Annual Report & Financial Statements 2022-23

Charitable Registered Society number: 30939R

RSH Number: L4279

Achievements at a glance

G1/V1
RSH GOVERNANCE & VIABILITY REAFFIRMED RATING

A+
(NEGATIVE)
CREDIT RATING (STANDARD & POORS)

£150m
SECURED NEW AND RESTATED FUNDING

£67m
GROUP TURNOVER

£18.6m
GROUP OPERATING SURPLUS

£5,042
SOCIAL HOUSING OPERATING COST PER UNIT

BS9997
ACCREDITATION OF OUR FIRE SAFETY MANAGEMENT SYSTEM

£26.6m
INVESTED IN OUR HOMES

260
NEW CUSTOMERS PROVIDED A NEW HOME

50
CUSTOMERS PROVIDED WITH TRAINING & 12 HELPED BACK TO WORK

PERSONNEL TODAY AWARD
WINNER
FAMILY FRIENDLY EMPLOYER OF THE YEAR AWARD

GOLD
AWARD FOR MIND WORKPLACE WELLBEING INDEX

Who we are

We are a leading housing association in the Southwest of London owning 7,557 homes and managing 11,142 homes within our group.

Our purpose, vision & values

PURPOSE:

We provide safe, secure, affordable homes to be proud of – opening the door to life opportunities

VISION:

People will tell us they're proud of the homes we provide, satisfied by our service, and inspired to work for us

VALUES:

WE KNOW OUR STUFF

We build trust and confidence by being experts in what we do.

Our knowledge and skills enable us to get the most important stuff right – providing an excellent service and keeping our customers, our homes and each other safe.

We embrace change and recognise when we need to adapt, learn and develop new skills.

WE MAKE IT HAPPEN

We show accountability, energy and passion for finding speedy resolutions and people will trust that we'll do what we say we will.

We'll use collaboration and creativity to work together to find better ways of doing things.

We don't stand on the side-lines and get involved in a way that's meaningful for us. We find joy in what we do and have fun along the way.

WE CARE

We care about providing an amazing service to our customers and each other. We treat people as individuals and show empathy by putting ourselves in their shoes.

We really listen, being present for both customers and colleagues – making them feel in safe hands. We care about what happens today and tomorrow for our people, communities, homes and the planet.

Our four areas of focus

CUSTOMERS AT THE HEART OF EVERYTHING WE DO

Delivering a personalised service that really delights customers

HOMES CUSTOMERS FEEL PROUD OF

Investment in both new and existing properties, delivering smart, energy efficient and future proof new homes

4

Core areas of focus:

BRILLIANT BUSINESS

Maintaining exceptional standards of governance and financial management, and a strong sustainable business able to continue growing through new development beyond 2027

INSPIRING AND INCLUSIVE EMPLOYEE EXPERIENCE

An employer of choice with a more diverse and inclusive workforce, and continually developing and growing our culture and working practices

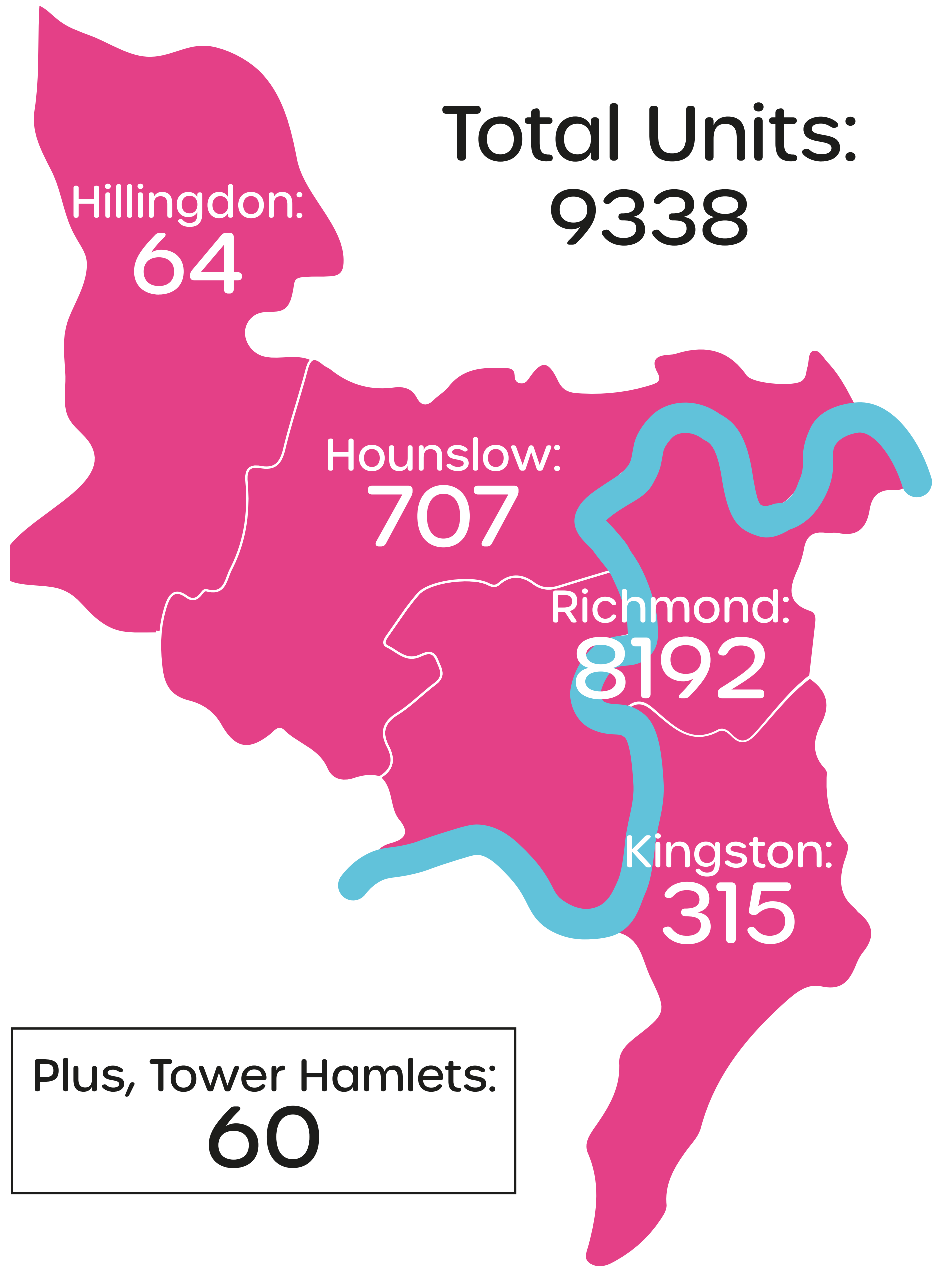
Where we are

RHP Association operates principally in the four London Boroughs of Richmond, Kingston, Hounslow and Hillingdon in West and South West London.

The map illustrates the spread of our existing properties for the parent company only in our areas of operation.

The Group also owns one office building, 18 shops, 5 halls and 912 garages.

Co-op Homes owns and manages 1,804 homes across West London, Slough and Reading.



What we do

RHP Group's focus is on providing safe, secure and affordable homes in its core areas of operation. 92% of the Group's income is derived from social housing activities.

RHP Group does not distribute its profits to shareholders. All surpluses from our core social housing activities are used to improve our services and provide capacity for us to build more new homes for current and future generations and to service debt.

All profits that we make from commercial activities such as the letting of office space, shops and garages and surpluses from the sale of tranches of shared ownership properties are re-invested to subsidise our development of new, affordable homes for rent and shared ownership.

During the year we invested £15.3m in improving existing homes, £14.4m in delivering new homes and £11.3m on repairing homes.

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Annual Review

Chair and Chief Executive Report

Keith Jenkins
Chair

Sarah Thomas
Chief Executive

We are pleased to present our annual report and accounts for the year ended 31 March 2023.

The year to 31 March 2023 has been a year of significant change. We would like to express our deepest thanks to David Done OBE for his 23 years at the helm of the organisation and for his legacy. We wish him well for the future. We are both looking forward to being part of this ambitious organisation and delighted to be steering delivery of the next phase of RHP's journey.

The year has been marked by a difficult external operating environment along with some internal challenges. In spite of this, we remain financially strong as an organisation and are pleased to report that we are seeing positive signs of improvement in our service delivery.

The global economic environment with rising prices, spiralling energy costs and increases in interest rates have had an impact on our customers and also our business. We continue to work closely with our customers and other local providers to support customers through this difficult time. This includes supporting customers in maximising the benefits they are entitled to, signposting customers to available support or supporting them directly through our hardship fund.

The impact of inflation on materials and labour shortages have had a significant impact on our service levels and we recognise in the year our customers did not get the service they should expect. We are putting into place corrective action in multiple areas and are also listening to our customers' feedback. This corrective action includes investing in more staff to support customers and focusing relentlessly in trying to improve each and every individual customer's experience with us, publishing our renewed service standards and preparing for a new repairs partner.

Nonetheless, the impact during the 2022/23 financial year can be seen in the performance of our repairs service delivery and void turnaround and a rise in complaints as a result. Our transition to a new repairs arrangement in the first quarter of 23/24 is underway and progressing well. We are confident that customers will see a significant improvement in performance as this new way of working takes effect. Our customer satisfaction metrics are understandably adversely affected, although we are still pleased to report that our customers' satisfaction with our caretaking, another core service, remains strong at 85%.

We are also investing in a systems and service transformation programme. Centred around customer research on what our customers value in the service we provide, we are delivering a programme of new technology; investment in the quality of our data; service standards and an improvement in our systems. This will also deliver long term efficiency as our processes become smarter, better designed and focused on delivering a better customer and employee experience.

We continue an intense focus on safety following the Grenfell fire and harrowing accounts of customers facing issues with damp and mould in their homes. This year we implemented an emergency task force to tackle known and potential damp and mould issues. This included proactive outbound calling to customers to establish and quickly tackle damp and mould, investment in surveyor support and immediate and urgent action if required.

During the year we invested £26.6m in maintaining and improving our existing homes. This is increasing year on year as we fund safety related works. We have completed our investment in sprinklers in high rise and retirement properties and have removed all cladding causing concern. We have maintained our BS9997 accreditation of our fire safety management system and have proactively prepared for the new building safety requirements.

Work is progressing well with our proposed improvements on supporting environmental sustainability. We concluded our planning phase for energy improvement work, gathering data and forming action plans to determine our delivery of 2030 EPC targets and ultimately net carbon zero and continued to improve homes to EPC C and above. We also published our sustainable finance framework and received our first SHIFT report enabling us to commence planning for improvements in all areas of energy efficiency and the impact we have as an organisation on the environment.

Our investment continues in developing new homes. Although delays affected delivery of our expected completions in the year, we were pleased to report delivery of our first modular built scheme and excited to report planning permission approval on our biggest regeneration programme to date at Ham Close. This scheme will transform the local area over the next few years. We have a healthy handover of developments in 23/24.

The challenges we've experienced with our services this year, coupled with the undoubted impact of the difficult external environment, have had an impact on employee engagement. This is particularly in relation to people feeling proud to work for us, which dropped from 90% to 83% during the course of the year. Despite still having high levels of engagement compared to other organisations, we've taken this decrease seriously and have put in place a number of actions to address employee feedback.

We've started to see this having a positive impact, with employee satisfaction increasing from 83% to 86% in our last engagement survey in March 2023, along with a number of other positive results that reflect our culture including that 92% of employees believe 'People here are treated fairly regardless of their age, disability, race, ethnic origin, sex or sexual orientation' recognising the extensive work we have done on our diversity and inclusion as an organisation.

We're also proud to have been recognised externally for our work as an employer including being named as a Top Employer 2023, gaining Gold accreditation in the Mind Workplace Wellbeing Index and winning 'Family Friendly Employer of the Year' at the Personnel Today Awards.

Financial performance

We are pleased to present another year of strong financial performance. Our operating margin and key financial metrics remain healthy and compare positively to our benchmark and prior year. Our legacy of strong financial performance has enabled the Board to make important strategic choices about where we invest our resources and actively chose to invest more in our existing stock and in our transformation programmes. Although our margins, liquidity and asset base remain strong, the additional investment in our homes, systems and service and energy and cost inflation have had an impact on our operating cost per unit.

Our liquidity and performance against our banking covenants remained strong throughout the year and we were reaffirmed as G1/V1 by the Regulator of Social Housing in March 2023 through their in-depth assessment process and A+ (negative) by S&P in June 2023.

Looking forwards

We are excited about the future of our organisation and know our new partnerships, coupled with our financial strength and robust strategic plan will result in delivery against our ambitions and an improvement to the service our customers see, enabling them to be proud to live in their homes.

OUR STRATEGY

Customers:

Customers at the heart of everything we do

Our aim: Our services are simple and easy to access, tailored and available when needed. Ultimately our services help our customers manage their homes effectively.

Strategy:

- Customer satisfaction across all our services is in the upper quartile for our sector.
- Customers have appropriate channels that are easy and simple to use to access our services. The channels ensure efficiency across cost to serve. Measured by quantitative survey responses.
- We have a proactive repairs service that manages repairs in a timely way before they become bigger issues, we reduce the disruption to our customers living in their homes and we are maintaining the quality of our homes. Measured by fixed first time, repairs satisfaction.
- We have a regular routine of collating accurate customer data so that we tailor our services to customers. Measured by percentage of accurate customer data at 90%.
- Our customers can feedback on our service in an easy manner, so we are constantly improving how we do things. Measured by percentage of customers who feel their feedback is listened to and improves the service.
- We have robust communication channels in place which customers feel keep them informed about the safety of their property. Measured by percentage of customers who feel they have the information they need.
- Any employee who is customer facing can see the 360-degree view of the customer and the home to provide the best service.

5 YEAR STRATEGY: KEY MEASURES OF SUCCESS AND TARGETS FOR MARCH 2027				
Key measure of success	**Current performance as at March 2023:**	**Target for year ended March 2023**	**Target for 2023-24**	**5 year strategy targets for March 2027:**
Combined customer (tenant) satisfaction metric (transaction)	75%	75%	N/A - as we move to perception results	N/A - as we move to perception results
Overall customer satisfaction with RHP (perception)	59%	64%	63%	Upper quartile for sector
Satisfaction with repairs (transaction)	64%	72%	64%	Upper quartile for sector

We continue to strive to deliver an excellent service for our customers in challenging times and recognise that we don't always get it right.

As we come to the end of our current repairs and maintenance partnership and enter into a new way of working with a new partner, we know we have faced challenges in delivering repairs within reasonable timescales and turning round our empty homes quickly to deliver homes for new customers.

We are closely managing challenges with the availability of labour and materials, coupled with shortages of qualified people to support us and our customers in managing damp and mould and property safety.

We are however listening to our customer's feedback, investing in more staff to support customers and focusing relentlessly in trying to improve each and every individual customer's experience with us.

Although recognising the above challenges, we are comforted to note that customer satisfaction with our caretaking service is at 85% and our management of anti-social behaviour has resulted in a lower than expected level of continuing concerns. We also saw a steady improvement in the quality of response for our call centre through the latter half of the year.

We do however recognise that our early feedback on the Regulatory tenant satisfaction measures which we piloted in 2022/23 is lower than we had hoped at 59% and appreciate we have work to do in re-building the trust our customers have in the service we provide. We believe that looking forward as we improve the quality of our repairs service with a new model and partner, this will have a direct positive correlation.

Recognising the enormous cost of living challenges faced by our customers, we are working in partnership across all of our boroughs to signpost customers to support in managing their finances, accessing food and grants. We have also proactively called customers who are facing difficulty paying their rent to provide them with funds from our hardship fund and support them, ensuring they are accessing all available benefits.

We aim to always put our customers in the heart of all of our conversations, our planning and our considerations for the future. We have undertaken an extensive review of the design of our services and the re-procurement of our repairs and maintenance contract and have involved customers in every step of those programmes of work. Our customers have also been involved in the recruitment of our new Chief Executive.

Our work on employment and training has supported c.50 customers through 7 training programmes in the year and positively supported 12 customers to get back to work. We have worked alongside the Borough of Richmond to deliver 75 new trees as part of our sustainability programme.

£50k
HARDSHIP FUND

75
NEW TREES

85%
CARETAKER SATISFACTION

50
CUSTOMERS SUPPORTED WITH TRAINING

12
CUSTOMERS SUPPORTED BACK TO WORK

65,232
VOLUME OF CALLS
(2022: 64,693)

17,879
VOLUME OF REPAIRS
(2022: 19,273)

775
COMPLAINTS
(2022: 351)

	2023	2022
Tenant satisfaction (transaction score)	75%	67%
Caretaking satisfaction	85%	79%
Repairs satisfaction	64%	62%

Recognising the significance of keeping our customers safe, we undertook a programme of proactive calling to our customers to ensure we were carefully managing any and all customers facing a damp or mould issue in their homes. We report to Executive Group each month on the progress we are making in tackling this important issue.

OUR STRATEGY

Homes:

Homes customers feel proud of

Our aim: We want to ensure our customers' homes are safe, warm, smart & green. We aim to really know our homes and what they need now and into the future. We will use technology to be proactive in looking after the needs of our homes.

Strategy:

- Invest in both new and existing properties and estates, delivering the best homes we can for our customers.
- Deliver 1,500 more smart, energy efficient and future proof new homes over the next ten years.
- Move to a predictive / preventative approach to home maintenance.
- Ensure that our current homes are energy efficient and fit for the future, deliver our green agenda with particular focus on making sure our properties are compliant with the 2030 energy efficiency standard and our road map to net zero by 2050.
- Use property data and systems better, to invest in our homes intelligently and efficiently.
- Keep our homes and our customers safe, maintaining the highest possible standards of property compliance and be ready for changes in legislation.
- Golden thread / building safety for Buildings within the scope of the Building Safety Bill.

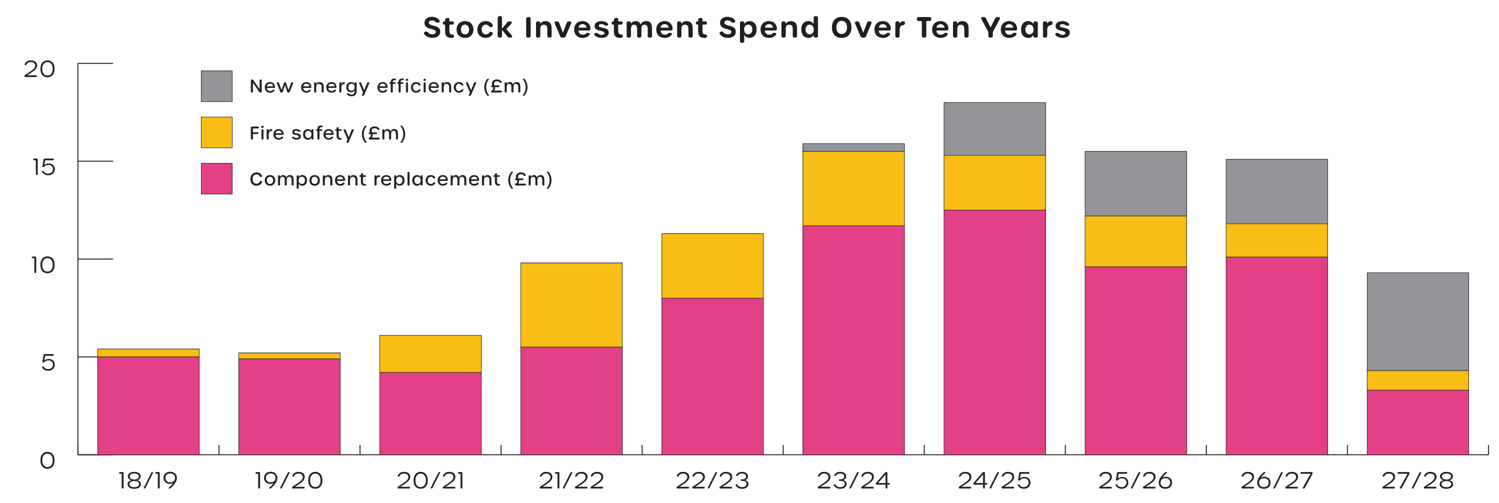
5 YEAR STRATEGY: KEY MEASURES OF SUCCESS AND TARGETS FOR MARCH 2027				
Key measure of success:	**Current performance as at March 2023:**	**Target for year ended March 2023**	**Target for 2023-24**	**5 year strategy targets for March 2027:**
New homes completed	36	146	221	750 homes
Strong forward pipeline – number of homes under contract or on site	249	375	327	375 homes committed
Gas compliance	99.97%	100%	100%	100%
Energy efficiency of housing stock – percentage of tenanted stock at EPC band C or above	41%	N/A	45%	69%

Our primary focus is on ensuring we keep our customers safe. Our health and safety and compliance teams strive for 100% compliance and meeting all regulatory requirements at all times and we have been ensuring we are proactively preparing for the changes as a result of the Building Safety Bill.

We have 7 properties that will fall under the requirements of the Building Safety Bill.

Our Health and Safety Committee, Executive and Board receive frequent reports on our readiness for changing legislation and our performance on core compliance activities. Despite this focus, we ended the year with 3 overdue gas checks (all within our access procedure with the Courts) and 25 overdue actions from fire risk assessments. These numbers are constantly changing as we strive to achieve a zero position on these measures.

We continue to invest substantial resources into improving our existing homes. This includes in the year, delivery of 200 kitchens, 40 bathrooms, 118 new roofs, 14 replacement windows, 347 new boilers. We've also continued to collect up-to-date condition data of our stock, to help shape our future investment programmes. This up to date assessment includes having EPC assessments on 91% of all homes.



In addition, we have spent £2.3m in refurbishing homes when they come empty, resulting in refurbished homes being let for 224 new customers.

Over the course of the next 5 years, our programme of activity includes delivery of 1,250 kitchens, 400 bathrooms, 332 new roofs, 432 replacement windows and an improvement in 1,645 of our homes to EPC C through passive measures of insulation, replacement of windows, heating upgrades and roof improvements. Our energy efficiency programme includes £15m of improvements over the next 5 years.

Our focus on innovative technology continues with a pilot planned in 23/24 on the installation of Solshare, an electrical distribution technology for redistributing electrical energy gathered through solar panels on blocks of flats to help individual customers as well as the communal parts of the building. And we'll be introducing predictive technology in our lifts and emergency lighting systems.

We've invested over £2m in a large programme of lift replacements over the year, including the first phase of 18 lifts in one of our schemes which is due to complete in the coming year. And we're half-way through an upgrade programme for our telecare installations in our retirement schemes, making them more modern and dependable for our customers.

We also invested £14.4m in delivery of new homes. Although not delivering our target of new homes completed in the year due to development delays, we are excited to have handed over our first modular housing development at Edgar Road and to have got into planning for our largest regeneration scheme at Ham Close.

Our pipeline is strong, and despite a couple of quieter years, the next few years promise delivery of some excellent schemes in much needed areas. We continue to focus purely on affordable and social products only, with no market sale or market rent activity.

All of our development schemes are subject to minimum environmental standards including responsible materials sourcing and 80% of development waste being recycled.

OUR STRATEGY

People:

An inspiring and inclusive employee experience

Our aim: Our people will feel a sense of belonging and connection no matter where, when, or how we work. A focus on purpose, people and planet will run through everything we do, enabling us to attract and retain talented people who'll connect with what we do. People will feel comfortable to be themselves, try new things and embrace change.

Strategy:

- Be the employer of choice who attracts and retains brilliant and diverse talent, by being known for our leading employment practices.
- Grow a culture that supports our people to be the best versions of themselves, get the best out of their lives and do the best for our customers.
- Known for taking our jobs seriously, but never ourselves. We continue to grow and develop, making the most of our careers and time at RHP.
- Our people have the tools, data, technology, and facilities to do their roles to the best of their abilities.
- Maintain an unrelenting focus on the safety and wellbeing of our people whilst at work.
- People will join and stay due to our clear and compelling purpose.

5 YEAR STRATEGY: KEY MEASURES OF SUCCESS AND TARGETS FOR MARCH 2027

Key measure of success:	Current performance as at March 2023:	Target for year ended March 2023	Target for 2023-24	5 year strategy targets for March 2027:
I am proud to work for RHP	83%	90%	90%	>90%
People here are treated fairly regardless of their age, disability, race, ethnic origin, sex or sexual orientation	92%	90%	90%	90% average

Like many other organisations, we are navigating the challenges of a post Covid world. Striking the right balance between maintaining a great culture, flexible working and brilliant customer service requires creative thinking and exceptional leadership.

Recruitment challenges have resulted in a wide geographical spread of employees and the ongoing global economic challenges of the inflationary environment has substantially impacted salary levels and affordability of basic necessities for our employees and customers alike.

We have focused on supporting our employees through this challenging period with their mental health, resilience and work life balance and as a result, are pleased to have had our work recognised through the following awards:

Gold Award Winner

(Highest Standard)

Best Hybrid Communication

(Winner)

Family Friendly Employer of the Year

(Winner)

UK List

(Certification)

We are pleased to confirm our gender pay results to 31 March 2022. 52% of our workforce is female, 48% male and 0% non-binary. Our mean gender pay gap is 0.2% in favour of males (2021: 1.34%), and our median gender pay gap is 26.42% in favour of females (2021: 28.2%).

We are delighted that our employee satisfaction score in relation to employees feeling that people are treated fairly continues to reflect the positive work we are doing on diversity and inclusion and leadership programmes encouraging psychological safety.

In our latest employee survey in March 2023, 83% of people said they were proud to work for RHP and 86% of people said they were satisfied. Although these are good levels of engagement comparably speaking, they are not at the exceptional levels we aspire to as an inspiring place to work.

A key focus for our Learning and Development programmes over the past year, has been to equip our employees with the skills, behaviours and mindsets needed to set us up for success as we prepare to deliver our new repairs contracts from June 2023. This has included modules on leading through change as part of our Luminous leadership development programme, and a focus on the skills needed to deliver our customer service standards through our Stellar customer service programme.

We've also continued training and support around inclusion, and mental health and wellbeing.

A priority over the coming year will be integrating our new repairs subsidiary RHP Home into the Group and creating a one team culture that unites all employees to a common goal. This will include setting our RHP Home employees up for success with a comprehensive welcome programme and training, which will equip them with the skills and behaviours needed to deliver an excellent service to our customers in line with our values.

We'll also continue to support our employees through a period of change and will be focussing on the areas that matter most in terms of improving our service.

OUR STRATEGY

Business:

Maintain business strength for current and future generations

Our aim: Ensure we use our customer's money wisely through difficult economic circumstances.

Strategy

- Maintain exceptional regulatory and governance standards to sustain a G1 grading and ensure the organisation is agile to changing business needs.
- Always deliver within defined and agreed long term financial guidelines, so we can withstand financial shocks and easily fund business growth.
- Value for money and efficiency integrated into all our decision making.
- Continually improve the data, insight and tools available to our employees to enable great decision making and customer service.
- Effectively manage and mitigate current and emerging risks and change programmes by implementing appropriate controls and monitoring mechanisms.

5 YEAR STRATEGY: KEY MEASURES OF SUCCESS AND TARGETS FOR MARCH 2027				
Key measure of success:	**Current performance as at March 2023:**	**Target for year ended March 2023**	**Target for 2023-24**	**5 year strategy targets for March 2027:**
Strong credit rating	A+ (negative)	A/A+ credit rating	A/A+ credit rating	A/A+ credit rating
Operating margin	25.1%	28.3%	24.9%	Upper quartile
Operating cost per unit	£4,050	£3,973	£4,546	Upper quartile
Rent collected	99.3%	98.8%	98.8%	98.8%
Strong governance rating	G1	G1	G1	G1
Financial viability rating	V1	V1	V1	V1

Whilst recognising the challenges our business and our customers are facing, following an in depth assessment at the end of January 2023, we are pleased to note that the Regulator has re-confirmed our regulatory grading as G1/V1, the highest possible. This is due to the focus we place as an organisation on prudent careful governance and management and a cautious approach to investment.

We do however continue to purposely invest more resources in our customers' homes and in our transformation programme resulting in a deterioration in our financial performance. All housing providers face difficult challenges with balancing their strategic priorities, and through careful consideration of the risks and ensuring sufficient headroom for adverse economic circumstances, we have chosen as a Board to make these additional investments for the safety of our business and customers.

Our teams have worked closely with our customers during this difficult time in the economy. High inflation and spiraling energy costs have caused many of our customers to need support in applying for benefits and accessing funds from hardship grants in their local area. We have invested £50,000 in our own hardship fund and this focused effort in supporting our customers has resulted in a continued strong rent collection performance.

S&P have undertaken their annual review and confirmed our A+ (negative outlook) credit rating in June 2023.

The Group's operating surplus of £18.6m (2022: £16.1m) and operating margin of 25% (2022: 21%) have improved from 2022 financial performance. This is despite low margin performance on our shared ownership sales in the year and is driven by maintaining close control on our cost base in a period of extreme economic uncertainty and lower levels of impairment.

Our social housing cost per unit of £5,042 (2022: £4,803) measures the efficiency of our social housing business. This has increased due to higher core operating spend and increased investment in our properties during the year.

The Group's total comprehensive income was £14.3m (2022: £12.8m) and RHP's subsidiary, Co-op Homes (South) Limited has contributed £0.5m (2022: £1.0m) to this overall surplus.

We are however continuing to see greater pressures on our financial performance. During the year we spent significantly more on our homes in order to ensure we continued to focus on our health and safety obligations including proactively managing any damp and mould issues.

Our EBITDA-MRI margin at 32% (2022: 15%) demonstrates that additional spend, but still illustrates strong core performance that can comfortably cover the level of investment required to keep our homes in good condition.

Our statement of financial position reflects sound long term investment decisions, our considered approach to growth, a focus on ensuring that the Group has a strong liquidity position and the operation of a robust risk management framework.

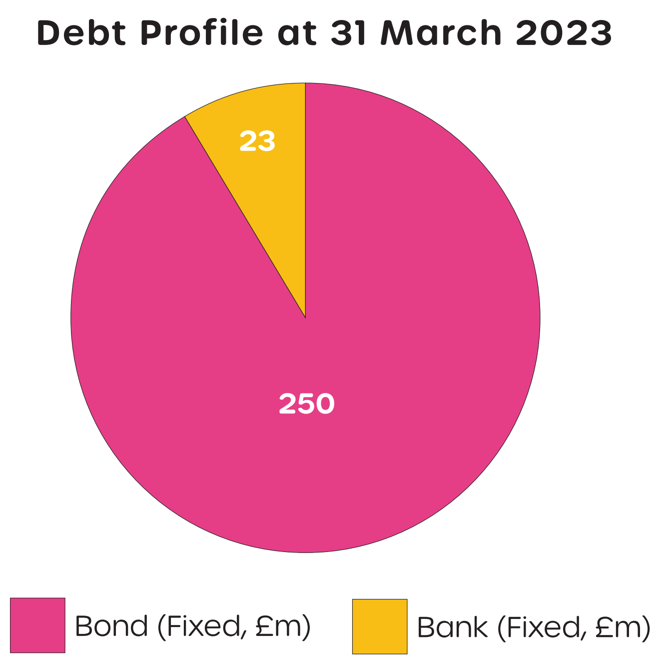
The value of the Group's housing properties at depreciated historic cost increased by £18.9m (2022: £26.3m) over the last year to £447.5m (2022: £428.6m). £14.4m (2022: £24.5m) was spent on the development of new affordable housing with £12.4m (2022: £10.3m) invested in capital works to our existing properties.

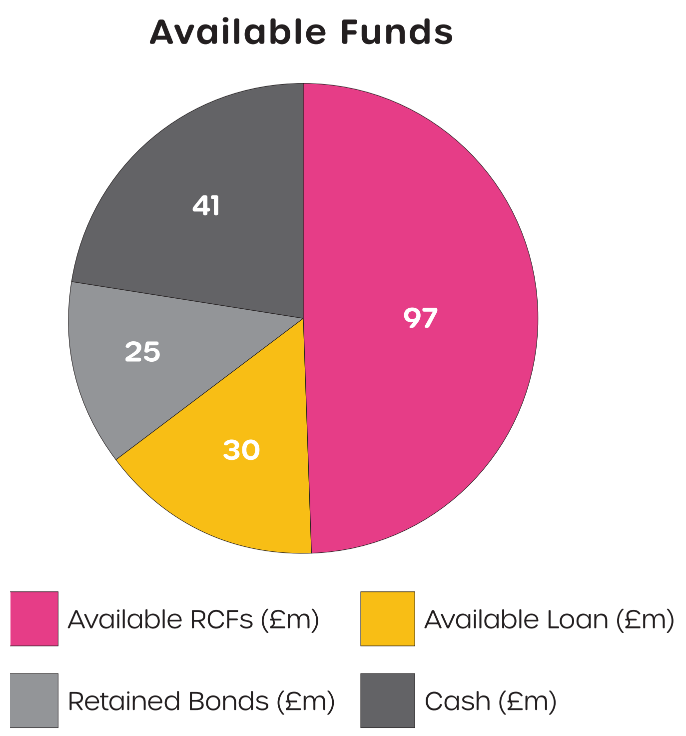
(£'000)	2023	2022	2021	2020
Turnover	66,884	62,873	64,330	58,079
Operating costs and cost of sales	(50,091)	(49,313)	(45,802)	(38,489)
Gain on sale of fixed assets	1,854	2,580	553	2,905
Operating surplus	**18,647**	**16,140**	**19,081**	**22,495**
Net interest charge and fair value adjustments	(7,010)	(7,230)	(6,837)	(18,612)
Surplus for the year	**11,637**	**8,910**	**11,495**	**3,887**
Operating margin	**25%**	**21%**	**29%**	**34%**
Social Housing Operating cost per unit	**£5,042**	**£4,803**	**£3,903**	**£3,882**
Housing Properties at cost less depreciation	447,460	428,589	402,325	387,451
Net current assets	34,124	41,818	61,034	4,950
Total net assets	**153,768**	**140,394**	**127,623**	**120,509**

Funding and treasury management

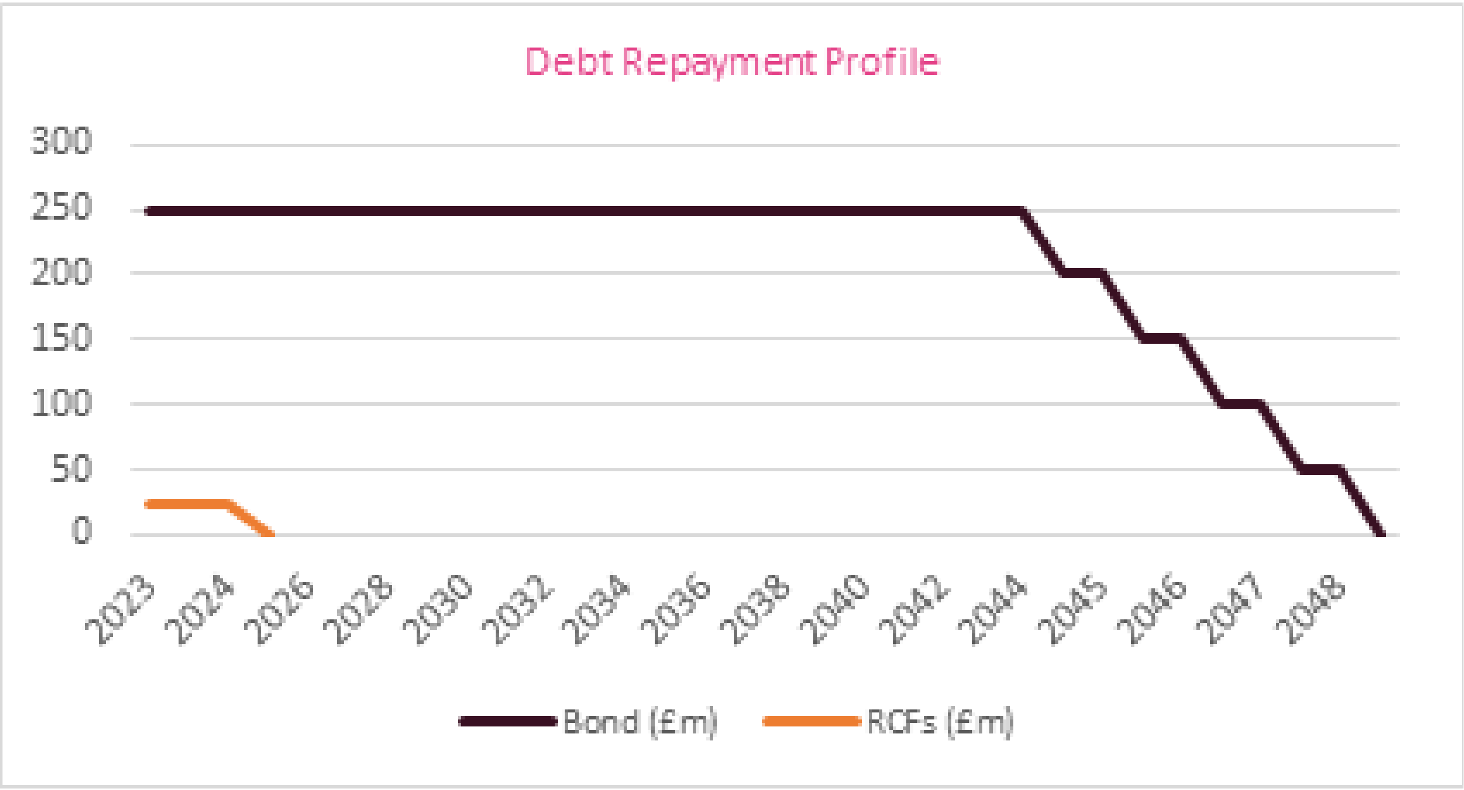
The following table shows a summary of RHP's total loan portfolio as at 31 March 2023:

Lender	Total Facility £m	Drawn £m	Available £m	Final Repayment Date
Lloyds RCF	97	0	97	2027
Lloyds £23m Fix	23	23	0	2024
NatWest Term Loan	30	0	30	2038
RHP Finance PLC (Bond)	275	250	25	2048
Total Facility	**425**	**273**	**152**	-





RHP is now fully funded until at least December 2027, including all of our current planned or pipeline developments. At 31 March 2023, £127m (13%) of the Group's stock remained unencumbered.



Intragroup loans

The net proceeds from the 2015 bond issue, 2020 tap and retained bond sale have been on-lent by RHP Finance plc to RHP. At the year-end, RHP owed RHP Finance plc £271.6m (2022: £275.5m). This includes an amount of notional premium and capitalised issue costs of £21.6m, which are amortised annually and netted off against our annual financing costs.

A new £11m intercompany loan facility between RHP and its subsidiary Co-op Homes took effect from 1 April 2021. At 31 March 2023, £1.0m (2022: £1m) of this loan was outstanding. This facility will expire on 1 April 2026.

Key treasury risks:

1 FUNDING & LIQUIDITY RISK

Detailed 3 year rolling cashflow forecasts are prepared and reviewed each month and reviewed quarterly by our Group Investment Committee and the Board.

Longer term forecasts are also prepared in line with our business plan assumptions, and these are reviewed by the Board at least twice per year.

At all times we hold a minimum of £5m in available liquidity.

2 INTEREST RATE RISK

At the year-end, 100% (2022: 100%) of the Group's borrowings including the listed bond were at fixed rates. The fixed rates of interest for RHP range from 0.79% to 3.25% while the fixed rates for Co-op Homes range from 1.56% to 10.5%. Our effective cost of borrowing was 2.58% at the year-end (2022: 2.57%).

The Group has not entered into any standalone interest rate swaps and so does not have any mark to market exposure. RHP did however execute a fix on £23m of drawn revolving credit facility in November 2019, which locked the debt at a rate of 0.73% until maturity in August 2024.

3 COUNTERPARTY RISK

At 31 March 2023 all cash investments were held with counterparties who meet the criteria set out in our Treasury Management Policy which requires that the Group seeks to minimise the risk of financial loss or liquidity exposure resulting from the insolvency of any counterparty.

Counterparty risk from our development partners is actively monitored through checks with reputable agencies in addition to requiring various bonds and retentions depending on the contractor's profile.

4 LOAN COVENANT COMPLIANCE

The Group's loan covenants are based primarily on interest cover, asset cover and gearing ratios. Covenants are monitored monthly with performance reported to the Board quarterly and were comfortably met throughout the year and at the year-end for all loan facilities.

Value for Money

Our Value for Money (VfM) Strategy defines our approach to delivering value for money across the business in order to meet our strategic goals.

The VfM strategy is directly aligned with the overall business strategy and embedded into all levels of decision making across the business.

Our aim is to 'spend our customers' money wisely' in order to achieve our aims of providing excellent customer services, delivering homes to be proud of, developing our employees to provide an inspiring experience and maintaining a robust, financially sound business model.

The current economic climate continues to create ongoing pressures on our business and on our customers. Focusing on VfM in all our decision making is ever more important.

Value for Money – Strategy

1. CUSTOMERS AT THE HEART OF EVERYTHING WE DO

- Investment in our Rewire Technology Transformation project to develop new, streamlined processes that provide a great level of service but with a more efficient use of resources.
- Develop a more robust approach to data management to allow us to get to know our customers better and provide services more effectively and efficiently.
- Rigorous procurement of new service providers that will be key in providing cost effective, productive and value driven essential services to our customers.

2. HOMES CUSTOMERS FEEL PROUD OF

- Build a better knowledge of our existing stock to allow us to invest more intelligently.
- Continue to work on making our homes more sustainable in order to reduce energy costs for us and our customers.
- Produce new homes that are cost effective to deliver by using modern methods of manufacture and cost effective to manage, maintain and live in.
- Actively seek funding through social housing grants or other appropriate channels to allow us to maximise our output.
- Focus on making homes SMART using technology to drive a preventative/just in time approach to maintenance and reduce the need for expensive reactive repairs.

3. BRILLIANT BUSINESS

- Exercise strong financial controls and deliver results within defined agreed financial targets maintaining upper quartile levels of operating margin.
- Strengthen our knowledge of procurement across the business ensuring staff have the appropriate tools to manage their contracts effectively and procure new goods and services in an optimal way.
- Explore areas of working in collaboration/partnership with other Housing Associations or relevant organisations to share costs and access specialist expertise.

4. INSPIRING & INCLUSIVE EMPLOYEE EXPERIENCE

- Use team meetings and learning and development to promote discussion of VfM and how it applies to us all.
- Recruit and retain high performing staff and harness ideas on efficiency and effectiveness through collaborative innovation.
- Achieve consistently high standards of performance for our operational key performance indicators.
- Through the Rewire transformation programme, reskill people to adapt to changing requirements and retrain for higher skilled jobs as activities are automated and streamlined.

Value for Money – Performance

We benchmark our performance using the NHF Sector Scorecard Metrics:

Metric	21/22 Peer Group median	21/22 Peer Group upper quartile	21/22 actual	22/23 target	22/23 actual	23/24 target
Headline Social Housing Cost per Unit	£5,721	£5,179	£4,900	£5,382	£5,042	£5,791
Operating margin	20.0%	21.8%	21.6%	28.3%	25.1%	22.1%
Operating margin (social housing lettings)	22.1%	26.9%	27.0%	27.2%	28.3%	24.9%
Units developed (as a % of units owned) - social	1.0%	1.7%	0.0%	2.0%	0.5%	2.9%
Gearing	44%	37%	56%	57%	57%	55%
Overall satisfaction (perception)	N/A	N/A	N/A	64%	59%	70%
Reinvestment %	5.6%	7.4%	8.2%	13.4%	6.0%	7.1%
Investment in community activities	N/A	N/A	£96,000	£150,000	£137,000	£168,000
Rent collected %	99.1%	99.9%	99.9%	98%	99. 3%	98.8%
Overhead as a % of turnover	11.0%	9.3%	7.6%	8.9%	10.5%	9.5%
Return on Capital Employed (ROCE)	2.5%	3.0%	3.3%	3.9%	3.7%	3.3%
Ratio of responsive repairs to planned maintenance	50%	20%	22%	17%	23.6%	17%
Occupancy	99.5%	99.7%	98.6%	>99.2%	99.8%	
EBITDA MRI Interest cover	105%	135%	115%	>128%	132%	

We also track against additional metrics related to some of our specific investment streams

Metric	21/22 Peer group median	21/22 Peer Group upper quartile	21/22 actual	22/23 target	22/23 actual	23/24 target
Staff satisfaction	82%	88%	92%	90%	92%	90%
Energy efficiency of housing stock	N/A	N/A	N/A	100% rated	91%	N/A
Additional homes achieving EPC C or above	N/A	N/A	N/A	N/A	N/A	330

The increase in Social Housing Cost per Unit reflects the higher level of investment in our existing homes during the year. Operating margin was also impacted by the impairment provision made in relation to our ongoing development at Onslow Mills along with a general increase in operating costs. Our underlying operating margin on social housing lettings remained strong at 28%.

New development completions were delayed with the supply of labour and materials affected in the year. Reinvestment of 6.0% represents an increase on previous years. This is a metric that we anticipate will increase further as we grow our investment in new and existing homes.

Environmental Sustainability

At RHP, we believe in the need for sustainability. We are committed to growing in a responsible manner, delivering long-term economic value, and contributing to the environmental and social well-being of our communities.

We aim to elevate our environmental efforts in the decade ahead, anchored by our strong governance and sustainable financial performance. Our approach to ESG components is essential to how we create a better business and a better society and we believe in demonstrating excellence in not only what we do, but how we do it.

Our relationships with our customers are long-term, so it is vital that our strategy and its execution ensure that we are a sustainable business. Our purpose is to support local communities by providing good quality and affordable homes and excellent landlord services to meet a range of needs of people who cannot otherwise afford to live locally. As a UK charity, we have a responsibility to take the lead on making positive improvements for people and the planet.

In 2022/23 our progress was good against the targets we set ourselves. We published our first sustainable finance framework and received our first SHIFT report to enable us to baseline our current performance levels.

We completed work on our stock portfolio in assessing the work and approach required to progress to EPC C for 100% of stock by 2030. As at 31 March 2023 91% of all of our homes had up to date EPC assessments.

3 key areas of focus with respect to the environment are:

Improving our stock EPC rating

- We are planning an extensive programme of improvement of the EPC rating of all of our stock, with particular focus on those properties below a band C.
- We have a target date of before 2030 to ensure all of our properties achieve this rating.

SMART Technology

- Trialling SMART technology in new and existing homes to improve the customer experience and overall efficiency by reducing the costs of ongoing repairs and maintenance in our homes.
- Programme of trial and installation of smart technology in lifts and lighting in communal areas to fix the problem before the customer realises there is one and ensure repairs visits focus on the right parts first time.

Active approach to resource management

- We have a Sustainability In Our Homes strategy which is part of the Homes to Be Proud Of Strategy. Our Environmental Policy describes how we provide housing with a good living environment; reduce the use of resources in the daily operations of the organisation; reduce the dependency on non-renewable resources; and promote and protect the environment.

The Board's Report

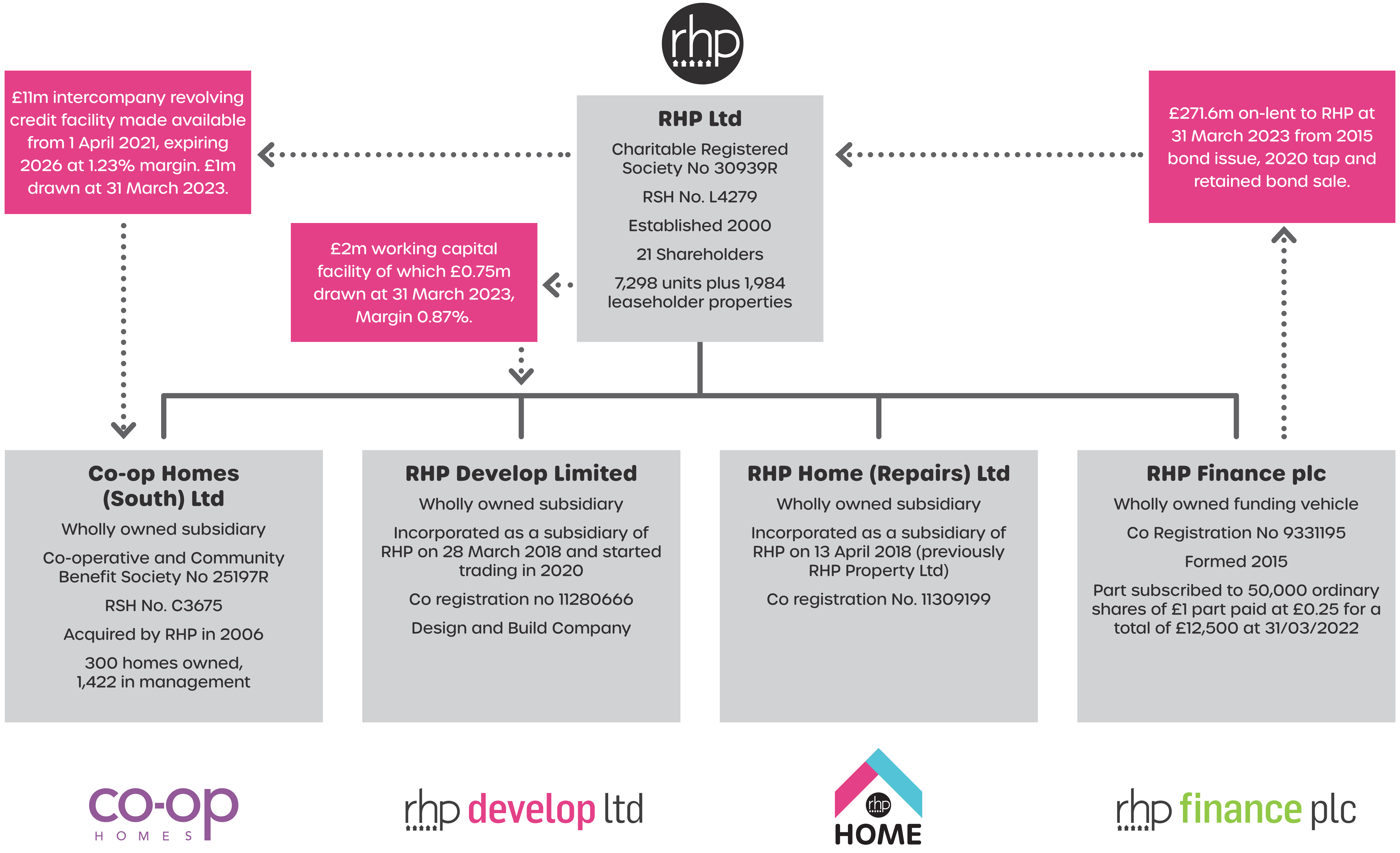
Our Group Structure

The RHP Group consists of five entities.

RHP (the parent Association) being a Registered Co-operative and Community Benefit Society (registration number 30939R) regulated by the Regulator of Social Housing (registration number L4279).

RHP has four subsidiaries:

1. Co-op Homes (South) Ltd, which is also a Registered Co-operative and Community Benefit Society, owns a small portfolio of homes and provides a comprehensive management service to co-ops predominantly in London and the South East.
2. RHP Develop Limited which started trading in support of our development activities in 2020.
3. RHP Home (Repairs) Limited, renamed from RHP Property Limited on 23 February 2023. Dormant in the period, expected to start trading as employer of repairs and maintenance operatives from 1 June 2023.
4. RHP Finance plc, which was established to raise funds from the capital markets for the Group.
5. Evolve Housing Limited (previously reported) is now dissolved having never traded.



The Board and Corporate Governance

The RHP Board, which is our ultimate governing body, sets the overall aims and objectives of the RHP Group and ensures that RHP and its subsidiaries are meeting these aims and objectives and keeping within their legal and ethical obligations. The Board is also responsible for protecting and ensuring the financial wellbeing of the Group.

Code of Governance and compliance with relevant law, legislation, and standards

RHP has adopted the NHF 2020 Code of Governance and can confirm full compliance with the following exceptions:

- The Board agreed that, to facilitate succession planning, members previously appointed with the expectation of serving a maximum of nine years may retain that expectation, subject (as has always been the case) to a review before each new term to ensure this is in the best interests of the organisation. All new appointments are subject to a maximum expected tenure of six years with any further extension on a case-by-case basis and only where it is in the clear best interests of the organisation.
- The Board acted swiftly to ensure strong continued leadership by appointing Keith Jenkins as interim Chair in October 2022. Time constraints did not permit an open recruitment process but a robust, externally facilitated process has subsequently been run to satisfy the Board of his suitability as a long-term appointment.

The Group Board also confirms that we've met the economic and consumer standards as set out in the Regulator of Social Housing's Regulatory framework for registered providers of Social Housing. The Group Board has carried out an assessment, made enquiries and gained appropriate assurance that we comply with all regulatory standards.

We were rated G1/V1 at our last in-depth assessment by the Regulator of Social Housing in March 2023.

The Group Board has also received assurance on the Group's compliance with all other relevant laws and guidelines including Anti-Fraud, Anti-Bribery, Modern Slavery, Anti-Money Laundering, GDPR and tax evasion legislation.

The detailed arrangements by which RHP exercises control and oversight of Co-op Homes, RHP Finance plc and its other subsidiaries are set out in framework documents covering governance, controls, operational controls, financial controls and Group internal controls.

Auditor

BDO LLP were the auditor for the year and their independent report is included on pages 49 – 56.

Board Members

The Group's Board members are drawn from a wide background bringing together professional, commercial and local experience. Our Group Board is committed to RHP's culture, ethos, values and objectives. As at 31 March 2023, the Group Board comprised 11 members, including the Chief Executive, with all members selected based upon the skills and experience that they can contribute.

Directors' and officers' liability insurance is held for the Board, Executive Officers and staff.

MEET THE BOARD

Keith Jenkins

Chairman & Non-Executive Director

- A housing sector solicitor for 40 years
- Has been an NED of a number of charities and housing associations
- Currently Chair of Funding Affordable Homes Housing Association.

Jenine Langrish

- Senior Independent Director of RHP Group Board and Chair of Group Governance and Reward Committee
- Previously equity fund manager and non-executive roles in variety of not for profit organisations.

Christopher Ling

- Chair Group Audit Committee
- Highly experienced CFO
- Group CFO Park Holidays
- Previously FD Residential and commercial energy supply Centrica
- Chartered Accountant.

Suzanne Avery

- Chair Group Investment Committee
- Extensive experience in real estate and housing finance sectors
- Previously Managing Director of London Real Estate Finance Group and Sustainability at RBS
- Senior Advisor Centrus
- Various NED roles in real estate.

Sarah Weller

- Experienced leader in digital innovation
- Co-founder of OPENFORMAT
- Worked alongside the NHF on delivering the greenhouse programme.

Retired during the year:

- Abolade Abisogun OBE (resigned 3 March 2023)
- Simon Devonshire OBE (Chair) (resigned 22 June 2022)
- David Done OBE (resigned 31 March 2023)
- Toby D'Olier (resigned 20th July 2022)
- Stephen Speak (resigned 20th July 2022)

MEET THE BOARD

Faith Locken

- A chartered commercial surveyor
- Most recently Development Manager at Countryside
- Founder of We Rise In, a business dedicated to improving diversity and inclusion.

Jane Gallifent

- Chair of Service Design and Transformation Committee
- Director of Development & Sales at Aster Group.

Shabana Jamil

- Ten years working in strategy, finance and policy roles in central government
- Current work supports the UK's net-zero commitment
- An RHP leaseholder.

Antonio Shabbir

- 20 years in senior roles in telecommunications
- Expert in customer experience transformation
- Currently Customer Experience Director at Easyjet.

Alex Molnar

- RHP tenant for ten years.
- Police Community Support Officer in the local area for 13 years.

Executive team

Corinna Bishopp (Executive Director of Finance and Company Secretary)

Julian Chun (Executive Director of Homes – appointed 6 June 2022)

Amit Patel (Interim Executive Director of Strategy, Transformation and Culture – appointed 18 July 2022, resigned 16 June 2023)

David Done OBE (Chief Executive - resigned 31 March 2023)

Lucy Graley (Executive Director of Customer Services)

Sarah Thomas (Chief Executive - appointed 1 April 2023)

The Committees

The work of the RHP Board is supported by committees, a structure which allows in-depth scrutiny of important strategic issues. The committees are:

Group Audit Committee

(4 meetings per year)

Chair: Christopher Ling

The committee's responsibilities include, but are not limited to the following matters:

- Oversight of the integrity of RHP's financial statements and review of the clarity and completeness
- Oversight of risk management and internal control arrangements
- Oversight of compliance with legal and regulatory requirements
- Oversight of the external auditor's performance, objectivity, qualifications and independence; the approval of non-audit services; recommendation to the Board of the nomination of the external auditors for shareholder approval and approval of their fees
- Review of the programme and performance of internal auditors

Service Delivery & Transformation Committee

(4 meetings per year)

Chair: Jane Gallifent

The committee's responsibilities include, but are not limited to the following matters:

- Ensuring compliance with the RSH's Regulatory Framework and commitments made during the stock transfer.
- Oversight of policies and procedures for allocation, letting, management and maintenance of RHP's homes and monitoring associated key performance indicators
- Actively seeking the views of customers on improvements to service delivery and reviewing ways of further developing services.

Group Governance and Reward Committee

(4 meetings per year)

Chair: Jenine Langrish

The committee's responsibilities include, but are not limited to the following matters:

- Ensuring effective and best practice governance arrangements including development of policies and procedures
- Reviewing compliance with regulatory requirements
- Reviewing reward and engagement strategies for RHP Group
- Reviewing the Chair's performance and the effectiveness of the Board

Group Investment Committee

(4 meetings per year)

Chair: Suzanne Avery

The committee's responsibilities include, but are not limited to the following matters:

- Reviewing the Group's overall strategies on development, asset management, sustainability and treasury management
- Approval of associated policies and new development schemes
- Monitoring development, asset management and treasury activities
- Oversight of planning for future funding requirements
- Oversight of capital investment projects including technology, office buildings and stock acquisition.

ABOUT US:

Registered office
8 Waldegrave Road
Teddington
Middlesex
TW11 8GT

AUDITORS:

BDO LLP, 2 City Place,
Beehive Ring Road,
Gatwick, West Sussex,
RH6 0PA

Risks and Internal Controls

Internal Controls Assurance

The Board has overall responsibility for the system of internal control and risk management across the Group and for reviewing its effectiveness. The Group Audit Committee is responsible on behalf of the Board for monitoring this system and reporting on its effectiveness.

The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives. It can only provide reasonable, and not absolute, assurance against material misstatement or loss.

Key elements of the Group's internal control framework include:

- Board approved terms of reference and delegated authorities for Group Audit, Group Investment, Governance & Reward and Service Delivery Committees.
- Clearly defined management responsibilities for the identification, evaluation and control of significant risks. The Executive Directors regularly consider reports on these risks and the Chief Executive is responsible for reporting to the Group Board any significant changes affecting key risks.

The framework is made up of:

- Internal audit assurance. The Group's internal audit function is delivered through a specialist third party organisation which has a direct reporting line to the Group Audit Committee. The internal audit programme is designed to review key areas of risk.
- Robust strategic and business planning processes, with detailed financial budgets and forecasts. These are reviewed and approved by the Board and actual performance versus budget/forecast is monitored throughout the year by the Executive Directors, the Board and the Group Investment Committee.
- Regular reporting to the Executive Directors, the Group Investment Committee and the Service Delivery Committee on key performance indicators to assess progress towards the achievement of key business objectives, targets and outcomes. These reports and the outcomes of these reviews are reported to the Board at each meeting throughout the year.
- Formal recruitment, retention, training and development policies for all employees.
- Established authorisation and appraisal procedures for all significant new initiatives and commitments.
- A Treasury Management Policy, reviewed by the Group Investment Committee on an annual basis.
- Board approved Whistle Blowing, Anti-Fraud, Anti-Bribery, tax evasion, Modern Slavery Act and Anti-Money Laundering Policies, covering prevention, detection and reporting of fraud, and the recovery of assets.
- Policies on payments & expenses to employees and Board members.

The Board cannot delegate ultimate responsibility for the system of internal control but has delegated authority to the Group Audit Committee to regularly review the effectiveness of the system of internal control. The Board receives quarterly reports from the Group Audit Committee together with minutes of Group Audit Committee meetings.

The Group Audit Committee and Board have received the Chief Executive's annual review of the effectiveness of the system of internal control for the Group, and the annual report of the internal auditor. In their annual report, the internal auditors confirmed that the Group's systems of internal control continue to demonstrate a strong internal control environment.

The Board has reviewed the effectiveness of the system of internal control, including risk management, for the year to 31 March 2023 and up to the date of signing these financial statements. It has not identified any weaknesses sufficient to cause material misstatement or loss which require disclosure in the financial statements.

RHP consider risk management to be vitally important to ensure we take good care of our customers, our homes, our people and our business. The pace of change of the external environment requires that proactive and strong risk management has never been of greater importance. This includes creative thinking, strong management and good visibility of potential and emerging risks and well considered mitigations.

Key strategic risks and how we are managing them:

Area of focus: Ensuring we are managing and maintaining our customers' homes	
RISK DETAIL	**COMMENTS AND RISK MITIGATION**
We place huge importance on ensuring the safety and good quality of our customers' homes. Events over recent years have spotlighted substantial areas for improvement across the housing sector including poor levels of fire and building safety, damp and mould and inadequate systems and processes for capturing and managing customers' concerns. Insufficient focus and controls in this area can cause customers significant harm and, in some cases, lead to death. Ensuring we are carefully listening to our customers when they raise concerns and having controls and processes in place to capture their feedback and that from customers who don't contact us is key to the success of our business and an increased focus of the Regulator through the Social Housing White Paper requirements. Failure to do so may result in harm to a customer but also regulatory consequences, reputational damage or fines. Additionally, our customer's homes are also our assets. Inadequate maintenance programmes will result in a reduction in asset value and longevity. A key risk across property portfolios is one of obsolescence of stock should maintenance and regeneration programmes be insufficiently funded. Poorly managed maintenance and safety programmes, such as not undertaking regular gas and electrical checks, insufficient investment in components within homes or insufficient data about our assets and their components can all result in harm to our customers' homes or our customers. We also need to carefully manage the neighbourhoods our customers live in. This includes understanding and sensitively managing anti-social behaviour. Significant increases in disruption through the pandemic are causing upset and disruption to our customers.	In order to manage and monitor these risks, there are number of key areas of focus: ▸ Dedicated health and safety teams and close monitoring by the Board of key metrics associated with our safety compliance activities. ▸ Detailed and regularly reviewed stock investment programmes based on stock condition surveys and a continual focus on improving our knowledge of our stock. ▸ Following detailed surveys of our stock, we are reassured that fire safety and cladding issues are not substantial, we have prioritised rectification programmes based on detailed surveys. ▸ An organisation wide data governance and improvement programme, designed to ensure our property data is accurate and is delivering good decision making and escalation of issues. ▸ Programmes in learning and development and monitoring to ensure our staff and contractors are mindful of health and safety requirements and the condition of our customer's homes and are focused on warning signs about issues with our homes. ▸ Increased focus across the Board and our organisation on ensuring we are listening to and engaging with our customers. This includes our customer scrutiny group and detailed customer insight work as part of our redesign of our services. ▸ We are progressing with our detailed response to the Social Housing White Paper requirements, ensuring a transformed approach to our relationship with our customers. ▸ Additional investment in our support of customers and improvements in neighbourhoods to manage ASB. ▸ Regular internal and external audits on specialist areas.

Area of focus: Prudent and careful management of our finances and investment choices

RISK DETAIL	COMMENTS AND RISK MITIGATION
As more pressure is placed on our finances through fire safety work, the drive to net zero carbon emissions, inflation and the need to build more homes to ease the housing crisis, close management is required of our finances. Failure to do so may result in insufficient funding to support key areas of spend, of particular importance in keeping customers safe. In the worst scenario, inadequate management of our finances will result in foreclosure by the banks or intervention by the Regulator and our organisation no longer able to operate. As the economic environment in which we operate becomes more volatile, inflation and interest rates increase and cost of living increases, we anticipate an increased risk of our customers struggling with their rent payments and an increased uncertainty in our future cashflows. We also anticipate an increased risk of unsustainable cost increases or supplier insolvencies. Our financial capacity and investment choices are significantly influenced by government regulation. Changes in the rent regime and building safety requirements can require substantial changes to our investment focus and strategy. Increasing regulatory and environmental obligations put financial pressure on smaller organisations, requiring innovative partnerships and ways of working to ensure ongoing efficiencies.	Key areas of focus in financial management: ▸ Proactively considering with the Board our investment choices to ensure continual reassessment of our strategic areas of focus and rebalancing between financial prudence and investment. ▸ Detailed action and resource plan to support our customers through the current economic uncertainty and inflationary environment to ensure we sustain tenancies wherever possible. ▸ Agility and flexibility in financial forecasting, stress testing, spending commitments and funding arrangements. ▸ Proactively managing our investors and credit rating agencies, providing transparent, regular information on our financial performance to sustain interest in our organisation as an investment. ▸ Reconsidering our areas of focus on delivery of value for money and effective procurement. ▸ Improvements in ways of working and contract management of our key partners. ▸ Ensuring a close eye on government regulation, changes and best practice relating to the sector and in particular, government policy direction is key to our agility in our strategy.

Area of focus: Long term strategic view of our technology portfolio

RISK DETAIL	COMMENTS AND RISK MITIGATION
As technology advances quickly and customers' expectations as consumers grow, we need to be able to keep pace with these changes. Failure to do so will result in us not taking advantage of efficiencies in our operating model, frustrating our customers, and in severe scenarios, weakness in our technology resulting in cyber-attacks, full systems outages and inability to manage our business or our customer's homes. Lack of a well-considered, long term and agile approach to processes and procedures, technology and end to end data flows will prevent us from delivering efficient, value for money services and evolving them quickly with changing customer requirements and in worst case, lead to substantial and sustained disruption to our services to our customers and our ability to function as a business.	▶ We are progressing with a major transformation programme to reduce the complexity of our technology portfolio, the number of systems interfaces and update both technology, processes and ways of working. ▶ This is an organisation wide programme, bringing risks in itself, and will be the beginning of a long-term continual rolling programme of improvement of our technology portfolio and ways of working. ▶ In parallel we have taken a fresh look at our disaster recovery planning to ensure we are able to adequately manage these worst-case scenarios should they occur. ▶ We continue to ensure up to date and effective working controls and systems to protect our operations and data from attacks.

Area of focus: Close and careful data management

RISK DETAIL	COMMENTS AND RISK MITIGATION
Poor management of our customer, property, or employee data can result in poor quality, inaccurate or missing data on either customers or our properties. There is a significant risk of both financial and reputational damage and in a worst-case scenario, serious detriment to our customers' health or lives as a result of inaccurate data, breaches in confidential data, for example, customer's bank account details or missing critical health and safety data.	▶ Although we currently operate with strong manual reconciliation and control processes, we are progressing with an organisation wide data governance and management improvement programme. This will enable us to improve and maintain confidence in the quality, accuracy and integrity of our data. ▶ We employ a data protection officer to support our improvement in data protection and deliver detailed programmes of training and continual improvement. ▶ Our technology improvement programme also includes a reduction in the number of systems and layers of integration or interfaces, thereby reducing the risks of data transfer or different 'versions of the truth'.

Area of focus: Ensuring we retain and attract the best people

RISK DETAIL	COMMENTS AND RISK MITIGATION
We cannot deliver our core services to our customers without having strong talent aligned to our purpose and strategy. We need to continue to focus on being an attractive organisation to work for in order to engage the best talent in this challenging recruitment market, and perhaps more importantly retain the excellent talent already in the organisation. A significant reduction in employee satisfaction and our attractiveness as an organisation will restrict our ability to recruit or retain the right skills and resources and therefore support our customers and manage our business. It could also result in escalating employee costs in order to pay for key roles in areas of shortage. Without a strong and diverse Board and Executive Team, we are not ensuring strong governance of the organisation and diversity and innovation in thinking.	▸ We maintain excellent learning and development programmes including specific areas of focus on health and safety, management skills, and change management. ▸ We have a well-established approach to flexible working and extensive mental health support programmes. ▸ Our generous benefits package supports employees through challenges and significant changes in their life such as bereavement or maternity. ▸ We continue to focus on employee engagement and cultural strength to ensure we retain and develop the best people and have made good progress with our inclusion strategy to ensure we encourage diversity of thought in our organisation. ▸ We have recently undertaken the recruitment of our new Chief Executive focused on well-defined skills and behaviours aligned to our inclusion strategy.

Statement of the Responsibilities of the Board

The Group Board is responsible for preparing the strategic report and the financial statements in accordance with applicable law and regulations.

The Co-operative and Community Benefit Society Act 2014 requires the Board to prepare financial statements for each financial year. Under that law the Board has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws) including the financial reporting standard 'FRS 102'.

Under the Co-operative and Community Benefit Society Act 2014 the Board must not approve the financial statements unless it is satisfied that they give a true and fair view of the state of affairs and surplus or deficit of the Group and Association for that period. In preparing these financial statements, the Board is required to:

- Select suitable accounting policies and then apply them consistently.
- Make judgements and accounting estimates that are reasonable and prudent.
- State whether applicable UK Accounting Standards and the Housing SORP 2018, Statement of Recommended Practice Registered Housing for registered social housing providers, 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 the Group and Association will continue in business.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022. The Board is also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Financial statements are published on RHP's website in accordance with UK legislation governing the preparation and dissemination of financial statements. This may vary from legislation in other jurisdictions. The Group Board's responsibilities extend to the maintenance and integrity of the corporate and financial information included on the Group's website.

Auditor

All of the current board members have taken all the steps that they ought to have taken to make themselves aware of any information needed by the association's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The board members are not aware of any relevant audit information of which the auditors are unaware.

Going concern

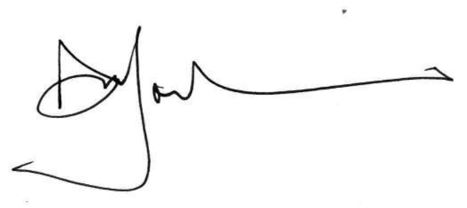
The Board reviews RHP Group's business plan at least every 6 months and has been content that these plans are affordable and that the accounts should be prepared on a going concern basis.

The current volatile and uncertain economic environment has meant that the Executive Team and Board has been reviewing revised financial plans for the next five years more frequently reflecting updated economic information to ensure RHP Group can remain a going concern. Our modelling included significant reductions in rent collected, caps on inflation in rent increases, significant cash requirements for failing developments or other supplier support and substantial slowdowns in development and sales programmes.

Given the strength of the balance sheet and availability and liquidity of undrawn loan facilities, totalling £127m, the Board believes that, while uncertainty exists, this does not pose a material uncertainty that would cast doubt on the Group's ability to continue as a going concern. The Board, therefore, considers it appropriate for the accounts to be prepared on a going concern basis.

The Group Board approves the RHP Group financial plan which is submitted annually to the Regulator in the form of a Financial Forecast Return (FFR). The Group Board is satisfied that the plan is robust and can maintain covenant compliance throughout. The plan can withstand composite risk events occurring without breaching lender covenants which confirms the future viability of the Group.

By order of the Board



Keith Jenkins
Chair of the Board

Date: 7 September 2023

Independent Auditor's Report To The Members Of Richmond Housing Partnership Limited

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Association's affairs as at 31 March 2023 and of the Group's and the Association's surplus for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been properly prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

We have audited the financial statements of Richmond Housing Partnership Limited ("the Association") and its subsidiaries ("the Group") for the year ended 31 March 2023 which comprise the consolidated and Association statement of comprehensive income, the consolidated and Association statement of financial position, the consolidated and Association statement of changes in Reserves, the consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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. Our audit opinion is consistent with the additional report to the Group Audit Committee.

Independence

Following the recommendation of the Group Audit Committee, we were appointed by the board on 16 March 2017 to audit the financial statements for the year ending 31 March 2017 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is 7 years, covering the years ending 31 March 2017 to 31 March 2023.

We remain independent of the Group and the Parent Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Group or the Parent Association.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Board's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Board's assessment of the Group and the Parent Association's ability to continue to adopt the going concern basis of accounting included:

- We obtained management's assessment that supports the Board's conclusions with respect to the disclosures provided around going concern;
- We considered the appropriateness of management's forecasts by reviewing and assessing assumptions applied by management, assessing historical forecasting accuracy and understanding management's consideration of downside sensitivity analysis;
- We obtained an understanding of the financing facilities from the finance agreements, including the nature of the facilities, covenants and attached conditions;
- We assessed the facility and covenant headroom calculations, and re-performed sensitivities and stress testing; and
- We reviewed the wording of the going concern disclosures and assessed its consistency with management's forecasts.

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 Group and the Parent Association's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Overview

Coverage	**We audit all entities within the group:** 100% (2022: 100%) of Group surplus before tax 100% (2022: 100%) of Group revenue 100% (2022: 100%) of Group total assets		
Key audit matters		**2023**	**2022**
	Net realisable value of property developed for sale	Yes	Yes
Materiality	**Group financial statements as a whole** £945k (2022: £879k) based on 7.5% (2022: 7.5%) of adjusted operating surplus		

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Board that may have represented a risk of material misstatement.

Audit work on all components was performed by BDO UK both for the purposes of reporting on the individual financial statements and for group/consolidation purposes.

We identified two components in addition to the Association which, in our view required an audit of their complete financial information for group purposes due to their size or risk characteristics and were therefore considered to be significant components. RHP Finance PLC was identified as a significant component due to its risk characteristics and Co-Op Homes (South) Limited due to its size.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How the scope of our audit addressed the key audit matter
Net realisable value of property developed for sale As explained in the accounting policies as per Note 1A and 1B, properties developed for sale, including shared ownership first tranches and properties developed for outright sale, are measured at the lower of cost and net realisable value resulting in an amount recognised in the balance sheet of £6.9m. For properties in development at the balance sheet date, see Note 17, an assessment is needed of an anticipated selling price and a determination of the expected costs to complete and sell. Due to the volume of properties developed for sale and the level of judgement there is inherent estimation uncertainty for both sales proceeds and costs to complete we consider there is a significant risk that the carrying amount of properties developed for sale is misstated and was therefore a key audit matter.	Having obtained management's assessment of the net realisable value of property developed for sale, we selected a sample on which to perform detailed testing. Our samples were chosen from the populations of items that represented both property under construction and completed property at year-end. For the selected property we have: 1. For sales price: ▸ compared anticipated selling prices to sales prices achieved after the year end, sales prices achieved for similar units in the year, valuation of properties for marketing purposes and other selling prices of similar properties in the locality. 2. For costs to complete: ▸ assessed computations of costs to complete for reasonableness. ▸ obtained the latest valuers report and compared the construction costs against the total contract value taking into account contract variations. ▸ obtained details of the expected costs to complete from the scheme budget for that development and agreed the budgeted contracted cost of the development to the latest contract documentation. ▸ considered Development Committee minutes and made enquiries of Scheme Project Managers for indications of cost overruns, contractor disputes or solvency issues in relation to the schemes tested. ▸ compared the incurred expenditure (including costs incurred after the reporting date) to the estimated amount to ensure that the cost to complete estimate reflects actual costs. ▸ assessed the accuracy of cost forecasting by looking at outturn costs compared to budget on schemes that completed in the year. 3. For costs to sell: ▸ considered computations of selling costs and compared against known selling costs that have been incurred in the year. **Key observations:** Based on our procedures we noted no exceptions.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Group financial statements		Parent Association financial statements	
	2023 £'000	**2022 £'000**	**2023 £'000**	**2022 £'000**
Materiality	945	879	850	789
Basis for determining materiality	7.5% of adjusted operating surplus	7.5% of adjusted operating surplus	7.5% of adjusted operating surplus	7.5% of adjusted operating surplus
Rationale for the benchmark applied	Adjusted operating surplus is of particular interest to the users of the financial statements as it is a term defined for the purposes of the entity's lending covenants. This involves adjusting operating profit for depreciation, amortisation, capitalised major work and the net profit/loss on non-outright sale properties.			
Performance materiality	693	659	637	592
Basis for determining performance materiality	75% of materiality	75% of materiality	75% of materiality	75% of materiality
Rationale for determining performance materiality	We considered a number of factors including the expected total value of known and likely misstatements (based on past experience and other factors) and management's attitude towards proposed adjustments.			

Component materiality

A full scope statutory audit was carried out for each subsidiary. We set materiality for each component dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from £102,000 to £460,000. In the audit of each component, we further applied performance materiality levels of 75% of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold

We agreed with the Group Audit Committee that we would report to them all individual audit differences in excess of £38k (2022: £35k). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where we are required by the Co-operative and Community Benefit Societies Act 2014 to report to you if, in our opinion:

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

Responsibilities of the Board

As explained more fully in the statement of responsibilities of the Board, 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 Group and the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the [Board] either intend to liquidate the Group or the Association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities 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 Group and the Association and the sector in which it operates;
- Discussion with management and those charged with governance including the Group Audit Committee; and
- Obtaining and understanding of the Group and the Association'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, the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

The Association 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, UK tax legislation, Employment Taxes and the Bribery Act 2010.

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 regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Company's policies and procedures relating to:
  - Detecting and responding to the risks of fraud; and
  - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- 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;
- Assessing significant estimates made by management for bias, including the net realisable value of property developed for sale (see key audit matters), housing property and inventory allocation, impairment of housing properties, rent arrears provision and defined benefit pension scheme assumptions;
- Testing the application of cut off on revenue, notably service charges, for the evidence that is was recorded in the correct period;
- Testing the existence and accuracy of leaseholders income;
- Testing for the improper recognition of profit of disposal of housing properties.

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. This description forms part of our auditor's report.

Use of our report

This report is made solely to the members of the Association, as a body, 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 Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:
Philip Cliftlands
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BDO LLP
Statutory Auditor
Gatwick
United Kingdom

15 September 2023

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

RHP Financial Statements 2022/23

Statement of Comprehensive Income for the year to 31 March 2023

The results relate wholly to continuing activities.

The notes on pages 62 to 106 form part of these financial statements.

	Note	Group		Association	
		2023 £'000	**2022 £'000**	**2023 £'000**	**2022 £'000**
Turnover	**2**	66,884	62,873	63,496	59,718
Cost of sales	**2**	(3,205)	(1,444)	(3,205)	(1,444)
Operating costs	**2**	(46,886)	(47,869)	(44,178)	(45,738)
Gain on sale of fixed assets	**2,5**	1,854	2,580	1,854	2,580
Operating surplus	**2,6**	**18,647**	**16,140**	**17,967**	**15,116**
Interest receivable and other income	**7**	598	72	691	131
Interest payable	**8**	(7,158)	(7,325)	(7,134)	(7,299)
Movement in fair value of investment properties	**15**	(450)	23	(450)	23
Gift aid and donations		-	-	13	-
Surplus before tax		**11,637**	**8,910**	**11,087**	**7,971**
Taxation	**11**	-	-	-	-
Surplus for the year		**11,637**	**8,910**	**11,087**	**7,971**
Actuarial gain on pensions	**9**	1,737	3,861	1,774	3,808
Total comprehensive income for the year		**13,374**	**12,771**	**12,861**	**11,779**

Statement of Financial Position as at 31 March 2023

The financial statements were approved and authorised for issue by the Board of directors on 7 September 2023 and signed on its behalf by:

Keith Jenkins
Chair of the Board

Christopher Ling
Chair of Group Audit Committee

Sarah Thomas
Chief Executive

Corinna Bishopp
Company Secretary

The notes on pages 62 to 106 form part of these financial statements.

	Note	Group		Association	
		2023 £'000	**2022 £'000**	**2023 £'000**	**2022 £'000**
Fixed Assets					
Tangible fixed assets – housing properties	12	447,460	428,589	425,723	407,959
Other tangible fixed assets	13	6,268	5,887	6,257	5,873
Intangible fixed assets	14	4,998	3,345	4,998	3,345
Investment properties	15	6,657	7,259	6,657	7,259
Investments	16	-	-	13	13
		465,383	**445,080**	**443,648**	**424,449**
Current assets					
Properties held for sale	17	6,888	7,662	6,888	7,662
Trade and other debtors	18	7,130	4,733	8,380	5,980
Short term investments		5,000	10,000	5,000	10,000
Cash and cash equivalents		40,680	46,227	38,775	43,619
		59,698	**68,622**	**59,043**	**67,261**
Creditors: amounts falling due within one year	19	(25,574)	(26,804)	(24,535)	(25,869)
Net current assets		**34,124**	**41,818**	**34,508**	**41,392**
Total assets less current liabilities		**499,507**	**486,898**	**478,156**	**465,841**
Creditors: amounts falling due after more than one year	20	(342,614)	(341,018)	(332,804)	(331,032)
Provision for liabilities	27	(94)	(94)	-	-
Net pension liability	9	(3,031)	(5,392)	(2,602)	(4,920)
Total net assets		**153,768**	**140,394**	**142,750**	**129,889**
Reserves					
Share capital	28	-	-	-	-
Income and expenditure reserve		153,768	140,394	142,750	129,889
Total reserves		**153,768**	**140,394**	**142,750**	**129,889**

Statement of Changes In Reserves for the reporting date to 31 March 2023

The notes on pages 62 to 106 form part of these financial statements.

Group	Income and expenditure reserve
	£'000
Balance at 31 March 2021	**127,623**
Surplus for the year	8,910
Actuarial gain on defined benefit pension scheme	3,861
Balance at 31 March 2022	**140,394**
Surplus for the year	11,637
Actuarial gain on defined benefit pension scheme	1,737
Balance at 31 March 2023	**153,768**

Association	Income and expenditure reserve
	£'000
Balance at 31 March 2021	**118,110**
Surplus for the year	7,971
Actuarial gain on defined benefit pension scheme	3,808
Balance at 31 March 2022	**129,889**
Surplus for the year	11,087
Actuarial gain on defined benefit pension scheme	1,774
Balance at 31 March 2023	**142,750**

Consolidated Statement of Cash Flows for the year ended 31 March 2023

The notes on pages 62 to 106 form part of these financial statements.

	2023 £'000	2022 £'000
Cash flows from operating activities		
Operating surplus for the year	18,647	16,140
Depreciation charges and impairment	8,190	9,837
Decrease in properties held for sale	1,250	1,650
Increase in debtors	(2,209)	(975)
Difference between net pension expense and cash contribution	(759)	(627)
Release of social housing grant	(446)	(447)
(Decrease)/increase in creditors	(3,153)	9,453
Net book value of property disposals	657	-
Net cash generated from operating activities	**22,177**	**35,031**
Cash flows from investing activities		
Purchase and improvement of housing properties	(24,465)	(32,592)
Social housing grant received	3,688	560
Purchase of other fixed assets	(3,291)	(1,662)
Decrease in cash investments	5,000	-
	(19,068)	**(33,694)**
Cash flow from financing activities		
Interest received	599	72
Interest paid	(8,080)	(8,065)
Loan arrangement fees	(1,112)	-
Repayments of borrowings	(63)	(58)
	(8,656)	**(8,051)**
Net change in cash and cash equivalents	**(5,547)**	**(6,714)**
Cash and cash equivalents at the beginning of the year	**46,227**	**52,941**
Cash and cash equivalents at the end of the year	**40,680**	**46,227**

Notes to the Financial Statements for the reporting date 31 March 2023

Legal status

RHP is a Public Benefit Entity, registered in the United Kingdom under the Co-operative and Community Benefit Societies Act 2014 (No IP030939) and with the Regulator of Social Housing (L4279) as a social housing provider.

1a. Accounting Policies

The financial statements have been prepared in accordance with applicable law and UK accounting standards (United Kingdom Generally Accepted Accounting Practice) which for RHP includes the Co-operative and Community Benefit Societies Act 2014 (and related group accounts regulations), the Housing and Regeneration Act 2008, FRS 102 "the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland," the Statement of Recommended Practice (SORP) for Registered Social Housing Providers 2018, the Accounting Direction for Private Registered Providers of Social Housing 2022.

The accounts are prepared under the historical cost basis except for the modification to a fair value basis for certain financial instruments and investment properties as specified in the accounting policies below.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies.

The Board is satisfied that the current accounting policies are the most appropriate for the Group.

The financial statements are presented in Sterling (£).

Parent company disclosure exemptions

In preparing the financial statements of the parent company, the Association has taken advantage of the following disclosure exemptions available under FRS 102:

- only one reconciliation of the number of shares outstanding at the beginning and end of the period has been presented as the reconciliations for the Group and the Association would be identical
- no cash flow statement has been presented for the Association
- disclosures in respect of the Association's financial instruments have not been presented as equivalent disclosures have been provided in respect of the Group as a whole
- no disclosure has been given for the aggregate remuneration of the key management personnel of the Association as their remuneration is included in the totals for the Group as a whole.

The following principal accounting policies have been applied:

Basis of consolidation

The Group financial statements are the result of the consolidation of the financial statements of RHP and its subsidiaries. Intercompany transactions and balances between companies are eliminated in full.

Going concern

The Board reviews RHP Group's business plan at least every 6 months and have been content that these plans were affordable and that the accounts should be prepared on a going concern basis.

The volatile and uncertain economic environment that we are currently experiencing has meant that the Executive Team and Board have been reviewing revised financial plans for the next five years more frequently to reflect updated economic information and ensure RHP Group can remain a going concern. The modelling included significant reductions in rent collected, caps on inflation in rent increases, significant cash requirements for failing developments or other supplier support and substantial slow downs in development and sales programmes.

Given the strength of the balance sheet and availability and liquidity of undrawn loan facilities, totalling £127m, the Board believe that, while uncertainty exists, this does not pose a material uncertainty that would cast doubt on the Group's ability to continue as a going concern for the foreseeable future, being a period of at least twelve months after the date on which the report and financial statements are signed.

We are confident therefore to prepare the accounts on a going concern basis.

Notes To The Financial Statements (Continued)

1a. Accounting policies (continued)

Turnover

Turnover comprises rental income receivable in the year, net of rent and service charge losses from voids, proceeds from shared ownership first tranche sales consideration received or receivable, sales of properties built for sale and other services included at the invoiced value (excluding VAT) of goods and services supplied in the year and revenue grants receivable in the year.

Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting. Income from first tranche sales and sales of properties built for sale is recognised at the point of legal completion of the sale.

Revenue grants are receivable when the conditions for receipt of agreed grant funding have been met.

Government grants are accounted for using the accrual method and non-government grants are accounted for using the performance method. Charges for support services funded under Supporting People are recognised as they fall due under the contractual arrangements with Administering Authorities.

Operating Segments

There are publicly traded securities within the Group and therefore a requirement to disclose information about the Group operating segments under IFRS8. Segmental information is disclosed in note 3 and as part of the analysis of housing properties in note 12. Information about income, expenditure and assets attributable to material operating segments are presented on the basis of the nature and function of housing assets held by the Group rather than geographical locations. As permitted by IFRS 8 this is appropriate on the basis of the similarity of the services provided, the nature of the risks associated, the type and class of customer and the nature of the regulatory environment across all of the geographical locations in which the Group operates. The Group Board do not routinely receive segmental information disaggregated by geographical location.

Tax

The tax expense for the period comprises current and deferred tax. The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company's subsidiaries operate and generate taxable income.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

VAT

RHP and Co-op Homes are registered as a VAT group. A large proportion of RHP's income comprises rental income, which is exempt for VAT purposes and gives rise to a partial exemption calculation. Expenditure is therefore shown inclusive of VAT. Recoverable VAT arising from partially exempt activities is credited to the consolidated Statement of Comprehensive Income. RHP Develop Limited is registered with HMRC for VAT and sits outside the RHP VAT Group and the VAT is fully recoverable.

Notes To The Financial Statements (Continued)

1a. Accounting policies (continued)

Employee benefits

A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are shown as an operating expense in the surplus for the year during which the services are rendered by employees.

The Group participates in two funded multi-employer defined benefit schemes, the Social Housing Pension Scheme (SHPS) and the Wandsworth Council Pension Fund (WCPF) (Previously London Borough of Richmond Pension Fund (LBRPF)).

There are 3 schemes provided by SHPS, final salary defined benefit and career average (CARE) and defined contribution. The former 2 schemes are closed to future accrual. The latter scheme is open to new members.

RHP was part of the London Borough of Richmond Upon Thames Pension Fund which has now merged with the Wandsworth Council Pension Fund, and so Richmond Housing Partnership participates in the merged Wandsworth Council Pension Fund. The WCPF is now closed to future accrual.

The employer contributions in respect of the defined contribution scheme are charged to the statement of comprehensive income as they are incurred.

For financial years ending on or after 31 March 2019, sufficient information is available to account for the obligations in SHPS on a defined benefit basis. The defined benefit schemes provided by SHPS and WCPF are accounted for using defined benefit accounting.

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 net surplus or deficit is presented separately from other net assets on the Statement of Financial Position. Under defined benefit accounting, 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. Interest is calculated on the net defined benefit liability. Re-measurements are reported in other comprehensive income.

Holiday pay accrual

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

Housing properties

Housing properties which are either constructed or acquired are stated at cost less depreciation. Cost includes the cost of acquiring land and buildings, development costs, interest capitalised during the development period, directly attributable administration costs and expenditure incurred in improving or reinvesting in existing properties.

Housing properties for rent are split between land, structure and major components with a substantially different economic life. Housing properties in the course of construction are stated at cost and are not depreciated. They are transferred to completed properties when they are ready for letting or sale.

Shared ownership properties are split between current and fixed assets on the basis of the first tranche portion. The first tranche portion is accounted for as a current asset. The fixed asset portion is split between land and structure as the rights and obligations towards improving the property reside with the resident.

Notes To The Financial Statements (Continued)

1a. Accounting policies (continued)

Housing properties (continued)

Works to existing properties which replace a component that has been treated separately for depreciation purposes, along with those works that result in an increase in net rental income over the lives of the properties, thereby enhancing the economic benefits of the assets, are capitalised as improvements. Only the direct overhead costs associated with new developments or improvements are capitalised. All other repair and replacement expenditure is charged to the Statement of Comprehensive Income.

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 in the Statement of Comprehensive Income.

Interest on borrowings is capitalised to housing properties during the course of construction up to the date of completion of each scheme. Where housing properties are in the course of construction, finance costs are only capitalised where construction is on-going and has not been interrupted or terminated. For the period ending 31 March 2023, interest has been capitalised at an average rate of 3.11% (2022: 3.10%) which reflects the weighted average effective interest rate on the Group's borrowing.

Depreciation of Housing Properties

Freehold land is not depreciated on account of its indefinite useful economic life. Depreciation is charged on a straight-line basis over the expected economic useful lives of each component part of housing properties.

The portion of shared ownership property retained or expected to be retained is not depreciated on account of the high residual value. Neither the depreciable amount nor the expected annual depreciation charge for such assets is considered material, individually or in aggregate.

The Group's housing properties held on leases are amortised over the life of the lease or their estimated useful lives in the business if shorter. Housing properties are split between the structure and the major components which require periodic replacement.

The costs of replacement or restoration of these components are capitalised and depreciated over the determined average useful economic life on a straight-line basis as follows:

Structure	100 years
Kitchens and doors	20 years
Bathroom and windows	30 years
Central Heating and sprinklers	15 years
Electrical and water tanks	40 years
Lifts	25 years
Roofs	50 years

Donated Land

Land and other assets donated by local authorities and other government sources are added to cost at the fair value of the land at the time of the donation.

Notes To The Financial Statements (Continued)

1a. Accounting policies (continued)

Other Tangible Fixed Assets

Other tangible fixed assets, other than investment properties, are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is provided on a straight-line basis on the cost of other tangible fixed assets to write them down to their estimated residual values over their expected useful lives which are as follows:

Office building	95 years
Furniture, fixtures and fittings	8 years
Computers and office equipment	3 to 7 years
Motor vehicles	3 years

Gains or losses arising on the disposal of other tangible fixed assets are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised as part of the surplus / deficit for the year.

Intangible Fixed Assets

Intangible fixed assets are capitalised software costs and are stated at cost less amortisation. Amortisation is provided on a straight-line basis on the cost of software to write them down to their estimated residual values over the expected useful lives of 3 to 7 years.

Investment Properties

Investment properties consist of commercial properties (shops) and other properties (rental space in main office building) not held for social benefit or for use in the business. Investment properties are measured at cost on initial recognition and subsequently at fair value determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised as non-operating income or expenditure as a reflection of the nature of the investment.

Under the original section 16, FRS102 required the Association to account for the floor space that its subsidiary, Co-op Homes (South) Limited, occupies at 8 Waldegrave Road as a tangible fixed asset. RHP has elected to account for the floor space as a tangible fixed asset in both the Association and Group accounts and to use the historical cost and depreciate as if the amount was always held at cost in both the Association and Group financial statements.

Investment in Subsidiaries

Investments in subsidiaries are measured at cost less accumulated impairment. RHP holds 50,000 £1 ordinary shares in RHP Finance Plc, part subscribed at 25p. RHP holds 1 £1 ordinary share in RHP Develop Limited and RHP Property Limited. RHP holds 1 £5 ordinary share in Co-op Homes (South) Limited.

Notes To The Financial Statements (Continued)

1a. Accounting policies (continued)

Properties for Sale and Staircasing

Under low cost home ownership arrangements, the Group disposes of a long lease on low cost home ownership housing units for a share ranging between 25% and 75% of value. The Buyer has the right to purchase further proportions up to 100% based on the market valuation of the property at the time each purchase transaction is completed.

Low cost home ownership properties are split proportionately between current and fixed assets based on the element relating to expected first tranche sales. The first tranche proportion is classed as a current asset and related sales proceeds included in turnover. The remaining element, "staircasing element", is classed as Property Plant and Equipment and included in completed housing property at cost less any provision for impairment.

Sales of subsequent tranches are treated as a part disposal of property and included in operating surplus. Such staircasing sales may result in capital grant being deferred or abated and any abatement is credited in the sale account in arriving at the surplus or deficit.

Finance Costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest rate method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Financial Instruments

Financial assets and liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial Instruments are initially recorded at transaction price less issue costs. Subsequent measurement depends on the designation of the instrument as follows: Bonds, loans, short term borrowings and overdrafts are held at amortised cost where they meet the relevant criteria of section 11 of FRS102.

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at the undiscounted value of amounts expected to be received. Any losses arising from impairment are recognised in the income statement in other operating expenses.

The bond is classified as a basic financial instrument as per Section 11, Financial Reporting Standard 102 (FRS 102). The bond will be held long term, is non-speculative, and has a positive fixed interest rate.

After the amounts are recognised at the initial transaction price, these loans are measured at amortised cost. The 2020 bond transactions were sold at a premium. This premium is held as a notional amount of loan on the balance sheet and amortised annually.

Notes To The Financial Statements (Continued)

1a. Accounting policies (continued)

Short Term Investments

Short term investments comprise notice deposit accounts maturing within 3 to 12 months.

Cash

Cash and cash equivalents in the Group's Consolidated Statement of Financial Position consists of cash at bank, in hand, and deposits accounts with notice periods up to 3 months that form an integral part of the Group's cash management.

Social Housing Grant

Social housing grant (SHG) is receivable from the Greater London Authority (GLA). Grants received for housing properties are recognised as income over the useful life of the housing property structure and, where applicable, its individual components (excluding land).

SHG due from the GLA or received in advance is included as a current asset or liability. SHG is subordinated to the repayment of loans by agreement with the GLA. SHG released on sale of a property may be repayable but is normally available to be recycled and is credited to a Recycled Capital Grants Fund and included in the balance sheet in creditors.

Other Grants

Other grants include grants from local authorities. Grants in respect of revenue expenditure are credited to other comprehensive income when performance conditions are met, or entitlement occurs.

Provisions

The Group has recognised provisions for liabilities of uncertain timing or amounts including those for major repairs on stock transfers, overage for gap funding and restructuring. Provisions are measured at the best estimate of the expenditure required to settle the obligation at the balance sheet date.

Co-op Homes leases for temporary social housing properties contain repair covenants relating to the upkeep of the properties. These lease covenants can give rise to dilapidation works or claims during or at the end of the related lease.

Co-op Homes accounts for these costs in accordance with FRS 102 (provisions and contingencies) which requires a provision to be recognised when there is an obligation at the reporting date regarding works or repairs at the related property.

Contingent Liabilities

A contingent liability is recognised for a possible obligation, for which it is not yet confirmed that a present obligation exists that could lead to an outflow of resources; or for a present obligation that does not meet the definitions of a provision or a liability as it is not probable that an outflow of resources will be required to settle the obligation or when a sufficiently reliable estimate of the amount cannot be made.

Notes To The Financial Statements (Continued)

1b. Significant judgements and estimates

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

Impairment

In considering whether there is an impairment of the Group's tangible and intangible assets, factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of larger cash generating unit, the viability and expected future performance of that unit.

Management have considered the measurement basis to determine the recoverable amount of assets where there are indicators of impairment based on EUV-SH or depreciated replacement cost. Management have also considered impairment based on their assumptions to define cash or asset generating units.

The impairment calculation is carried out on the units according to their tenure as this was the smallest identifiable group of assets within the scheme (each tenure deemed to be a cash generating activity in accordance with FRS102). The recoverable amount of an asset is considered by FRS102 to be the higher of its value in use and its fair value less costs to sell.

Management identify any impairment indicators which may affect any homes or schemes. Such triggers include increasing void losses, government policy changes, any significant damage or repairs required to any homes or any material change to the costs of a development.

The insolvency of the original developer of our scheme at Onslow Mills was considered an indicator of impairment having led to an increased build cost. The scheme consists of 24 shared ownership units with a carrying value before impairment of £12.7m. The valuation at 31 March 2023 determined that the MV-VP of the shared ownership units was lower than the carrying value for this scheme, resulting in impairment of £3.5m (2022: £3.1m).

A review was carried out on other development schemes where costs have increased. The scheme at Staines Road has resulted in an impairment of £1.8m (2022: £1.8m). The impairment on retained equity of Informer House of £0.1m has been reversed due to a reduction in the total costs of the scheme.

Notes To The Financial Statements (Continued)

1b. Significant judgements and estimates (continued)

Useful lives of depreciable assets

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

Fair value measurement – investment properties

Applying section 16.2 Financial Reporting Standard 102 (FRS 102), sub-leases with tenants at the head office and the small portfolio of commercial units are classified as investment properties.

After recognising the properties at their initial cost, each reporting period requires the properties to be measured at fair value. Management instruct a reputable valuation firm to carry out their assessment of value with any movement being recognised in other comprehensive income. The fair value of investment properties was £6.7m at 31 March 2023 (2022: £7.3m).

Shared ownership

Our shared ownership viability assessments assume a first tranche portion based on affordability and expected sales forecasts. We complete a sensitivity analysis on each property to ensure that the homes are affordable. This means that in higher value areas we may need to reduce the assumed first tranche sale percentage in order to ensure that the homes meet the affordability criteria of the relevant local authority or the GLA's income caps. The resulting reduction in income is modelled to ensure that the scheme remains viable within RHP's approved financial parameters. If not, we will amend our offer for the scheme prior to submission to the developer or landowner.

Recovery of properties developed for sale

Properties developed for sale are carried on the statement of financial position at the lower of cost or net realisable value. Cost is taken as the production cost which includes an appropriate proportion of attributable overheads. Net realisable value is based on estimated sale proceeds after allowing for further costs to completion and selling costs.

Pensions

Key judgements have been made in respect of the critical underlying assumptions in relation to the estimate of the SHPS and LGPS defined benefit scheme obligations such as standard rates of inflation, mortality, discount rate and anticipated future salary increases. The assumptions used are consistent with those used by qualified actuaries in their valuation of fund assets and liabilities. Variations in these assumptions have the ability to significantly influence the value of the liability recorded and annual defined benefit expense.

Notes To The Financial Statements (Continued)

2. Particulars of turnover, cost of sales, operating expenditure and operating surplus

Group 2023	Turnover	Cost of Sales	Operating Costs	Gain on sale of fixed assets	Operating surplus/(deficit)
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Social housing lettings (note 3)	57,060	-	(40,897)	-	16,163
Other social housing activities					
First tranche shared ownership sales	3,275	(3,205)	-	-	70
Development	-	-	(385)	-	(385)
Impairment	-	-	(259)	-	(259)
Management fees	1,206	-	(1,117)	-	89
Gain on sale of fixed assets	-	-	-	1,854	1,854
Total social housing activities	**61,541**	**(3,205)**	**(42,658)**	**1,854**	**17,532**
Non-social housing activities					
Leasehold services	2,270	-	(2,276)	-	(6)
Leasehold major repairs	1,513	-	(1,115)	-	398
Garages	1,034	-	(240)	-	794
Commercial	520	-	(377)	-	143
Other	6	-	(220)	-	(214)
Total	**66,884**	**(3,205)**	**(46,886)**	**1,854**	**18,647**

Notes To The Financial Statements (Continued)

2. Particulars of turnover, cost of sales, operating expenditure and operating surplus

Group 2022	Turnover	Cost of Sales	Operating Costs	Gain on sale of fixed assets	Operating surplus/(deficit)
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Social housing lettings (note 3)	55,012	-	(40,136)	-	14,876
Other social housing activities					
First tranche shared ownership sales	2,308	(1,444)	-	-	864
Development	-	-	(58)	-	(58)
Impairment	-	-	(2,296)	-	(2,296)
Management fees	1,026	-	(874)	-	152
Gain on sale of fixed assets	-	-	-	2,580	2,580
Total social housing activities	**58,346**	**(1,444)**	**(43,364)**	**2,580**	**16,118**
Non-social housing activities					
Leasehold services	2,399	-	(2,268)	-	131
Leasehold major repairs	495	-	(1,025)	-	(530)
Garages	986	-	(338)	-	648
Commercial	571	-	(652)	-	(81)
Other	76	-	(222)	-	(146)
Total	**62,873**	**(1,444)**	**(47,869)**	**2,580**	**16,140**

Notes To The Financial Statements (Continued)

2. Particulars of turnover, cost of sales, operating expenditure and operating surplus

Association 2023	Turnover	Cost of Sales	Operating Costs	Gain on sale of fixed assets	Operating surplus/(deficit)
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Social housing lettings (note 3)	54,763	-	(39,321)	-	15,442
Other social housing activities					
First tranche shared ownership sales	3,275	(3,205)	-	-	70
Development	-	-	(409)	-	(409)
Impairment	-	-	(259)	-	(259)
Gain on sale of fixed assets	-	-	-	1,854	1,854
Total social housing activities	**58,038**	**(3,205)**	**(39,989)**	**1,854**	**16,698**
Non-social housing activities					
Leasehold services	2,270	-	(2,276)	-	(6)
Leasehold major repairs	1,513	-	(1,115)	-	398
Garages	1,034	-	(240)	-	794
Commercial	635	-	(377)	-	258
Other	6	-	(181)	-	(175)
Total	**63,496**	**(3,205)**	**(44,178)**	**1,854**	**17,967**

Notes To The Financial Statements (Continued)

2. Particulars of turnover, cost of sales, operating expenditure and operating surplus

Association 2022	Turnover	Cost of Sales	Operating Costs	Gain on sale of fixed assets	Operating surplus/(deficit)
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Social housing lettings (note 3)	52,772	-	(38,923)	-	13,849
Other social housing activities					
First tranche shared ownership sales	2,308	(1,444)	-	-	864
Development	-	-	(58)	-	(58)
Impairment	-	-	(2,296)	-	(2,296)
Gain on sale of fixed assets	-	-	-	2,580	2,580
Total social housing activities	**55,080**	**(1,444)**	**(41,277)**	**2,580**	**14,939**
Non-social housing activities					
Leasehold services	2,399	-	(2,268)	-	131
Leasehold major repairs	495	-	(1,025)	-	(530)
Garages	986	-	(338)	-	648
Commercial	571	-	(652)	-	(81)
Other	187	-	(178)	-	9
Total	**59,718**	**(1,444)**	**(45,738)**	**2,580**	**15,116**

Notes To The Financial Statements (Continued)

3. Income & expenditure from social housing lettings

Group	General needs housing	Affordable housing	Key workers	Temporary housing	Supported housing	Shared ownership	2023	2022
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Rents receivable net of identifiable service charges	40,094	8,657	588	28	2,260	956	**52,583**	50,679
Service and other charges receivable	2,544	93	31	-	1,103	207	**3,978**	3,834
Charges for support services	-	-	-	-	54	-	**54**	52
Amortised government grants	226	140	2	-	45	32	**445**	447
Turnover from social housing lettings	**42,864**	**8,890**	**621**	**28**	**3,462**	**1,195**	**57,060**	**55,012**
Management	(8,257)	(1,112)	(119)	(41)	(560)	(228)	**(10,317)**	(9,451)
Service charge costs	(6,389)	(858)	(92)	(3)	(1,415)	(176)	**(8,933)**	(7,742)
Rents payable	-	-	-	(15)	-	-	**(15)**	(18)
Routine maintenance	(4,113)	(526)	(56)	(7)	(278)	(104)	**(5,084)**	(4,755)
Planned maintenance	(5,018)	(666)	(71)	-	(320)	(128)	**(6,203)**	(6,457)
Major repairs expenditure	(2,409)	(337)	(36)	-	(162)	(27)	**(2,971)**	(4,480)
Bad debts	(337)	(45)	(5)	(10)	(22)	(9)	**(428)**	(223)
Depreciation	(4,783)	(1,177)	(61)	-	(577)	(113)	**(6,711)**	(6,717)
Accelerated depreciation	(188)	(17)	(2)	-	(8)	(3)	**(218)**	(276)
Other costs	(17)	-	-	-	-	-	**(17)**	(17)
Operating costs on social housing lettings	**(31,511)**	**(4,738)**	**(442)**	**(76)**	**(3,342)**	**(788)**	**(40,897)**	**(40,136)**
Operating surplus/(deficit) for social housing lettings	**11,353**	**4,152**	**179**	**(48)**	**120**	**407**	**16,163**	**14,876**
Void losses	(710)	(147)	(17)	6	(141)	(10)	**(1,019)**	(658)

Notes To The Financial Statements (Continued)

3. Income & expenditure from social housing lettings (continued)

Association	General needs housing	Affordable housing	Key workers	Supported housing	Shared ownership	2023	2022
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Rents receivable net of identifiable service charges	38,094	8,657	588	2,260	956	**50,555**	48,708
Service and other charges receivable	2,408	93	31	1,103	207	**3,842**	3,699
Charges for support services	-	-	-	54	-	**54**	52
Amortised government grants	93	140	2	45	32	**312**	313
Turnover from social housing lettings	**40,595**	**8,890**	**621**	**3,462**	**1,195**	**54,763**	**52,772**
Management	(7,959)	(1,112)	(119)	(560)	(228)	**(9,978)**	(9,180)
Service charge costs	(6,289)	(858)	(92)	(1,415)	(176)	**(8,830)**	(7,648)
Routine maintenance	(3,759)	(526)	(56)	(278)	(104)	**(4,723)**	(4,442)
Planned maintenance	(4,761)	(666)	(71)	(320)	(128)	**(5,946)**	(6,356)
Major repairs expenditure	(2,409)	(337)	(36)	(162)	(27)	**(2,971)**	(4,480)
Bad debts	(320)	(45)	(5)	(22)	(9)	**(401)**	(216)
Depreciation	(4,393)	(1,177)	(61)	(577)	(113)	**(6,321)**	(6,325)
Accelerated depreciation	(121)	(17)	(2)	(8)	(3)	**(151)**	(276)
Operating costs on social housing lettings	**(30,011)**	**(4,738)**	**(442)**	**(3,342)**	**(788)**	**(39,321)**	**(38,923)**
Operating surplus for social housing lettings	**10,584**	**4,152**	**179**	**120**	**407**	**15,442**	**13,849**
Void losses	(730)	(147)	(17)	(141)	(10)	**(1,045)**	(646)

Notes To The Financial Statements (Continued)

4. Units of housing stock

Accommodation in management for each class of accommodation in the Group and the Association was as follows:

Group	Opening balance	Additions	Disposals	Change in use	2023 Closing balance
Social housing - managed directly					
General needs housing	6,084	-	(3)	14	6,095
Affordable housing	781	14	-	15	810
Keyworkers	94	-	-	(7)	87
Supported housing	391	-	-	(1)	390
Shared ownership	148	22	(4)	-	166
Market - non-social	9	-	-	-	9
Total units in ownership	**7,507**	**36**	**(7)**	**21**	**7,557**
Accommodation managed on behalf of others	1,475	108	-	-	1,583
Accommodation managed on our behalf	38	-	-	2	40
Total units managed or owned	**9,020**	**144**	**(7)**	**23**	**9,180**
Leasehold	1,984	1	-	(23)	1,962
Total units in management (including Leasehold)	**11,004**	**145**	**(7)**	**-**	**11,142**

Association	Opening balance	Additions	Disposals	Change in use	2023 Closing balance
Social housing - managed directly					
General needs housing	5,784	-	(3)	14	5,795
Affordable housing	781	14	-	15	810
Keyworkers	94	-	-	(7)	87
Supported housing	391	-	-	(1)	390
Shared ownership	148	22	(4)	-	166
Market - non-social	9	-		-	9
Total units in ownership	**7,207**	**36**	**(7)**	**21**	**7,257**
Accommodation managed on behalf of others	53	26	-	-	79
Accommodation managed on our behalf	38	-	-	2	40
Total units managed or owned	**7,298**	**62**	**(7)**	**23**	**7,376**
Leasehold	1,984	1	-	(23)	1,962
Total units in management (including Leasehold)	**9,282**	**63**	**(7)**	**-**	**9,338**

5. Surplus on sale of fixed assets

Group & Association 2023	Shared ownership staircasing	Right to buy	Right to acquire	Lease extensions	Other	2023 Total
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Disposal proceeds	1,097	463	409	913	51	2,933
Amounts payable to LBRuT under RTB sharing agreement and trust deed	-	(431)	-	-	-	(431)
Cost of disposals	(576)	(16)	(31)	-	(21)	(644)
Selling costs	(2)	(1)	(1)	-	-	(4)
Surplus	**519**	**15**	**377**	**913**	**30**	**1,854**

Right to buy disposals are accounted for in accordance with London Borough of Richmond upon Thames (LBRuT) sharing agreement. Funds from disposals are held in trust in equal parts for RHP and LBRuT.

Group & Association 2022	Shared ownership staircasing	Right to buy	Right to acquire	Other	2022 Total
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Disposal proceeds	706	2,741	2,488	29	5,964
Amounts payable to LBRuT under RTB sharing agreement and trust deed	-	(2,476)	-	-	(2,476)
Cost of disposals	(512)	(170)	(196)	(16)	(894)
Selling costs	(2)	(6)	(5)	-	(13)
Write back of amortised grant	(1)	-	-	-	(1)
Surplus	**191**	**89**	**2,287**	**13**	**2,580**

Notes To The Financial Statements (Continued)

6. Operating surplus

	Group		Association	
	2023 £'000	**2022 £'000**	**2023 £'000**	**2022 £'000**
Depreciation of housing properties	6,719	6,717	6,329	6,325
Accelerated depreciation on component replacements	217	276	151	276
Depreciation of other tangible fixed assets	243	252	236	235
Amortisation of intangible fixed assets	1,165	573	1,165	573
Impairment of housing properties	259	2,296	259	2,296
Operating lease rentals				
- Land and buildings	15	18	-	-
- Vehicles	80	88	80	88
- Office equipment and computers	50	60	50	60
Auditors' remuneration (Excluding VAT)				
- For audit of statutory accounts	94	78	74	62
- For service charge audit	13	12	13	12

7. Interest receivable & other similar income

	Group		Association	
	2023 £'000	**2022 £'000**	**2023 £'000**	**2022 £'000**
Bank and deposit interest	598	72	596	71
Interest from subisidiary undertaking	-	-	95	60
Total	**598**	**72**	**691**	**131**

8. Interest payable

	Group		Association	
	2023 £'000	**2022 £'000**	**2023 £'000**	**2022 £'000**
Loans and bank overdrafts	8,081	8,066	8,069	8,052
Interest on RCGF	1	-	1	-
Interest charge on pensions	135	198	123	186
Amortised finance costs	485	299	485	299
	8,702	**8,563**	**8,678**	**8,537**
Interest capitalised on construction of housing properties (Note 12,17)	(1,544)	(1,238)	(1,544)	(1,238)
Total	**7,158**	**7,325**	**7,134**	**7,299**

Notes To The Financial Statements (Continued)

9. Employees

	Group		Association	
	2023	**2022**	**2023**	**2022**
Average monthly number of employees expressed in full time equivalents:				
Administration	105	98	82	74
Development	11	14	11	14
Housing, support and care	166	161	166	161
Total	**282**	**273**	**259**	**249**

Full time equivalents are calculated based on a standard working week of 36 hours.

	Group		Association	
	2023 £'000	**2022 £'000**	**2023 £'000**	**2022 £'000**
Wages and salaries	11,107	10,524	10,113	9,659
Social security costs	1,157	1,034	1,049	945
Other pensions costs	1,490	875	773	810
Total employee costs	**13,754**	**12,433**	**11,935**	**11,414**

	Group		Association	
	2023 £'000	**2022 £'000**	**2023 £'000**	**2022 £'000**
Pensions costs recognised in other comprehensive income				
Actuarial (loss)/gain on SHPS pension	(603)	2,727	(566)	2,674
Actuarial gain on WCPF pension	2,340	1,134	2,340	1,134
Total actuarial gain on pensions	**1,737**	**3,861**	**1,774**	**3,808**

The Association's employees are members of the Social Housing Pension Scheme (SHPS) or of the Wandsworth Council Pension Fund (WCPF) (formerly London Borough of Richmond Pension Fund (LBRPF)). The employees of our subsidiary are members of the SHPS. Further information on each scheme is given below.

	Group		Association	
	2023 £'000	**2022 £'000**	**2023 £'000**	**2022 £'000**
Net Pension Liability				
SHPS pension net defined liability	3,031	3,077	2,602	2,605
WCPF pension net defined liability	-	2,315	-	2,315
Total	**3,031**	**5,392**	**2,602**	**4,920**

9. Employees (continued)

Social Housing Pension Scheme

Defined Contribution Pension Scheme

Employer contributions in respect of this scheme are charged to the Statement of Comprehensive Income as incurred.

	Group		Association	
	2023 £'000	**2022 £'000**	**2023 £'000**	**2022 £'000**
Employer contributions	863	832	772	767

Defined Benefit Pension Scheme

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

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

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

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

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

The latest accounting valuation was carried out with an effective date of 30 September 2022. The liability figures from this valuation were rolled forward for accounting year-ends from the following 31 March 2023 to 29 February 2024 inclusive.

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

Notes To The Financial Statements (Continued)

9. Employees (continued)

	Group	Association
	2023 £'000	**2023 £'000**
Reconciliation of opening and closing balances of the defined benefit obligation		
Defined benefit obligation at start of period	25,917	22,647
Expenses	24	20
Interest expense	714	624
Actuarial gains due to scheme experience	(724)	(617)
Actuarial gains due to demographic assumptions	(36)	(29)
Actuarial gains due to changes in financial assumptions	(8,234)	(7,413)
Benefits paid and expenses	(481)	(379)
Defined benefit obligation at end of period	**17,180**	**14,853**

	Group	Association
	2023 £'000	**2023 £'000**
Reconciliation of opening and closing balances of the fair value of plan assets		
Fair value of plan assets at start of period	22,840	20,042
Interest income	639	561
Loss on plan assets (excluding amounts included in interest income)	(9,597)	(8,625)
Contributions by the employer	748	652
Benefits paid and expenses	(481)	(379)
Fair value of plan assets at end of period	**14,149**	**12,251**

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2023 was (£8,064k) (2022: £1,995k) (Association) and (£8,958k) (2022: £1,910k) (Group).

Notes To The Financial Statements (Continued)

9. Employees (continued)

	Group	Association
	2023 £'000	**2023 £'000**
Defined benefit costs recognised in statement of comprehensive income (SoCI)		
Expenses	24	20
Net interest expense	75	63
Defined benefit costs recognised in statement of comprehensive income (SoCI)	**99**	**83**

	Group	Association
	2023 £'000	**2023 £'000**
Defined benefit costs recognised in other comprehensive income		
Loss on plan assets (excluding amounts included in net interest cost)	(9,597)	(8,625)
Experience gains arising on the plan liabilities	724	617
Gains arising from changes in the demographic assumptions	36	29
Gains arising from changes in the financial assumptions	8,234	7,413
Total loss recognised in other comprehensive income	**(603)**	**(566)**

Notes To The Financial Statements (Continued)

9. Employees (continued)

	Group		Association	
	2023 £'000	**2022 £'000**	**2023 £'000**	**2022 £'000**
Assets				
Absolute return	154	916	133	804
Alternative risk premia	27	753	23	661
Corporate bond fund	-	1,524	-	1,337
Credit relative value	534	759	462	666
Distressed opportunities	428	817	371	717
Emerging markets debt	76	664	66	583
Global equity	264	4,383	229	3,846
Infrastructure	1,616	1,627	1,399	1,428
Insurance-linked securities	357	532	309	467
Liability driven investment	6,515	6,373	5,642	5,592
Long lease property	427	588	370	516
Net current assets	36	64	31	56
Opportunistic Illiquid credit	605	767	524	673
Private debt	629	586	545	514
Property	609	617	527	541
Risk sharing	1,042	752	902	660
Secured income	649	851	562	747
High yield	50	197	43	173
Cash	102	78	88	68
Currency hedging	28	(89)	24	(78)
Opportunistic credit	1	81	1	71
Total assets	**14,149**	**22,840**	**12,251**	**20,042**

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

Key assumptions	2023	2022
	%	**%**
Discount rate	4.84	2.78
Inflation (RPI)	3.17	3.47
Inflation (CPI)	2.79	3.14
Salary growth	3.79	4.14
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

Mortality assumptions adopted at 31 March 2023 imply the following life expectancies at the age of 65:	2023	2022
	Years	**Years**
Male retiring today	21.0	21.1
Female retiring today	23.4	23.7
Male retiring in 20 years	22.2	22.4
Female retiring in 20 years	24.9	25.2

Notes To The Financial Statements (Continued)

9. Employees (continued)

Wandsworth Council Pension Fund (WCPF)

The Wandsworth Council Pension Fund is a multi-employer scheme, which is administered by Wandsworth Council under the regulations governing the Local Government Pension Scheme (LGPS), a defined benefit scheme. RHP was part of the London Borough of Richmond Upon Thames Pension Fund which has now merged with the Wandsworth Council Pension Fund, and so Richmond Housing Partnership participates in the merged Wandsworth Council Pension Fund. This scheme is now closed to future accrual with a deficit management agreement in place with the scheme which enables RHP's share of the deficit to be managed without triggering a termination debt. We have used our office building as security to effectively manage future deficit contributions.

At 31 March 2023 the WCPF scheme assets exceeded the value of liabilities. Management has taken the decision to apply an asset ceiling to the surplus due to its uncertain nature with any credit only being payable on exit of the scheme and being subject to further consideration and valuation.

	2023	2022
	%	**%**
Rate of increase in pensions in payment	2.85	3.25
Discount rate	4.8	2.6

	2023	2022
	£'000	**£'000**
Fair value of employer assets:		
Equities	7,175	8,074
Gilts	-	180
Other bonds	2,033	1,868
Property	1,670	1,625
Cash	497	196
Multi asset fund	1,316	1,551
Total fair value of employer assets	**12,691**	**13,494**

Notes To The Financial Statements (Continued)

9. Employees (continued)

Life expectancy from age 65 (years):	2023	2022
Retiring today		
Males	21.1	21.6
Females	23.5	24.3
Retiring in 20 years		
Males	22.3	23.0
Females	25.0	25.8

The post retirement mortality tables adopted are the S3PA tables with a multiplier of 110% for males and 105% for females. These base tables are then projected using the CMI 2020 model allowing for long term rate of improvement of 1.25%, smoothing parameter of 7.5 and an initial addition to improvements of 0.5% pa and a 2020 weighting of 25%.

Net pension liability as at:	2023	2022
	£'000	**£'000**
Present Value of funded liabilities	(11,093)	(15,809)
Fair value of employer assets (bid value)	12,691	13,494
Net surplus/(deficit)	**1,598**	**(2,315)**
Impact of asset ceiling	(1,598)	-
Net defined liability	**-**	**(2,315)**

The amounts recognised in the statement of comprehensive income are as follows:	2023	2022
	£'000	**£'000**
Net interest on the defined pension liability	60	66
Admin expenses	7	9
Total charged to current year Statement of Comprehensive Income	**67**	**75**

Reconciliation of opening and closing balances of the defined benefit obligation	2023	2022
	£'000	**£'000**
Opening defined benefit obligation	15,809	16,545
Experience gain/(loss) on defined benefit obligations	1,012	40
Interest cost	407	319
Change in financial assumptions	(5,095)	(761)
Change in demographic assumptions	(703)	-
Estimated benefits paid	(337)	(334)
Closing defined benefit obligation	**11,093**	**15,809**

Notes To The Financial Statements (Continued)

9. Employees (continued)

Reconciliation of opening and closing balances of the fair value of employer assets	2023	2022
	£'000	**£'000**
Opening fair value of employer assets	13,494	13,129
Other actuarial gains	17	-
Contributions by the employer	42	42
Estimated benefits paid	(337)	(334)
Interest on assets	347	253
Admin expenses	(7)	(9)
Return on assets less interest	(865)	413
Closing fair value of employer assets	**12,691**	**13,494**

The total return on the fund assets for the year to 31 March 2023 is £518k (2021: £666k).

Reconciliation of opening and closing surplus	2023	2022
	£'000	**£'000**
Movement in deficit during the year		
Association share of scheme liabilities at beginning of year	(2,315)	(3,416)
Movement in year:		
Current service cost	(7)	(9)
Contributions	42	42
Other finance costs	(60)	(66)
Actuarial losses	3,938	1,134
Changes in effect of asset ceiling	(1,598)	-
Association share of scheme liabilities at end of year	**-**	**(2,315)**

Notes To The Financial Statements (Continued)

10. Board members and Executive Directors

The executive directors are the key management personnel for RHP and the Group. Their emoluments (salaries, bonuses, and benefits in kind) are disclosed below together with those of non-executive Board Members.

	Group		Association	
	2023 £'000	**2022 £'000**	**2023 £'000**	**2022 £'000**
Executive directors' emoluments	816	859	736	764
Pension contributions in respect of services as directors	79	73	68	73
Amounts paid to non-executive directors	102	71	82	71
Total	**997**	**1,003**	**886**	**908**

The total amount payable to the Chief Executive, who is a Board member and is the highest paid director in respect of emoluments was £175k (2022: £169k). Pension contributions of £20k (2022: £19k) were paid to a defined benefit scheme on his behalf.

The pension entitlement of the Chief Executive is identical to those of other members.

The full time equivalent number of employees who received remuneration (including directors) earning over £60k (including salaries, bonuses and benefit in kind but excluding pension contributions) is shown below:

	Group		Association	
	2023 No.	**2022 No.**	**2023 No.**	**2022 No.**
£60,000 - £69,999	12	10	12	10
£70,000 - £79,999	2	4	2	4
£80,000 - £89,999	4	4	4	4
£90,000 - £99,999	5	1	5	1
£100,000 - £109,000	**2**	**3**	**2**	**3**
£110,000 - £119,000	**2**	**1**	**1**	**-**
£120,000 - £129,000	-	-	-	-
£130,000 - £139,000	-	-	-	-
£140,000 - £149,000	-	**3**	-	**3**
£150,000 - £159,000	**1**	-	**1**	-
£160,000 - £169,000	**1**	**1**	**1**	**1**
£170,000 - £179,000	**1**	-	**1**	-

Notes To The Financial Statements (Continued)

11. Taxation

UK Corporation tax	Group		Association	
	2023 £'000	**2022 £'000**	**2023 £'000**	**2022 £'000**
Surplus on ordinary activities before tax	11,637	8,910	11,087	7,970
Surplus on ordinary activities multiplied by the effective rate of:				
Corporation tax in the UK of 19% (2022:19%)	2,211	1,693	2,106	1,514
Exempt from corporation tax	(2,211)	(1,693)	(2,106)	(1,514)
Current tax charge for the year	-	-	-	-

Notes To The Financial Statements (Continued)

12. Tangible fixed assets - housing properties

Group	PROPERTIES HELD FOR LETTING Completed	PROPERTIES HELD FOR LETTING Under construction	SHARED OWNERSHIP PROPERTIES Completed	SHARED OWNERSHIP PROPERTIES Under construction	Total
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Historic Cost					
At 1 April 2022	403,819	52,610	22,351	26,456	505,236
Works to existing properties	12,365	-	4	-	12,369
Additions – construction costs	-	11,573	-	2,844	14,417
Schemes completed	2,646	(2,646)	8,784	(8,784)	-
Disposals	(17)	-	(670)	-	(687)
Disposals - components	(991)	-	-	-	(991)
At 31 March 2023	**417,822**	**61,537**	**30,469**	**20,516**	**530,344**
Depreciation					
At 1 April 2022	72,812	-	44	-	72,856
Depreciation charged in year	6,719	-	-	-	6,719
Released on disposal	(28)	-	(2)	-	(30)
Released on disposal – components	(775)	-	-	-	(775)
At 31 March 2023	**78,728**	**-**	**42**	**-**	**78,770**
Impairment					
At 1 April 2022	1,416	-	250	2,125	3,791
Transfer from properties held for sale	87	-	-	-	87
Schemes completed	-	-	81	(81)	-
Charge for the year	-	-	-	332	332
Released in the year	-	-	(96)	-	(96)
At 31 March 2023	**1,503**	**-**	**235**	**2,376**	**4,114**
Net Book Value					
At 31 March 2023	**337,591**	**61,537**	**30,192**	**18,140**	**447,460**
At 31 March 2022	329,591	52,610	22,057	24,331	428,589

The impairment relates to the social rented and shared ownership units at Onslow Mills and Staines Road and is detailed in note 1b significant judgements and estimates.

Notes To The Financial Statements (Continued)

12. Tangible fixed assets - housing properties (continued)

	PROPERTIES HELD FOR LETTING		SHARED OWNERSHIP PROPERTIES		
Association	Completed	Under construction	Completed	Under construction	Total
	£'000	£'000	£'000	£'000	£'000
Historic Cost					
At 1 April 2022	379,201	51,931	22,351	26,456	479,939
Works to existing properties	11,917	-	4	-	11,921
Additions – construction costs		10,458	-	2,844	13,302
Schemes completed	2,646	(2,646)	8,784	(8,784)	-
Disposals	(17)	-	(670)	-	(687)
Disposals - components	(856)	-	-	-	(856)
At 31 March 2023	**392,891**	**59,743**	**30,469**	**20,516**	**503,619**
Depreciation					
At 1 April 2022	68,145	-	44	-	68,189
Depreciation charged in year	6,329	-	-	-	6,329
Released on disposal	(28)	-	(2)	-	(30)
Released on disposal – components	(706)	-	-	-	(706)
At 31 March 2023	**73,740**	**-**	**42**	**-**	**73,782**
Impairment					
At 1 April 2022	1,416	-	250	2,125	3,791
Transfer from properties held for sale	87	-	-		87
Schemes completed	-	-	81	(81)	-
Charge for the year	-	-	-	332	332
Released in the year	-	-	(96)	-	(96)
At 31 March 2023	**1,503**	**-**	**235**	**2,376**	**4,114**
Net Book Value					
At 31 March 2023	**317,648**	**59,743**	**30,192**	**18,140**	**425,723**
At 31 March 2022	309,640	51,931	22,057	24,331	407,959

The impairment relates to the social rented and shared ownership units at Onslow Mills and Staines Road and is detailed in note 1b significant judgements and estimates.

Notes To The Financial Statements (Continued)

12. Tangible fixed assets - housing properties (continued)

Housing properties	Group		Association	
	2023 £'000	**2022 £'000**	**2023 £'000**	**2022 £'000**
Freehold	416,353	397,482	396,856	379,092
Long leasehold	31,107	31,107	28,867	28,867
Total housing properties	**447,460**	**428,589**	**425,723**	**407,959**

Interest capitalisation	Group		Association	
	2023 £'000	**2022 £'000**	**2023 £'000**	**2022 £'000**
Interest capitalised in the year	1,544	1,093	1,544	1,093
Cumulative interest capitalised to date	9,303	7,759	9,303	7,759
Effective interest rate used on interest capitalised in the year	3.11%	3.10%	3.11%	3.10%

Notes To The Financial Statements (Continued)

13. Other fixed assets

Group	Freehold office	Temporary social housing improvements	Furniture, fixtures & fittings	Computers office equipment & vehicles	Total
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Cost					
At 1 April 2022	7,262	100	2,220	699	10,281
Transferred from investment properties	190	-	-	-	190
Additions	-		329	143	472
Reclassification	(98)		98	-	-
At 31 March 2023	**7,354**	**100**	**2,647**	**842**	**10,943**
Depreciation & Impairment					
At 1 April 2022	1,772	94	2,004	524	4,394
Transferred from investment properties	38	-	-	-	38
Charged in the year	40	-	85	118	243
At 31 March 2023	**1,850**	**94**	**2,089**	**642**	**4,675**
Net book value					
At 31 March 2023	**5,504**	**6**	**558**	**168**	**6,268**
At 31 March 2022	5,490	6	216	175	5,887

Association	Freehold office	Furniture, fixtures & fittings	Computers office equipment & vehicles	Total
	£'000	**£'000**	**£'000**	**£'000**
Cost				
At 1 April 2022	7,262	2,119	617	9,998
Transferred from investment properties	190	-	-	190
Additions	-	326	143	469
Reclassification	(98)	98	-	-
At 31 March 2023	**7,354**	**2,543**	**760**	**10,657**
Depreciation & Impairment				
At 1 April 2022	1,772	1,880	474	4,126
Transferred from investment properties	38	-	-	38
Charged in the year	40	78	118	236
At 31 March 2023	**1,850**	**1,958**	**592**	**4,400**
Net book value				
At 31 March 2023	**5,504**	**585**	**168**	**6,257**
At 31 March 2022	5,490	239	144	5,873

Notes To The Financial Statements (Continued)

14. Intangible fixed assets

Group & Association	Computer software
	£'000
Cost	
At 1 April 2022	6,099
Additions	2,818
At 31 March 2023	**8,917**
Amortisation	
At 1 April 2022	2,754
Charged in the year	1,165
At 31 March 2023	**3,919**
Net book value	
At 31 March 2023	**4,998**
At 31 March 2022	3,345

15. Investment properties

Group & Association	£'000
At 1 April 2022	7,259
Transferred to other fixed assets	(152)
Movement in fair value	(450)
At 31 March 2023	**6,657**

RHP's investment properties are the commercial element of the office building and a small portfolio of shops. These were valued as at 31 March 2023 by Jones Laing LaSalle Limited (JLL), professional external valuers. The full valuation of properties was undertaken in accordance with the Appraisal and Valuation Manual of the Royal Institute of Chartered Surveyors.

In valuing the commercial element of 8 Waldegrave Road, the investment method was adopted with the Net Initial Yield assumed at 2.98% and the Equivalent Yield assumed at 7.73%. This reflects a capital value of around £265 psf. The valuation represents a reduction in the year that reflects current levels of demand in the South East commercial rental market.

The remaining commercial properties have been valued on the basis of the existing commercial use, and a variety of capitalisation rates have been adopted dependent upon the characteristics of the individual assets. These are described in the relevant sections of the valuation report prepared by JLL.

16. Investments

The financial statements consolidate the results of RHP Finance Plc and Co-op Homes (South) Limited (a Registered Provider), RHP Develop Ltd and RHP Home (Repairs) Ltd which is a dormant subsidiary of the Association.

The Association has the right to appoint members to the Boards of the four subsidiaries and thereby exercise control over them. RHP is the ultimate parent undertaking.

The Association exerts control over Co-op Homes (South) Limited by nature of its intercompany loan agreements and governance arrangements. As at 31 March 2023 the Association held one £5 share in Co-op Homes (South) Limited.

RHP Finance Plc raises finance for the use of RHP and its subsidiaries. It is a company limited by shares with 100% shares held by the Association. As at 31 March 2023, the Association had part-subscribed to all 50,000 £1 shares for £0.25p a share for a total of £12,500.

RHP Home (Repairs) Ltd was incorporated on 13 April 2018 and has commenced trading in June 2023. The Company provides repairs for RHP managed properties. As at 31 March 2023 the Association held one £1 share in the Company.

RHP Develop Ltd was incorporated on 28 March 2018 and started trading in 2020. The Company provides development services for the Group. As at 31 March 2023 the Association held one £1 share in the Company.

Association	2023	2022
	£'000	**£'000**
Investment in RHP Finance Plc	13	13
Investment in RHP Home (Repairs) Limited	-	-
Investment in RHP Develop Limited	-	-
Investment in Co-op (South) Homes Limited	-	-
Total	**13**	**13**

Notes To The Financial Statements (Continued)

17. Properties held for sale

Group & Association	2023	2022
	£'000	**£'000**
Shared ownership properties:		
Work in progress	7,868	8,960
Completed properties held for sale	136	294
Impairment	(1,116)	(1,592)
At 31 March	**6,888**	**7,662**
Capitalised interest included in the above	**524**	**404**

The impairment relates to units at Onslow Mills and Staines Road and is detailed in note 1b significant judgements and estimates

18. Trade and other debtors

	Group		Association	
	2023 £'000	**2022 £'000**	**2023 £'000**	**2022 £'000**
Debtors receivable within one year				
Rent and service charges receivable	3,024	2,502	2,775	2,263
Less: provision for bad and doubtful debts	(1,057)	(1,123)	(873)	(966)
	1,967	**1,379**	**1,902**	**1,297**
Other debtors	2,121	1,667	1,799	1,505
Amount owed by subsidiary undertakings	-	-	1,750	1,500
Prepayments and accrued income	3,042	1,687	2,929	1,678
Total Debtors	**7,130**	**4,733**	**8,380**	**5,980**

The Association provided Co-op Homes (South) Limited with a revolving loan facility of £11m taking effect from 1 April 2021 and expiring in 2026. This is secured via a floating charge over Co-op Homes' assets. At 31 March 2023, £1m had been drawn down (2022: £1m).

Amounts owed by subsidiary undertakings are due on demand. No interest is charged on balances.

Notes To The Financial Statements (Continued)

19. Creditors: amounts falling due within one year

	Group		Association	
	2023 £'000	**2022 £'000**	**2023 £'000**	**2022 £'000**
Bank loans (Note 21)	35	56	-	-
Trade creditors	871	856	411	222
Rent and service charges received in advance	2,328	2,115	2,167	1,958
Recycled capital grant fund (Note 23)	83	59	83	59
Deferred capital grant (Note 24)	546	426	412	293
Amounts owed to subsidiary undertakings	-	-	1,666	1,849
Other creditors	3,628	5,554	3,078	5,283
Accruals and deferred income	18,083	17,738	16,718	16,205
Total	**25,574**	**26,804**	**24,535**	**25,869**

Amounts owed to subsidiary undertakings are due on demand. No interest is charged on balances.

20. Creditors: amounts falling due after one year

	Group		Association	
	2023 £'000	**2022 £'000**	**2023 £'000**	**2022 £'000**
Bank loans and borrowings (Note 21)	293,388	294,928	21,663	22,291
Recycled Capital Grant Fund (Note 23)	152	132	82	62
Amount owed to subsidiary undertaking	-	-	271,619	272,489
Deferred temporary social housing grant	3	3	-	-
Deferred capital grant (Note 24)	48,983	45,903	39,352	36,138
Commercial deposits	88	52	88	52
Total	**342,614**	**341,018**	**332,804**	**331,032**

Notes To The Financial Statements (Continued)

21. Loans and borrowing

Group 2023	Bank loans	2048 Bond	Total
	£'000	**£'000**	**£'000**
In one year or less, or on demand	35	-	35
In more than one year but not more than two years	23,033	-	23,033
In more than two years but not more than five years	-	-	-
More than five years	73	250,000	250,073
	23,141	**250,000**	**273,141**
Capitalised finance costs	(1,337)	-	(1,337)
Capitalised bond premium and issue costs	-	21,619	21,619
Total loans and borrowings	**21,804**	**271,619**	**293,423**

Group 2022	Bank loans	2048 Bond	Total
	£'000	**£'000**	**£'000**
In one year or less, or on demand	56	-	56
In more than one year but not more than two years	35	-	35
In more than two years but not more than five years	23,033	-	23,033
More than five years	80	250,000	250,080
	23,204	**250,000**	**273,204**
Capitalised finance costs	(709)	-	(709)
Capitalised bond issue costs	-	22,489	22,489
Total loans and borrowings	**22,495**	**272,489**	**294,984**

Notes To The Financial Statements (Continued)

21. Loans and borrowing (continued)

Association 2023	Bank loans	2048 Bond	Total
	£'000	**£'000**	**£'000**
In one year or less, or on demand	-	-	-
In more than one year but not more than two years	23,000	-	23,000
In more than two years but not more than five years	-	-	-
More than five years	-	250,000	250,000
	23,000	**250,000**	**273,000**
Capitalised finance costs	(1,337)	-	(1,337)
Capitalised bond premium and issue costs	-	21,619	21,619
Total loans and borrowings	**21,663**	**271,619**	**293,282**

Association 2022	Bank loans	2048 Bond	Total
	£'000	**£'000**	**£'000**
In one year or less, or on demand	-	-	-
In more than one year but not more than two years	-	-	-
In more than two years but not more than five years	23,000	-	23,000
More than five years	-	250,000	250,000
	23,000	**250,000**	**273,000**
Capitalised finance costs	(709)	-	(709)
Capitalised bond issue costs	-	22,489	22,489
Total loans and borrowings	**22,291**	**272,489**	**294,780**

Loans are secured by specific charges on the housing properties of the Group.

The 2048 bond was issued by RHP Finance Plc with the proceeds on-lent to RHP under the terms of a loan agreement at a coupon rate of 3.25%. In respect of the listed bond, the amount drawn reflects the net proceeds received. The premium received is held as a loan obligation and released to income annually until maturity

During 2022 we agreed new bank facilities. The revolving credit facility with Lloyds was restated to £120m and now expires in December 2027. We retain our £23m drawn facility with Lloyds at a fixed interest rate. We have agreed at £30m term loan facility with NatWest with an 18 month availability period maturing in 2038. All previous revolving facilities remained undrawn and were repaid.

At 31 March 2023 the Group had undrawn fully secured loan facilities of £127m (2022: £122m) plus £25m of retained bonds which could be sold to investors.

Notes To The Financial Statements (Continued)

23. Recycled capital grant fund

	Group	
	2023 £'000	**2022 £'000**
At 1 April	191	153
Grant recycled on disposals (Note 24)	43	38
Interest accrued in the year	1	-
Balance at 31 March	**235**	**191**

	Association	
	2023 £'000	**2022 £'000**
At 1 April	121	83
Grant recycled on disposals (Note 24)	43	38
Interest accrued in the year	1	-
Balance at 31 March	**165**	**121**

24. Deferred capital grant

	Group	Association
	£'000	**£'000**
At 1 April 2022	46,329	36,431
Grant received in the year	3,688	3,688
Grant recycled on disposals (Note 23)	(43)	(43)
Released to income in the year	(445)	(312)
At 31 March 2023	**49,529**	**39,764**
Due within one year	546	412
Due after more than one year	48,983	39,352
At 31 March 2023	**49,529**	**39,764**

	Group		Association	
	2023 £'000	**2022 £'000**	**2023 £'000**	**2022 £'000**
Total accumulated social housing grant received or receivable at 31 March	54,424	50,779	42,322	38,677

25. Financial assets and liabilities

Amortised cost is the amount at which a financial asset or financial liability is measured at initial recognition, less principal repayments and plus or minus any amortised original premium or discount (calculated using the effective interest rate method).

Bond

The bond is accounted for as a basic financial instrument. Loan notes which are basic financial instruments are initially recorded at the present value of future payments discounted at a market rate of interest for a similar loan. Subsequently, they are measured at amortised cost using the effective interest method. Loan notes that are receivable within one year are not discounted.

Intercompany loan

Co-op Homes have an £11m revolving facility at a margin of 1.23%. RHP has also issued a working capital loan to RHP Develop Ltd of £750k at a margin of 0.87%.

Financial risks

The Group has a variety of controls in place to manage liquidity risk, credit risk, and exchange risk and minimise financial loss. The most important aspects are:

- For investments, where viable, all counterparties must meet the Group's minimum credit rating of A-1 long term and P-1 short term.
- There is no speculative use of derivatives, currency or other instruments.

The debt maturity profile is shown in note 21.

The fixed rate financial liabilities have a weighted average interest rate of 2.58% at 31 March 2023 (2022: 2.57%).

Liquidity risk

A detailed action plan for arrears and Universal Credit is being delivered. We continue to adopt a flexible approach for customers unable to pay their rent due to the challenging economic conditions currently faced. Our focus continues on cost reduction and liquidity management in order to mitigate these risks as far as possible.

A robust process of cashflow forecasting is in place which covers the short, medium and long term requirements in order that liquidity requirements can be actively managed. We have carried out additional stress testing as a result of the current economic situation. Our treasury management policy requires cash or available loan facilities for committed activities to be in place 12-18 months in advance of anticipated need with cashflow forecasts being reported monthly to the Executive Group and quarterly to the Board.

Foreign currency risk

Other than short-term debtors, the Group's financial assets comprise cash held in deposit accounts and cash at bank. They are sterling denominated and attract interest at rates that vary with bank rates.

25. Financial assets and liabilities

Capital risk management

All our debt agreements (bond and loan agreements) contain financial and information-based covenants which we are obliged to comply with. The bond contains financial covenants relating to asset cover whilst the loan agreements contain interest cover, gearing and asset cover-based covenants.

Compliance with funder covenants are closely monitored and are reported within the monthly management accounts and quarterly reports to the Group Investment Committee. We are not anticipating any breach in banking covenants as a result of the recent economic uncertainty.

Our debt portfolio and minimum cash balance requirements ensure that we have sufficient liquidity at low rates of interest to deliver our committed development ambitions and keep our business safe. The Group is fully funded until at least December 2027.

Our strong underlying credit rating and broader investor base now provide greater diversification of funding options for the organisation going forward. We have been scenario modelling frequently as a result of the recent economic turbulence and do not anticipate any breach of our loan covenants in any of the realistic scenarios considered.

Interest rate risk

The Group has minimal exposure to interest fluctuations due to 100% of its debt being at fixed rates (£250m bond and £23m fixed rate loan).

Notes To The Financial Statements (Continued)

26. Net debt reconciliation

Group	1 April 2022	Cash flows	Non Cash Movements	31 March 2023
	£'000	**£'000**	**£'000**	**£'000**
Cash and cash equivalents:				
Cash at bank and in hand	46,227	(5,547)	-	40,680
	46,227	**(5,547)**		**40,680**
Borrowings:				
Loans due within one year	(56)	21	-	(35)
Loans due after one year	(23,148)	35	7	(23,106)
Bond finance	(250,000)	-	-	(250,000)
Loan and bond arrangement fees	2,016	1,112	(536)	2,592
Bond discount	1,096	-	(42)	1,054
Bond premium	(24,892)	-	964	(23,928)
	(294,984)	**1,168**	**393**	**(293,423)**
Total net debt	**(248,757)**	**(4,379)**	**393**	**(252,743)**

27. Provision for liabilities

	Group
	£'000
Provision for end of lease dilapidations costs	
Brought forward	94
Paid in year	-
At 31 March 2023	**94**

Provisions relate to costs associated with the upkeep of properties under repair covenants entered by Co-op Homes. Co-op Homes accounts for these costs in accordance with FRS 102 (provisions and contingencies) which requires a provision to be recognised when there is an obligation at the reporting date regarding works or repairs at the related property.

28. Share capital

The Association is a charitable registered society and therefore has no share capital. Each member agrees to contribute £1 in the event of the Association winding up.

Number of Members	2023	2022
At 1 April	21	20
Joining during the year	2	3
Leaving during the year	(2)	(2)
At 31 March	**21**	**21**

Notes To The Financial Statements (Continued)

29. Leases

Group	Land & buildings	Vehicles, office equipment & computers	Total	Land & buildings	Vehicles, office equipment & computers	Total
	2023 £'000	**2023 £'000**	**2023 £'000**	**2022 £'000**	**2022 £'000**	**2022 £'000**
Lease payments						
Within one year	15	88	103	15	138	153
One to five years	34	87	121	34	111	145
Beyond five years	6	-	6	6	-	6
Total	**55**	**175**	**230**	**55**	**249**	**304**

Association	Land & buildings	Vehicles, office equipment & computers	Total	Land & buildings	Vehicles, office equipment & computers	Total
	2023 £'000	**2023 £'000**	**2023 £'000**	**2022 £'000**	**2022 £'000**	**2022 £'000**
Lease payments						
Within one year	-	88	88	-	138	138
One to five years	-	87	87	-	111	111
Beyond five years	-	-	-	-	-	-
Total	**-**	**175**	**175**	**-**	**249**	**249**

Notes To The Financial Statements (Continued)

30. Capital commitments

	Group & Association	
	2023 £'000	**2022 £'000**
Commitments contracted but not yet provided for:		
Construction or purchase of housing properties	100,070	112,110
Commitments approved by the Board but not yet contracted for:		
Construction or purchase of housing properties	14,048	68,800
Total capital commitments	**114,118**	**180,910**
Capital commitments for the Group and Association will be funded as follows:		
Social Housing Grant	30,923	35,505
Cash and cash equivalents	40,680	46,227
Cash investments	5,000	10,000
Borrowings	37,515	89,178
Total capital commitments	**114,118**	**180,910**

31. Contingent liabilities

In 2017, 195 housing properties were acquired from another housing association. These properties have been accounted for using the performance model as required by SORP 2018. The associated grant of £6.033m has been recognised as a contingent liability to RHP. This contingent liability will be realised if the assets to which the grant relates are disposed and will be recycled appropriately.

The company participates in the Social Housing Pension Scheme (SHPS), a multiemployer scheme which provides benefits to some 500 non-associated employers. SHPS is administered by The Pensions Trust (TPT) who have undertaken an historical review of the application of benefits and have concerns about the application of changes in inflation on payments and revaluation and have applied to the courts for a review of their historical approach. At this stage we do not have certainty on the potential outcome of this court case, however early indications suggest a potential additional liability for RHP Group of £697k (£545k Association only).

Notes To The Financial Statements (Continued)

32. Related Parties

During the year there was one tenant, Alex Molnar, and two leaseholders, Toby D'Olier and Shabana Jamil, who were members of the Board. Mr Molnar paid £211.94 per week (2022: £201.26 per week) and had no amounts outstanding to RHP at 31 March 2023 (2022: £nil). Mr D'Olier paid service charges of £38.00 (2022: £925.88). Mr D'Olier resigned as a board member during the year and had no amounts outstanding to RHP at 31 March 2023 (2022: £nil). Ms Jamil paid service charges of £1,273.68 (2022: £1,122.12) and had no amounts outstanding to RHP at 31 March 2023 (2022: £nil). The tenancies and lease are on normal commercial terms and none of these individuals were able to use their position to their advantage.

Co-op Homes (South) Limited and RHP are both regulated by the Regulator of Social Housing.

Transactions with un-regulated subsidiaries

RHP Finance Plc is an unregulated subsidiary of the Group, with a public listed bond in the amount of £275m (£25m retained), which has been on-lent to RHP. In 2015 RHP invested £12.5k in the share capital RHP Finance Plc. At 31 March 2023, £271.6m was owed to RHP Finance Plc (2022: £272.5m). During the year, RHP paid interest costs of £7.3m on behalf of RHP Finance Plc (2022: £7.3m). Audit fees of £9k and other administrative expenses of RHP Finance Plc are borne by RHP the immediate and ultimate parent undertaking.

RHP Home (Repairs) Ltd was incorporated as a subsidiary of RHP on 13 April 2018 and has not traded since that date. As at 31 March 2023 the Association held one £1 share in the Company.

RHP Develop Ltd was incorporated as a subsidiary of RHP on 28 March 2018 and started trading in 2020. As at 31 March the Association held one £1 share in the Company. RHP Develop Ltd has a working capital facility of £2m agreed with its parent, RHP Ltd. At 31 March 2023, £750k had been utilised (2022: £500k). Interest is payable quarterly at 0.87% margin plus 3-month compounded SONIA plus 0.1193% credit adjustment spread.