>	146,787
Temporary Staff	<b>69,507</b>	61,812
	<b><u>1,310,144</u></b>	<b><u>1,314,296</u></b>

	<b>2023</b>	<b>2022</b>
	<b>No.</b>	<b>No.</b>
Aggregate number of full time equivalent staff whose remuneration exceeded £60,000 in the year:		
£60,000 - £70,000	-	-
£70,000 - £80,000	1	1
£80,000 - £90,000	-	-
£90,000 - £100,000	-	-
£100,000- £110,000	-	-
£110,000- £120,000	1	1

## 10. Pension obligations

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

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

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

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

For financial years ending on or before 28 February 2019, it was not possible for the company to obtain sufficient information to enable it to account for the Scheme as a defined benefit scheme, therefore the company has accounted for the Scheme as a defined contribution scheme.

For financial years ending on or after 31 March 2019, it is possible to obtain sufficient information to enable the company to account for the Scheme as a defined benefit scheme.

For accounting purposes, a valuation of the scheme is carried out with an effective date of 30 September each year. The liability figures from this valuation are rolled forward for accounting year-ends from 31 March to 28 February inclusive.

The latest accounting valuation was carried out with an effective date of 30 September 2022. The liability figures from this valuation were rolled forward for accounting year-ends from the following 31 March 2023 to 28 February 2024 inclusive.

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

### Fair Value of Plan Assets, Present Value of Defined Benefit Obligation, and Defined Benefit Asset (liability)

	31 March 2023 (£000s)	31 March 2022 (£000s)
Fair value of plan assets	2,835	4,517
Present value of defined benefit obligation	3,468	5,187
Surplus (deficit) in plan	(633)	(670)
Unrecognised surplus	-	-
Defined benefit asset (liability) to be recognised	(633)	(670)
Deferred tax	-	-
Net defined benefit asset (liability) to be recognised	<u>(633)</u>	<u>(670)</u>

10. Pensions Obligations (continued)

Reconciliation of Opening and Closing Balances of the Defined Benefit Obligation

	Year to 31 March 2023 (£000s)	Year to 31 March 2022 (£000s)
Defined benefit obligation at start of year	5,187	5,223
Current service cost	38	141
Expenses	7	6
Interest expense	144	115
Members contributions	29	52
Actuarial losses (gains) due to scheme experience	(301)	288
Actuarial losses (gains) due to changes in demographic assumptions	(7)	(74)
Actuarial losses (gains) due to changes in financial assumptions	(1,514)	(459)
Benefits paid and expenses	(115)	(105)
Liabilities acquired in a business combination	-	-
Liabilities extinguished on settlements	-	-
Losses (gains) on curtailments	-	-
Losses (gains) due to benefit changes	-	-
Exchange rate changes	-	-
Defined benefit obligation at end of year	<b>3,468</b>	<b>5,187</b>

Reconciliation of Opening and Closing Balances of the Fair Value of Plan Assets

	Year to 31 March 2023 (£000s)	Year to 31 March 2022 (£000s)
Fair value of plan assets at start of year	4,517	4,099
Interest income	128	91
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	(1,937)	184
Contributions by the employer	213	196
Contributions by plan participants	29	52
Benefits paid and expenses	(115)	(105)
Assets acquired in a business combination	-	-
Assets distributed on settlements	-	-
Exchange rate changes	-	-
Fair value of plan assets at end of year	<b>2,835</b>	<b>4,517</b>
The actual return on the plan assets (including any changes in share of assets) over the year to 31 March 2023 was £1,809,000.		

10. Pensions Obligations (continued)

Defined Benefit Costs Recognised in Statement of Comprehensive Income (SoCI)

	Year to 31 March 2023 (£000s)	Year to 31 March 2022 (£000s)
Current service cost	38	141
Expenses	7	6
Net interest expense	16	24
Losses/ (gains) on business combinations	-	-
Losses/ (gains) on settlements	-	-
Losses/ (gains) on curtailments	-	-
Losses/(gains) due to benefit changes	-	-
Defined benefit costs recognised in statement of comprehensive income (SoCI)	61	171

Defined Benefit Costs Recognised in Other Comprehensive Income

	Year to 31 March 2023 (£000s)	Year to 31 March 2022 (£000s)
Experience on plan assets (excluding amounts included in net interest cost) - gain/ (loss)	(1,937)	184
Experience gains and losses arising on the plan liabilities - gain /(loss)	301	(288)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain/ (loss)	7	74
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain/ (loss)	1,514	459
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain/ (loss)	(115)	429
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost) - gain/ (loss)	-	-
Total amount recognised in other comprehensive income - gain/ (loss)	(115)	429

**Arawak Walton Housing Association Limited**  
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**10. Pensions Obligations (continued)**

**Assets**

	<b>31 March 2023 (£000s)</b>	<b>31 March 2022 (£000s)</b>
Global Equity	53	867
Absolute Return	31	181
Distressed Opportunities	86	162
Credit Relative Value	107	150
Alternative Risk Premia	5	149
Fund of Hedge Funds	-	-
Emerging Markets Debt	15	131
Risk Sharing	209	149
Insurance-Linked Securities	72	105
Property	122	122
Infrastructure	324	322
Private Debt	126	116
Opportunistic illiquid Credit	121	152
High Yield	10	39
Opportunistic Credit	-	16
Cash	20	15
Corporate Bond Fund	-	301
Liquid Credit	-	-
Long Lease Property	86	116
Secured Income	130	168
Liability Driven Investment	1,306	1,261
Currency Hedging	5	(18)
Net Current Assets	7	13
Total assets	<b>2,835</b>	<b>4,517</b>

None of the fair values of the assets shown above include any direct investments in the employer's own financial instruments or any property occupied by, or other assets used by, the employer.

	<b>31 March 2023 % per annum</b>	<b>31 March 2022 % per annum</b>
Discount Rate	4.86	2.79
Inflation (RPI)	3.19	3.54
Inflation (CPI)	2.77	3.17
Salary Growth	3.77	4.17
Allowance for commutation of pension for cash at retirement	<b>75% of maximum allowance</b>	<b>75% of maximum allowance</b>

**10. Pensions Obligations (continued)**

The mortality assumptions adopted imply the following life expectancies:

	<b>31<sup>st</sup> March 2023</b>	<b>31<sup>st</sup> March 2022</b>
	<b>Life expectancy at</b>	<b>Life expectancy at</b>
	<b>age 65 (Years)</b>	<b>age 65 (Years)</b>
Male retiring in 2022	<b>21.0</b>	21.1
Female retiring in 2022	<b>23.4</b>	23.7
Male retiring in 2042	<b>22.2</b>	22.4
Female retiring in 2042	<b>24.9</b>	25.2

Arawak Walton Housing Association Limited  
Notes to the Financial Statements  
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11. Tangible fixed assets

	Housing Properties	Other fixed assets					Total Fixed Assets
	Social Housing Properties for Letting Completed £	Office Improvements £	Fixtures & Fittings £	Office Equipment £	Computer Equipment £	Office Buildings £	Total fixed assets £
<b>Cost</b>							
At start of the year	45,558,573	139,591	101,390	34,825	179,035	579,301	46,592,715
Additions	566,286	-	-	-	24,778	-	591,064
Works to existing properties	961,699	-	-	-	-	-	961,699
Disposals of components	(129,666)	-	-	-	(18,864)	-	(148,530)
At end of the year	<b>46,956,892</b>	<b>139,591</b>	<b>101,390</b>	<b>34,825</b>	<b>184,949</b>	<b>579,301</b>	<b>47,996,948</b>
<b>Depreciation and impairment</b>							
At start of the year	9,173,669	133,639	81,343	34,825	113,951	117,508	9,654,935
Charge for the year	919,505	5,952	8,465	-	38,171	9,655	981,748
Disposals of components	(129,666)	-	-	-	(18,864)	-	(148,530)
At end of the year	<b>9,963,508</b>	<b>139,591</b>	<b>89,808</b>	<b>34,825</b>	<b>133,258</b>	<b>127,163</b>	<b>10,488,153</b>
<b>Net book value at 31 March 2023</b>	<b>36,993,384</b>	<b>-</b>	<b>11,582</b>	<b>-</b>	<b>51,691</b>	<b>452,138</b>	<b>37,508,795</b>
<b>Net book value at 31 March 2022</b>	<b>36,384,904</b>	<b>5,952</b>	<b>20,047</b>	<b>-</b>	<b>65,084</b>	<b>461,793</b>	<b>36,937,780</b>
<b>Housing Properties comprise:</b>							
						2023 £	2022 £
Freeholds						21,141,717	21,895,295
Long leaseholds						14,851,667	14,489,609
						2023 £	2022 £
Works to existing properties in the year:							
Improvement works capitalised						184,576	265,370
Components capitalised						777,123	524,212
Amounts charged to expenditure						669,226	636,664

Nb The cost figure above is net of grant acquired at transfer amounting to £26.9m (see note 21).



**Arawak Walton Housing Association Limited**  
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**12. Trade and other debtors**

	2023 £	2022 £
Rent arrears	112,909	107,602
Less: provision for bad debts	(51,662)	(52,822)
Other debtors	6,053	2,972
Grant Receivable	63,244	
Prepayment and accrued income	151,391	91,232
	<u>281,935</u>	<u>148,984</u>

Debtors are all due within one year

**13. Cash and cash equivalents**

	2023 £	2022 £
Cash at bank	1,518,081	857,417
	<u>1,518,081</u>	<u>857,417</u>

**14. Creditors: amounts falling due within one year**

	2023 £	2022 £
Loans and overdrafts (Note 15b)	659,376	632,592
Trade creditors	82,440	121,375
Rents and service charges paid in advance	212,314	211,684
Other taxation and social security payable	24,689	25,059
Accruals and deferred income	573,889	431,201
Deferred Capital Grant (Note 16)	106,631	105,577
Other Grant	3,440	3,440
Other creditors	34,769	18,711
Recycled Capital Grant Fund (Note 17)	12,386	12,386
	<u>1,709,934</u>	<u>1,562,025</u>

Net current liabilities would be funded by available undrawn loan facilities.

**15(a). Creditors: amounts falling due after more than one year**

	2023 £	2022 £
Loans (Note 15b)	13,090,962	12,249,734
Bond (Note 15b)	3,319,839	3,359,628
Deferred Capital Grant (Note 16)	5,853,966	5,898,409
Other grant	10,319	13,759
Recycled Capital Grant Fund (Note 17)	63,858	63,525
	<u>22,338,944</u>	<u>21,585,055</u>

**Arawak Walton Housing Association Limited**  
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**15(b). Debt analysis**

	2023 £	2022 £
<b>Loans repayable by instalments:</b>		
Within one year	659,376	632,592
In one year or more but less than two years	686,180	647,121
In two years or more and less than five years	2,201,299	2,066,299
In five years or more	10,358,265	9,701,905
Less: issue costs	(154,782)	(165,591)
<b>Total loans</b>	<b><u>13,750,338</u></b>	<b><u>12,882,326</u></b>

The loans are repayable monthly/quarterly and half yearly at varying rates of fixed and variable interest rates. The loans are repayable over terms of 15, 25, 30 and 35 years.

All loans are secured by specific charges on the Association's Housing Properties.

	2023 £	2022 £
<b>Bond due for repayment :</b>		
In five years or more	2,725,000	2,725,000
Less: issue costs	(42,375)	(45,304)
Add: premium costs	637,214	679,932
<b>Total loans</b>	<b><u>3,319,839</u></b>	<b><u>3,359,628</u></b>

Arawak Walton Housing Association Limited entered a Loan Bond agreement with GB Social Housing Plc which is repayable in February 2038. The agreement is secured by specific charges on the Association's Housing Properties.

The interest rate profile of the Association at 31<sup>st</sup> March 2023 was:

	Total £	Variable Rate £	Fixed rate £	Weighted Average rate %	Weighted average term Years
Loans	16,630,120	5,623,006	11,007,114	4.4%	14

The amount charged, by charge holder is as follows:

	2023 £	2022 £
Lloyds Bank	2,849,468	2,966,946
Newcastle Building Society	2,236,935	2,482,254
Royal Bank of Scotland	3,412,372	3,479,040
Triodos Bank	2,188,384	2,317,668
Orchardbrook	372	1,662
Warrington Borough council	3,217,589	1,800,347
GB Social Housing	2,725,000	2,725,000
<b>Total Loans and Bonds</b>	<b><u>16,630,120</u></b>	<b><u>15,772,917</u></b>

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Arawak Walton Housing Association Limited had total borrowing facilities of £18.1m available at 31<sup>st</sup> March 2023 of which £1.5m were undrawn.

**16. Deferred capital grant**

	2023 £	2022 £
At start of the year	6,003,986	6,109,563
Released to income in the year	(106,631)	(105,577)
Grant Received in year	63,243	-
At the end of the year	<u>5,960,598</u>	<u>6,003,986</u>
	£	£
Amount due to be released < 1 year	106,631	105,577
Amount due to be released > 1 year	<u>5,853,967</u>	<u>5,898,409</u>
	<u>5,960,598</u>	<u>6,003,986</u>

**17. Recycled capital grant fund**

	2023 £	2022 £
Opening balance	75,911	12,386
Inputs to RCGF:		
Grants recycled	-	63,413
Interest accrued	333	112
Transfers from other PRPs	-	-
Recycling of grant:		
New build	-	-
Major repairs and works to existing stock	-	-
Transfers to other PRPs	-	-
Other	-	-
Repayment of grant to the Homes England/GLA	-	-
Closing Balance	<u>76,244</u>	<u>75,911</u>
Amount three years or older where repayment may be required	<u>12,386</u>	-

**18. Non-equity share capital**

	2023 £	2022 £
Allotted Issued and Fully Paid		
At the start of the year	26	22
Issued during the year	1	4
Surrendered during the year	(5)	-
At the end of the year	<u>22</u>	<u>26</u>

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The par value of each share is £1. The shares do not have a right to any dividend or distribution in a winding-up, and are not redeemable. Each share has full voting rights. All shares are fully paid.

**19. Capital commitments**

	2023 £	2022 £
Capital expenditure that has been contracted for but has not been provided for in the financial statements:	1,021,235	34,354
Capital expenditure that has been authorised by the Board but has not yet been contracted for:	<u>796,000</u>	<u>2,018,000</u>
	<u><b>1,817,235</b></u>	<u><b>2,052,354</b></u>
The Association expects these commitments to be financed with:		
Social Housing Grant	-	-
Cash	942,235	652,354
Committed loan facilities	<u>875,000</u>	<u>1,400,000</u>
	<u><b>1,817,235</b></u>	<u><b>2,052,354</b></u>

**20. Operating leases**

The Association holds office equipment under non-cancellable operating leases. At the end of the year the Association had commitments of future minimum lease payments as follows:-

	2023 £	2022 £
Within one year	6,939	12,987
In one year or more but less than two years	1,500	3,480
In two years or more and less than five years	875	696
In five years or more	-	-

**21. Grant and financial assistance**

	2023 £	2022 £
Net amortised Capital Grant	1,796,375	1,689,744
Obligation to recycle grant on disposal of stock transfers	26,857,869	26,621,526
Deferred Capital Grant (note 16)	<u>5,960,598</u>	<u>6,003,986</u>
<b>Total Obligation to recycle on event of housing property disposal</b>	<u><b>34,614,842</b></u>	<u><b>34,315,256</b></u>

The Association has received grant from Homes England which was used to fund the acquisition and development of housing properties and their components. The Association is responsible for recycling the grant in the event of the housing properties being disposed of. At 31<sup>st</sup> March 2023 this amounted to £34,614,842 (2021 - £34,315,256).

## 22. Related parties

The following are related parties:

The Board has tenant co-optee members who hold tenancy agreements on normal terms and could not use their position to their advantage. Rent charged to the Tenant Board member was £4,424 (2022: £4,250). There are no arrears on their tenancies at the end of the reporting year end £NIL (2022: NIL).

Related party balances are not secured.

## 23. Financial Instruments

	2023 £	2022 £
<b>Financial assets that are debt instruments measured at amortised cost:</b>		
Cash at bank and in hand	1,518,081	857,417
Trade Debtors	61,247	54,780
Other debtors	6,053	2,972
<b>Financial liabilities at amortised cost:</b>		
Loans	13,750,338	12,882,326
Bonds	3,319,839	3,359,628
Trade Creditors	82,440	121,375
Rents and Service charges in advance	212,314	211,684
Accruals and deferred income	573,889	431,201
Deferred capital Grant	5,960,598	6,003,986
Other grant	13,759	17,199
Other creditors	34,769	18,711
Recycled capital grant fund	76,244	75,911
Other taxation and social security payable	24,689	25,059