

**THE CO-OPERATIVE DEVELOPMENT SOCIETY LIMITED**

**Financial Statements**

**Year ended  
31 March 2023**



**Final for Board Approval**

Co-operative and Community Benefit Societies Act 2014: Registered number 17107R  
Regulator of Social Housing: Registered number LH0170

**THE CO-OPERATIVE DEVELOPMENT SOCIETY LIMITED**

**Annual report and financial statements year ended 31 March 2023**

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# THE CO-OPERATIVE DEVELOPMENT SOCIETY LIMITED

## ADVISERS AND BANKERS

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### REGISTERED OFFICE

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London  
SE1 4YR

### INDEPENDENT AUDITORS

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### SOLICITORS' PANEL

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Glazer Delmar Solicitors  
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### PRINCIPAL BANKER

The Co-operative Bank Plc  
London Corporate Centre  
4<sup>th</sup> Floor, 9 Prescott Street  
London E1 8AZ

Co-operative and Community Benefit Societies Act 2014: Registered number 17107R  
Regulator of Social Housing: Registered number LH0170

## **THE CO-OPERATIVE DEVELOPMENT SOCIETY LIMITED**

### **REPORT OF THE BOARD OF MANAGEMENT**

Members of the Board of Management of the Society who served during the year 31 March 2023 or who have been appointed since, are as follows:

#### **BOARD OF MANAGEMENT**

Ms Jayam Dalal (Chair, appointed 20 September 2022)  
Ms Brigid Sutcliffe (Chair, resigned 20 September 2022)  
Ms Juliet Lack (Honorary Treasurer)  
Mr Ben Anim-Antwi (appointed 16 May 2022)  
Mr Tony Bush  
Mr Tom Bremner (appointed 6 March 2023)  
Mr Simon Charlick (appointed 21 November 2022)  
Mr Matthew Creasey  
Ms Rebecca FitzGerald (appointed 1 March 2023)  
Mr Satish Jassal  
Ms Lakechia Jeanne  
Mr Andrew Pakes (resigned 20 September 2022)  
Ms Rebecca Southern  
Ms Linda Wallace (resigned 3 March 2023)  
Mr Lawrence Zollner (resigned 15 August 2022)

Each member of the Board of Management, who is not also a member of the senior team, holds one fully paid share of £1 each in the Society.

#### **SENIOR MANAGEMENT TEAM (SMT)**

Members of the SMT during the year to 31 March 2023 or who have been appointed since are:

Tom Bremner	Chief Executive (appointed March 2023)
Linda Wallace	Chief Executive (resigned March 2023)
Christina Friedenthal	Corporate Services Director
Anne Hauxwell	Finance Director
Levent Kerimol	Project Director, London CLH Hub
Kristell Marcantoni	Operations Director (appointed May 2023)
Nigel Moore	Acting Operations Director (from January 2023 to April 2023)
Hony Premlal	Interim Operations Director (from January 2022 to January 2023)

## **THE CO-OPERATIVE DEVELOPMENT SOCIETY LIMITED**

### **REPORT OF THE BOARD OF MANAGEMENT**

The Board presents its report and the audited financial statements of The Co-operative Development Society Limited (CDS) for the year ended 31 March 2023.

#### **PRINCIPAL ACTIVITIES**

CDS is a Charitable Community Benefit Society (previously a co-operative society) and a social landlord established in 1975 to provide, promote and support co-operative and community led housing. We are regulated by the Regulator of Social Housing (RSH) and registered with the Financial Conduct Authority (FCA). We also act as a co-op support agency providing landlord and business management services to a wide range of housing co-ops in London and the South East and we work with the GLA to reinvest some of our surpluses to promote growth in co-op and community led housing.

At March 2023, we owned 738 rented homes and 241 shared ownership and leasehold properties and provided services to 34 housing co-ops and their 1,500 homes.

Our work aims to be of benefit to the wider community, increasing opportunities for people to be well housed in a home that they can afford, with a commitment to the long-term stewardship and protection of assets and to maintaining affordability in our housing stock. We are a social business and the way we do things is as important to us as the things we do. We strive to build trust with our customers and partners by being reliable, fair and acting with integrity. With our co-op history, we believe we can achieve more by working with others, listening for understanding and showing kindness in our work to build effective collaboration.

#### **THE YEAR UNDER REVIEW**

Our mission is to help more people shape what matters to them at home or in their neighbourhood and to build a sense of belonging through co-op and community led housing.

Our strategic plan outlines our goals for our three key areas of business. In addition, the Board approves an operational plan each year which sets out specific tasks and goals for the year. During the year under review, we continued to measure our progress against these goals.

This was a year of change for CDS, with a new Chair and towards the end of the year, a new Chief Executive.

The aftermath of Covid and the difficult economic conditions continued to have an impact both on us and on our customers. We have seen cost increases in many areas but CDS is financially strong and able to withstand the pressures.

We are pleased with our performance in safety and compliance and income management, including supporting our customers through our Welfare Benefits Service. However, elsewhere we know that we still need to improve as a landlord with the key areas being acting on our promises and being reliable. We also need to invest more in the homes we own and have further improvements to make in our repairs service and in the control of our repairs spend.

We did not achieve our budgeted surplus for the year, the main reason for this was that we spent more than planned on reactive maintenance.

## **THE CO-OPERATIVE DEVELOPMENT SOCIETY LIMITED**

### **REPORT OF THE BOARD OF MANAGEMENT**

#### **Service Performance for CDS residents**

Our service performance for our CDS residents was mixed and overall tenant satisfaction with services fell from 71% in 21/22 to 68% for 22/23 as a whole.

We carried out over 2,000 repairs in the year or just under three for every one of the rented properties. Costs continued to be high, partly due to the rising prices of materials and labour. We have recruited additional resource, including a surveyor to improve our service and help manage costs

We are committed to making sure that all our properties meet the decent home standard. Before we relet, we ensure our properties are clean, safe, secure, and ready for our tenants to move into whilst maintaining good void turnaround times. We exceeded our target turnaround times again in 22/23. This was affected by a high number of major voids but there were also a number of voids where our administration was not as efficient as it should have been.

We continued to see success in the work of the income collection and welfare team with debt management and support for those experiencing financial difficulty. Our combined arrears position at the end of the period compares well with our targets and our peers at just over 2% and many residents have secured income that they were entitled to through the efforts of the welfare adviser and the income collection team, supported by colleagues in the housing team. The Board has again approved an allocation of 1% of our rental income to relieving hardship through our Hardship Fund.

Following our extended absence from our estates due to the Covid-19 pandemic, we held several events throughout 2022-23 to encourage staff to interact with residents in person and make their presence more visible. The events ranged from door-knocking exercises, litter picking days, and 'meet and greets', to the Queen's Jubilee celebrations, and resident awareness and support events. The events were well attended and positively impacted our residents and their communities.

During the year we started on our investment programme, initially concentrating on boiler replacements to improve efficiency and comfort for residents. We also completed our electrical safety programme.

#### **Service Performance for Clients**

We are proud of the services we offer to housing cooperatives, and will be further revising and renewing our offer over the coming year. We saw steady performance for the year on our internal KPIs. We performed well on dealing with emergency repairs and issuing management and financial reports on time and have completed all landlord gas checks on time. We again had some issues with ensuring the audited accounts were completed and filed on time for all Co-ops and we have provided financial and governance support to the committees to improve this.

We have continued to work with our founder member clients and the one that has become independent continues to go from strength to strength. We are working with the others to look at a range of options for their futures.

#### **Safety and Compliance Performance**

We are committed to ensuring our residents can live safely and securely in their homes. This is achieved through ongoing programmes of building safety management including fire, gas, electrical, water and lift inspections, as well as major works programmes dealing with remedial fire safety issues.

## THE CO-OPERATIVE DEVELOPMENT SOCIETY LIMITED

### REPORT OF THE BOARD OF MANAGEMENT

Fire and building safety legislation, developed and introduced since the Grenfell tragedy, is continuing to bring on board new requirements for building owners. Many of these requirements came into effect in early 2023. We are compliant with all of the required safety regulations. We have an annual independent audit of our safety compliance to make sure that our systems and reporting are accurate. Every one of our homes has five-year electrical safety and gas safety certificates, and we have installed heat, smoke and carbon monoxide alarms in all our homes.

We have carried out hundreds of thousands of pounds worth of compartmentation work to make our buildings more fire resistant. We are also installing new doors with increased fire resistance.

All our buildings continue to be compliant with fire risk assessments. All remedial actions are managed promptly working closely with our fire partners, while housing officers walk around our estates every month to look out for any fire safety or health hazards.

#### Promoter Work

In 2017/18, we were instrumental in establishing The London Community Led Housing Hub with the GLA and with the support of other sector organisations such as the National CLT network and UK Cohousing Network. We now host the London CLH Hub providing practical advice, support and funding to emerging and established community led groups who wish to build homes. The GLA are supporting core costs for the hub team to deliver early stage advice for a wide range of interested organisations and alongside this are providing revenue and capital funding to support specific identified schemes. The hub administers a proportion of early stage revenue grant with advanced revenue and capital managed by the GLA directly. The GLA provides oversight of the Hub work through regular quarterly review meetings.

The Hub is making satisfactory progress in getting homes built with a number of the projects that have been worked on for several years starting to reach planning stage with sites at preferred purchaser or similar.

#### Employee Matters

We have continued to face challenges in getting permanent roles recruited in a competitive market but have made several key appointments during the year. Employees have valued our equality work and we were particularly proud to achieve a Race Equality Matters Trailblazers Award for the training and work we carried out on their #MyNamels campaign. We are making good progress with improving employee engagement and collaboration and our regular survey shows that 87% of our employees would recommend us as an employer.

### OUR FORWARD PLANS

In the coming year we have updated our existing Corporate Plan, which runs to 2024, to focus on improving core services and functions. 2025 marks the 50<sup>th</sup> anniversary of CDS and we will also work on a new plan to run from 2024/25 that addresses our Purpose and Mission into the future alongside celebrating our heritage and history since we were formed in 1975.

#### Our Vision

Our vision is that through co-op and community led housing, more people can shape the things that matter to them at home and have a sense of belonging in the place where they live.

## **THE CO-OPERATIVE DEVELOPMENT SOCIETY LIMITED**

### **REPORT OF THE BOARD OF MANAGEMENT**

Our mission is to help more people shape what matters to them at home or in their neighbourhood and to build a sense of belonging through co-op and community led housing.

We will do this by being a collaborative landlord, an enabling service provider and by promoting growth, innovation & co-operation.

#### **Our Strategy**

Our corporate strategy reflects our focus on community and belonging. Our plans for the year will enable us to meet our commitment to the Together with Tenants Charter and to respond to the regulatory and legal environment to proposed changes to regulation as well as the environmental agenda.

We believe that our unique position and history put us in a good position to be a leader on meaningful collaboration with residents, clients and staff and to demonstrate how this can deliver high levels of performance and satisfaction. As a relatively small organisation we can more easily try things out and change in an agile way in response to different local customer needs or wishes.

Our main challenge is our capacity; human, financial and operational, to deal with the increasingly complex requirements of being a social housing provider. We need to reduce our costs or increase our income in order to remain independent, resilient and sustainable.

During the course of the plan, we will need to keep key risks in view, particularly building safety, regulatory compliance, threats to income, increasing pressures on expenditure, and reputational risks. We also need to be proactive about opportunities to improve resilience, expand capacity and to deliver growth.

#### **Our Priorities**

Our priority for the year is “making things work better”, both tackling areas where we need to concentrate on getting the basics right (such as repairs, leasehold services and complaints) as well as building on excellent performance (such as income management). We believe this approach is clear, explainable and achievable and is something all staff can contribute towards achieving.

Working with teams from across the organisation we have redefined our goals for the current year. This exercise has been thorough and collaborative and provides a solid base on which to ‘re-set’ our approach to the Corporate Plan along the lines agreed by the Board. The approach we have taken chimes strongly with the CDS values of unity, intention and collaboration. Using the overriding theme of making things better as a steer and the existing Corporate Plan as a starting point, each of our goals has been reviewed to consider what is achievable by March 2024. This meant making an improvement on the 2022/23 performance, continuing to meet with full compliance or meeting new requirements or milestones.

We will measure progress against these goals in two ways; has the target been met and what is the direction of travel. In addition, for each goal we’ll be looking at evidence of collaboration across CDS. This is for two main reasons. The first is that to achieve many of the goals it will require collaboration, unity and intention (in line with our values). The second is that we want to really focus on creating greater collaboration as an integral part of the 2023/24 Corporate Plan and for this to run through the whole plan. We will also develop our staff reward programme to align with these priorities.



## **RISK AND UNCERTAINTY**

Our operating environment has had significant uncertainty in recent years. The UK has faced a sequence of severe and ongoing macroeconomic shocks over the past three years, including from Brexit, Covid-19, and resulting from Russia's invasion of Ukraine. We have also faced increased cost pressures from high inflation, a tight labour market, and the residual impact of the pandemic on supply chains. Interest rates have risen significantly, although our proportion of fixed debt and relatively low gearing protects us to some extent. We are also aware of the impact of the cost of living crisis on our customers and the risk posed to our income. At the same time we need to invest more in the homes we own to deliver against quality, building safety, and decarbonisation commitments. In common with many providers we need to make choices about how our finite resources are allocated.

### **Key Risks**

The RSH publishes an annual risk review which highlights the key areas of risk to the sector, including those arising from external conditions such as macroeconomic risk and external regulations and those arising from a provider's own situation such as condition of stock. As an organisation we are not exposed to development or sales risk and so these are excluded here.

### **Health & Safety Risk**

As a social landlord we are responsible for ensuring that our tenants are safe in their homes and that our staff are safe at work. Compliance with the statutory requirements is a basic minimum to ensure that tenants are safe, and we are expected to do what we need to beyond this to demonstrate that health and safety risks are well managed. The CDS Board is responsible for ensuring that there are measures in place to identify, manage, monitor, and report on risk in a way that provides it with effective oversight.

The Building Safety Act came into force in April 2022 and sets out extensive reforms to regulations, particularly for higher rise buildings. For CDS, with no properties in this category and no active building programme, the main requirements that will affect our work are those about ensuring responsibilities for safety are in place.

### **Economic Risk**

There is substantial ongoing uncertainty as a result of the pandemic and of the war in Ukraine. Labour market and supply chain disruption have affected the prices and availability of goods and services, with significant volatility in inflation and reduction in access to labour and skills. Costs are expected to continue to rise, and it is essential we understand our cost base and continue to apply stress testing to our business plans.

### **Strategic Choices**

In common with other similar organisations, we recognise that we face a range of competing pressures and trade-offs in setting our strategic direction and in utilising our limited financial capacity, including the need to undertake essential investment to respond to changing building safety and energy efficiency standards and to maintain the quality of our existing housing stock. At the same time, we are investing in the services that we provide to our tenants and face increased pressure from rising prices in all areas.

## **THE CO-OPERATIVE DEVELOPMENT SOCIETY LIMITED**

### **REPORT OF THE BOARD OF MANAGEMENT**

#### **Delivering Value for Money**

Meeting the regulatory requirements in relation to value for money is an increasingly important part of our responsibility as an organisation funded largely by rents. Our value for money report included in this report, measures our performance against the standard metrics and our own goals.

#### **Service Delivery and Accountability to Tenants**

The provision of good quality housing services to their tenants is core to the role of a registered provider. The Social Housing Regulation Bill will bring into law changes to enable a regime of proactive consumer regulation and we have plans in place to strengthen engagement with tenants and improve the services they receive. From April 2023 we have complied with the new Tenant Satisfaction Measures Standard. We also recognise that it is important that we have in place clear standards for handling complaints, including lessons learnt.

#### **Reputational Risks**

The Grenfell Tower fire brought social housing providers under extraordinary scrutiny about the way in which we operate, manage services and safety and how we relate to our residents. More than ever, we are expected to be conscious of the potential for reputational damage when things go wrong, not just for our organisation but for the sector more widely and the views of lenders, investors, central and local government. This needs to include all aspects of our work and business practices, not just safety and to make us mindful of the operating practices of our clients and partners.

Where we are supporting clients specifically in relation to their governance responsibilities, we need to ensure that clients are fully considering and appropriately responding to risk.

We are also mindful of the need to reflect more clearly the voice of our customers in the design and delivery of services and to ensure that we have process in place to guard against incorrect rent setting, data breaches and poor complaints.

#### **Data Security and Safety Monitoring**

The collection and use of data presents a number of risks for us. Firstly, good data is essential to provide oversight of our business and to accurately report on our regulatory and statutory requirements. It is also critical that the data that we use is safely and appropriately managed, taking into consideration the more onerous requirements of the GDPR which came into effect in recent years. Finally, it is crucial that accurate and transparent data is held and used by us to monitor and gain assurance about our safety requirements.

We have improved our management of data to meet the GDPR requirements, providing training to all of our staff and information for all of our clients and we have introduced a cloud-based housing management core system which gives us the protection of internationally recognised data security through the use of Microsoft products. We have also invested in a specific health and safety post and a data management system to provide the business with oversight of compliance with statutory and regulatory requirements. In terms of cyber security threats, we are improving our technology solutions, moving toward more 'industry standard' and externally hosted solutions which have built in resilience to threats. We have also increased our insurance cover for the associated impact of those threats.

## **THE CO-OPERATIVE DEVELOPMENT SOCIETY LIMITED**

### **REPORT OF THE BOARD OF MANAGEMENT**

The move initially to offsite working in the pandemic and more recently to hybrid working, has meant that we have seen an increase in the risk of unauthorised access to data and of attempted fraud from IT spamming incidents due to the increased reliance on electronic communication and reduction in face to face contact. Staff are regularly reminded of the risks and the need to exercise caution. The existing processes and controls around payment controls continue to be applied and should capture any fraud attempt.

#### **Existing Stock**

The Home Standard requires us to meet all statutory requirements for the health and safety of occupiers and to meet the decent homes standard. As part of that standard, we are also required to provide a cost effective repairs and maintenance service to homes and to communal areas and to have a prudent, planned approach to repairs and maintenance. Alongside an appropriate short and long-term approach, we need to ensure that our business plans have sufficient capacity to meet the required investment to meet the decent homes standard and ensure that our view is based on good quality and up to date information.

During 2018 we carried out a stock condition survey looking at a sample of homes on every estate that we own. This formed the basis of an asset management strategy agreed with the Board in 2019. In the coming year we intend to update this and ensure we have more comprehensive information which we can use to refine our plans further. The Government has set a target for the UK to become 'net zero' in terms of carbon emissions by 2050. This will have significant impact on housing providers where existing homes contribute significantly. In implementing our asset management plan, we will consider how we can minimise harm with our approach and particularly focus on insulation and seeking out affordable alternatives to traditional solid fuel use.

Our stock was largely built around 25 – 30 years ago and some component elements are nearing the end of their life. Our asset management plan sees investment rise significantly over the life of the plan and with an increased ongoing commitment beyond the life of the plan. This plan was delayed during the coronavirus restrictions but is now underway. For the period up to March 2025 we have agreed a variation to our loan covenants which will enable us to speed up the investment and spend much of our accumulated cash.

#### **Income Collection**

We have identified income collection and debt as a key risk to the business and increasing debt is a key stress test for our business plan. We recognise the high inflation and real terms wage reductions increase the financial pressures on our residents and could increase arrears. We have continued to invest resources and prioritise helping customers, whilst ensuring that all accounts are kept under review. We are pleased with our continued good debt performance during the year.

#### **Financial and Treasury Risks**

Interest rates have risen recently and are likely to rise again. This has a cost impact for us but our position is lower risk. We have a low level of debt overall (£4.2m) of which less than £2m is variable rate. A variation of 1% in the interest rate would therefore equate to around £20k increase in our interest payments.

During the year, inflation continued to be high with CPI exceeding 11% at its peak. Our rent increase at March 2023 was 7% in line with the government cap but many of our cost lines have increased at a

## THE CO-OPERATIVE DEVELOPMENT SOCIETY LIMITED

### REPORT OF THE BOARD OF MANAGEMENT

higher rate. Our surplus has come under pressure and there continues to be a real risk of costs continuing to rise at a higher rate than our income. We are aware of the need to continue to manage our cost base effectively to maintain our viability in the longer term.

#### Pensions

CDS participates in the Social Housing Pension Scheme (SHPS), which is a defined benefit scheme in relation to certain employees and past employees. The scheme is currently in deficit and the financial obligations are remeasured on a triennial basis, creating risks of increased costs if this deficit increases. Changes from 2030 to align the calculation of the Retail Prices Index with the Consumer Prices Index including owner-occupiers' housing costs will likely further reduce funding levels for many schemes.

#### Management of risks

At CDS we have embedded risk management throughout our business with employees at every level taking responsibility for identifying and managing risks.

Our risk map details those risks that could prevent us from achieving our strategic objectives and the controls in place for mitigating those risks. The risk map considers:

- Impact Mitigation Risks – underlying risks that CDS needs to have awareness of and a plan in place for how to respond to that risk should it crystallise.
- Managed Active Risks – These are the key day to day risks facing the business where there is a control framework in place to ensure that the risk is managed.
- Current Live Risks – This details current risks that are live in the business that Directors and Operational Management have on their agenda and for which there will be a definite short term action plan to reduce the risk.

It is prepared by the Senior Management Team and approved by the Board annually, reviewed by the Finance & Audit Committee at every meeting (quarterly) and discussed and updated regularly by SMT and Operational Managers.

## FINANCIAL RESULTS – HIGHLIGHTS

### Overview

We delivered an Operating surplus of £690k (2021/22 1,009k) which equated to a net margin of 7.6% on turnover (2021/22 12.1%). We received £119k of net proceeds from property disposals (2021/22 £472k) which are included in the operating surplus. In the current year all of the proceeds related to lease extensions whereas in the prior year it was a mix of lease extensions and shared ownership staircasing sales. Our surplus enables us to continue to invest in and improve the services we provide to our customers.

Our operating margin on social housing lettings (measured excluding losses and surpluses on disposals of properties and components) has fallen slightly to 12.1% (2021/22 12.3%), due to continued cost pressures. Our overall operating margin (excluding disposals), decreased from 9.2% to 8.7%

## THE CO-OPERATIVE DEVELOPMENT SOCIETY LIMITED

### REPORT OF THE BOARD OF MANAGEMENT

Our Value for Money Statement for 2022/23 (included as part of this document) reviews our financial performance in more detail including our relative performance and plans for improving our profitability in future years to provide more resilience for changing demands and risks.

#### 2022/23 Surplus before Taxation

Our 2022/23 surplus before taxation was £540k (2021/22: £852k), an overall decrease of £312k. Net proceeds from property sales have decreased by £352k.

Also included in the statement of comprehensive income is the remeasurement of the SHPS pension scheme deferred benefit obligation for 2022/23, which has resulted in a charge of £197k (2021/22: a credit of £338k) Excluding the effect of property sales and of other income, the underlying surplus has increased by £34k.

There were a number of contributing factors, but the main ones were;

- An increase in rental income of £156k (3.7%) due to the rent increase, less increased void costs and an increase of £53k in service charge income.
- An increase in Client income of £40k, due to an inflationary price increase and some changes in services taken.
- An increase of £90k in housing management costs, mainly due to higher utility costs.
- A increase in reactive and void maintenance spend of £253k but a decreased spend on planned and cyclical maintenance of £317k as the prior year included £363k spent on our electrical safety program.
- An increase in staff costs of £190k, including an extra £75k on agency staff to cover vacancies. Other non direct costs were held year on year with only a £20k increase.

#### Allocation of Overheads (Notes 3 & 4)

Our allocation of costs between different business activities is based on a detailed review carried out with Housemark in 2015/16. We continue to use this base as there has been no significant change in the nature of work or attribution. Where possible the allocation uses an assessment of actual levels of activity and is updated for changes in the balance of activity in the business in each operating year. Overheads are apportioned in relation to either staff costs, units under ownership/management or turnover depending on the nature of the cost.

#### Statement of Financial Position

Our Statement of Financial Position demonstrates that we are financially strong with a significant property asset base of £33.1m at depreciated cost and reserves of £15.2m at the year end.

We have outstanding loan balances of £3.8m, producing a very low gearing, excluding cash balances, of only 8%. Our overall liquidity, including quick access to considerable cash reserves, provides us with confidence that we can meet our foreseeable commitments.

## THE CO-OPERATIVE DEVELOPMENT SOCIETY LIMITED

### REPORT OF THE BOARD OF MANAGEMENT

#### VALUE FOR MONEY

Meeting the regulatory requirements in relation to value for money is an increasingly important part of our responsibility as an organisation funded largely by rents. The Value for Money (VFM) Standard focuses on improving the quality of governance around VFM, particularly the strategy and measurable impact of those strategies. We are measured against a standard set of metrics set by the regulator and also against the defined measures of success for our own strategic objectives

Our value for money strategy is not separate from our business strategy but is a way of looking at our wider strategy through a value for money lens and selecting those goals and supporting strategies which deliver value for money through the most efficient use of our resources, and which best support the delivery of the overall strategy.

#### Key Risks

The Sector risk profile, published by the Regulator each year, highlights some of the most significant common sources of risk to providers ongoing compliance with the Standards.

This coupled with our own internal assessment of risk identifies a number of key risks relating to our ability to deliver value for money, these include.

- Economic risk including the impact of rising prices, particularly for repairs and investment work
- Our ability and appetite to raise rents in line with cost inflation and the impact if we do not or cannot.
- Income collection and rising customer debt
- Financial and Treasury risks including the impact of changes in interest rates on existing and future debt
- Increased obligations for areas such as environmental sustainability and compliance
- Difficulties in attracting and retaining specialist and expert staff and consultants

#### Business Plan

Our Business Plan for the medium term, as approved in March 2023, includes our intention to invest in our stock as part of our Asset Management Plan over the three years to March 2025 and demonstrates that we have the capacity and cash flow to do this, supported by the change in our loan covenants. Our plan is to ensure we have sufficient resources to respond to the expected pressures of safety, environmental and Decent Homes requirements and to the challenging economic landscape and so we will continue to carefully manage our operating and other costs.

Our strategy also includes our intention to continue to invest in the Promotor Stream, building the capacity of the sector to grow at scale. This is central to our mission and may include opportunities to act as the registered provider for new groups and projects. Any opportunities to increase our stock will be properly evaluated to ensure they deliver value.

#### Value for Money Strategy

Our Value for Money strategy for 2022-25, approved in September 2022, centres around the goal of improving value for money to support the delivery of our overall business strategy and to ensure the continued viability of the organisation and progress toward our mission.

## THE CO-OPERATIVE DEVELOPMENT SOCIETY LIMITED

### REPORT OF THE BOARD OF MANAGEMENT

We will achieve this by driving value through improved efficiency, collaborating with our residents and clients to deliver improved services and properly recovering the costs of our services from clients and in relation to service costs for both tenants and leaseholders

We will target improvement of our overall operating surplus and the use of this to drive growth in the sector through others. We will benchmark both our costs and our performance against the sector as a whole, particularly in the cost and effectiveness of our repairs service which has such an impact on all of our outcomes. We will do this through a meaningful peer group and seek to understand differences so that we can act to make changes or improvements where these are needed.

We will assess our current and future structural and financing arrangements to make sure that both are consistent with our strategic goals and are able to support their achievement.

Our key strategic goals are:

- Provide good quality homes and landlord services that reflect our values
- Provide clients with reliable and efficient landlord and business services in line with our values
- Promote mainstream growth in co-op and community-led housing
- Be well managed and well governed

Our priorities are to:

- Radically improve service experience
- Promote a culture of collaboration and belonging with residents, clients and employees
- Remain well-managed and governed with a strong performance focus
- Strengthen financial and operational resilience.

Value for money for us means achieving our goals with the right balance of quality, value and reliability and in line with our business values. To strengthen our financial resilience, we will need to reduce our risk by managing our overall costs whilst improving service. Only by achieving both of these goals together can we deliver on our financial and investment plan.

#### **Measuring Value for Money**

The Value for Money standard includes seven standard measures of VfM in our core landlord business, which are outlined below. In addition, it requires Providers to select their own measures which best reflect their strategic aims and overall approach to VfM. With this in mind, we have selected a small number of targets for each of our business streams.

We are primarily a service organisation and a key element of delivering value for money is that our customers know what they can expect from us, can rely on getting it and are happy with both quality and price.

We monitor VfM primarily through:

- Monitoring our business plan, operational plan and performance against targets.
- Benchmarking our performance and costs relative to our peers.
- Reviewing feedback from customers, clients, employees and other stakeholders.

Our targets for each metric and our performance against them in the current and prior year are shown in the table below.

## THE CO-OPERATIVE DEVELOPMENT SOCIETY LIMITED

### REPORT OF THE BOARD OF MANAGEMENT

In our **Supporter** stream we measure progress towards profitability, with the goal of generating a 5% surplus.

In our **Promoter** stream we will measure value for money by the extent to which we are able to deliver agreed outcomes using the promoter fund.

#### Value for Money Self-Assessment 2022/23

##### Measured against the standard metrics

Our performance for the year against the standard metrics is as follows. We have given comparatives from the 2021/22 Global accounts data for smaller providers (under 2,500 homes) and the sector scorecard values from 2022.

Value for Money Metrics	Actual 22/23	Actual 21/22	Global Accounts (smaller providers) 21/22	Sector scorecard 2022
Metric 1 – Reinvestment %	1.3%	0.8%	4.7%	5.7%
Metric 2 – New supply delivered %	0%	0%	0.9%	1.2%
Metric 3 – Gearing %	-15.3%	-13.5%	32.3%	35.8%
Metric 4 – Earnings Before Interest, Tax, Depreciation, Amortisation, Major Repairs Included (EBITDA MRI) Interest Cover %	395%	552%	194%	182%
Metric 5 – Headline social housing cost per unit	4,936	4,537	4,748	4,230
Metric 6 – Operating Margin %				
Social housing lettings only	12.1%	11.7%	20.9%	22.2%
Overall (including Promotor)	8.7%	8.8%	17.8%	20.2%
Metric 7 – Return on capital employed (ROCE) %	1.8%	2.7%	2.4%	2.8%

The Sector scorecard comparisons are from the Housemark report which covers over 300 associations nationally. The Global Accounts analysis produced by the Regulator for Social Housing captures the data for all housing associations nationally. It also offers data for those housing associations which are over 1,000 homes but less than 2,500 homes nationally, which is the source of the comparison above.



## THE CO-OPERATIVE DEVELOPMENT SOCIETY LIMITED

### REPORT OF THE BOARD OF MANAGEMENT

#### Reinvestment

Our business plan includes the projected investment needed to keep our homes in good repair. As part of our annual budget, we allocate funds to spend on specific projects and on 'at fail' requirements, recognising that homes respond to use and environment as well as age and that our geography offers limited opportunities for economies of scale through procurement. The amount that we spend varies year to year depending both on what projects are planned and the "at fail" needs.

Our current asset management plan includes our plans to significantly increase the amount that we invest in our housing stock over the next three years and prioritises safety and decent homes work. During the year we made a start on replacing boilers and on upgrading fire doors and have planned projects to replace windows.

#### New Supply Delivered

The Board has considered how CDS can best use its assets to meet the challenge of providing more homes, taking account of our capacity and our specific purpose.

We believe we can best achieve this by enabling the design and delivery of mainstream co-op and community housing solutions, in collaboration with others, measuring our success by the number of homes built overall, rather than simply additions to our own stock.

The Board recognises that we will sometimes be the developer of choice, particularly where sites are adjacent to our own, where existing relationships offer advantageous deals or where there is the opportunity to pilot a new CLH approach. In these cases, we will consider each scheme on its merits, seeking to use our borrowing capacity to deliver more affordable and community led homes in line with our overall vision. For the year 2022/23 we invested £44k in promoter activities from our surplus and we allocated £527k of the funds that we administer on behalf of the GLA, to providing support and direct grants to community led housing groups and projects. We also provided support to the GLA Hub from our central costs.

#### Gearing

CDS has relatively low gearing even compared to other non-developing providers, reflecting the age of the stock and low calls on borrowing for further investment. The standard measure also includes cash, so our ratio is negative and has become more negative since last year, reflecting both the fact that we continue to repay debt and the amount of cash held at the year end. The ratio indicates lower risk but also potential unused borrowing capacity for the future.

#### Earnings Before Interest, Tax, Depreciation, Amortisation, Major Repairs Included (EBITDA MRI) Interest Cover %

This measure is also an indication of risk and of borrowing capacity. We expect this to increase over time as we repay debt, improve Provider surpluses, and reduce deficit on our Supporter workstream. The decrease in the current year, however, reflects a higher spend on major repairs.

#### Headline social housing cost per unit

This is the cost measured across our rented (738) and shared ownership (79) homes. Compared to the prior year, Social Housing costs have increased by 6%, excluding major repairs. This reflects the

## THE CO-OPERATIVE DEVELOPMENT SOCIETY LIMITED

### REPORT OF THE BOARD OF MANAGEMENT

continued cost pressure we have experienced particularly in property costs. Compared to the benchmark group of smaller providers our cost is 4% higher, but it should be noted that the benchmark is for the prior year.

#### Operating Margin

Our operating margin on Social Housing lettings is below the sector average and below the benchmark group. Our cost per unit is higher than average and has increased compared to the prior year due to the higher property costs.

Our overall margin is lower than that on Social Housing alone, due to the inclusion of our Client Services (Supporter) business which currently just about breaks even. We missed our target of improving this to a small margin for risk (about 5%) in the year due to challenges with staffing, including having to recruit temporary staff, but it remains our target to do so. This more sustainable business will be the basis for growth in support of the emerging community led housing market and other smaller landlords. Total margin also includes the promoter stream which shows a small deficit and so reduces overall margin.

#### Return on Capital Employed

This measure has decreased year on year due to a lower operating surplus, mainly due to lower sales of properties.

#### Measured against our chosen metrics

In addition to the standard metrics, we also measure performance against our specific metrics which we have chosen to align with our strategic goals.

CDS Specific Value for Money Metrics	Target	Met or not met	Actual 2022/23	Actual 21/22
<b>Provider Stream</b>				
Tenant satisfaction with overall service	85%	Not Met improved	72%	71%
Tenants satisfaction with repairs service	80%	Not Met improved	64%	60%
Tenants satisfaction with "listen and act"	80%	Not Met improved	60%	55%
% Complaints managed within HOS code timescales	95.0%	Not Met	87%	100%
Current tenant arrears as % rent debit	< 2.5%	Met	1.5%	1.5%
Homes meeting Decent Homes Standard	100%	Met	100%	100%
Homes meeting EPC C (new measure)	100%	Not Met	30%	n/a
Employees who would recommend us as an employer	85%	Met	87%	81%
<b>Supporter Stream</b>				
Operating surplus on Client business	5%	Not Met improved	0.2%	-0.5%

## THE CO-OPERATIVE DEVELOPMENT SOCIETY LIMITED

### REPORT OF THE BOARD OF MANAGEMENT

#### Tenant Satisfaction

There were some encouraging satisfaction scores at year end, indicating progress towards our goals. In the fourth quarter, 78% of respondents were satisfied with both the quality of their home and the approachability and friendliness of staff whilst 72% felt that we make a positive contribution to their neighbourhood and are easy to deal with. In other areas we still have work to do. 63% of respondents were satisfied overall with the repairs service while only 57% trusted our staff to do what they say. Overall satisfaction with our service stood at 68% for the quarter, which places us in the lower quartile of benchmarked scores for similar size organisations. For the year as a whole this measure has increased marginally year on year to 72%

#### Tenant Debt

Debt performance continues to be very strong with current tenant arrears at 1.5% at the year end.

#### Property Standards and Compliance

We met our target for 100% compliance with Decent Homes Standard and, through our investment program will target an improvement in EPC standards.

#### Employee Satisfaction

Employee satisfaction, measured as the percentage who would recommend us as an employer, continues to exceed our target at 87%.

#### Supporter Stream

Our strategic aim is for the Client Services business to break even and generate a small (5%) margin to cover risk from March 2021. For the current year we made a marginal surplus.

## COMPLIANCE

#### HCA Governance and Financial Viability Standard

The Board confirms our compliance with the HCA Regulatory Code, particularly the Governance and Financial Viability standard for the year under review and for the period up to the date of these accounts. Our compliance is reviewed on an annual basis and the report as at 30 June 2023, which confirmed that CDS is able to demonstrate full compliance with this standard, was approved by the Board in July.

#### NHF Code of Governance

We have adopted the National Housing Federation Code of Governance 2020 and are compliant with it. The Board conducts annual assessment of compliance with the code, with the latest taking place in May 2023.

## THE CO-OPERATIVE DEVELOPMENT SOCIETY LIMITED

### REPORT OF THE BOARD OF MANAGEMENT

#### NHF Voluntary Code on Mergers, Group Structures and Partnerships

In January 2016, the Board agreed to adopt the above code.

The Board has agreed that there is no immediate need or benefit to be obtained from pursuing a merger. Partnerships to share services or central costs are of interest and any approach would receive appropriate consideration as to its value in increasing the pace or scale of movement towards the business mission.

No proposals for merger were made in the year and no representations were received from any third party with any proposals for merger.

#### STATEMENT OF BOARD'S RESPONSIBILITIES

As a Registered Provider of Social Housing, the Board is responsible for preparing the report and financial statements for each financial year in accordance with applicable law and regulations, Co-operative and Community Benefit Societies Act 2014 and registered social landlord legislation. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws). Under the Co-operative and Community Benefit Societies Act 2014, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and surplus or deficit of the Society for that period. In preparing these financial statements, the directors are required to:

- Select suitable accounting policies and apply them consistently.
- Make judgements and estimates that are reasonable and prudent.
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that CDS will continue in business.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of CDS and enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, Housing and Regeneration Act 2008 and the Accounting Requirements for Registered Social Landlords General Determination 2019 and the Statement of Recommended Practice: Accounting by Registered Social Housing Providers 2018.

The Board has general responsibility for safeguarding the assets of CDS and hence for the prevention and detection of fraud and other irregularities.

The Board is responsible for the maintenance and integrity of the corporate and financial information on CDS's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

**STATEMENT ON INTERNAL CONTROLS**

The Board has overall responsibility for establishing and maintaining the whole system of internal control and reviewing its effectiveness.

The Board recognises that no system of internal control can provide absolute assurance or eliminate all risk and that the system of internal control is designed to manage risk and to provide reasonable assurance that key business objectives and expected outcomes will be achieved. It also exists to give reasonable assurance about the preparation and reliability of financial and operational information and the safeguarding of the Society's assets and interests.

In meeting its responsibilities, the Board has adopted a risk-based approach to internal controls which is embedded within the normal management and governance process. This approach includes the regular evaluation of the nature and extent of risks to which CDS is exposed. The Board ensures that there is a long-term business plan setting out both the goals of CDS and our financial capacity and this plan is robustly tested. Our risk assessment framework is directly related to ensuring that we manage and mitigate those risks that might undermine our ability to meet our business plan goals.

The process adopted by the Board in reviewing the effectiveness of the system of internal controls, together with some of the key elements of the control framework includes:

- Identification and evaluation of key risks

Management responsibility has been clearly defined for the identification, evaluation and control of significant risks. There is a formal and ongoing process of management review in each area of the CDS's activities. This process is co-ordinated through a regular reporting framework by the senior management team which regularly considers reports on significant risks facing CDS and the team is responsible for reporting to the Board any significant changes affecting key risks.

- Monitoring and corrective action

A process of control self-assessment and regular management reporting on control issues provides hierarchical assurance to management and to the Board. This includes an agreed programme of internal audit reviews designed to provide regular and objective assurance on key internal controls. There is in place a rigorous procedure for ensuring that corrective action is identified in relation to any significant control issues, particularly those with a material impact on the financial statements.

- Control environment and control procedures

The Board retains responsibility for a defined range of issues covering strategic, operational, and financial and compliance issues including new investment projects. The Board has adopted and disseminated to all employees a code of conduct for board members and staff based upon the NHF Code of Conduct 2022. This sets out CDS's requirements with regard to the quality, integrity and ethics of its employees. It is supported by a framework of policies and procedures with which employees must comply. These cover issues such as delegated authority, segregation of duties, accounting, treasury management, health and safety, asset protection and fraud prevention and protection.

## THE CO-OPERATIVE DEVELOPMENT SOCIETY LIMITED

### REPORT OF THE BOARD OF MANAGEMENT

- Information and financial reporting systems

Financial reporting procedures include detailed budgets for the year ahead and forecasts for the subsequent four years, as well as detailed cash flow forecasts for the same period. These are reviewed and approved by the Board. The Board also regularly reviews key performance indicators to assess progress towards the achievement of key business objectives, targets and outcomes.

- Arrangements for managing the risk of fraud

The Board has an anti-fraud policy which sets out the arrangements for preventing, detection and reporting of fraud. As part of the internal fraud review, the Finance & Audit Committee has reviewed the fraud register and reported any instances of fraud to the Board, as appropriate. There have been no significant frauds or attempted frauds during the year under review.

- Key Risks

The Board considers that the key risks that are most likely to influence future performance and our ability to deliver our business objectives are economic and political, staff turnover, information and communications technology, internal controls and health and safety. More detail on the key risks and the action taken to mitigate these risks is included in the Risk and Uncertainty section above.

- Internal audit

The internal control framework and risk management process are subject to regular review by the Internal Auditors who are responsible for providing independent assurance to the Board via its Finance & Audit Committee. The Finance & Audit Committee considers internal controls and risk at each of its meetings.

- Annual review of the effectiveness of internal controls

The Board confirms that it has received the annual report of the senior management team on the effectiveness of internal controls and has conducted its annual review of the effectiveness of the system of internal control and has taken account of any changes needed to maintain the effectiveness of the risk management and control process.

The Board confirms that there is an on-going process for identifying, evaluating and managing significant risks faced by the Society. This process has been in place throughout the year under review and up to the date of the approval of these statements and is regularly reviewed by the Board. The Board confirms that no weaknesses in internal controls have resulted in any material losses, contingencies or uncertainties which would require disclosure in the financial statements.

## THE CO-OPERATIVE DEVELOPMENT SOCIETY LIMITED

### REPORT OF THE BOARD OF MANAGEMENT

#### EQUALITY AND DIVERSITY

CDS is committed to operating fairly and openly and without discrimination. All decisions relating to employment practices will be objective, free from bias and based solely on work criteria and individual merit. We are responsive to the needs of our employees, residents and the community at large.

#### HEALTH AND SAFETY

The Board receives an annual health and safety report with regular updates on safety for employees, residents, partners and other parties. Additionally, a report on property health and safety compliance is provided at each Board meeting and health and safety is reported at each Corporate Services Committee meeting. The health and safety of CDS's employees, residents and partners is paramount to the Board and we are constantly seeking to develop a safety aware and safety confident culture.

We strive for safe and healthy working conditions, housing, equipment, and systems of work for all those connected with the Society and to provide such information, training and supervision as is needed for this purpose. In the last year, we created a dedicated Property Compliance Team and filled a newly created post dedicated to managing property health and safety compliance in order to ensure proper attention is paid to keeping our properties and our residents safe.

There have been no material health and safety breaches in the year.

#### DISCLOSURE OF INFORMATION TO AUDITORS

At the date of making this report each of CDS's Board Members, as set out on page 2, confirm the following:

- so far as each Board Member is aware there is no relevant information needed by CDS's auditors in connection with preparing their report of which CDS's auditors are unaware; and
- each Board Member has taken all the steps that they ought to have taken as a Board member to make themselves aware of any relevant information needed by CDS's auditors in connection with preparing their report and to establish that CDS's auditors are aware of that information

#### GOING CONCERN

CDS has a significant property asset base of £33.1m at depreciated cost and reserves of £15.2m at the year end. Loans outstanding were £3.8m and although CDS has no overdraft facility we had total cash holdings of £8.9m.

CDS complies with the Governance and Financial Viability Standard, which means that we need both to have access to sufficient liquidity (for us this is met by cash reserves) to meet our obligations and to comply with our loan covenants. We monitor actual and expected compliance with loan covenants throughout the year.

Our operating budget for 2023/24 shows a good surplus and that we expect to have sufficient headroom on our loan covenants.

## **THE CO-OPERATIVE DEVELOPMENT SOCIETY LIMITED**

### **REPORT OF THE BOARD OF MANAGEMENT**

We performed a range of stress tests on the business plan and identified continued cost inflation, in excess of income growth as the most significant risk to the plan. We have assessed the likely impact and consider that we have appropriate mitigation in place.

We have agreed a variation to our interest rate covenant calculation for the three years to 31 March 2025 which will enable us to spend accumulated cash on key aspects of our Asset Management plan, including improving safety and maintaining Decent Homes standards, without risking breach of our covenant. Our plans were delayed due to the pandemic, but we are now in the delivery phase with a number of the projects identified.

Our treasury strategy also provides that we consider CDS' cash requirements over the medium term (at least the next 24 months) and that an updated cash flow is prepared on at least a quarterly basis. The cash flow shows that we have sufficient cash to meet our needs over this period.

Based on the Board's projections, including the long-term business plan and the 24-month cash forecast, The Board has a reasonable expectation that CDS will continue to deliver adequate surpluses and meet its financial covenants and that CDS has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Board has concluded that a material uncertainty does not exist and as a result continues to adopt the going concern basis in preparing the financial statements.

By order of the Board of Management

**C. Friedenthal**

Secretary

Date: 18 September 2023



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE CO-OPERATIVE DEVELOPMENT SOCIETY LIMITED**

**Opinion on the financial statements**

In our opinion, the financial statements:

- give a true and fair view of the state of the Society's affairs as at 31 March 2023 and of the Society's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014.

We have audited the financial statements of The Co-operative Development Society Limited ("the Society") for the year ended 31 March 2023 which comprise the Society statement of comprehensive income, the Society statement of financial position, the Society statement of changes in equity, the cash flow statement 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 Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

**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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Independence*

We remain independent of the Society 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.

**Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the board members' 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 Society'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 board are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information including the Strategic Report, Statement of Corporate Governance and Internal Controls 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.

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

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

**Responsibilities of the board**

As explained more fully in the board members responsibilities statement, the board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the board members 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 are responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board either intend to liquidate the Society 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.

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

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

*Non-compliance with laws and regulations*

Based on:

- Our understanding of the Society and the sector in which it operates;
- Discussion with management and those charged with governance including the Finance and Audit Committee; and
- Obtaining and understanding of the Society's policies and procedures regarding compliance with laws and regulations.

We considered the significant laws and regulations to be the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102), the Housing SORP, UK tax legislation, Employment Taxes, Health and Safety and the Bribery Act 2010.

The Society is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be the health and safety legislation.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation; and
- Review of legal expenditure accounts to understand the nature of expenditure incurred.

*Fraud*

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance including the Finance and Audit Committee regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Society's policies and procedures relating to:
  - Detecting and responding to the risks of fraud; and
  - Internal controls established to mitigate risks related to fraud;
- Read minutes of meetings of those charged with governance, reviewed internal audit reports and reviewed correspondence with HMRC and the Regulator of Social Housing;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements; and
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

Based on our risk assessment, we considered the areas most susceptible to fraud to be improper revenue recognition and management override of controls.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;
- Challenging assumptions made by management in their significant accounting estimates in particular in relation to the recoverable amount of assets and the provisions against bad debt; and
- Testing the application of cut off on revenue for evidence that it was recorded in the correct period;

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

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

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

**BDO LLP**  
**Statutory Auditor**  
**Gatwick**

Date:

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

**THE CO-OPERATIVE DEVELOPMENT SOCIETY LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME**  
**For the year ended 31 March 2023**

		<b>2023</b>	<b>2022</b>
	<b>Note</b>	<b>£</b>	<b>£</b>
<b>Turnover</b>	3	7,079,448	7,023,317
Operating costs	3	(6,508,380)	(6,486,265)
Surplus on sale of housing properties	5	119,181	471,754
Other Income		-	-
<b>Operating surplus</b>	3	<u>690,249</u>	<u>1,008,806</u>
Investment and other income	6	33,620	1,513
Interest payable and similar charges	7	(183,981)	(158,201)
<b>Surplus before taxation</b>		<u>539,888</u>	<u>852,118</u>
Tax on surplus on ordinary activities	11	-	-
<b>Surplus for the financial year</b>		<u>539,888</u>	<u>852,118</u>
Re-measurement of pension obligation	21	<u>(197,000)</u>	<u>383,000</u>
<b>Total comprehensive income for the year</b>		<u><u>342,888</u></u>	<u><u>1,235,118</u></u>

All amounts relate to continuing activities.

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

**J. Dalal**  
Chair

**J. Lack**  
Treasurer

**C. Friedenthal**  
Secretary

**Date of approval: 18 September 2023**

The notes on pages 34 to 56 form part of these financial statements.

THE CO-OPERATIVE DEVELOPMENT SOCIETY LIMITED

STATEMENT OF CHANGES IN RESERVES

At 31 March 2023

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	<b>Revenue Reserve £</b>
At 1 April 2021	13,668,298
Surplus for the year	852,118
Re-measurement of pension obligation	383,000
At 31 March 2022	14,903,416
Surplus for the year	539,888
Re-measurement of pension obligation	(197,000)
At 31 March 2023	15,246,304

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The notes on pages 34 to 56 form part of these financial statements.

**THE CO-OPERATIVE DEVELOPMENT SOCIETY LIMITED**

**STATEMENT OF FINANCIAL POSITION**  
**At 31 March 2023**

		<b>2023</b>	<b>2022</b>
	<b>Note</b>	<b>£</b>	<b>£</b>
<b>Tangible fixed assets</b>			
Housing properties	12	33,132,870	33,452,869
Other fixed assets	13	250,508	305,031
<b>Fixed asset investment</b>	14	22,665	22,005
		33,406,043	33,779,905
<b>Current assets</b>			
Debtors	15	199,831	426,409
Cash at bank and in hand		8,867,814	8,498,122
		9,067,645	8,924,531
<b>Creditors: amounts falling due within one year</b>	16	(4,664,274)	(4,672,220)
		4,403,371	4,252,311
<b>Net current assets</b>		4,403,371	4,252,311
<b>Total assets less current liabilities</b>		37,809,414	38,032,216
<b>Creditors: amounts falling due after one year</b>	17	(21,241,465)	(21,759,020)
<b>Defined benefit pension liability</b>	21	(1,321,635)	(1,369,771)
		15,246,314	14,903,425
<b>Total net assets</b>		15,246,314	14,903,425
<b>Capital and reserves</b>			
Share capital	22	10	9
Revenue reserve		15,246,304	14,903,416
		15,246,314	14,903,425
<b>Total capital and reserves</b>		15,246,314	14,903,425

All shareholdings relate to non-equity interests, as disclosed in note 22.

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

**J. Dalal**  
 Chair

**J. Lack**  
 Treasurer

**C. Friedenthal**  
 Secretary

**Date of approval: 18 September 2023**

The notes on pages 34 to 56 form part of these financial statements.

**THE CO-OPERATIVE DEVELOPMENT SOCIETY LIMITED**

**STATEMENT OF CASHFLOWS**  
**For the year ended 31 March 2023**

	<b>2023</b>	<b>2022</b>
	<b>Note</b>	
<b>Net cash inflow from operating activities</b>	23 1,139,616	231,254
<b>Cash flow from investing activities</b>		
Purchase of fixed assets – housing properties	(548,621)	(255,471)
Purchase of fixed assets – other	(51,176)	(39,752)
Net proceeds from lease extensions/ sales of housing properties	119,181	500,876
Net proceeds from sales of other assets	-	921
Social Housing Grant repaid	(6,743)	(67,117)
Interest received	32,960	872
<b>Net cash (used in)/ generated from investing activities</b>	<b>(454,399)</b>	<b>140,329</b>
<b>Cash flow from financing activities</b>		
Repayment of borrowings	(183,237)	(184,909)
Interest paid	(132,289)	(113,201)
Share issued	2	2
Shares redeemed	(1)	(4)
<b>Net cash used in financing activities</b>	<b>(315,525)</b>	<b>(298,112)</b>
<b>Net increase in cash and cash equivalents</b>	<b>369,692</b>	<b>73,471</b>
Cash and cash equivalents at the beginning of the year	8,498,122	8,424,651
<b>Cash and cash equivalents at the end of the year</b>	<b>8,867,814</b>	<b>8,498,122</b>
<b>Cash and cash equivalents consist of:</b>		
Cash at bank in hand	8,867,814	8,498,122
Bank overdraft	-	-
<b>Cash and cash equivalents</b>	<b>8,867,814</b>	<b>8,498,122</b>

The notes on pages 34 to 56 form part of these financial statements.



**1. PRINCIPAL ACCOUNTING POLICIES**

The following accounting policies have been applied consistently from one financial year to another and in dealing with items which are considered to be material in relation to the financial statements of The Co-operative Development Society Limited (The Society).

**Basis of preparation**

The Society is registered under the Co-operative and Community Benefit Societies Act 2014 and is a registered provider of social housing.

The financial statements have been prepared under the historical cost convention and in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), and the Housing SORP 2018 Statement of Recommended Practice for registered social housing providers (Housing SORP 2018) and comply with the Accounting Requirements for Private Registered Providers of Social Housing 2022 (the Accounting Direction).

The functional currency is GBP sterling. The preparation of the financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires the Society's management to exercise judgement in applying its accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

**Going concern**

The Society's activities, its current financial position and factors likely to affect its future development are set out within the Report of the Board.

The Society has in place long term debt facilities as well as considerable cash reserves which provide adequate resources to finance committed reinvestment programmes along with day to day operations.

The Society also has a long-term business plan which shows that it is able to service these debt facilities whilst continuing to comply with lenders' covenants. This plan has been stress tested, key risks, their likely impact and appropriate mitigation have been identified. The budget for the current year also shows a good surplus.

The Society's treasury strategy also provides that cash requirements over the medium term (at least the next 24 months) are considered and that an updated cash flow is prepared on at least a quarterly basis. The cash flow shows that sufficient cash is available to meet expected needs over this period.

On this basis, the Board has a reasonable expectation that the Society has adequate resources to continue in operational existence for the foreseeable future, being a period of at least twelve months after the date on which the report and financial statements are signed. For this reason, in the opinion of the Board, a material uncertainty does not exist and as a result it continues to adopt the going concern basis of preparation in the financial statements.

**1. PRINCIPAL ACCOUNTING POLICIES (continued)**

**Turnover**

Turnover represents rental income (receivable net of rent losses from voids), service charges, other services included at the invoiced value (excluding VAT) of goods and services supplied in the year, revenue grants receivable in the year and amortisation of deferred capital grants.

**Revenue recognition**

Rental income is recognised from the point when the properties under development reach practical completion or otherwise become available for letting. Revenue grants are recognised when the conditions for receipt of grant funding have been met. Income from deferred capital grants is recognised in turnover in a systematic basis over the useful economic life of the asset (usually the properties fabric) for which it was received. Income from services contracts is recognised in the period to which it relates.

**Value Added Tax**

The Society is VAT registered but a large proportion of its income, comprising rents, is exempt for VAT purposes. Accordingly, expenditure relating to rental income is shown inclusive of VAT in these accounts. VAT on expenditure relating to taxable supplies is reclaimable in full and, accordingly, this expenditure is shown net of VAT in these accounts. For expenditure of a general nature (i.e. certain overheads) which cannot be directly attributed to exempt or taxable supplies the partial exemption provisions apply. This expenditure is accounted for net and irrecoverable VAT is charged to other expenditure.

**Interest payable**

The arrangement fees and legal costs incurred in connection with loan facilities have been capitalised as part of loan issue costs and will be amortised over the term of the facilities or until there is a significant event that would require immediate expensing.

**Housing properties**

Housing properties are properties available for Social rent and properties subject to shared ownership leases. Housing properties are stated at cost less depreciation. Cost includes the cost of acquiring land and buildings, development costs, interest charges incurred during the development period and expenditure incurred in respect of improvements which have resulted in an economic benefit to the Society as well as directly incremental overhead costs and staff time associated with new developments, improvements and component-works.

**Disposal of housing properties**

Gains and losses on disposals of housing properties are determined by comparing the proceeds with the carrying amount and incidental costs of sales and recognised within gain/loss on disposal of fixed assets, which is included in the operating surplus for the year in the statement of comprehensive income.

1. PRINCIPAL ACCOUNTING POLICIES (continued)

**Depreciation of housing properties**

The Society accounts for its expenditure on housing properties using component accounting. A housing property is divided into those major components which are considered to have substantially different useful economic lives. These components are then depreciated over their individual useful economic lives.

The components identified by the Society and their respective useful economic lives are as follows:

<b>Component</b>	<b>Useful Economic Life</b>
Structure	100 Years
Structure (Sylhet)	59 Years
Kitchens	20 Years
Boilers	15 Years
Wiring	25 Years
Bathrooms	25 Years
Heating	30 Years
Roof	60 Years
Windows	30 Years
Lifts	30 Years
Fire alarm systems	10 Years

Where a separately identified and depreciated component of an existing property is replaced, the carrying value of the component is expensed and the cost of the replacement component capitalised.

Expenditure on items not separately identified as components are capitalised if they result in an increase in the net rental stream over the life of the property, over the standard originally assessed when the property was first acquired or constructed.

Freehold land is not depreciated. Properties held on leases are amortised over the life of the lease or their estimated useful economic lives in the business, if shorter.

**Other fixed assets and depreciation**

Other fixed assets are stated at cost less accumulated depreciation. Depreciation is charged for a full year in the year of acquisition on a straight line basis with no charge in the year of disposal. The principal annual rates used for other assets are:

Improvements to leasehold offices	-	over the term of the lease
Office furniture and equipment	-	20%
Computer equipment and software	-	20%
Tenant service equipment	-	25%
Community buildings	-	2%

1. PRINCIPAL ACCOUNTING POLICIES (continued)

**Impairment of tangible fixed assets**

Tangible fixed assets (mainly housing properties) are assessed for indicators of impairment at each reporting date. Where indicators are identified a detailed assessment is then undertaken at estate or block level to determine the assets or cash generating units (CGUs) recoverable amount. The recoverable amount will be the higher of fair value less costs to sell, or Existing Use Valuation for Social Housing (EUV-SH), or Value in Use (in respect of assets held for their service potential) (VIU-SP). As allowed by Housing SORP 2018 the Society uses Depreciated Replacement Cost (DRC) as a reasonable estimate of VIU-SP.

Where the carrying amount of an asset or CGU is deemed to exceed its recoverable amount, the excess will be recognised in the Statement of Comprehensive Income.

**Financial assets**

Basic financial assets, including tenant debtors and other receivables, cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

**Social Housing Grant (SHG) and other capital grants**

SHG is receivable from the Homes and Communities Agency (HCA), and other capital grants are receivable from local authorities and other organisations.

Grant received is recognised as deferred income in the Balance Sheet and released to the Statement of Comprehensive Income on a systematic basis over the useful economic life of the asset for which it was received, usually a housing property's fabric.

When a Grant funded property is sold, any attributable Grant becomes recyclable and is transferred to a recycled capital grant fund (RCGF) or disposal proceeds fund (DPF for right to acquire units) until it is reinvested in a replacement property. The related Grant amortisation is charged to the Income and Expenditure Account.

CDS administers grant funding on behalf of the GLA as part of its London Hub activity to support "early stage" Community Led Housing projects. This funding is released to the Statement of comprehensive income to match the costs of providing this support, including direct grants awarded to projects. Unallocated grant is shown in other creditors and accruals falling due within one year.

**Recycled capital grant fund**

The Grant element on the net sale receipts of Grant funded properties, typically right to buy or shared ownership staircasing but not right to acquire, are required to be credited to a recycled capital grant fund under the terms of the SHG originally paid on such properties. Within the terms defined by the Homes and Communities Agency (HCA) the fund is to be used to provide replacement properties for rent, land acquisition and works to existing stocks or if unused within three years, is repayable to the HCA.

**1. PRINCIPAL ACCOUNTING POLICIES (continued)**

**Pension costs**

CDS participates in the Social Housing Pension Scheme (SHPS), which is a defined benefit scheme in relation to certain employees and past employees. The liability recognised in the balance sheet in respect of the defined benefit plan is the present value of the defined benefit obligation less the fair value of the plan assets at the reporting date.

The scheme assets are measured at fair value. Scheme liabilities are measured on an actuarial basis using the projected unit credit method and are discounted at appropriate high-quality corporate bond rates.

The current service cost and costs from settlements and curtailments are charged against operating surplus. Past service costs are recognised in the current reporting period within the income and expenditure account. Interest is calculated on the net defined benefit liability. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as remeasurement of net defined benefit liability. Further details are shown in note 21.

**Provisions**

CDS only makes provision for any contractual and constructive liabilities existing at the balance sheet date.

**Leased assets**

Rentals payable under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the respective lease terms.

**Taxation**

Since 8 August 2019, CDS has been a charitable Community Benefit Society. It also has exempt tax status, effective the same date and does not therefore pay Corporation Tax on surpluses generated from its Charitable activities. In the prior year the charge for taxation is based upon the surplus generated prior to conversion and includes current tax and deferred tax.

**Deferred tax**

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the Society anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences. Any assets and liabilities recognised have not been discounted.

Deferred tax is measured at the tax rates expected to apply in the periods when the timing differences are expected to reverse, based on tax rate and law enacted or substantially enacted at the balance sheet date.

## 2. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTY

The preparation of financial statements in conformity with FRS 102 requires that management exercise its judgement in the process of applying the Society's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

### (a) Determining whether an impairment review is required

Annually housing properties are assessed for impairment indicators and, in particular, factors that could impact on ability to let the property. These include the condition of the properties, current experience of void periods, and demand for properties in the local area. We also consider any property specific factors such as upcoming works that might indicate the need to impair or dispose existing components and any recent valuations obtained. No indicators were identified that required a full impairment review and no impairment losses have been recognised in the year.

### (b) Key accounting estimates and assumptions

Preparation of the financial statements requires management to make significant judgement and estimates. The areas in the financial statements where these have been made include impairment, capitalisation and any areas where there is estimation or uncertainty.

#### (i) Useful economic lives of tangible fixed assets

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

#### (ii) Impairment of debtors

The Society makes an estimate of the recoverable value of tenant and other debtors. When assessing impairment of tenant and other debtors, management considers factors including the ageing profile of debtors and historical experience. We make a provision of 35% against current tenant arrears and 100% against former tenant arrears. We have considered this level of provision in light of current experience of income collection during the current Coronavirus epidemic and consider it to be adequate. For other, non tenant debtors we consider the recoverability of balances on a case by case basis and make provision as required.

**2. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTY (continued)**

**(iii) Defined benefit obligation**

The estimate of the defined benefit obligation is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Management has adopted the assumptions proposed by the SHPs scheme actuaries. Variation in these assumptions may significantly impact the liability and the annual defined benefit expenses (as analysed in Note 21). The net defined benefit pension liability at 31 March 2023 was £1,322k.

THE CO-OPERATIVE DEVELOPMENT SOCIETY LIMITED  
NOTES ON THE FINANCIAL STATEMENTS (continued)  
31 March 2023

3. TURNOVER, OPERATING COSTS AND  
OPERATING SURPLUS

	2023				2022			
	Turnover	Other	Operating	Operating	Turnover	Other	Operating	Operating
	£	Income	costs	surplus /	£	Income	costs	surplus /
		£	£	(deficit)		£	£	(deficit)
				£				£
<b>Social housing lettings (note 4)</b>								
General needs accommodation	4,605,837	-	(4,170,735)	435,102	4,433,670	-	(4,015,906)	417,764
Shared ownership accommodation	344,774	-	(182,248)	162,526	300,227	-	(178,032)	122,195
	<u>4,950,611</u>	<u>-</u>	<u>(4,352,983)</u>	<u>597,628</u>	<u>4,733,897</u>	<u>-</u>	<u>(4,193,938)</u>	<u>539,959</u>
<b>Other social housing activities</b>								
Tenant participation / training	-	-	-	-	-	-	(11,902)	(11,902)
Leasehold services	168,506	-	(192,369)	(23,863)	151,966	-	(164,458)	(12,492)
Promoter activities	527,192	-	(571,606)	(44,414)	749,690	-	(755,869)	(6,179)
	<u>695,698</u>	<u>-</u>	<u>(763,975)</u>	<u>(68,277)</u>	<u>901,656</u>	<u>-</u>	<u>(932,229)</u>	<u>(30,573)</u>
<b>Activities other than social housing activities</b>								
Fees from managed associations	1,394,419	-	(1,391,422)	2,997	1,353,259	-	(1,360,098)	(6,839)
Commercial letting	38,720	-	-	38,720	34,505	-	-	34,505
	<u>1,433,139</u>	<u>-</u>	<u>(1,391,422)</u>	<u>41,717</u>	<u>1,387,764</u>	<u>-</u>	<u>(1,360,098)</u>	<u>27,666</u>
Surplus on disposal of housing properties	-	119,181	-	119,181	-	471,754	-	471,754
<b>Total</b>	<u>7,079,448</u>	<u>119,181</u>	<u>(6,508,380)</u>	<u>690,249</u>	<u>7,023,317</u>	<u>471,754</u>	<u>(6,486,265)</u>	<u>1,008,806</u>



THE CO-OPERATIVE DEVELOPMENT SOCIETY LIMITED  
NOTES ON THE FINANCIAL STATEMENTS (continued)  
31 March 2023

4. INCOME AND EXPENDITURE FROM LETTINGS	General needs properties £	Shared ownership properties £	2023 Total £	General needs properties £	Shared ownership properties £	2022 Total £
<b>Income</b>						
Rents receivable net of identifiable service charges	4,080,910	257,569	4,338,479	3,933,568	242,939	4,176,507
Service charges income	236,554	72,017	308,571	211,729	60,492	272,221
Amortisation of deferred capital grants	288,373	15,188	303,561	288,373	(3,204)	285,169
<b>Turnover from social housing lettings</b>	<b>4,605,837</b>	<b>344,774</b>	<b>4,950,611</b>	<b>4,433,670</b>	<b>300,227</b>	<b>4,733,897</b>
<b>Expenditure</b>						
Management	(855,594)	(55,817)	(911,411)	(746,756)	(70,451)	(817,207)
Service charge costs	(376,056)	(35,064)	(411,120)	(299,610)	(41,803)	(341,413)
Routine maintenance	(1,619,171)	-	(1,619,171)	(1,458,461)	-	(1,458,461)
Planned maintenance	(560,634)	(71,624)	(632,258)	(686,305)	(38,731)	(725,036)
Major repairs expenditure	-	-	-	(79,169)	-	(79,169)
Bad debts	(14,730)	(4,231)	(18,961)	(1,154)	(5,938)	(7,092)
Depreciation of housing properties						
-annual charge	(719,805)	(15,512)	(735,317)	(730,433)	(21,109)	(751,542)
-accelerated on disposal of components	(24,745)	-	(24,745)	(14,018)	-	(14,018)
<b>Operating expenditure on social housing lettings</b>	<b>(4,170,735)</b>	<b>(182,248)</b>	<b>(4,352,983)</b>	<b>(4,015,906)</b>	<b>(178,032)</b>	<b>(4,193,938)</b>
<b>Operational surplus/ (deficit) on social housing lettings</b>	<b>435,102</b>	<b>162,526</b>	<b>597,628</b>	<b>417,764</b>	<b>122,195</b>	<b>539,959</b>
<b>Void losses</b>	<b>(48,480)</b>	<b>-</b>	<b>(48,480)</b>	<b>(32,545)</b>	<b>-</b>	<b>(32,545)</b>

**THE CO-OPERATIVE DEVELOPMENT SOCIETY LIMITED**  
**NOTES ON THE FINANCIAL STATEMENTS (continued)**  
**31 March 2023**

**5. SURPLUS ON SALE OF HOUSING PROPERTIES**

	<b>2023</b>	<b>2022</b>
	£	£
Proceeds of lease extensions and property sales	121,171	503,279
Costs of sale transferred from fixed assets (note 12)	-	(29,122)
Incidentals	(1,990)	(2,403)
	<u>119,181</u>	<u>471,754</u>

**6. INTEREST RECEIVABLE**

	<b>2023</b>	<b>2022</b>
	£	£
On surplus cash	33,620	1,513
	<u>33,620</u>	<u>1,513</u>

**7. INTEREST PAYABLE AND SIMILAR CHARGES**

	<b>2023</b>	<b>2022</b>
	£	£
On loans	142,327	113,201
On Recycled Capital Grant Fund	2,654	-
Loan fee amortisation	5,000	5,000
Net Interest on defined benefit pension liability	34,000	40,000
	<u>183,981</u>	<u>158,201</u>

**8. SURPLUS ON ORDINARY ACTIVITIES BEFORE TAX**

	<b>2023</b>	<b>2022</b>
	£	£
Is stated after charging / (crediting):		
Depreciation	841,016	845,427
Loss on disposal of components	24,745	14,018
Surplus on sale of fixed assets – properties	(119,181)	(471,754)
Operating lease rentals: land and buildings	77,439	101,195
Auditors' remuneration (excluding VAT):		
• for their audit of the financial statements	35,700	29,750

9. EMPLOYEE INFORMATION

	2023 Number	2022 Number
<b>Average number of employees</b>		
The average monthly number of employees expressed in full time equivalents (based on a standard working week of 35 hours)	41	41
	<u>41</u>	<u>41</u>
	<b>2023</b>	<b>2022</b>
	£	£
<b>Staff costs were as follows:</b>		
Wages and salaries	1,862,680	1,819,469
Social security costs	209,163	188,601
Other pension costs	96,681	107,299
	<u>2,168,525</u>	<u>2,115,369</u>

10. BOARD MEMBERS AND KEY MANAGEMENT PERSONNEL

The aggregate remuneration for key management personnel, which includes the executive directors and other members of the senior management team, charged in the year is:

	2023 £	2022 £
Aggregate emoluments payable to key management personnel (including pension contributions and benefits in kind)	499,585	512,232
	<u>499,585</u>	<u>512,232</u>
Emoluments payable to the highest paid director, the Chief Executive, excluding pension contributions but including benefits in kind	118,248	121,298
	<u>118,248</u>	<u>121,298</u>

The figures include the cost of Employer's National Insurance contributions and of pension contributions (except where stated otherwise) and also include amounts paid in respect of previous years such as bonus to the extent that these have been included in the accounts in the current year. The Chief Executive served for 11 months of the year (12 months in 2021/22).

**10. BOARD MEMBERS AND KEY MANAGEMENT PERSONNEL (continued)**

The number of staff, including directors, who received emoluments, excluding pension contributions, greater than £60,000;

	<b>2023</b>	<b>2022</b>
	<b>Number</b>	<b>Number</b>
£60,001 - £70,000	2	3
£70,001 - £80,000	3	1
£80,001 - £90,000	1	1
£90,001 - £100,000	-	-
£100,001 - £110,000	1	1
£110,001 - £120,000	1	-
£120,001 - £130,000	-	1

The Chief Executive is a member of the Social Housing Pension Scheme. He is an ordinary member of the pension scheme and no enhanced or special terms apply. The society does not make any further contribution to an individual pension arrangement for the Chief Executive.

During the year, the aggregate compensation for loss of office of key management personnel was £nil (2021: £nil).

Payments to members of the Board of Management, excluding the Chief Executive, were:

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
B Anim-Antwi	1,940	-
A Bush	2,062	2,031
S Charlick	751	-
M Creasey	2,621	2,031
J Dalal	5,540	-
R FitzGerald	172	-
S Jassal	2,062	2,031
L Jeanne	2,062	687
J Lack	3,093	-
A Pakes	1,031	2,031
M Slade	-	1,000
R Southern	2,449	2,031
B A Sutcliffe	4,511	8,899
A Watt	-	1,000
N Whitaker	-	3,047
N Wood	-	1,000
L F Zollner	859	2,031
	<u>29,153</u>	<u>27,819</u>

11. TAXATION

	2023	2022
	£	£
<b>Tax on profit on ordinary activities</b>	-	-

The tax assessed for the period is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2023	2022
	£	£
Surplus on ordinary activities before tax	539,888	852,118
Surplus on ordinary activities at the standard rate of corporation tax in the UK of 25% (2022: 19%)	134,972	161,902
Effect of: Surplus generated as a charitable society	(134,972)	(161,902)
	-	-

12. TANGIBLE FIXED ASSETS – Housing properties

	Housing properties held for letting £	Shared ownership housing properties £	Total £
<b>Cost</b>			
At 1 April 2022	46,567,365	2,712,801	49,280,166
Additions	440,063	-	440,063
Disposals - components	(173,311)	-	(173,311)
<b>At 31 March 2023</b>	<u>46,834,117</u>	<u>2,712,801</u>	<u>49,546,918</u>
<b>Accumulated depreciation</b>			
At 1 April 2022	15,235,163	592,134	15,827,297
Charge for the year	721,266	14,051	735,317
Disposals - components	(148,566)	-	(148,566)
<b>At 31 March 2023</b>	<u>15,807,863</u>	<u>606,185</u>	<u>16,414,048</u>
<b>Net Book Value</b>			
<b>At 31 March 2023</b>	<u>31,026,254</u>	<u>2,106,616</u>	<u>33,132,870</u>
<b>At 31 March 2022</b>	<u>31,332,202</u>	<u>2,120,667</u>	<u>33,452,869</u>

All housing properties are held as freehold. Loans are secured against a number of these properties. There is no capitalised interest included in housing properties (2022; nil)

<b>Improvements to properties</b>	<b>2023</b> £	<b>2022</b> £
Replacement of components	440,063	255,471
Major repairs expensed	-	3,747
	<u>440,063</u>	<u>259,218</u>

**THE CO-OPERATIVE DEVELOPMENT SOCIETY LIMITED**  
**NOTES ON THE FINANCIAL STATEMENTS (continued)**  
**31 March 2023**

**13. TANGIBLE FIXED ASSETS – Other**

	Community buildings £	Office furniture and equipment £	Computer equipment and software £	Tenant services equipment £	Total £
<b>Cost</b>					
At 1 April 2022	155,417	14,811	965,566	117,643	1,253,437
Additions	-	-	51,176	-	51,176
Disposals	-	-	-	-	-
At 31 March 2023	<u>155,417</u>	<u>14,811</u>	<u>1,016,742</u>	<u>117,643</u>	<u>1,304,613</u>
<b>Depreciation</b>					
At 1 April 2022	12,950	14,811	838,950	81,695	948,406
Charge for year	2,590	-	85,135	17,974	105,699
Disposals	-	-	-	-	-
At 31 March 2023	<u>15,540</u>	<u>14,811</u>	<u>924,085</u>	<u>99,669</u>	<u>1,054,105</u>
<b>Net book value</b>					
<b>At 31 March 2023</b>	<u>139,877</u>	<u>-</u>	<u>92,657</u>	<u>17,974</u>	<u>250,508</u>
At 31 March 2022	<u>142,467</u>	<u>-</u>	<u>126,616</u>	<u>35,948</u>	<u>305,031</u>

**14. FIXED ASSET INVESTMENT**

	£
At 1 April 2022	22,005
Interest charged for the year	660
<b>At 31 March 2023</b>	<u>22,665</u>

The fixed asset investment is a holding in the loan stock of Bunker Housing Co-operative Ltd.

**THE CO-OPERATIVE DEVELOPMENT SOCIETY LIMITED**  
**NOTES ON THE FINANCIAL STATEMENTS (continued)**  
**31 March 2023**

**15. DEBTORS**

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
<b>Amounts due within one year:</b>		
Rent and service charge arrears	130,915	107,850
Less: provision for bad debts	(69,009)	(50,048)
	<u>61,906</u>	<u>57,802</u>
Amounts due from clients for monies paid on their behalf	6,352	3,196
Other debtors and prepayments	131,573	365,411
	<u>199,831</u>	<u>426,409</u>

**16. CREDITORS: amounts falling due within one year**

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Housing loans (note 18)	188,252	178,237
Recycled capital grant fund (RCGF) (note 19)	70,224	48,462
Trade Creditors	72,706	286,429
Loan Interest accrued	25,385	15,847
Capital expenditure on housing properties	154,475	263,033
Other taxation and social security payable	89,197	92,509
Rent and service charges received in advance	296,723	317,174
Amounts due to clients for monies received on their behalf	1,282,477	1,108,594
Leaseholder sinking funds	632,222	560,031
GLA grants not paid out	968,140	1,274,734
Other creditors and accruals	580,913	223,503
Deferred social housing grant (note 20)	303,560	303,667
	<u>4,664,274</u>	<u>4,672,220</u>

**17. CREDITORS: amounts due after one year**

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Housing loans (note 18)	3,613,624	3,801,875
Recycled capital grant fund (RCGF) (note 19)	179,242	205,093
Deferred social housing grant (note 20)	17,448,599	17,752,052
	<u>21,241,465</u>	<u>21,759,020</u>



**18. HOUSING LOANS**

Housing loans are secured by specific charges on the Society's housing properties. Interest rates and maturities of the loans are disclosed at note 30.

<b>Repayment profile of housing loans</b>	<b>2023</b>	<b>2022</b>
All repayable by instalments	£	£
Repayable in one year	188,252	178,237
Repayable in two to five years	855,486	824,793
Repayable in more than five years	2,758,138	2,977,082
	<u>3,801,876</u>	<u>3,980,112</u>

**19. RECYCLED CAPITAL GRANT FUND**

	<b>2023</b>	<b>2022</b>
	£	£
At 1 April 2022	253,555	272,210
Grants recycled (note 29)	-	48,462
Interest accrued	2,654	-
Repayments	(6,743)	(67,117)
<b>At 31 March 2023</b>	<u>249,466</u>	<u>253,555</u>

During the year £nil (2022: £48,462) of SHG including simple interest was recycled into the fund on disposal of a property that was staircasing.

Of the total £70,224 (2022: 48,462) is repayable within one year.

The notional interest charged to the fund was £2,654 (2022: £nil).

20. DEFERRED SOCIAL HOUSING GRANT

	Housing properties held for letting £	Shared ownership housing properties £	Total £
<b>Social housing grant</b>			
At 1 April 2022	26,025,876	1,469,884	27,495,760
Transferred to recycled capital grant fund	-	-	-
<b>At 31 March 2023</b>	<u>26,025,876</u>	<u>1,469,884</u>	<u>27,495,760</u>
<b>Amortisation</b>			
At 1 April 2022	9,004,244	435,797	9,440,041
Amortisation credit for the year	288,373	15,187	303,560
Released on disposals	-	-	-
<b>At 31 March 2023</b>	<u>9,292,617</u>	<u>450,984</u>	<u>9,743,601</u>
<b>Net Book Value</b>			
<b>At 31 March 2023</b>	<u>16,733,259</u>	<u>1,018,900</u>	<u>17,752,159</u>
At 31 March 2022	<u>17,021,632</u>	<u>1,034,087</u>	<u>18,055,719</u>

	2023 £	2022 £
Amount to be amortised within one year	303,560	303,667
Amount to be amortised after one year	17,448,599	17,752,052
	<u>17,752,159</u>	<u>18,055,719</u>

21. DEFINED BENEFIT PENSION LIABILITY

The society participates in SHPS, a multi-employer pension scheme which provides benefits to non-associated participating employers. The scheme is classed as a defined benefit scheme in the UK. The scheme is classified as a 'last man standing' arrangement. Therefore, the society 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.

**21. DEFINED BENEFIT PENSION LIABILITY (CONTINUED)**

For the year ended 31 March 2023, sufficient information is available for the society in respect of SHPS to account for its obligation on a defined benefit basis. The most recent formal actuarial valuation was completed as at 30 September 2020 and rolled forward, allowing for the different financial assumptions required under FRS 102, to 31 March 2023 by a qualified independent actuary.

Under the defined benefit pension accounting approach, the SHPS net deficit as at 1 April 2022 is £1,370k and £1,322k as at 31 March 2023.

**Fair value of plan assets, present value of defined benefit obligation, and defined benefit asset**

	<b>31 March 2023 (£000s)</b>	<b>31 March 2022 (£000s)</b>
Fair value of plan assets	5,874	8,784
Present value of defined benefit obligation	7,196	10,154
Deficit in plan	<u>(1,322)</u>	<u>(1,370)</u>
Defined benefit liability to be recognised	<u>(1,322)</u>	<u>(1,370)</u>

**Reconciliation of opening and closing balances of the defined benefit obligation**

	<b>Year ended 31 March 2023 (£000s)</b>
Defined benefit obligation at start of period	10,154
Expenses	7
Interest expense	279
Actuarial (gains) due to scheme experience	(14)
Actuarial (gains) due to changes in demographic assumptions	(15)
Actuarial (gains) due to changes in financial assumptions	(2,903)
Benefits paid and expenses	<u>(312)</u>
Defined benefit obligation at end of period	<u>7,196</u>

21. DEFINED BENEFIT PENSION LIABILITY (CONTINUED)

Reconciliation of opening and closing balances of the fair value of plan assets

	Year ended 31 March 2023 (£000s)
Fair value of plan assets at start of period	8,784
Interest income	245
Loss on plan assets (excluding amounts included in interest income)	(3,129)
Contributions by the employer	286
Benefits paid and expenses	(312)
Fair value of plan assets at end of period	<u>5,874</u>

The actual loss on the plan assets (including any changes in share of assets) over the period ended 31 March 2023 was £2,884,000

Defined benefit costs recognised in statement of comprehensive income (SoCI)

	Year ended 31 March 2023 (£000s)
Expenses	7
Net interest expense	34
Defined benefit costs recognised in Statement of Comprehensive Income	<u>41</u>

Defined benefit costs recognised in other comprehensive income

	Year ended 31 March 2023 (£000s)
Loss on plan assets (excluding amounts included in net interest cost)	(3,129)
Experience gains arising on the plan liabilities	14
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain	15
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – gain	2,903
Total amount recognised in other comprehensive income -loss	<u>(197)</u>

21. DEFINED BENEFIT PENSION LIABILITY (CONTINUED)

Assets

	31 March 2023 (£000s)	31 March 2022 (£000s)
Global Equity	110	1,686
Absolute Return	64	352
Distressed Opportunities	178	314
Credit Relative Value	222	292
Alternative Risk Premia	11	290
Emerging Markets Debt	32	256
Risk Sharing	432	289
Insurance-Linked Securities	148	205
Property	253	237
Infrastructure	671	626
Private Debt	261	225
Opportunistic Illiquid Credit	251	295
High Yield	21	76
Opportunistic Credit	-	31
Cash	42	30
Corporate Bond Fund	-	586
Long Lease Property	177	226
Secured Income	270	327
Liability Driven Investment	2705	2,451
Currency Hedging	11	(34)
Net Current Assets	15	24
	<hr/>	<hr/>
Total Assets	5,874	8,784

Principal actuarial assumptions: Financial assumptions

	31 March 2023 % per annum	31 March 2022 % per annum
Discount Rate	4.87%	2.79%
Inflation (RPI)	3.19%	3.59%
Inflation (CPI)	2.75%	3.20%
Salary Growth	3.75%	4.20%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

**21. DEFINED BENEFIT PENSION LIABILITY (CONTINUED)**

**Mortality assumptions**

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

	<b>Life expectancy at age 65 (Years)</b>
Male retiring in 2023	21.0
Female retiring in 2023	23.4
Male retiring in 2043	22.2
Female retiring in 2043	24.9

**22. NON-EQUITY SHARE CAPITAL**

<b>Ordinary shares of £1 each issued and fully paid</b>	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
At 1 April	9	11
Issued during the year	2	2
Cancelled during the year	(1)	(4)
<b>At 31 March</b>	<b>10</b>	<b>9</b>

Each non-executive member of the Board of Management holds one £1 share in the Society.

**THE CO-OPERATIVE DEVELOPMENT SOCIETY LIMITED**  
**NOTES ON THE FINANCIAL STATEMENTS (continued)**  
**31 March 2023**

**23. NOTES TO THE CASH FLOW STATEMENT**

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
<b>Surplus for the financial year</b>	539,888	852,118
Surplus on sale of housing properties	(119,181)	(471,754)
Interest receivable and similar income	(33,620)	(1,513)
Interest payable and similar charges	183,481	158,201
<b>Operating Surplus</b>	<u>570,568</u>	<u>537,052</u>
Depreciation	841,016	845,427
Grant amortisation	(303,560)	(285,168)
Other capital adjustments – disposals	24,745	14,018
Pension deficit payment	(279,136)	(243,156)
Decrease/ (increase) in debtors	226,578	(150,646)
Increase/ (decrease) in creditors	59,405	(486,273)
<b>Net cash generated from operating activities</b>	<u><u>1,139,616</u></u>	<u><u>231,254</u></u>

**24. NET DEBT**

	<b>At 1 April</b>	Cash	Fair	Foreign	Other	<b>At 31 March</b>
	<b>2022</b>	Flows	Value	Exchange	non-cash	<b>2023</b>
	<b>£</b>	<b>£</b>	Movements	Movements	Movements	<b>£</b>
Cash	<u>8,498,122</u>	<u>369,692</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,867,814</u>
Bank loans due within one year	(178,237)	183,236	-	-	(193,251)	(188,252)
Bank loans due in over one year	(3,801,875)	-	-	-	188,251	(3,613,624)
	<u>(3,980,112)</u>	<u>183,236</u>	<u>-</u>	<u>-</u>	<u>(5,000)</u>	<u>(3,801,876)</u>
<b>Net Debt</b>	<u><u>4,518,010</u></u>	<u><u>552,928</u></u>	<u>-</u>	<u>-</u>	<u><u>(5,000)</u></u>	<u><u>5,065,938</u></u>

**25. CAPITAL COMMITMENTS**

	<b>2023</b>	<b>2022</b>
	£	£
Expenditure that has been contracted for but has not been provided for in the financial statements	-	-
Expenditure that has been authorised by the Board of Management but has not yet been contracted for	-	-
	<u>          </u>	<u>          </u>

**26. OPERATING LEASES**

The total of future minimum lease payments under non-cancellable operating leases for each of the following periods:

	<b>2023</b>	<b>2022</b>
	£	£
Not later than 1 year	29,975	39,324
In 2 years	-	-
In 2 – 5 years	4,952	7,654
	<u>          </u>	<u>          </u>
Total	34,927	46,978
	<u>          </u>	<u>          </u>

**27. CONTINGENT LIABILITIES**

There were no contingent liabilities (2022: nil).

**28. UNITS AND BED SPACES IN MANAGEMENT**

	<b>2023</b>	<b>2022</b>
	Number	Number
<b>Units in management owned</b>		
Units for rent	738	738
Shared ownership units	79	80
Leasehold	162	162
	<u>          </u>	<u>          </u>
<b>Total Owned</b>	979	980
	<u>          </u>	<u>          </u>
<b>Units managed on behalf of others</b>		
Units for rent	1,399	1,433
Shared ownership units	40	40
Leasehold	59	59
	<u>          </u>	<u>          </u>
<b>Total managed on behalf of others</b>	1,498	1,532
	<u>          </u>	<u>          </u>
<b>Total owned and managed units</b>	<u>          </u>	<u>          </u>
	<u>          </u>	<u>          </u>



**29. ACCUMULATED SOCIAL HOUSING GRANT**

	Treated as a capital grant (note 20) £	Treated as revenue income £	Total 2023 £	Total 2022 £
At 1 April 2022	27,673,799	1,947,427	29,621,226	29,491,649
Recycled in year	-	-	-	(48,462)
<b>At 31 March 2023</b>	<u>27,673,799</u>	<u>1,947,427</u>	<u>29,621,226</u>	<u>29,443,187</u>

**30. FINANCIAL ASSETS AND LIABILITIES**

The board policy on financial instruments is explained in the board report as are references to financial risks.

**Categories of financial assets and financial liabilities**

	2023 £	2022 £
Financial liabilities measured at amortised cost	3,801,876	3,980,112
Total	<u>3,801,876</u>	<u>3,980,112</u>

**Financial assets**

Other than short-term debtors, financial assets held are equity instruments in other entities, cash deposits placed on money markets at call and cash at bank. They are sterling denominated and the interest rate profile at 31 March was:

	2023 £	2022 £
Floating rate on money market deposits	7,515,619	7,732,701
Fixed rate investments	22,665	22,005
Financial assets on which no interest is earned	1,352,195	765,421
Total	<u>8,890,479</u>	<u>8,520,127</u>

The fixed rate investment is a trade investment in the loan stock of another entity. The financial assets on which no interest is earned comprise cash balances in non interest bearing accounts. The remaining financial assets are floating rate, attracting interest at rates that vary with bank rates.

**30. FINANCIAL ASSETS AND LIABILITIES (CONTINUED)**

**Financial liabilities excluding trade creditors – interest rate risk profile**

The group's financial liabilities are sterling denominated. The interest rate profile of the group's financial liabilities at 31 March was:

			<b>2023</b>	<b>2022</b>
			<b>£</b>	<b>£</b>
<b>Financial liabilities measured at amortised cost</b>				
<b>Fixed Rate Instruments</b>	<b>Rate</b>	<b>Maturity</b>		
Bilateral bank loan	4.54%	2037	2,106,985	2,290,803
Bilateral bank loan	11.32%	2037	118,014	160,944
			<u>2,224,999</u>	<u>2,451,747</u>
<b>Variable Rate Instruments</b>	<b>Margin over SONIA</b>	<b>Maturity</b>		
Bilateral bank loans	0.375%– 0.4%	2037	1,620,760	1,693,518
			<u>1,620,760</u>	<u>1,693,518</u>
<b>Amortised loan issue costs</b>			<u>(43,883)</u>	<u>(48,883)</u>
<b>Total</b>			<u><u>3,801,876</u></u>	<u><u>3,980,112</u></u>

**31. RELATED PARTY TRANSACTIONS**

Certain members of the Society's Board of Management are also committee members of some independent primary and founder member co-operatives to whom the Society has provided landlord and business management services during the year. All transactions between the Society, the primary and the founder member co-operatives were conducted on an arm's length basis on its normal trading terms. The total value of fees receivable from founder member co-operatives was £204,978 (2022: £194,213) and the net balance due to founder member co-operatives at 31 March 2023 was £124,807 (2021: £143,511).

**32. LEGISLATIVE PROVISIONS**

The Society is incorporated under the Co-operative and Community Benefit Societies Act 2014 with registration number 17107R and is a Registered Provider registered with the Regulator of Social Housing, with number LH0170 under the Housing Act 1996.