Soho Housing
Annual Report and Accounts
2022-2023

Group Information

Chair	Andrew Billany	
Board members	Barbara Brownlee – ex officio	
	Mark Ewing	
	Rosemary Farrar	
	Mark Gilkes	
	Wendy Hardcastle	
	Harry Harris	
	Rachel Miller	
	Dickon Robinson	
	Kath Scanlon	
	Jeremy Titchen	Resigned from Board 13 June 2022
	Kerry Tromanhauser	
	Barbara Brownlee	
Secretary	Jane Harrison	
Executive team	Barbara Brownlee	Chief Executive
	Jane Harrison	Finance Director
	Richard Smith	Operations Director (to 13 July 2023)
	Caroline James-Ford	Operations Director (from 1 July 2023)
	John Wallace	Commercial Director

Registered office	18 Hanway St, London W1T 1UF	
Principal solicitors	Devonshires	30 Finsbury Circus, London EC2M 7DT
Principal bankers	Lloyds Bank	39 Threadneedle Street, London EC2R 8AU
Independent auditors	BDO LLP	2 City Place, Beehive Ring Road, Gatwick RH6 0PA
Registrations	Registered provider: LH1321	
	Registered Co-operative & Community Benefit Society: 20784R	

Contents

Performance Highlights 2022-23

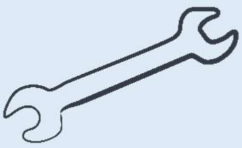
27% Operating margin (excluding sales)

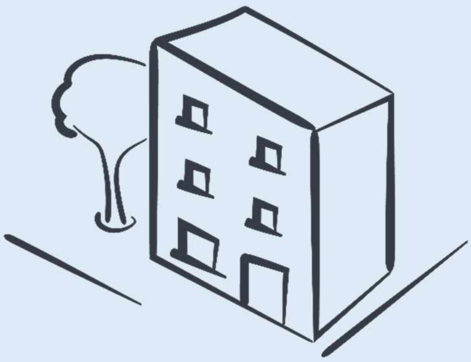
16% Operating margin – social housing lettings

£2.2m
Repairing homes

8 new social rented homes in Soho

2,940
Repairs





£1.1m Investment works to individual homes and blocks

67 new kitchens and bathrooms

15 homes with new windows

12 new boilers

67 front entrance doors

5 new roofs

£2.3m
Growth in Investment Value (commercial and market rent)

Gas compliance
100%

38 homes let

Fire risk assessments complete
100%

Chair's Report

Soho Housing has reached it's half-century and we have plenty to celebrate as we move forward to continue our key objective of providing affordable homes in the heart of London, supporting and sustaining the local communities in this unique area. A number of our founder members remain involved with the organisation, maintaining that strong link to the past that means so much.

Sadly one of our founders, Leslie Hardcastle, passed away earlier this year. Leslie had been a passionate advocate for the Association and for Soho, an area he had strong links with throughout his life. We will miss his knowledge and his wise counsel but his legacy will continue.

Our performance this year has been exceptional in a year where our residents and commercial tenants have faced significant economic challenges impacting the day-to-day cost of living. We have collected more rent than last year and the demand for our homes remains high.

The wider challenges in the social housing sector have affected us, in particular making sure our properties meet health and safety expectations, particularly relating to fire, gas and electrical safety. During the year there were a number of cases reported nationally through the media relating to damp and mould in some housing properties and this has affected the reputation of all housing providers. We have taken a hard look at our own properties and whilst we are not complacent, we are assured there are no significant issues affecting our stock.

We are continuing to invest in our homes and in 2022-23 we spent over £1m on major works, replacing kitchens and bathrooms; boilers; roofs; windows; and doors. Our focus has been on making properties warm, comfortable and watertight as well as meeting fire regulations.

I have been really encouraged by the focus on customer service and satisfaction from our staff team. With a full complement of housing officers, the team has pressed on with tenancy audits that not only make sure the information we hold is up to date but also help the housing team get to know their residents. Anecdotal feedback has been very positive and more formal satisfaction ratings have also improved. Our new website, launched in May this year, includes up to the minute information on tenant satisfaction measures which our Regulator will require for all housing associations next year.

At the start of 2022-23 we completed 8 flats in Greek Street, Soho and at the end of the year committed to a scheme that will provide 10 flats in Gloucester Place. Asset management is a central plank of our business strategy and we've identified potential disposals to provide internal subsidy for new schemes.

Our investment in commercial properties is an important part of our business model, underpinning our affordable housing provision as well as sustaining and supporting the communities in which we operate. The investment returns are essential for enabling reinvestment in our homes as well as for developing new ones. In 2023-24 we are undertaking an ambitious works project to replace windows, doors and wiring at Sandringham Flats, our largest scheme on Charing Cross Road, a significant thoroughfare in central London.

I'd like to take this opportunity to thank Barbara and the wider staff team for all their hard work over the year. I'd also like to thank my fellow Board members for their on-going support and in particular three members who will not be seeking re-election at the AGM in September: Dickon Robinson and Wendy Hardcastle, both founder members of the Association who will step down as their term of office expires; and Mark Ewing who has provided valuable challenge, financial knowledge and insight. We are currently recruiting new members to maintain a balanced, diverse and effective Board.

Andrew Billany
Chair of the Board

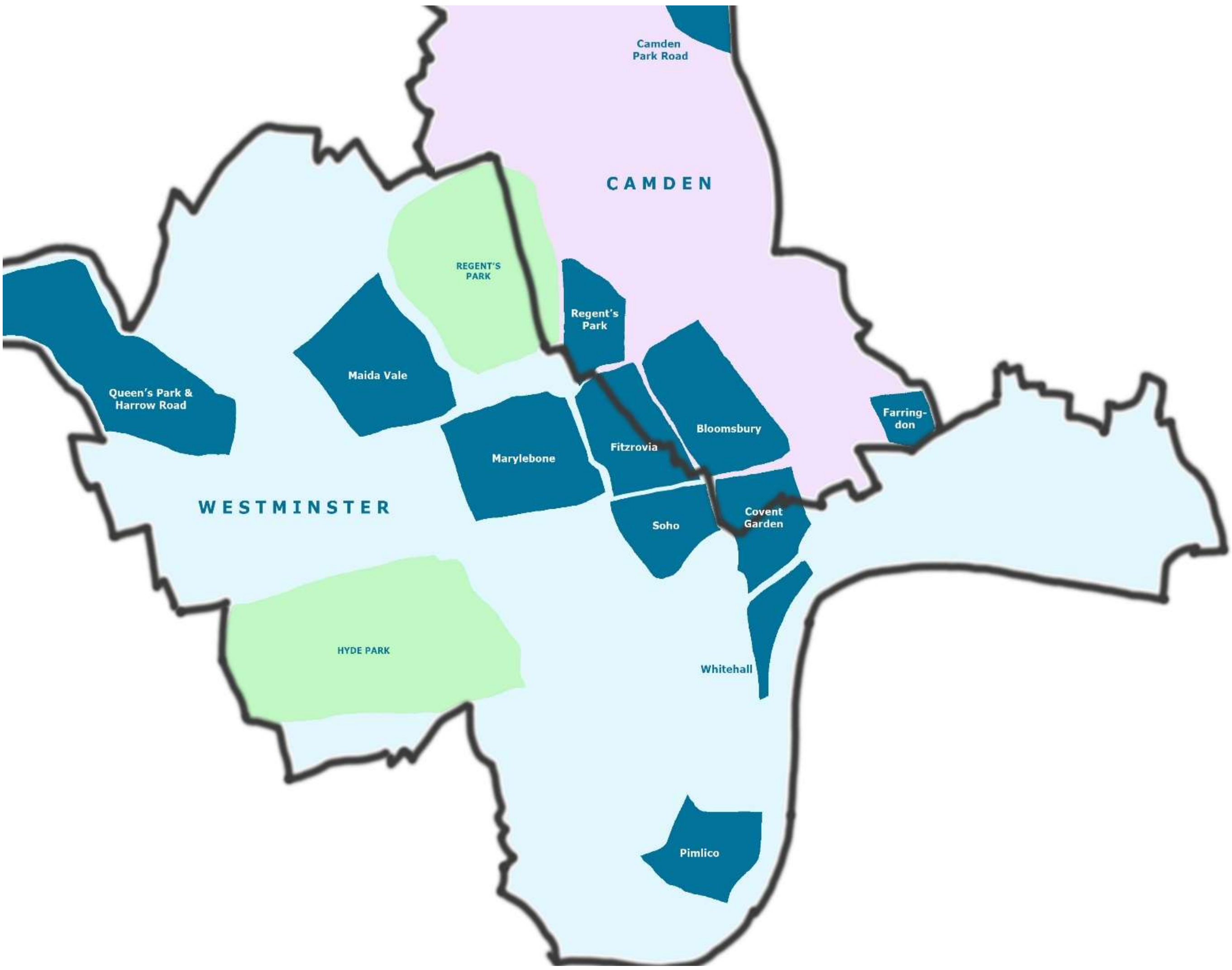
Report of the Board and Strategic Report

Background

Established in 1974, Soho Housing (the Association) provides homes for some 1,500 people in Central London, across two Boroughs: Westminster and Camden. Many of our properties are in Soho and Covent Garden, as well as in the Queens Park and St John's Wood areas. The Association is a charity and most homes are at social rents, less than 50% of market rent levels, making them more affordable for people on low incomes.

The Association works closely with local community groups and stakeholders such as the Soho Society to strengthen local communities. Investment income generated from the small market rent and commercial property portfolio is used to support community activities as well as investment in new and existing homes. It is this aspect, together with the focus on a tight geographic area of Central London, that differentiates the Association from other housing associations.

Launched in May 2022, the Association's Development Strategy outlines a 5-year programme to develop at least 30 new homes that will run alongside a substantial major works programme focusing on building safety and affordable warmth. The first significant investment works project started this April and will include window and door replacement at Sandringham Flats, alongside electrical works, structural repairs and programmed cyclical maintenance.



Structure

The Association is the parent of a wholly owned subsidiary, Soho Limited, a company limited by shares, which was established as a brand to oversee commercial and joint venture activities. The joint venture, West Smithfield Development LLP, in which Soho Limited has a 50% share, is complete with a small residual balance to be returned to Soho Limited.

Soho Housing Association

Community Benefit Society

Exempt from registration with the Charities Commission

Soho Limited

Company limited by shares

Non-charitable

West Smithfield Development LLP

50% owned by Soho Limited

Strategic objectives

The Association was established 50 years ago with a clear focus to improve housing conditions in Soho and protect existing home for local people and the local community. The organisation has grown, now providing more than 800 homes in central London with over 90% being social housing at affordable rents We are a unique social business providing homes in the heart of one of the most expensive cities in the world for people who would otherwise be unable to afford to live there. Following consultation with staff and residents we have recently restated our vision *to support the unique communities that sustain diversity in the heart of London by providing affordable homes, commercial lettings and excellent service for our residents*.

To make sure the vision is embedded we plan to use a set of Design Principles to articulate what working and living in the community will feel like: Resident and community catalyst; Know and be close to our residents and communities; Social and commercial together; and Improve, innovate and be nimble. By adopting these principles, plans and activities will be aligned and purposeful, moving us confidently into the next 50 years.

The design principles are underpinned by the Association's strategic imperatives: to provide safe, secure and affordable homes for our residents; maintain a financially sound business; manage our investment portfolio to support future developments and investments; and ensure risks are appropriately managed and mitigated.

Performance against targets for 2022-23 and plans for the new year are summarised overleaf.

Customer

Secure high levels of customer satisfaction and engagement through our local knowledge, expertise and commitment to customer service.

Key Target	Outcomes	Next Steps
Increase customer satisfaction year on year	• The number or repairs increased during the year and the regular transactional surveys (satisfaction with repairs) undertaken in the year showed a small increase in customer satisfaction to 66% (2022: 65%). Whilst an improvement on last year this was below target • A stable housing team has meant residents are getting to know their housing officer – and vice versa. In turn this is leading to improved satisfaction with our overall service measured through Google ratings as well as standard performance measures.	• The Regulator of Social Housing has announced new Tenant Satisfaction Measures (TSMs) which all social housing landlords in England will be expected to report against. These measures are different from those we've used before and have a clear basis for calculation so they are comparable across all social landlords. Our new website, launched in May 2023, includes a section that has up to date TSMs so any resident (or website user) can see at a glance how we are performing • Our main target for the new financial year is to increase overall customer satisfaction to 70% (currently 55%), measured on a rolling basis over the year.
Best in class modern customer processes	• New website delivered in May 2023 • Initial work on resident portal (Microsoft Dynamics CRM project) for improving self-serve capability and experience has been delayed by the website project and is unlikely to recommence until the second half of 2023-24	• Planned link from the new website to the Dynamics portal is part of a self-serve project but we are currently trialing a new repairs service where customers book and manage their repairs directly with the contractor, by app or by phone. Initial results are promising
Know our customers	• Tenancy audits recommenced, led by the housing team. As more visits are completed, customer data is recorded more consistently; the outcome will be used to drive improvements so that our services match what customers expect	• Waiting lists under review so that where over or under-occupation is identified customers can be proactively offered the chance to move within our stock

Property

Actively managing our assets to provide safe, quality homes and business spaces.

Key Target	Outcomes	Next Steps
Complete stock condition survey and confirm major works programme	• Stock investment programme continued with investment in roofs, windows, kitchens and bathrooms as well as fire safety works. Reinvestment indicator 4.3% (2022: 1.0%) • 100% Decent Homes compliant	• Major works programme across all properties continues alongside significant project at Sandringham Flats, including investment in windows to improve thermal efficiency and sound insulation

Key Target	Outcomes	Next Steps
Safe and sustainable properties and operations	• Compliance KPIs identified and reported regularly to Executive team and Board. Key areas under scrutiny include progress with fire safety actions and electrical compliance • 100% gas compliance • 100% fire risk assessments complete • Building safety project focused on higher-risk properties • Energy performance surveys provide base data for sustainability strategy	• Operations Director has taken on oversight of internal Building a Safer Future project for higher risk properties (over 18m) and is overseeing the fire safety actions • Continuing to undertake energy performance surveys with a focus on surveying at least one property in each block, to improve the accuracy of cloned data pending completion of surveys for every property individually.
Active asset management for sustainable long-term returns	• Disposal strategy linked to portfolio management plan sets out criteria for asset disposal (covering both social and investment assets)	• Appointment of asset manager to oversee implementation of planned disposals and active asset management

Investment and growth

Identifying new business and active investment strategies for sustainable long-term growth.

Key Target	Outcomes	Next Steps
Sustainable growth to underpin strong long-term performance	• Board-approved long-term financial model (Brixx) updated, reviewed and stress-tested by Board throughout the year • Growth strategy approved in March 2022 with development strategy launched in May 2022 • High level approach to ESG includes ‘fabric first’.	• Implementation of approved development strategy that delivers modest growth across a mix of tenures funded through mix of borrowing, grant and internal subsidy from asset disposals and investment returns • Confirmation of energy efficiency targets for incorporation in new developments
Manage investments to enhance long-term value	• Negotiations with commercial tenants continued throughout the year with a focus on enhancing asset value through improving longer-term agreements whilst recognizing the need to reduce some rents in the short-term. The strategy has proved successful with strong demand for ‘prime’ sites and no empty properties. By the year-end the investment value increased by £2.3m.	• Active investment asset management to maintain long-term value of investment portfolio, within constraints confirmed in commercial strategy eg restrictions on types of business within portfolio to maintain community place and balance
Robust commercial asset management	• Uplift in value of commercial estate of £2.1m against background of declining values in wider property market - demonstrable impact of asset management initiatives – splitting units, increasing demand and overall rent; and strong lettings	• Close management of the commercial estate will continue in order to maximise investment income and value

Finance

Growing surpluses to enhance capital value and support investment in new and existing homes.

Key Target	Outcomes	Next Steps
Strong financial management to achieve target operating margin	• Budgets scrutinised throughout the year to identify and implement cost savings delivering operating margin of 27% (target: 25%)	• Targeting cost efficiencies across all areas of the business, in particular housing operations and central services, to deliver improved operating margin and strengthen interest cover
Drive business performance and value for money	• Business partnering introduced to support the business and drive value for money • Review of procurement policy and practice deferred until 2023-24 although preparatory work completed including data cleanse of current suppliers	• Embed business partnering across all teams • Review of procurement policy and practice to identify scope for VfM savings and strengthen service quality
Internal controls effectively mitigate risk and secure compliance	• Following procurement exercise, appointed Esuasive as partners to implement the Dynamics Business Central System that will include automation of purchase to pay and improved integration for rental income with our Dynamics CRM housing management system.	• Finance system planned switch over in September/October

People

Building a high-performance culture with a clear, shared purpose in an amazing place to work.

Key Target	Outcomes	Next Steps
Exemplary team know-how and expertise to deliver purpose	• Remote working forms part of a 'hybrid' working arrangement, with most team members working two or three days a week in the office • Mandatory training in key areas for all staff has continued, with targeted training to deliver on personal development plans	• Develop training programme to focus on technical and professional skills that will enhance expertise across the team
Consistently improve staff engagement	• Restated vision has involved consultation with all staff.	• Next stage will be using the design principles in developing business and staff objectives for the new financial year and beyond
Give people the tools they need to do their jobs well	• IT equipment, including phones, are matched to need eg lighter laptops or tablets for operations staff who are frequently out of the office	• On-going equipment replacement programme to ensure fit for purpose

Governance

The Association has a committed body of shareholders including residents and people with local connections or business interests. Two shareholder meetings are held each year to consider and approve board member applications; and review organisation performance and direction.

The Association's board comprises up to eleven non-executive members plus the chief executive with meetings taking place at least quarterly. Details of board members, who have a broad range of knowledge and experience, are included on page 1. Two board members are residents and under the Association's rules a maximum of three residents may serve as board members at one time.

Our appointments policy for non-executive board and sub-committee members is skills-based and aims to ensure appropriate representation reflecting business need and the communities in which we operate as we focus on equality, diversity and inclusion. Members undergo a comprehensive induction programme with on-going training provided through attendance at conferences as well as formal training opportunities. Each member is expected to attend at least 80% of meetings each year and all board members are subject to regular performance appraisal.

The board members who served throughout 2022-23 and up to the date of this report are listed on page 1. Jeremy Titchen resigned as a Board member in June 2022 but remains on the Investment and Development Committee as an independent member. Non-executive board members are not remunerated and indemnity insurance is provided through our insurance brokers, AJG.

Soho Housing Board
Providing strategic oversight in delivery of corporate objectives

Audit and Risk Committee	People and Governance Committee	Investment and Development Committee
Overseeing risk management strategy, financial and other internal controls systems, standards of probity and internal and external audit	Responsible for remuneration; Board recruitment and effectiveness; governance and conduct; and committee effectiveness	Co-ordinating commercial activities, overseeing development and major works programmes. Identifying new opportunities and raising business profile
Members: Rosemary Farrar (Chair) Mark Ewing Harry Harris Kerry Tromanhauser	Members: Kerry Tromanhauser (Chair) Andrew Billany Mark Gilkes Wendy Hardcastle	Members: Harry Harris (Chair) Rachel Miller Dickon Robinson Kath Scanlon Jeremy Titchen - independent member

The Board, supported by the People and Governance Committee, regularly reviews Board and Committee composition and carries out an annual self-assessment of performance. Recommendations from an independent review of Board Effectiveness have been adopted with key areas being Board recruitment, succession and appraisal; and revision to sub-committee terms of reference.

Recent Board recruitment has focused on local connection and lived experience, to enhance Board diversity and complement other skills.

Code of Governance

The Association adopted the National Housing Federation's 'Code of Governance 2020' (the Code) in November 2021, committing to uphold it and keep to the high standards expected. Compliance with the Code is reviewed annually by the Audit and Risk Committee and Board. The Board has agreed a gradual reduction in board member term of office to 6 years, with provision to extend an individual member's term up to a maximum of 9 years, should this be deemed necessary. The Code sets an expectation of a 6-year term and other than in those exceptional circumstances relating to maximum terms noted above, there are no areas of non-compliance.

Resident involvement

A small group of residents, the Residents' Collaborative Assessment Panel (ReCap), formed in 2019 to provide resident perspective to strategic issues; scrutinise resident-related policies and the procurement of service contracts; assess the Association's performance in housing related issues based on resident feedback and other performance indicators; and highlight areas of service that could be considered for improvement.

ReCap has expanded it's membership during the year, broadening representation across all tenures. During the year key areas of scrutiny and input have included policy and procedure review, website redesign and the updated Vision and Values.

An internal Customer Insight project group has led a review of our approach to gathering data to understand our residents and their current and future needs. A resident engagement framework has been established as part of the Sandringham Flats investment works project to ensure residents are informed and involved through a variety of methods to match their needs. The outcomes of this work will be used in further engagement across the wider resident-base.

Equality and diversity

We are committed to the Equality, Diversity and Inclusion (ED&I) principles set out in the Code and to promoting equality, diversity and inclusion in all our activities, processes and culture. The Association's Equality, Diversity and Inclusion Policy underpins our culture and operations, including board member and staff behaviours, however we recognise that the policy needs to be regularly reviewed and challenged to make sure that it remains relevant.

During the year, Board recruitment, succession and appraisal polices were reviewed and updated and the recent Board recruitment has included targeted recruitment beyond traditional recruitment channels with the aim of ensuring greater diversity at the highest level in the business.

Financial performance

The Board is pleased to report an operating surplus for the year of £2,533k (2021-22: £2,725k). Whilst lower than last year's overall performance, that included profit on asset disposal of £573k. The operating surplus (excluding fixed asset disposal) has increased from 25% to 27% due mainly to improved returns from investment property that support our charitable activities.

Five-year summary:

Statement of Comprehensive Income	**2022-23**	**2021-22**	**2020-21**	**2019-20**	**2018-19**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Turnover:					
Social housing activities	7,082	6,769	6,644	6,636	6,460
Non-social housing activities	2,449	1,812	1,561	2,574	2,653
	9,531	**8,581**	**8,205**	**9,210**	**9,113**
Operating costs:					
Social housing activities	(6,174)	(5,760)	(4,720)	(5,707)	(6,631)
Non-social housing activities	(824)	(669)	(1,345)	(1,082)	(555)
	(6,998)	**(6,429)**	**(6,065)**	**(6,789)**	**(7,186)**
Gain on disposal of assets	**-**	**573**	**-**	**-**	**-**
Operating surplus – social housing	**908**	**1,009**	**1,924**	**929**	**(171)**
Operating surplus – non-social housing	**1,625**	**1,143**	**216**	**1,492**	**2,098**
Operating surplus – all activities	**2,533**	**2,725**	**2,140**	**2,421**	**1,927**
Income from joint venture	-	-	25	-	50
Interest	(1,770)	(1,563)	(1,433)	(1,524)	(883)
Movement in valuation of investment properties	2,328	3,320	(2,763)	(3,891)	2,448
Surplus/(deficit) for the year	**3,091**	**4,482**	**(2,031)**	**(2,994)**	**3,542**
Movement in valuation of pension	(101)	74	(763)	842	(1,516)
Total comprehensive income/(expense)	**2,990**	**4,556**	**(2,794)**	**(2,152)**	**2,026**

Statement of Financial Position at 31 March	**2023**	**2022**	**2021**	**2020**	**2019**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Fixed assets:					
Housing properties and other assets	98,491	96,841	97,271	97,055	97,778
Investment properties	63,677	60,043	56,429	60,173	64,016
	162,168	156,884	153,700	157,228	161,794
Net current assets/(liabilities)	843	4,893	823	(453)	1,099
Total assets less current liabilities	163,011	161,777	154,523	156,775	162,893
Debt	(34,858)	(36,220)	(32,858)	(32,342)	(33,273)
Deferred grant and other long-term liabilities	(47,269)	(47,663)	(48,327)	(48,301)	(51,336)
Net assets	80,884	77,894	73,338	76,132	78,284
Reserves	80,884	77,894	73,338	76,132	78,284

Statistics	**2022-23**	**2021-22**	**2020-21**	**2019-20**	**2018-19**
Operating margin	27%	32%	26%	26%	21%
Operating margin – social housing activities	13%	15%	29%	14%	(3%)
Operating margin – social housing lettings	16%	18%	29%	18%	8%
Surplus/(deficit) as % of turnover	36%	52%	(25%)	(32%)	22%
Properties owned and managed	**No**	**No**	**No**	**No**	**No**
General needs housing	738	732	732	732	732
Market rented housing	25	23	23	23	23
Low-cost home ownership and leasehold	42	42	42	42	42
	805	797	797	797	797
Commercial properties	35	34	34	35	35

The demand for our commercial and market rent investment properties has remained strong with a consequent increase in the operating margin from non-housing (investment) activities, as well as an uplift of £2.3m in investment property values. As noted last year, our focus for housing operations has been to reduce rent losses from voids and rent arrears; and this has proved successful. At the year-end there were no properties available for letting and our rent arrears had reduced by 3% over the year. We have continued to invest in our existing homes, spending £1.7m on capital works, planned and cyclical maintenance during the year.

The movement in surplus from last year is summarised in the 'profit bridge' below:

	£'000	
Total comprehensive income 2021-22	**4,556**	
Less:		
Rent and service charge uplift – social housing	310	Inflation-linked rent increase
Lower voids and bad debts – social housing	126	Focus on reducing voids and arrears has turned performance around with no empty properties at the year-end
Maintenance and service cost increase – social housing	(411)	Higher utility costs and cost inflation key factors
Management cost increase – social housing	(71)	Higher rent collection cost and property insurance for leasehold properties
Strengthened return from commercial and market rent properties	482	Improved performance from both commercial properties and market rent investments
Gain on disposal of property affecting prior year	(573)	One-off property disposal in 2022
Lower grant amortisation	(55)	One-off uplift in prior year
Reduction in operating surplus	(192)	
Increase in interest payable	(207)	Higher interest rates with significant change in wider economy
Reduction in pension valuation	(175)	Movement from last year (which was increase of £74k)
Lower investment property valuation	(992)	Movement from last year (which was increase of £3,320k)
Total comprehensive income 2022-23	**2,990**	

A focus on cost control and close cash management has delivered an overall operating surplus of 27%, with stronger returns from investment properties a key factor. The operating margin from social housing lettings was disappointing at 16% (2022: 18%) but reflected inflationary pressures in the wider economy whilst rent increases were based on lower previous year's inflation (at September 2021). Going forward our medium-term ambition remains to increase the operating margin from social housing activities to 30% and beyond, although this will be tempered at least in the short-term by inflationary pressures.

The commercial portfolio was fully let at the year-end with a number of financially robust and exciting new brands joining as well as existing tenants entering into new, longer-term agreements. The strength of the customer base and the improvement more generally in the commercial property market has meant an uplift of £2,328k in the year-end valuation.

Accounting treatment of the movements in valuations of pension deficit and of investment properties means that the total annual reported surplus or deficit may swing considerably from year to year, depending on the assumptions adopted at a point in time. Whilst positive, the investment property valuation of £2,328k (2022: £3,320k increase) has meant a net movement down in total comprehensive income of £992k.

The pensions deficit reduced to £846k (2022: £913k) but a decrease of £101k arising from changes in actuarial assumptions (2022: £74k increase) meant an overall reduction of £175k in total comprehensive income.

Value for Money

Value for money is about being effective in the way we plan, manage and operate our business. Our focus on sustaining the diversity of Central London by providing affordable homes and excellent service is the core of our strategy. In order to keep on delivering it is essential that we apply financial rigour to improve our operating performance and generate greater returns from our assets.

Operating performance for 2022-23 has been strong overall, with improvement in returns from investments in commercial and market rent properties a key factor. The returns from social housing activities have been lower than originally planned, although performance in both rent collection and letting improved. Rent collection improvements were targeted from the beginning of the year with outsourced recovery increasing collection costs and this is an area for review in the current financial year. Increased utility costs impacted service costs incurred in the year and improved service cost recovery is a target for 2023-24. In the first nine months of the financial year the high level of voids, at that time on par with the previous year, meant higher than anticipated void spend and this is reflected in the higher routine maintenance costs. However, in the last quarter of the year the number of properties becoming vacant dropped significantly and by the year-end there were no properties available for letting.

We continued to invest in our properties with cyclical repairs including external decoration where the contractors abseiled the property in a narrow London street, avoiding any need for scaffolding. The innovative approach to tackling the challenges of maintaining property in Central London will continue in the new financial year so we meet cyclical targets.

The 'Sector Scorecard' performance measures for the last five years are set out below against a benchmark based on reported performance of six smaller registered providers based in London.

Performance measures

	Soho Housing						Benchmark
	Target 2023-24	2022-23	2021-22	2020-21	2019-20	2018-19	2021-22
Reinvestment	4.4%	**4.3%**	1.0%	0.2%	0.5%	1.8%	**4.7%**
New supply – social housing units	0.0%	**1.1%**	0.0%	0.0%	0.0%	2.0%	**2.7%**
New supply – non-social housing units	0.0%	**0.0%**	0.0%	0.0%	0.0%	4.0%	**0.0%**
Gearing	36%	**33%**	31%	31%	31%	32%	**39%**
EBITDA-MRI	(48%)*	**119%**	119%	200%	197%	138%	**253%**
Headline social housing cost per unit	£13,869	**£8,258**	£7,342	£5,401	£6,343	£8,113	**£5,464**
Operating margin – social housing lettings	15%	**16%**	18%	29%	18%	8%	**33%**
Operating margin – overall	25%	**27%**	25%	26%	26%	21%	**29%**
Return on capital employed	1.5%	**1.6%**	1.7%	1.4%	1.5%	1.3%	**2.1%**

*Excludes agreed covenant carve out (see commentary below)

The comparative benchmark data is taken from the VfM metrics published by the Regulator of Social Housing and the comparator group was selected based on location (London) and size (≤ 1500 properties): Hillside Housing, Inquilab, Local Space, North London Muslim Housing Association, Thames Valley Housing and The Industrial Dwellings Society.

Headline social housing cost per unit has increased this year, reflecting our investment in existing homes which has contributed to the higher reinvestment measure of 4.3% (2022: 1.0%) with the other factor impacting that measure being the additional properties at 12-13 Greek Street (see below). The investment in major works has also contributed to the lower interest cover which includes spend on capitalised major repairs (2023: £1.1m; 2022: £0.9m).

Our aim in the medium term is to manage the social housing cost per unit indicator by targeting lower operating costs. However, for the next financial year the unit cost will be significantly higher than the medium-term headline due to the impact of the substantial investment works programme at Sandringham Flats. The interest cover indicator excludes a carve-out for these works agreed with our lenders that means the EBITDA-MRI interest cover reported to them will exceed 110%.

In last year's value for money statement future plans identified included:

- Continue the major works and planned repairs programme, in particular fire door replacements, kitchen and bathroom replacements and cyclical decorating programmes.
- Working with our rent collection company, local authority partners and other organisations to signpost residents to benefits as well as local services and activities. Our plans for 2023-24 include developing a tenancy sustainment strategy, started in 2022-23, that will clarify process and procedure to ensure consistency across all patches alongside training and development for staff.

The targets for 2023-24 are based on a budget that includes significant cyclical and investment maintenance spend, in particular on Sandringham Flats which represents over 15% of our housing stock. That level of spend (£5m) is unlikely to be repeated for a number of years due to the cyclical nature of investment works. The budget reflects high inflation and interest, in line with the wider economy and our focus in the new financial year is controlling costs and collecting income to deliver or exceed budget

The Association's long-term financial plan was updated and approved by Board in February and July 2023. Stresses applied to the model focused on liquidity, cost inflation and higher interest rates. Key mitigations include maintaining cash reserves at least equivalent to 2-months expenditure; a five-year Revolving Credit Facility; and quarterly updates for Board on the long-term financial model and budget, as well as standard treasury updates each quarter.

In April 2022 we completed a scheme, in conjunction with Soho Estates, to provide eight new homes for affordable rent. The two-bedroomed properties all benefit from good insulation, double and triple glazed windows and energy from air-source heat pumps. They were let quickly to people on low incomes working in the Soho area and remain very popular. The scheme has been short-listed for the Housing Design Awards and submitted for the New London Architecture Community Prize, both highlighting our commitment to good design for city living and support for local workers on low incomes.

Our development strategy targets at least 30 more new homes over the next 5 years primarily through a mix of small-scale s106 opportunities in our core area alongside ‘hidden homes’ from our existing footprint to maximise the value we generate from our housing stock. Our plans include use of internal subsidy from investment activities as well as a planned disposals programme in line with asset management strategies. We will continue to reinvest in commercial and market rent properties to maintain the business model that relies on investment returns to support affordable housing activities and sustain local communities.

Risk

Key risks to the delivery of the Association's plans are identified, reviewed and revised throughout the year by the Executive, the Audit and Risk Committee and the Board and are summarised below.

Risk	Comments	Mitigation
Asset management	Strategic asset management depends on comprehensive, accurate and accessible information used to develop and monitor investment and re-investment in the property portfolio. Future investment plans will need to reflect expectations regarding longer-term sustainability of the portfolio, including warmth and energy efficiency, with Zero Carbon 2050 moving closer. Sandringham Improvement Project is significant by way of size and complexity, driven by it's location on a main London thoroughfare.	Stock condition survey outputs reflected in the asset management system and underpin the major works programme. Portfolio management plan supports investment/retention or disposal decisions. The model assumes replacement on at least a 1:1 basis. Sustainability strategy under development with the first stage being confirmation of base data, in particular energy performance (EPC). Project governance framework established with scrutiny at Executive, Committee and Board level.
Commercial portfolio	Inflationary pressures in the wider economy may impact commercial tenants and in turn our investment returns. For the Association these tenancies not only deliver a commercial return but also support our social imperative.	The commercial strategy focuses on working with existing and new tenants to support enterprise in the community whilst delivering strong rent streams from our investments and is overseen by the Investment and Development Committee.
External policy change	Uncertainties regarding both central and local government policy remain, in particular the impact of Brexit and most recently war in Ukraine on inflation and interest rates that not only affect the Association but also our residents, commercial tenants and community. New regulatory standards focusing on residents ('consumer standards') expect enhanced comparable performance reporting which is disclosed on our website. The increased visibility may impact reputational risk which is already affected by well-documented reports within the wider housing sector on property condition, including damp and mould.	Long-term financial model developed and stress-tested for a range of risks including future rent reduction, cost inflation, interest rate rises and property market collapse. Baseline data has been developed to meet regulatory requirements for performance reporting, with reports being easily accessible through the new website (launched May 2023) and tenant newsletters.

Risk	Comments	Mitigation
Financing	The Association's gearing indicates adequate borrowing capacity, coupled with asset values that offer significant additional security. As a smaller Registered Provider, a key risk area is liquidity and this remains a focus for the Board.	One constraint on capacity is interest cover. The 2023-24 budget is challenging with a key area being the Sandringham Improvement Project. A Revolving Credit Facility mitigates liquidity risk although cash management remains a priority.
Health and safety	The health and safety of our residents, staff and contractors remains a key concern, particularly in light of failings across the wider housing sector. Challenges within the economy including supply chain disruption and increasing inflation are key risks impacting contractors and in turn services to our residents.	A compliance dashboard is reviewed weekly by the Operations Director, with KPI reporting to the Executive, Audit & Risk Committee and Board. We are small enough to develop strong working relationships with key suppliers but sufficiently nimble to move quickly should there be any disruption in our planned programme. We are 100% compliant for gas, and fire risk assessments.
Reputation	The housing sector is under considerable media and government scrutiny, increasing reputational risk for all housing providers.	Data accuracy is under review and updated as part of the tenancy audit programme that is reported regularly to the Executive, Audit & Risk Committee and Board. Knowledge of our stock is enhanced through regular void and property inspections by our in-house team.

Internal Controls Assurance

The Board acknowledges its ultimate responsibility for ensuring the Association has in place a system of controls that is appropriate to the various business environments in which it operates and for monitoring its effectiveness. The system is designed to manage the risk of failure to achieve business objectives and give reasonable assurance against material misstatement or loss.

The process for identifying, evaluating and managing the significant risks faced by the Association is ongoing and has been in place throughout the year under review and up to the date of approval of the report and accounts. The Board has delegated the authority for overseeing risk management and internal controls assurance to the Audit and Risk Committee but receives regular updates on risk and controls assurance. A summary of the main policies the Board has established and the processes it has adopted is set out below:

- Formal policies and procedures approved, including clearly defined management responsibilities for the identification and control of significant risks.
- Financial forecasts, budgets and business plans support the Board and management as they monitor key business risks and progress towards financial objectives set for the year and the medium term. The budget, approved by Board in advance of the financial year, is updated in July and reforecast in the second half of the financial year to ensure targets set by Board are achieved.
- All significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures by the Board, in line with clear delegations.
- The Board has approved anti-fraud, anti-bribery and anti-corruption policies.
- A treasury policy and strategy has been approved by the Board with key treasury risks including liquidity, covenant compliance, counterparty risk and interest rate risk reviewed quarterly.
- The Board agrees the strategic internal audit programme and has delegated responsibility to the Audit and Risk Committee to review and report to the Board on reports from management, from the internal auditors and from the external auditors to provide reasonable assurance that control procedures are in place and are being followed. Mazars were internal auditors during 2022-23 and new internal auditors, Beever and Struthers have been appointed in July 2023 for the next three financial years.

A fraud register is maintained and is reviewed by the Audit and Risk Committee at each meeting. There were no financial frauds recorded in the year but a greater focus is being placed on identifying and addressing tenancy fraud, in particular sub-letting property in highly desirable areas of central London. The Board receives and reviews the minutes of Audit and Risk Committee meetings.

Going concern

After making enquiries, the Board has a reasonable expectation that the overall group has adequate resources to continue in operational existence for the foreseeable future, being a period of at least 12 months after the date on which the report and financial statements are signed. Key factors considered in coming to this decision are:

- Long-term (30-year) financial model supports the Association's current and future plans
- Stress-testing of the long-term financial model included increases in inflation and interest rates; and identified mitigations
- Short-term cashflow scrutiny shows funding is in place to meet expected commitments including investment works and some limited development over the next twelve months
- Early warning 'triggers' agreed to identify emerging issues and risks; and confirm pre-emptive action
- Treasury policy 'golden rules' confirmed to aid risk management

For this reason, it continues to adopt the going concern basis in the financial statements.

Statement of responsibilities of the Board for the Annual Report and Accounts

The Board is responsible for preparing the Annual Report and Accounts in accordance with applicable law and regulations.

Co-operative and Community Benefit Society legislation 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 law).

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;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and association will continue in business; and
- State whether applicable United Kingdom Accounting Standards and the Statement of Recommended Practice: Accounting for registered social housing providers (Housing SORP: 2018 update) have been followed, subject to any material departures disclosed and explained in the financial statements.

The Board is responsible for keeping adequate accounting records that are sufficient to show and explain the group and association's transactions and disclose with reasonable accuracy at any time the financial position of the group and association 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 (Accounting Direction 2022). They are also responsible for safeguarding the assets for the group and association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board is responsible for ensuring that the Strategic Report is prepared in accordance with the Statement of Recommended Practice for registered social housing providers (Housing SORP: 2018 update).

At the date of making this report, each of the Board members, as set out on page 1, confirms that in so far as each member is aware:

- There is no relevant information needed by the group's auditors in connection with preparing this report of which the group's auditors are unaware; and
- Each member has taken all the steps that he or she ought to have taken as Board members in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Financial statements are published on the Association's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Association's website and that of it's subsidiary Soho Limited, is the responsibility of the Board. The Board's responsibility also extends to the ongoing integrity of the financial statements contained therein.

Statement of compliance

The Board has undertaken an assessment of the Association's compliance with the governance and financial viability standard as required by the Accounting Direction 2022. The Board confirms that no evidence of non-compliance has been identified since the last report.

In preparing the strategic report the Board has followed the principles set out in the Statement of Recommended Practice for registered social housing providers (Housing SORP: 2018 update).

Annual general meeting

The annual general meeting will be held on 13th September 2023.

External auditors

The re-appointment of BDO LLP will be proposed at the forthcoming annual general meeting.

The report of the Board was approved by the Board on 24th July 2023 and signed on its behalf by:

Andrew Billany

Chair of the Board

24th July 2023

Independent auditor's report to the members of Soho Housing Association 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;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, 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 Soho Housing Association Limited ("the Association") and its subsidiaries ("the Group") for the year ended 31 March 2023 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in reserves, the consolidated cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Group and Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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

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

Other information

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

- the 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 require for our audit.

Responsibilities of the board

As explained more fully in the statement of responsibilities of the board for the annual report and accounts, 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 industry in which it operates
- discussion with management and those charged with governance, and
- obtaining and understanding of the Group's policies and procedures regarding compliance with laws and regulations

we considered the significant laws and regulations to be 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 Group is also subject to laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigations. We identified such laws and regulations to be employment law, the Regulator of Social Housing's Regulatory Standards, data protection and health and safety legislation.

Our procedures in respect of the above included:

- Review of minutes of meetings 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, those charged with governance and internal control regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group'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 meetings 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, and
- Performing analytical procedures to identify and 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 management override through accounting estimates and inappropriate journal entries.

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, and
- Assessing significant estimates made by management for bias.

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 for the audit of the financial statements is located 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:
Paul Jagger
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Paul Jagger (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Gatwick, UK

Date: 23 August 2023

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

Statement of Comprehensive Income

	Note	Year ended 31 March 2023		Year ended 31 March 2022	
		Group	**Association**	**Group**	**Association**
		£'000	**£'000**	**£'000**	**£'000**
Turnover	**2**	9,531	9,531	8,581	8,581
Operating expenditure	**2**	(6,998)	(6,998)	(6,429)	(6,429)
Gain on disposal of assets	**2**	-	-	573	573
Operating surplus	**2**	2,533	2,533	2,725	2,725
Donation from subsidiary	**14**	-	-	-	-
Share of surplus from joint venture	**14**	-	-	-	-
Interest receivable		28	28	4	4
Interest and financing costs	**6**	(1,798)	(1,798)	(1,567)	(1,567)
Increase/(Decrease) in valuation of investment properties	**13**	2,328	2,328	3,320	3,320
Surplus/(Deficit) for the year		3,091	3,091	4,482	4,482
Actuarial (loss)/gain in respect of pension scheme	**10**	(101)	(101)	74	74
Total comprehensive income/(expense) for the year		2,990	2,990	4,556	4,556

The notes on pages 29 to 57 form an integral part of these accounts. All activities relate to continuing operations.

The financial statements on pages 25 to 57 were approved by the Board on 24th July 2023 and signed on its behalf by:

Board Member:	**Board Member:**	**Secretary:**
Andrew Billany	**Rosemary Farrar**	**Jane Harrison**

Statement of Financial Position

	Note	31 March 2023 Group £'000	31 March 2023 Association £'000	31 March 2022 Group £'000	31 March 2022 Association £'000
Fixed assets					
Tangible fixed assets	**12**	98,491	98,491	96,841	96,841
Investment properties	**13**	63,677	63,677	60,043	60,043
		162,168	162,168	156,884	156,884
Current assets					
Trade and other debtors	**14**	2,099	2,099	2,407	2,407
Cash and cash equivalents	**15**	3,900	3,900	8,286	8,286
		5,999	5,999	10,693	10,693
Creditors: amounts falling due within one year	**16**	(5,295)	(5,324)	(5,800)	(5,829)
Net current assets/(liabilities)		704	675	4,893	4,864
Total assets less current liabilities		162,872	162,843	161,777	161,748
Creditors: amounts falling due after more than one year	**17**	(81,142)	(81,142)	(82,970)	(82,970)
Pension liability	**10**	(846)	(846)	(913)	(913)
Net assets		80,884	80,855	77,894	77,865
Reserves					
Non-equity share capital	**21**	-	-	-	-
Income and expenditure reserve		46,442	46,413	45,780	45,751
Revaluation reserve		34,442	34,442	32,114	32,114
		80,884	80,855	77,894	77,865

The notes on pages 29 to 57 form an integral part of these accounts.

The financial statements on pages 25 to 57 were approved by the Board on 24th July 2023 and signed on its behalf by:

Board Member:	Board Member:	Secretary:
Andrew Billany	**Rosemary Farrar**	**Jane Harrison**

Statement of Changes in Reserves

Group	Note	Income and expenditure reserve	Revaluation reserve	Total
		£'000	£'000	£'000
Balance at 1 April 2021		**44,544**	**28,794**	**73,338**
Surplus for the year		4,482	-	4,482
Actuarial gain in respect of pension scheme		74	-	74
Transfer from income and expenditure reserve to revaluation reserve		(3,320)	3,320	-
Balance at 1 April 2022		**45,780**	**32,114**	**77,894**
Surplus for the year		3,091	-	3,091
Actuarial loss in respect of pension scheme		(101)	-	(101)
Transfer from income and expenditure reserve to revaluation reserve		(2,328)	2,328	-
Balance at 31 March 2023		**46,442**	**34,442**	**80,884**

Association	Income and expenditure reserve	Revaluation reserve	Total
	£'000	£'000	£'000
Balance at 1 April 2021	**44,515**	**28,794**	**73,309**
Surplus for the year	4,482	-	4,482
Actuarial gain in respect of pension scheme	74	-	74
Transfer from income and expenditure reserve to revaluation reserve	(3,320)	3,320	-
Balance at 1 April 2022	**45,751**	**32,114**	**77,865**
Surplus for the year	3,091	-	3,091
Actuarial loss in respect of pension scheme	(101)	-	(101)
Transfer from income and expenditure reserve to revaluation reserve	(2,328)	2,328	-
Balance at 31 March 2023	**46,413**	**34,442**	**80,855**

The notes on pages 29 to 57 form an integral part of these accounts

Consolidated Statement of Cashflows

	Note	Year ended 31 March 2023	Year ended 31 March 2022
		£'000	£'000
Net cash generated from operating activities (see below)		3,391	3,270
Cash flow from investing activities			
Purchase of tangible fixed assets – housing properties		(4,184)	(954)
Purchase of tangible fixed assets – other assets		(29)	(30)
Purchase of investment assets		(89)	(294)
Disposal of tangible fixed assets		-	673
Grants paid/received		-	(817)
Distribution from joint venture			-
Interest received		28	3
Cash flow from financing activities			
Interest paid		(1,798)	(1,415)
New secured loans		-	4,500
Repayment of borrowings		(1,705)	(2,068)
Net change in cash and cash equivalents		(4,386)	2,868
Cash and cash equivalents at beginning of the year		8,286	5,418
Cash and cash equivalents at end of the year		3,900	8,286

	£'000	£'000
Cash flow from operating activities:		
Surplus(deficit) for the year	3,091	4,482
Adjustments for non-cash items:		
Depreciation of tangible fixed assets	1,346	1,314
Surplus on disposal of assets - land	-	(573)
Increase/(decrease) in trade and other debtors	308	(224)
Increase/(decrease) in trade and other creditors	(240)	936
Increase in leaseholder and sinking funds	89	100
Adjustment for defined benefit pension payment	(168)	(325)
Revaluation of investment properties	(2,328)	(3,320)
Adjustments for investing or financing activities:		
Government grants amortised	(477)	(532)
Profit from joint venture	-	-
Interest payable	1,798	1,415
Interest received	(28)	(3)
Net cash generated from operating activities	3,391	3,270

The notes on pages 29 to 57 form an integral part of these accounts.

Notes to the Financial Statements

Legal Status
Soho Housing Association Limited is incorporated in England under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Homes and Communities Agency as a Private Registered Provider of Social Housing. The registered office is 18 Hanway St, W1T 1UF.

The group comprises the following entities:

Name	Incorporation	Registered Provider
Soho Housing Association Limited	Co-operative and Community Benefit Societies Act 2014	Registered
Soho Limited	Companies Act 2006	Not registered

1. Accounting Policies

Basis of Accounting
The Group's financial statements have been prepared in accordance with applicable United Kingdom Accounting Generally Accepted Accounting Practice (UK GAAP) and the Statement of Recommended Practice for registered housing providers: 'Accounting by registered social housing providers (Housing SORP: 2018 update)'. The Group is required under the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969 to prepare consolidated Group accounts.

The financial statements comply with 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 accounts are prepared on the historical cost basis of accounting as modified by the revaluation of investments and are presented in sterling.

The Group's financial statements have been prepared in compliance with FRS102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

The Group is a public benefit entity group, and the Association is a public benefit entity, as defined by FRS 102.

Parent entity disclosure exemptions

In preparing the separate financial statements of the parent entity, advantage has been taken of the following disclosure exemptions available in FRS102:

- No cash flow statement has been presented for the parent;
- Disclosures in respect of the parent's financial instruments have not been presented as equivalent disclosures have been provided in respect of the group as a whole; and
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent as their remuneration is included in the totals for the group as a whole.

Basis of consolidation

The consolidated financial statements incorporate the results of Soho Housing Association Limited and all of its subsidiary undertakings as at 31 March 2022 using the acquisition method of accounting as required. Where the acquisition method is used, the results of subsidiary undertakings are included from the date of acquisition, being the date, the Group obtains control.

Going concern

The Group's financial statements have been prepared on a going concern basis which assumes an ability to continue operating for the foreseeable future. In arriving at this conclusion, the Board has reviewed short and longer-term forecasts (beyond twelve months from the date the financial statements are authorised for issue), including stress-testing key assumptions, to confirm adequate cash, resources and compliance with lender covenants.

Notes to the Financial Statements

1. Accounting Policies (continued)

In the light of external factors such as the war in Ukraine and continuing impact of Brexit having significant impact on the wider economy, those key assumptions tested include inflation and interest rates, in particular a possible differential between rent and cost inflation. Mitigations include targeted cost reduction and extending investment and construction periods. Short-term cashflow scrutiny shows funding is in place to meet expected commitments including investment works and some limited development over the next twelve months. Early warning 'triggers' agreed to identify emerging issues and risks; and confirm pre-emptive action. Treasury policy 'golden rules' confirmed to aid risk management.

Judgements and key sources of estimation and uncertainty

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

a. **Development expenditure.** The Group capitalises development expenditure in accordance with the accounting policy described below. Initial capitalisation of costs is based on management's judgement that development scheme is confirmed, usually when Board approval has taken place including access to the appropriate funding. In determining whether a project is likely to cease, management monitors the development and considers if changes have occurred that may result in impairment.

b. **Categorisation of properties as housing properties, investment properties or other fixed assets.** In determining the intended use of housing properties, the Group has considered if the asset is held for social benefit, shared ownership, market rented or to earn commercial rentals. Wherever possible costs are allocated between the units based on actual costs incurred with common costs being allocated based on a combination of floor areas and expected future net revenue streams. Components are written off at net book value when replaced. The Group has determined that market rented housing property and commercial properties are investment properties.

c. **Impairment of housing properties and other fixed assets.** The housing property portfolio for the Group is assessed for indicators of impairment at each statement of financial position date. Where indicators are identified, a detailed assessment is undertaken to compare the carrying amounts of assets or cash generating units for which impairment is indicated to their recoverable amounts. Impairment indicators include void levels, changes in regulation that impact on future rent levels, the outcome of stock condition surveys and external changes which impact on future cash flows (for example maintenance costs). An options appraisal is carried out to determine the option that produces the highest net realisable value. Valuations on rental return or potential sale proceeds are used to inform the options. The Group considers the net realisable value, under the options available, when assessing the recoverable amount for the purposes of impairment assessment. The recoverable amount is the higher of the fair value less costs to sell or value in use of an asset or cash generating unit. The assessment of value in use may involve considerations of the service potential of the assets or cash generating units concerned or the present value of future cash flows to be derived from them, appropriately adjusted to account for any restrictions on their use. No properties have been valued at value in use-service potential.

d. **Financial instruments.** Consideration of whether a loan is basic under FRS102 is based on terms and conditions of the loan.

Notes to the Financial Statements

1. Accounting Policies (continued)

Other key sources of estimation and assumptions:

a. **Tangible fixed assets.** Other than investment properties, tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

b. **Revaluation of investment properties.** Investment properties consist of commercial properties and other properties not held for social benefit or for use in the business. Investment properties are carried at fair value determined annually by qualified valuers and derived from market evidence for comparable properties.

c. **Trade and other debtors.** Management exercise judgement relating to the recoverability of outstanding rental and other trade receivables. A review is performed regularly to assess the recoverability of these accounts.

d. **Pension and other post-employment benefits.** Management's estimate of the defined benefit obligation relating to the Association's past service deficit in the Social Housing Pension Scheme is based on a number of underlying assumptions such as standard rates of inflation, mortality and discount rates. Variation in these assumptions may significantly impact the defined benefit obligation. Further details are given in note 10.

Joint Ventures and Associates

An entity is treated as a joint venture where the Group holds an interest and shares control under a contractual arrangement with one or more parties external to the Group.

An entity is treated as an associated undertaking where the Group has a participating interest and exercises significant influence over its operating and financial policies.

In the Group accounts, joint ventures are accounted for using the equity method whereby an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the investor's share of the profit or loss, other comprehensive income and equity of the venture. The consolidated income and expenditure account indicates the Group's share of the joint venture's turnover and includes the Group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings based on audited financial statements. In the consolidated balance sheet, the Group's share of the identifiable gross assets (including any amortised premium paid on acquisition) and its share of the gross liabilities attributable to its joint venture are shown separately.

Any premium on acquisition is dealt with under the goodwill policy.

Turnover and revenue recognition

Turnover represents rental income receivable, amortised capital grant, income from the sale of shared ownership and other properties developed for outright sale and other income and is recognised in relation to the period when the goods or services have been supplied.

Rental income is recognised in revenue on a time apportioned basis and is stated net of voids. Income from property sales is recognised on legal completion.

Support income and costs

Support charges included in rent (as service charges) are matched against the relevant costs.

Notes to the Financial Statements

1. Accounting Policies (continued)

Service charges

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

Where periodic expenditure is required, a provision may be built up over the years, in consultation with the residents; until these costs are incurred this sinking fund liability is held in the Statement of Financial Position.

Investment Income

Interest income is recognised using the effective interest method.

Loan interest costs

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

Loan finance issue costs

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

Taxation

The Association's activities are charitable and therefore not liable to tax, to the extent that any surpluses are applied to the charitable objects. The subsidiary distributes any taxable profits to the Association and no provisions for corporation or deferred tax have been recognised.

Value Added Tax

The Group charges VAT on part of its income and is able to recover part of the VAT it incurs on expenditure. All amounts disclosed in the accounts are inclusive of VAT to the extent that it is not recoverable.

Tangible fixed assets and depreciation:

Housing properties

Tangible fixed assets are stated at cost, less accumulated depreciation. Donated land/assets or assets acquired at below market value from a government source are included in the Statement of Financial Position at fair value less consideration paid. Property disposals are recognised on completion.

Housing properties under construction are stated at cost and are not depreciated. They are transferred to completed schemes on practical completion and depreciated accordingly.

Freehold land is not depreciated.

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

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

Notes to the Financial Statements

1. Accounting Policies (continued)

UELs for identified components are as follows:

	Years
Structure	**125**
Roofs	**70**
Bathrooms	**30**
Windows	**30**
Doors	**30**
Lifts	**50**
Kitchens	**20**
Electrics	**30**
Heating source	**15**

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

Depreciation is charged on other completed tangible fixed assets on a straight-line basis over the expected useful lives which are set out below. The office refurbishment completed in April 2021. The transferred value (from investments) is treated as land and not depreciated.

	Years
Office refurbishment	**10**
Fixtures & fittings	**4 - 10**
Computer equipment	**5 - 7**

Low cost home ownership properties

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

Capitalisation of interest and administration costs

Interest on loans financing development is capitalised up to the date of the completion of the scheme and only when development activity is in progress.

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

Property managed by agents

Where the Group carries the majority of the financial risk on property managed by agents, income arising from the property is included in the Statement of Comprehensive Income. Where the agent carries the majority of the financial risk, income includes only that which relates solely to the Group.

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

Leasing and hire purchase

Operating leases and payments are charged to the Statement of Comprehensive Income on a straight-line basis over the term of the lease.

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

Notes to the Financial Statements

1. Accounting Policies (continued)

Investment property

Investment property includes commercial and other properties not held for the social benefit of the Group. Investment property is measured at cost on initial recognition, which includes purchase cost and any directly attributable expenditure, and subsequently at fair value at the reporting date. Fair value is 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 in the Statement of Comprehensive income.

Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Short-term debtors and creditors

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

Non-government grants

Grants received from non-government sources are recognised under the performance model. If there are no specific performance requirements the grants are recognised when received or receivable. Where grant is received with specific performance requirements it is recognised as a liability until the conditions are met and then it is recognised as turnover.

Social housing assistance and other government grants

Where developments have been financed wholly or partly by social housing assistance (SHA) and other grants, the amount of the grant received has been included as deferred income and recognised in turnover over the estimated useful life of the associated asset structure (not land), under the accruals method.

When SHA in respect of housing properties in the course of construction exceeds the total cost to date of those housing properties, the excess is shown as a current liability.

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

Non-monetary government grant

On disposal of assets for which non-repayable government grants are held as liabilities in the Statement of Financial Position, the unamortised amount in creditors is released as income in the Statement of Comprehensive Income.

Recycling capital grant

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

Employee Benefits

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

Notes to the Financial Statements

1. Accounting Policies (continued)

Pension costs

The Association has in the past participated in the multi-employer defined benefit Social Housing Pension Scheme (SHPS) although it has now closed this defined benefit scheme to new and existing members. The Association's obligation for past service deficits remains.

Under defined benefit accounting the Scheme assets are measured at fair value. Scheme liabilities are measured on an actuarial basis using the projected unit credit method and are discounted at appropriate high-quality corporate bond rates. The net surplus or deficit is presented separately from other net assets on the Statement of Financial Position. The current service cost and costs from settlements and curtailments are charged to 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.

Reserves

The income and expenditure reserve represent the accumulated surplus generated by the Group or Association since its formation.

The revaluation reserve represents the difference between the fair value of investment properties and their historical cost carrying value. The revaluation reserve forms part of the income and expenditure reserve but is shown separately for information.

Financial instruments

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

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

Debt instruments that meet the conditions in paragraph 11.8(b) of FRS 102 are measured at amortised cost using the effective interest method, except where the arrangement constitutes a financing transaction. In this case the debt instrument is measured at the present value of the future payments discounted at a market rate of interest for a similar debt.

Other financial instruments are classified as basic and are held at amortised cost.

Impairment of financial assets

Financial assets are assessed at each reporting date to determine whether there is any objective evidence that a financial asset or group of financial assets is impaired. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

The following financial instruments are assessed individually for impairment:

a. All equity instruments regardless of significance; and
b. Other financial assets that are individually significant.

Other financial instruments are assessed either individually or grouped on similar credit risk characteristics.

An impairment loss is measured as follows on the following instruments measured at cost or amortised cost:

a. For an instrument measured at amortised cost, the impairment loss is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

Notes to the Financial Statements

1. Accounting Policies (continued)

b. For an instrument measured at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that the entity would receive for the asset if it were to be sold at the reporting date.

If, in a subsequent period, the amount of an impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed either directly or by adjusting an allowance account. The reversal cannot result in a carrying amount (net of any allowance account) which exceeds what the carrying amount would have been had the impairment not previously been recognised. The amount of the reversal is recognised in profit or loss immediately.

Notes to the Financial Statements

2(a). Turnover, cost of sales, operating expenditure and operating surplus

	2023		
Group	**Turnover £'000**	**Operating expenditure £'000**	**Operating surplus £'000**
Social housing lettings (note 3)	7,025	(5,915)	1,110
Other social housing activities			
Development costs not capitalised	-	(259)	(259)
Management fees	57	-	57
	57	(259)	(202)
Non-social housing activities			
Commercial properties	1,706	(501)	1,205
Market rent housing	743	(323)	420
	2,449	(824)	1,625
Total	9,531	(6,998)	2,533

	2022		
Group	**Turnover £'000**	**Operating expenditure £'000**	**Operating surplus £'000**
Social housing lettings (note 3)	6,698	(5,518)	1,180
Other social housing activities			
Development costs not capitalised	-	(242)	(242)
Management fees	71	-	71
	71	(242)	(171)
Non-social housing activities			
Commercial properties	1,182	(317)	865
Market rent housing	630	(352)	278
	1,812	(669)	1,143
Gain on disposal of properties			573
Total	8,581	(6,429)	2,725

Notes to the Financial Statements

2(b). Turnover, cost of sales, operating expenditure and operating surplus

	2023		
Association	**Turnover £'000**	**Operating expenditure £'000**	**Operating surplus £'000**
Social housing lettings (note 3)	7,025	(5,915)	1,110
Other social housing activities			
Development costs not capitalised	-	(259)	(259)
Management fees	57	-	57
	57	(259)	(202)
Non-social housing activities			
Commercial properties	1,706	(501)	1,205
Market rent housing	743	(323)	420
	2,449	(824)	1,625
Total	9,531	(6,998)	2,533

	2022		
Association	**Turnover £'000**	**Operating expenditure £'000**	**Operating surplus £'000**
Social housing lettings (note 3)	6,698	(5,518)	1,180
Other social housing activities			
Development costs not capitalised	-	(242)	(242)
Management fees	71	-	71
	71	(242)	(171)
Non-social housing activities			
Commercial properties	1,182	(317)	865
Market rent housing	630	(352)	278
	1,812	(669)	1,143
Gain on disposal of properties			573
Total	8,581	(6,429)	2,725

Notes to the Financial Statements

3. Turnover and operating expenditure

	2023	2022
Group and association	**£'000**	£'000
Income		
Rent receivable net of identifiable service charges	5,766	5,428
Service charge income	782	738
Amortised government grants	477	532
Turnover from social housing lettings	7,025	6,698
Operating expenditure		
Management	(1,125)	(1,048)
Service charge costs	(1,324)	(1,203)
Routine maintenance	(1,621)	(1,354)
Planned maintenance	(446)	(390)
Major repairs expenditure	(180)	(213)
Bad debts	(65)	(170)
Depreciation of housing properties	(1,154)	(1,140)
Operating expenditure on social housing lettings	(5,915)	(5,518)
Operating surplus from social housing lettings	1,110	1,180
Void losses (being rental income lost as a result of property not being let, although it is available for letting)	45	66

Notes to the Financial Statements

4. Accommodation owned and managed, and under development

	2023	2022
	Number	Number
Social Housing		
Under development at end of year:		
General needs housing social rent	10	8
Under management:		
General needs housing at start of year	732	732
Transferred from development	8	-
Leased to Soho Limited as investment properties	(2)	-
General needs housing at end of year	738	732
Low-cost home ownership at start and end of year	2	2
	740	734
Non-Social Housing		
Under management at end of year:		
Market rented investment properties	25	23

5. Accommodation managed by others

Soho Housing owns property managed as social housing by other bodies:

	2023	2022
	Number	Number
Centrepoint Soho Limited	26	26
St Mungo's Broadway	12	12
	38	38

Notes to the Financial Statements

6. Interest and financing costs

	31 March 2023		31 March 2022	
	Group	**Association**	**Group**	**Association**
	£'000	**£'000**	**£'000**	**£'000**
Defined benefit pension charge	23	23	23	23
Recycled capital grant fund	6	6	-	-
Non-utilisation fee	87	87	129	129
On loans wholly or partly repayable in more than five years	1,682	1,682	1,415	1,415
	1,798	1,798	1,567	1,567
Less: interest capitalised on housing properties under construction	-	-	-	-
	1,798	1,798	1,567	1,567

The weighted average interest on borrowings of 4.77% (2022: 4.09%) was used for calculating capitalised finance costs.

7. Surplus on ordinary activities

	2023	2022
	£'000	£'000
The operating surplus is stated after charging/(crediting):		
Auditor's remuneration (excluding VAT):		
Audit of the group financial statements*	43	31
Audit of subsidiaries	1	1
Fees payable to the company's auditor and its associates for other services to the group:		
Taxation services	4	3
Service charge certification	5	5
Loan covenant certification	2	2
Operating lease rentals:		
- Land and buildings	-	-
- Office equipment	-	-
Depreciation of housing properties	1,154	1,140
Depreciation of other fixed assets	192	172

* £ 44,000 (2022 - £31,000) relates to the Association. Included in other fees to the auditor is £11,000 (2021: £10,000) relating to the Association.

Notes to the Financial Statements

8. Board members and executive directors

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

Non-executive members of the Board are not remunerated.

	2023	2022
	£'000	£'000
Aggregate emoluments paid to or receivable by executive directors and former executive directors, including pension contribution	469	398
Aggregate compensation paid to or receivable by Directors (key management personnel), including national insurance and pension contribution	469	398
Emoluments paid to the highest paid Director excluding pension contributions	134	121

The Association does not contribute to any pension or pension scheme for the Chief Executive.

Notes to the Financial Statements

9. Employees

	Group		Association	
	2023	2022	**2023**	2022
	No.	No.	**No.**	No.
The average number of persons employed during the year expressed in full time equivalents (35 hours per week) was:				
Office staff	20	21	20	21

	Group		Association	
	2023	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
Staff costs:				
Wages and salaries	1,321	1,360	1,321	1,360
Social Security costs	133	130	133	130
Other pension costs	60	66	60	66
	1,514	1,556	1,514	1,556

	Group		Association	
	2023	2022	**2023**	2022
Aggregate number of full-time equivalent staff, including the executive team, whose remuneration including pension contributions exceeded £60,000 in the period:	**No.**	**No.**	**No.**	**No.**
£60,000 - £70,000	1	1	1	1
£70,000 - £80,000	-	1	-	1
£80,000 - £90,000	1	3	1	3
£90,000 - £100,000	2	-	2	-
£100,000 - £110,000	-	1	-	1
£110,000 - £120,000	1	-	1	-
£120,000 - £130,000	1	1	1	1
£130,000 - £140,000	1	-	1	-

Notes to the Financial Statements

10. Pension obligations

The Association currently offers a defined contribution scheme run by The Pensions Trust to all employees with a choice of 4% or 8.25% matched contributions.

The Association has closed access for both new and existing employees to the Social Housing Pension Scheme (the Scheme), a multi-employer defined benefit scheme in the UK which provides benefits to some 500 non-associated employers.

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

The last 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 Association is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the Scheme. Participating employers are legally required to meet their share of the Scheme deficit on an annuity purchase basis on withdrawal from the Scheme.

For accounting purposes, a valuation of the Scheme is carried out with an effective date of 30 September each year. The liability figures from the 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 effective date of 30 September 2022. The liability figures from this valuation were rolled forward for the accounting year-end 31 March 2023 and compared at that date with the Association's fair share of the Scheme's total assets to calculate the Association's net deficit or surplus.

PRESENT VALUES OF DEFINED BENEFIT OBLIGATION, FAIR VALUE OF ASSETS AND DEFINED BENEFIT ASSET (LIABILITY)

	31 March 2023 £'000	31 March 2022 £'000	31 March 2021 £'000
Fair value of plan assets	3,625	5,443	5,391
Present value of defined benefit obligation	4,471	6,356	6.525
Surplus (deficit) in plan	(846)	(913)	(1,134)
Unrecognised surplus	-	-	-
Defined benefit asset (liability) to be recognised	(846)	(913)	(1,134)

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE FAIR VALUE OF PLAN ASSETS

	Period ended 31 March 2023 £'000	Period ended 31 March 2022 £'000
Fair value of plan assets at start of period	5,443	5,391
Interest income	149	116
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	(1,765)	(149)
Employer contributions	197	164
Benefits paid and expenses	(399)	(79)
Fair value of plan assets at end of period	3,625	5,443

Notes to the Financial Statements

10. Pension obligations (continued)

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION

	Period ended 31 March 2023 £'000	Period ended 31 March 2022 £'000
Defined benefit obligation at start of period	6,356	6,525
Expenses	6	5
Interest expense	172	139
Actuarial losses due to scheme experience	38	275
Actuarial (gains) due to changes in demographic assumptions	(10)	(97)
Actuarial (gains) due to changes in financial assumptions	(1,692)	(412)
Benefits paid and expenses	(399)	(79)
Fair value of plan assets at end of period	4,471	6,356

DEFINED BENEFIT COSTS RECOGNISED IN STATEMENT OF COMPREHENSIVE INCOME

	Period ended 31 March 2023 £'000	Period ended 31 March 2022 £'000
Current service cost	-	-
Expenses	6	5
Net interest expense	23	23
Defined benefit costs recognised in statement of comprehensive income	29	28

DEFINED BENEFIT COSTS RECOGNISED IN OTHER COMPREHENSIVE INCOME

	Period ended 31 March 2023 £'000	Period ended 31 March 2022 £'000
Experience on plan assets (excluding amounts included in net interest cost) - (loss) gain	(1,765)	(149)
Experience gains and losses arising on the plan liabilities - (loss) gain	(38)	(275)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	10	97
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	1,692	562
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)	101	255
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost) - gain (loss)	-	-
Total amount recognised in other comprehensive income - gain (loss)	101	255

Notes to the Financial Statements

10. Pension obligations (continued)

ASSETS

	31 March 2023 £'000	31 March 2022 £'000
Global Equity	68	1,044
Absolute Return	39	218
Distressed Opportunities	110	195
Credit Relative Value	137	181
Alternative Risk Premia	7	179
Emerging Markets Debt	19	158
Risk Sharing	267	179
Insurance-Linked Securities	92	127
Property	156	147
Infrastructure	414	388
Private Debt	161	140
Opportunistic Illiquid Credit	155	183
High Yield	13	47
Opportunistic Credit	-	19
Cash	26	19
Corporate Bond Fund	-	363
Long Lease Property	109	140
Secured Income	166	203
Liability Driven Investment	1,670	1,519
Currency Hedging	7	(21)
Net Current Assets	9	15
Total assets	3,625	5,443

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

	31 March 2023 % per annum	31 March 2022 % per annum
Discount Rate	4.88%	2.79%
Inflation (RPI)	3.20%	3.66%
Inflation (CPI)	2.74%	3.23%
Salary Growth	3.74%	4.23%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

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

	Life expectancy at age 65 Years	Life expectancy at age 65 Years
Male retiring in 2023(2022)	21.0	21.6
Female retiring in 2023 (2022)	23.4	23.5
Male retiring in 2042 (2041)	22.2	22.9
Female retiring in 2042 (2041)	24.9	25.1

Notes to the Financial Statements

11. Taxation on profit on ordinary activities

	Group		Association	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
UK corporation tax on profit for the year	-	-	-	-
The tax assessed for the year differs to the standard rate of corporation tax in the UK applied to the surplus before tax. The differences are explained below:				
Surplus/(deficit) on ordinary activities before tax	3,328	4,556	3,328	4,556
Tax on profit on ordinary activities at standard corporation tax rate of 19% (2022:19%)	632	866	632	866
Effects of:				
Income not taxable for tax purposes	(632)	(866)	(632)	(866)
Adjustments to tax charge in respect of previous period	-	-	-	-
Adjustments to tax charge due to change in rates	-	-	-	-
Current tax charge for the period	-	-	-	-

Notes to the Financial Statements

12. Tangible fixed assets

	Housing properties				Other fixed assets		
	Social housing properties for letting - completed	Social housing properties for letting - under construction	Low-cost home ownership properties completed	Total housing properties	Furniture and office equipment	Office	Total fixed assets
Group and association	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Cost							
At start of year	112,987	521	235	113,743	1,650	1,349	116,742
Additions	-	3,093	-	3,093	29	-	3,122
Transfer to investment properties	(1,270)	-	-	(1,270)	-	-	(1,270)
Transfer to completed schemes	3,042	(3,042)	-	-	-	-	-
Component additions	1,091	-	-	1,091	-	-	1,091
Component disposals	(257)	-	-	(257)	-	-	(257)
Other disposals	-	-	-	-	(727)	-	(727)
At end of year	115,593	572	235	116,400	952	1,349	118,701
Depreciation and impairment							
At start of the year	18,688	-	31	18,719	1,145	37	19,901
Transfer to investment properties	(53)	-	-	(53)	-	-	(53)
Charge for the year	1,082	-	1	1,083	155	37	1,275
Eliminated on disposals	(186)	-	-	(186)	(727)	-	(913)
At end of year	19,531	-	32	19,563	573	74	20,210
Net book value at end of year	**96,062**	**572**	**203**	**96,837**	**379**	**1,275**	**98,491**
Net book value at start of year	94,299	521	204	95,024	505	1,312	96,841

Notes to the Financial Statements

12. Tangible fixed assets (continued)

Housing Properties comprise:	2023 £'000	2022 £'000
Freeholds	55,961	57,133
Long leaseholds	38,028	35,116
Short leaseholds	2,848	2,775
	96,837	95,024

Cost of properties includes £nil (2021: £36k) for direct administrative costs capitalised during the year

	£'000	£'000
Works to existing properties in the year:		
Components capitalised	1,091	671
Other capital additions	-	283
Amounts charged to expenditure	-	-
	1,091	954
The aggregate amount of interest and finance costs included in the cost of housing properties	842	842

Carrying value of tangible fixed assets pledged as security for liabilities is £42.86m (2022: £42.86m)

Interest is capitalised at the cost of funds to the association and added to schemes under construction. Interest capitalised in 2023 was £nil (2022: £nil) at an interest rate of 4.77% (2022: 4.06%)

Notes to the Financial Statements

13. Investment properties held for letting

	Group		Association	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
At start of year	60,043	56,429	60,043	56,429
Additions	89	294	89	294
Transfer between tenure	1,217	-	1,217	-
Gain/(loss) from adjustment in value	2,328	3,320	2,328	3,320
At end of year	63,677	60,043	63,677	60,043

The Association's investment properties have been independently valued as at 31 March 2023 by Savills (UK) Limited, acting in the capacity of External Valuers as defined in the RICS Red Book (but not for the avoidance of doubt as an External Valuer of the Fund as defined by the Alternative Investment Fund Managers Regulations 2013). The valuations accord with the requirements of IFRS 13 and the RICS Valuation – Global Standards (incorporating the IVSX International Valuation Standards) effective from 31 January 2020 together, where applicable, with the UK National Supplement effective 14 January 2019, together the "Red Book".

The Valuers reported that the aggregate of the Market Value of each of the freehold and leasehold interests in the commercial properties amounted to £40,305k; and in the residential properties £23,372k, in total £63,677k.

The valuations were arrived at predominantly by reference to market evidence for comparable property.

The surplus/(deficit) on revaluation of investment property of £2,328k (2022: £3,320k) has been credited to the statement of comprehensive income for the year.

If investment property had been accounted for under the historic cost accounting rules, the properties would have been measured as follows: cost £26,313k (2022: £25,007k).

Notes to the Financial Statements

14. Trade and other debtors

	Group 2023 £'000	Group 2022 £'000	Association 2023 £'000	Association 2022 £'000
Social housing rent arrears	727	811	727	811
Less: provision for doubtful debts	(435)	(371)	(435)	(371)
	292	440	292	440
Non-social housing rent arrears	535	487	535	487
Less: provision for doubtful debts	(131)	(131)	(131)	(131)
	404	356	404	356
Loan interest sinking fund (THFC)	865	861	865	861
Other debtors, prepayments and accrued income	538	750	538	750
	2,099	2,407	2,099	2,407

The rent arrears and provision for doubtful debts are shown separately for social and non-social (commercial) purposes to be more informative for the reader of the accounts.
Loan issue costs are amortised over the period of the associated loan and have been reclassified as deduction from the related loan for 2023; included above in the loan interest sinking fund balance in the prior year but not restated as not material.

15. Cash and cash equivalents

	Group 2023 £'000	Group 2022 £'000	Association 2023 £'000	Association 2022 £'000
Money market investments	36	36	36	36
Cash at bank	3,864	8,250	3,864	8,250
	3,900	8,286	3,900	8,286

In the above are balances totalling £74,597 (2022: £70,198) which are held in trust for leaseholders and £848,837 (2022: £764,609) in an equipment replacement sinking fund.

Notes to the Financial Statements

16. Creditors: amounts falling due within one year

	Group 2023 £'000	Group 2022 £'000	Association 2023 £'000	Association 2022 £'000
Loans and overdrafts (Note 18b)	1,351	1,555	1,351	1,555
Trade creditors	224	327	224	327
Amounts owed to group undertakings	-	-	29	29
Rents and service charges paid in advance	1,098	931	1,098	931
Service charge balances held on behalf of leaseholders	75	70	75	70
Accruals and deferred income	1,445	1,795	1,445	1,795
Deferred capital grant (Note 19)	476	476	476	476
Recycled capital grant fund (Note 20)	76	134	76	134
Other creditors	550	512	550	512
	5,295	5,800	5,324	5,829

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

	Group 2023 £'000	Group 2022 £'000	Association 2023 £'000	Association 2022 £'000
Loans (Note 18b)	34,719	36,220	34,719	36,220
Deferred capital grant (Note 19)	45,475	45,891	45,475	45,891
Recycled capital grant fund (Note 20)	99	94	99	94
Leaseholder sinking funds	849	765	849	765
	81,142	82,970	81,142	82,970

Notes to the Financial Statements

17(b). Debt analysis

	Group		Association	
	2023	**2022**	**2023**	**2022**
	£'000	**£'000**	**£'000**	**£'000**
Loans repayable by instalments:				
Within one year	1,351	1,555	1,351	1,555
In one year or more but less than two years	1,164	1,280	1,164	1,280
In two years or more and less than five years	12,851	3,135	12,851	3,135
In five years or more	801	11,737	801	11,737
	16,167	17,707	16,167	17,707
Loans not repayable by instalments:				
Within one year	-	-	-	-
In one year or more but less than two years	-	-	-	-
In two years or more and less than five years	3,000	3,000	3,000	3,000
In five years or more	16,500	16,500	16,500	16,500
	19,500	19,500	19,500	19,500
Loan issue premium	542	568	542	568
Loan issue costs	(139)	-	(139)	-
Total loans	36,070	37,775	36,070	37,775

Loan issue costs are amortised over the period of the associated loan and have been reclassified as deduction from the related loan for 2023; included in the loan interest sinking fund balance (current assets) in the prior year but not restated as not material.

Loans are secured by specific charges on the Association's individual properties. The instalment loans are repayable monthly/quarterly at varying rates of interest.

The Association's interest rate profile at 31 March 2023 was:

At 31 March 2023	**Total £'000**	**Variable Rate £'000**	**Fixed rate £'000**	**Weighted Average rate %**	**Weighted average term Years**
Instalment loans	16,167	11,216	4,951	4.74	6.82
Non-instalment loans	19,500	3,000	16,500	4.81	20.51
	35,667	14,216	21,451	4.77	13.16

At 31 March 2022	**Total £'000**	**Variable Rate £'000**	**Fixed rate £'000**	**Weighted Average rate %**	**Weighted average term Years**
Instalment loans	17,707	12,374	5,333	2.55	17.40
Non-instalment loans	19,500	3,000	16,500	4.79	18.16
	37,207	15,374	21,833	4.06	17.82

Notes to the Financial Statements

18. Deferred capital grant

	Group		Association	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
At start of the year	46,367	46,899	46,367	46,899
Grant received in the year	-	-	-	-
Transferred to recycled grant	59	-	59	-
Allocated from recycled grant	-	-	-	-
Released to income in the year	(477)	(532)	(477)	(532)
At the end of the year	45,949	46,367	45,949	46,367
	£'000	£'000	£'000	£'000
Amount due to be released < 1 year	477	476	477	476
Amount due to be released > 1 year	45,472	45,891	45,472	45,891
	45,949	46,367	45,949	46,367

19. Recycled capital grant fund - GLA

	Group and Association	
	2023	2022
	£'000	£'000
Opening balance	228	1,045
Inputs to RCGF:		
Grants recycled	-	-
Interest accrued	6	1
Recycling of grant:		
Grant allocated to development	(59)	-
Repayment of grant to GLA	-	(818)
Closing balance	175	228
Amount three years or older where repayment may be required	-	-
Amount due in less than one year	76	134
Amount due in more than one year	99	94

Notes to the Financial Statements

20. Non-equity share capital

	2023 £ and number of shares	2022 £ and number of shares
Group and Association		
Allotted Issued and Fully Paid		
At the start of the year	52	51
Issued during the year	-	3
Cancelled during the year	(4)	(2)
At the end of the year	48	52

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

21. Capital commitments

Group and association	**2023 £'000**	**2022 £'000**
Capital expenditure that has been contracted for but has not been provided for in the financial statements	2,115	2,750
Capital expenditure that has been authorised by the Board but has not yet been contracted for	2,100	4,430
	4,215	7,180

	2023 £'000	**2022 £'000**
The Association expects these commitments to be financed with:		
Social housing assistance (recycled capital grant)	58	228
Committed loan facilities	1,500	2,750
Proceeds from the sales of properties	2,657	3,000
Existing cash resources	-	1,202
	4,215	7,180

	2023 £'000	**2022 £'000**
Capital commitments will be incurred over the next:		
In less than one year	200	3,160
In one year or more but less than two years		-
In two years or more and less than five years	4,015	4,020
In five years or more		-
	4,215	7,180

Notes to the Financial Statements

22. Operating leases

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

	Group		Association	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Land and buildings:				
Less than one year	-	-	-	-
One to five years	-	-	-	-
	-	-	-	-
Others:				
Less than one year	-	3	-	3
One to five years	-	-	-	-
	-	3	-	3

The lease agreements do not include any contingent rents or restrictions. Leases for land and buildings include reviews every 5 years throughout the lease.

Soho Housing has several commercial properties. The commitments of future minimum lease payments from those lessees to Soho Housing is as follows:

	Group		Association	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Land and buildings:				
Less than one year	1,909	1,680	1,909	1,680
One to five years	6,334	7,058	6,334	7,058
More than 5 years	6,418	6,062	6,419	6,062
	14,662	14,800	14,662	14,800

Soho Housing, as a lessor, rents housing properties to many residential tenants. Their tenancy agreements allow them to cease their tenancy by giving 4 weeks' notice.

Other than the two (2022: two) shared ownership tenants, one tenant has the right to purchase their property under preserved right to buy on property transferred from the Greater London Council.

Notes to the Financial Statements

23. Contingent Liabilities

Group and Association	2023 £'000	2022 £'000
The total accumulated government grant and financial assistance received or receivable at 31 March:		
Held as deferred capital grant	45,949	46,367
Recognised as income in the income and expenditure reserve	15,161	14,684
	61,110	61,051

There is a contingent liability of £15,161k (2022: £14,684) government grant that has been amortised and taken to the reserves at 31 March 2023. If there is a disposal of any property to which this grant is attached the amount may become repayable.

24. Subsidiaries

The Association has one wholly owned subsidiary and an interest in a joint venture, both registered in England:

Name	Incorporation and ownership	Regulated/ non-regulated	Nature of Business
Soho Ltd	Company – 100%	Non-regulated	Development
West Smithfield Development LLP	LLP – 50%	Non-regulated	Property Development

During the year the Association let two properties on short lease to Soho Limited (the Company). Under the terms of the leases, the Company lets the properties at market rent and passes the rent on to the Association. There were no further transactions between the Association and Soho Limited during the year and there is an intercompany debt of £29k between Soho Limited and the Association on 31 March 2023 (2022: £29k).

West Smithfield Developments LLP is a joint venture. As of 31 March 2023, the LLP owed £nil (2022 - £nil) to the Group. The LLP distributed nil to Soho Limited (2022 - £nil).

26. Related parties

The board has two members who hold tenancy agreements with the Association on normal terms and cannot use their position to their advantage. Rent (including service charges) charged to the tenant board members was £9,152 (2022: £8,681). There are no arrears on the tenancy at the reporting period end (2022: £nil).