Annual Report
& Financial Statements

31st March 2024

The Financial Conduct Authority:
29516R

Regulator of Social Housing:
L4361

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FOREWORD BY THE CHAIR OF THE BOARD

I am pleased to present the Cobalt Housing Group 2023/4 annual report. It has been both a positive but also challenging year for Cobalt, its tenants and its communities.

Starting with the positive:

- Over the past twelve months, we increased our investment across a range of fronts, and we plan to invest even more moving forward, which is possible due our financial results remaining strong.
- I am delighted to see the progress made on the 88 new homes at Waterdale Gardens, with the first units handed over in April 2024. This will be the first year in a long time when the new homes developed outweigh those sold through Right to Buy.
- The Good Help Hub at our Lower House Lane office has gone from strength to strength, and Liverpool City Council has taken aspects of this successful model to apply across the city.

From a more challenging perspective, customer satisfaction levels are not where we want them to be, and our customers have told us loud and clear that:

- Our repairs service is currently not working effectively.
- They want to see accelerated investment in their homes to address increased levels of damp and mould being reported and to address fuel poverty.

In addition, the cost of living and overstretched public services remains a challenge, and some of our customers need considerable support.

To address these challenges:

- We are bringing our repairs service in-house, with the first phase starting in August 2024 and the entire project completing in 2025. We are also investing in the systems and processes we use to communicate with our customers and colleagues.
- We have clear plans in place to invest and improve our existing homes. This includes traditional components like new kitchens and bathrooms as well as energy efficiency improvements. Our investment plan is supported by survey results for 91% of our homes.
- Our first phase of energy efficiency improvements is on-site and I am pleased to report that 70% of our homes are already rated EPC C or higher. If we can secure grant funding, we aim to get the remaining 30% to EPC C by 2028 - two years ahead of the Government target.
- We are investing in Cobalt's community hub to deliver even better services and support for those who need it.
- We will continue to invest in quality new homes and will deliver 1,000 in total by 2032.

As I write, we are days into the term of a new Labour Government. They have made a number of announcements with commitments towards new housing and in particular new affordable housing.

I look forward to seeing how their agenda supports our own commitment and aspirations for Cobalt customers and communities.

Kieran Timmins
Chair of Cobalt Housing's Board

BOARD, SENIOR MANAGEMENT AND PROFESSIONAL ADVISORS

Members of the Board
Kieran Timmins (Chair)
Wesam Baker
Yvonne Davis
Mark Patchitt
Stephanie Ramsden
Pamela Smith
James Anderson (appointed May 2023)
Zoe Carmichael (appointed May 2023)
Liam Knowles (appointed May 2023)
Helen Ward (appointed May 2023)
David Luing (appointed September 2023)

Members who stood down in the year
Andy Pritchard (to September 2023)
Mike Rea (to September 2023)
Eddie Wright (to September 2023)

Executive Directors
Claire Griffiths (Chief Executive)
Annette Brandwood (Director of Governance & Assurance)
Jonathan Webster (Chief Financial Officer)
Ian Hancock (Executive Director of Property) – appointed June 2023
Louise Davies (Executive Director of Communities & Regeneration)
Sequoia Chapman (Director of Transformation & Digital)

Company Secretary
Annette Brandwood

Registered Head Office
Cobalt Housing Limited
199 Lower House Lane
Liverpool
L11 2SF

Principal Legal Advisors
Brabners Chaffe Street LLP
58 King Street
Manchester
M2 4LQ

External Auditor
Beever and Struthers
One Express
1 George Leigh Street
Manchester
M4 5DL

Principal Banker
National Westminster Plc
33 Piccadilly
Manchester
M1 1LR

Principal Funders
bLEND Funding Plc
3rd Floor
17 St. Swithin's Lane
London
EC4N 8AL

Santander UK plc
2 Triton Square
Regent's Place
London
NW1 3AN

STRATEGIC REPORT

Overview and background

Cobalt is a Liverpool based, not for profit registered provider of social housing. Formed in 2003, it owns and manages just under 6,000 family homes for low cost rent in the neighbourhoods of Fazakerley, Croxteth and Norris Green.

Principal activities

The Association is a public benefit entity, whose principal activities are the management, maintenance and development of affordable homes for rent. It owns 5,766 homes as at March 2024, located on the north-eastern outskirts of Liverpool.

The Association defines its role as being much more than just a landlord managing bricks and mortar. Cobalt is a people business and is actively engaged with partners to bring about lasting positive change to individuals, our communities and our neighbourhoods.

The majority of its homes are ‘general needs’ social housing for rent, with all but 11 homes falling into this category. The majority are semi-detached or terraced family homes with gardens front and rear.

Property history	2003-2024
Stock transfer in 2003	**6,138**
Less property sales	-1,234
Less demolitions and other disposals	-377
Add development of new homes	752
Add homes acquired from other providers	438
Add other homes purchased	49
Total homes owned at March 2024	**5,766**

Current property ownership	31st March 2024	
	Number	%
General housing (social rent)	5,357	92.9%
General housing (affordable rent)	396	6.9%
Low cost home ownership	2	-
Total social housing homes	**5,755**	**99.8%**
Non-social housing (market rent)	11	0.2%
Total homes owned at March 2024	**5,766**	**100%**

Legal structure

The Association is a charitable Registered Society under the Cooperative and Community Benefit Societies Act 2014. It is registered with the Financial Conduct Authority with a registration number of IP29516R. The Association is registered with the Regulator for Social Housing as a Registered Provider of Social Housing with a registration number of L4361.

The Association has a wholly owned subsidiary, Altview Living Limited. This company is registered at Companies House with a registration number of 12553683. It undertakes development activity on behalf of the Association.

Our strategy and Corporate Plan

Cobalt is a strong and resilient anchor organisation and we can significantly assist our customers and communities through uncertain times. Our commitment and ambition is far greater than that, and our plans for the next stage of our journey involve significant change and investment to ensure that we become a catalyst for our communities to thrive and to be able to live their lives to their best potential.

We are confident and determined to ensure that we can drive much greater opportunities for our communities. We will continue to collaborate with our customers, the wider housing sector, local government, public and voluntary agencies, our supply chain and the research community to achieve our objectives, and we will be agile and responsive to changing needs and opportunities as they evolve.

Our Corporate Plan for 2023-2028 describes our mission and purpose:

Our Purpose	**We will provide quality homes and services and maximise the positive impact of our investment for the communities we serve.**
Our Vision	**Everyone deserves a community they can call home; a place to make their own, feel safe and secure and set down firm foundations. The right home will help people to live well, realise their potential and achieve the things that are important to them.**

STRATEGIC REPORT

We have developed four corporate priorities to help us focus on delivering our ambitious plans. For each priority, we have developed a set of local performance Indicators, core supporting objectives and future measures of success.

Provide excellent customer service

We will provide the best possible services to our customers. We know that we have work to do to improve some of our services, including repairs, and we are continuously reviewing and developing ways to do this.

The key performance indicators for this priority are:

Performance measure	Measure of:	2022/23 Actual	2023/24 Target	2023/24 Actual	RAG Status	2024/25 Target	Notes
% Rent Loss (General Needs)	Efficiency	0.7%	<1.0%	0.6%	🙂	<1.0%	Void losses were below target and reduced year on year.
% Tenancy Turnover	Effectiveness	4.5%	5.0%	4.1%	🙂	5.0%	Our drive to create sustainable tenancies in thriving communities is maintaining low tenancy turnover.
Actual Re-let Time	Efficiency	54 days	35 days	51 days	☹️	35 days	Relet times improved in 2023-24 but this remains a key focus for improvement.
% Rent Collected	Efficiency	99.7%	>99.25%	99.2%	😐	>99.25%	Rent collection was marginally below target.
% Current Tenant Rent Arrears (excl. amounts due to Hsg Ben)	Efficiency	4.3%	<4.7%	4.4%	🙂	<4.8%	Current tenant rent arrears ended the year lower than target.
% Former Tenant Rent Arrears	Efficiency	1.3%	<1.5%	1.0%	🙂	<1.5%	Former tenant rent arrears fell during the year to 1.0%.

The core objectives and local success measures for this priority are:

Priority	Success measure by March 2025
Understand our customers and their perspective about what's important through data, surveys, sentiment and trends.	Evidence how customer feedback has helped us to make informed decisions.
	Have visited / contacted 30% of our customers (most vulnerable) as part of our Big Listen campaign to enhance our customer profiling.
Listen, learn and act on customer feedback to continually improve overall customer experience	100% of initial complaints are resolved to our customers' satisfaction within 10 working days.
	Achieve a consistent level of 95% overall customer satisfaction (transactional)
Operate a strong customer engagement framework that is accessible to all our customers and enables the co-design of our offer across all aspects of our business.	Ensure that 100% of our customers know about our engagement framework and the opportunities open to them.
	Increase our involved tenant participation by 20% and ensure we have meaningful conversations that help us improve what we do.

STRATEGIC REPORT

Invest in quality homes

We will ensure that the significant resources we invest in our homes, services and the wider community, achieve targeted and measurable outcomes for the benefit of Croxteth, Norris Green and Fazakerley and Sparrow Hall.

The key performance indicators for this priority are:

Performance measure (all homes)	Measure of:	2022/23 Actual	2023/24 Target	2023/24 Actual	RAG Status	2024/25 Target	Notes
% Properties failing to meet the Decent Homes Standard	Effectiveness	0.5%	0%	0.3%		0%	We ended the year with nineteen homes failing the standard. The works to make them decent have been programmed.
% properties with a Landlord Gas Safety Record	Effectiveness	99.98	100%	99.8%		100%	Twelve properties were overdue for inspection at year end. Appropriate legal action is being pursued to gain access.
% of properties that have had all necessary asbestos surveys (TSM)	Effectiveness		100%	100%		100%	All properties had the necessary asbestos surveys.
% properties with valid electrical certificate	Effectiveness	99.93%	100%	99.7%		100%	Fifteen properties were overdue for inspection at year end. Appropriate legal action is being pursued to gain access.
% properties with a valid Fire Risk Assessment (TSM)	Effectiveness	100%	100%	100%		100%	Full compliance achieved.
% of homes rated EPC C or above	Effectiveness	66.5%	69%	70.7%		75%	Strong progress in the year towards our target of 100% compliance by 2028.

Performance measure (new homes)	Measure of:	2022/23 Actual	2023/24 Target	2023/24 Actual	RAG Status	2024/25 Target	Notes
Starts on site	Effectiveness	88	47	0		173	No new schemes started in 2023-24 as suitable opportunities did not progress. Higher level of new starts planned for 2024-25.
New homes completed or acquired	Effectiveness	50	Nil	Nil		96	There were no new homes planned for 2023-24. The next completions are due in 2024-25.
Land and property acquisitions	Effectiveness	2	10	8		5	Eight existing homes acquired, contributing to our estate regeneration priorities.
% Tenant satisfaction with new build	Effectiveness	98%	-	-		95%	No new homes were completed in the year . The next completions are due in 2024-25.
Value of development schemes in the pipeline	Economy		£20m	£79m		>£50m	A healthy pipeline of development opportunities is in place.
In year planning approvals obtained (projects)	Effectiveness		4	1		4	Securing planning approvals from Liverpool City Council is taking much longer than expected.

The core objectives and local success measures for this priority are:

Priority	Success measure By March 2025
Deliver an improved repairs service to reflect feedback from our customers	Deliver Phase 1 of the Improving our Repairs plan, bringing the service in-house, supported by local contractors.
	Consult customers on a new repairs standard and embedded all requirements in the new operating model.
	Allocate 100% of emergency and urgent repair appointments at the first point of contact.
	Achieve a minimum of 85% customer satisfaction on completed repairs.
	Achieve a 5% improvement on 2023/24 TSM results for satisfaction with repairs and satisfaction with time taken to complete most recent repair

Priority	Success measure By March 2025
Use our updated stock condition data to drive our investment programmes, delivering component replacements to the Cobalt Home Standard	Co-create a new Cobalt Home Standard with customers.
	Mobilise a planned maintenance programme to deliver components in accordance with the Cobalt Home Standard.
	Achieve 85% customer satisfaction on completion of the planned maintenance programme.
Have a clear set of measures to enable our net zero carbon emission ambitions, including the delivery of EPC C within the next 4 years	A fully priced plan to net zero, based on updated stock condition data.
	Apply for SHDF Wave 3 funding and mobilised the plan to deliver the energy efficiency programme.
	75% of our homes at Energy Performance Certificate level C.
	Achieve 85% customer satisfaction on completion of the energy efficiency programme.
Develop a diverse programme of affordable housing which meets the needs of our customers, including homes for families, older persons and intermediate tenures including shared ownership and rent to buy.	Complete a further 75 new and refurbished homes in our core neighbourhoods, and secure planning approval for key strategic sites including Langholme Heights.
	Embed the policies, processes and staffing structures to deliver a mixed tenure development programme.
	A strong pipeline of opportunities with North West developers and house builders to support the successful delivery of our Development Strategy
Deliver focused regeneration in our core neighbourhoods through a combination of new build and refurbishment projects, which will improve our estates and provide further choice for our customers.	Planning consent for key regeneration projects in our core neighbourhoods to transform the Stonedale Estate and adjacent areas.
	Complete the decanting of customers from properties in Stonedale to Waterdale Gardens and secure customer feedback on the quality of their home and customer journey experience.
Harmonise operations between building and maintaining our customers' homes. Finalise our Cobalt Design Standard to balance quality, sustainability and environmental considerations.	A refreshed Cobalt design and performance specification for well-designed, energy efficient homes. This will be aligned with Future Homes Standard and our obligations associated with energy and sustainability.
	Refine our development customer satisfaction process in order to achieve a 95% satisfaction rate for all new build homes.
Expand our current geographic base within the Liverpool City Region where new homes make a positive contribution to our Business Plan. Our delivery programme will align with the housing strategy requirements of the Local Authority Partners.	Commit to a further 200 new affordable homes, expanding our offer to customers
	Continue to secure grant funding opportunities that align strategically with Housing Policy and maximise alternative funding support, such as estate regeneration and brownfield land initiatives.
	Assess land-banking opportunities that support the forward pipeline of our development programme.

Support thriving communities

Our wider investment in community support and development will be closely aligned to what our communities tell us their needs are, and what we know will make the most positive impact on their lives.

The key performance indicators agreed for 2024-25 for this priority are:

Performance measure	Measure of:	2022/23 Actual	2023/24 Target	2023/24 Actual	RAG Status	2024/25 Target	Notes
Number of tenants supported into employment opportunities	Effectiveness	116	150	59		70	We are pleased to be able to support tenants into employment opportunities.
Number of tenants supported into training opportunities	Effectiveness	148	175	647		250	We are pleased to be able to support tenants into training opportunities.
Amount of additional welfare benefit awarded to tenants	Effectiveness	£1.5m	£1.3m	£1.0m		£1.3m	We secured significant additional benefit awards for our tenants during the year.
% of new tenancies sustained beyond 12 months	Effectiveness	90.5%	95%	97.8%		95%	The creation of new Tenancy Wellbeing Officer roles has improve tenancy sustainability.
%age spend with businesses based in Liverpool City Region	Local Economy	72%	>50%	79%		>50%	Our spending power can make a positive contribution to the local economy.

The core objectives and local success measures for this priority are:

Priority	Success measure by March 2025
Ensure our colleagues are visible in our Neighbourhoods and are providing support that is accessible to all, with a focus on improving our impact in our communities.	30% of customers will have received a tenancy visit as part of the Big Listen and we will have communicated a programme of neighbourhood inspections.
	Continue to operate monthly surgeries in the core neighbourhoods and share feedback with Homes and Neighbourhoods Committee (HNC) on the outcomes / requests being received from customers.
	Refreshed the Neighbourhood Plans for our core neighbourhoods and reported back customer priorities.
	Develop our Neighbourhood Strategy.
Expand our community hub service, working with partners to deliver a focused programme of events to enable inclusion, safety and wellbeing.	Community hub stakeholder group established to inform and develop the work of our hub and look to maximise the involvement of our customers within this process.
	Annual report evidences the impact of our neighbourhood and partnerships work in our communities, with associated social value outcomes.
	Deliver £92,500 funding investment from UK Shared Prosperity Fund (UKSPF) with local community organisations, providing volunteering opportunities to improve green spaces within our neighbourhoods.
Social value is embedded in all our work and creates a positive impact on our communities.	Go live with the HACT social impact tool and provide a detailed assessment of our social value activity and the impact of our various workstreams on customers and communities. For every £ we spend, we will aim to deliver £20 return on investment.
	Develop a Social Value Strategy which considers the wider non-financial impact of programmes, organisations and projects on the wellbeing of individuals within our communities. Create a new Social Value Policy by 2025.
Develop and embed our existing Tenancy Wellbeing Service to focus on early intervention and prevention, alongside the delivery of 'whole person- centred support' at times of crisis.	Expand the services we offer around ASB support to the customers and areas that need it most. Promote a 'safe places / safe spaces' approach, so customers can access the support that they need to feel safe.
	Develop a case management process to triage customers' needs and increase early intervention rates by 20%.

Develop positive people

Successful delivery of our Corporate Plan is based on the creation of an environment where we attract, retain and support talented people who share our values, and who are in turn valued and supported.

The key performance indicators agreed for 2024-25 for this priority are:

Performance measure	Measure of:	2022/23 Actual	2023/24 Target	2023/24 Actual	RAG Status	2024/25 Target	Notes
Health and safety breaches (including RIDDOR)	Effectiveness	5	None	1		None	There was a single RIDDOR reportable incident relating to an injury to a member of the public. Appropriate action has been taken.
Working days lost to sickness	Efficiency	6.5	7	10.4		7	We experienced a significant increase in long term sickness absences in 2023-24. Actions are underway to seek to improve this.
Investors in People accreditation	Effectiveness	Silver	Silver	Silver		Silver	Silver accreditation was maintained.
% employees paid (at least) the real living wage	Economy	100%	95%	100%		95%	Cobalt pays all its employees, excluding apprentices, in excess of the real living wage.
Median gender pay gap	Economy	Nil	No gap	8.3%		No gap	The median gender pay gap increased from zero to 8.3% in the year. The mean average gap is 0.4%.

STRATEGIC REPORT

The core objectives and local success measures for this priority are:

Priority	Success measure by March 2025
Develop our culture, values and behaviours to allow us to: ✓Ensure that excellent customer service is at the heart of everything we do ✓Improve our colleague experience through flexible and collaborative ways of working ✓Empower our colleagues to work flexibly and autonomously, creating an environment that thrives on respect, trust and accountability.	Develop and launch a line management development programme.
	Develop a new performance management process, with particular emphasis on customer service, and deliver training for colleagues.
	80% of colleagues will be participating in our new engagement processes.
	Evidence progress towards developing our culture.
	Co-created new values and behaviours with colleagues and other stakeholders.
Attract, retain and develop a diverse workforce with the right professional skills, values and experience.	Launch the EDI strategy and provide comprehensive training for all staff.
	Collect a data set that allows us to better understand our workforce and who we are attracting to work at Cobalt. We will agree appropriate targets for the future.
	Pilot new initiatives to improve the diversity of applicants.
	100% of staff will understand what is expected of them as a result of the new professional standards and we will set a clear plan to deliver on the requirements.

The operating environment and future prospects

Cobalt's business fundamentals remain strong, characterised by low borrowing, significant liquidity and the capacity and ambition to deliver increased investment into existing homes and growth. In 2023-24, we had to deal with a higher number of instances of damp, mould and condensation in our homes and we increased our investment to tackle this accordingly. More generally, we have experienced an increase in the cost of property repairs and we have factored this into our revised financial plans.

We have revised our stock condition survey projections to reflect improved property knowledge and component pricing expectations. Our 30-year financial plan includes sufficient resources to deliver the required property re-investment to keep our homes fit for purpose. Our financial plan also includes the funding necessary to improve all our homes to EPC C by 2028.

Despite the recent challenges with instances of damp and mould, our homes and neighbourhoods remain popular and demand outstrips supply. The majority of those taking up a new tenancy choose to stay, with overall tenancy turnover at less than 5% last year. In 2024, we expect to complete our first low cost home ownership properties. A waiting list has been opened in advance and demand for these homes is high.

Our pipeline of potential new build development schemes has grown significantly in the last year, and we are on track to achieve our target of 1,000 new homes by 2032. The Liverpool City Region Combined Authority has started developing its role in delivering some significant infrastructure funding and projects. We successfully bid for grant support from the combined authority's brownfield land fund, to support the regeneration of our Stonedale estate.

Our neighbourhoods have transformed since Cobalt was created in 2003. Alongside our investment, the area has benefited from new commercial and retail investment and several hundred new private homes for sale and rent. Despite this, our communities face multiple inequalities and barriers to success.

Sector

Following the results of the recent general election, the Labour Party has made it clear that it understands the transformative effect of growing up in safe, secure and affordable housing, and shares the sector's passion for social housing and a commitment to end the housing crisis. The Regulator of Social Housing launched its new Consumer Standards in April 2024, and this was a key part of our recent Regulatory inspection. Work across the sector continues to focus on 'knowing your homes, who lives in them and what are their specific needs', to enable providers to tailor their services to better meet customers' requirements.

STRATEGIC REPORT

Cost of living crisis

Although inflation has fallen back towards target levels in recent months, we know that many of our customers still face significant financial hardship.

Despite the pressure on family finances, rent collection and arrears performance was maintained over the past twelve months. For planning purposes, we have provided for an increase in rent arrears. We will do everything possible to support our communities and we have made increased provision over the next three years for investment into community support initiatives.

Producer prices inflation

Cobalt has also been impacted by rising prices, with many contracts linked to increases in CPI. Regulated rents have risen by less than CPI in five of the last nine years, putting pressure on the finances of the social housing sector. It is good to see that the rate of inflation has fallen back to target, but the higher than income increases in operating costs remain. High inflation and supply chain shortages have impacted on our viability and ability to maintain investment and service levels.

Rent setting

The current rent setting regime allows for rent increases of up to CPI (consumer prices index) + 1% until 2025-26. Cobalt's regulated rents increased by 7.0% in April 2023 and 7.7% in April 2024. In May 2024, CPI fell to the 2% target, but is expected to increase later in the year. Our plans assume that inflation will be 2.5% in September 2024, and that rents will rise by 3.5% in 2025.

The rent settlement for 2026 and beyond has yet to be announced. Increases above CPI from 2026-27 may continue, however our financial plans do not rely upon this.

Our homes

Many of the property components installed in the years immediately after stock transfer in 2003 are becoming due for second renewal. Keeping our homes well maintained and fit for the future is a key responsibility, and our financial plan includes the funding necessary to achieve this.

We are improving the energy efficiency of our homes and 70% of our homes are now at EPC C or above. Our plan includes the resources necessary to get the remaining 30% to EPC C by 2030. If we are able to secure further grant to support our investment, then we may be able to achieve this target by 2028. In the long term, in pursuit of net carbon zero, our plan includes resources to improve our homes to EPC B where possible, and decarbonise the form of heating and hot water.

Over time, we anticipate that government policy, technology and potential funding streams will develop. Our plan assumes that 50% of the total cost of energy efficiency and decarbonisation will be funded by grant. We have stress tested the impact if grant beyond EPC C was not available.

We have no high-rise homes and so do not face the same challenges as other landlords over building safety remediation.

New homes

We ended 2023-24 with cash and short-term investments of £54.8m and an undrawn loan facility of £5m. This provides the majority of the funding needed to fund our plans to develop new homes for the next two years. Further funding facilities will be put in place in 2024. Cobalt has ambitious plans to grow the business, and our plans are based upon 1,000 unit completions by 2032 including homes for rent and for low-cost home ownership.

There is grant available through Homes England to support social housing for sale and for rent. Our development plans are predicated on grant being available to part fund the cost. Should funding not be available, then alternative tenures and reduced development levels would result. The delivery of affordable and social rented homes in our core neighbourhoods will continue to be a focus for Cobalt, ensuring that we strive to meet the demand for this tenure as one of our key products.

Home ownership and rent to buy

We recognise the importance of alternative forms of tenure and providing choice and options for a wider customer base, including first time buyers and those struggling to secure a home on the private rental market. Home ownership is therefore an integral part of our development strategy. New homes will be delivered across the Liverpool City Region to add financial resilience to our business plan.

We see continued demand from tenants who quality for the Right to Buy or Right to Acquire their home, selling 39 properties to tenants in the past year. We expect this level to reduce to 20-25 units per year from 2024, as high mortgage rates impact on affordability.

STRATEGIC REPORT

Risk and uncertainty

Effective risk management is vital to the success of the Association. Our approach to mitigating risks and maximising opportunities is aligned to our business activities and supports the achievement of our strategic objectives. Our strategic risk register is kept under constant review and at the time of publishing identifies fourteen strategic risks as described below:

Strategic Risk	Risk Score (1-25)	Key management and mitigation
ICT service provision Digital services provision (systems, infrastructure, security, resourcing) is not effectively developed, maintained or sufficiently resilient, leading to core service activity not being provided to stakeholders to the required standard, quality or timescale.	16	Delivery of core ICT services is currently outsourced under a formal service level agreement. Regular steering group and programme board meetings discuss performance, project delivery and direction of travel. A business/project plan to bring ICT service in-house to improve operational efficiency and improve digital services is underway and this is reflected in the risk score rating.
Customer expectations and service Service delivery does not meet customers' needs, expectations or service standards	16	We manage customer expectations, experience and service as a key objective for our business, and within our response to the new Consumer Standards. There are extensive mechanisms in place for customer engagement to ensure we keep pace with changing customer requirements and legal and regulatory standards. We focus our activities on the delivery of our Customer Voice Strategy and link to Tenant Satisfaction Measures, transactional surveys, feedback and complaints, with customer insight used to inform decisions and improvements to service offer.
Safeguarding Safeguarding Cobalt customers, their families and visitors to their homes	16	Safeguarding champions have been established to provide advice to colleagues on safeguarding issues. The introduction of Tenancy Wellbeing Officers provide support for vulnerable customers with complex needs. A robust training programme is in place.
Reputational Management Failure to manage increased reputational scrutiny of key stakeholders.	16	A Marketing and Communications Strategy is underway, which will include stakeholder engagement. The Marketing and Communications team sits on the mobilisation group for the Improving our Repairs project and a Communications Plan is in place to ensure customer and colleague communications are effectively delivered. A new website will be delivered in 2024-25.
Environmental and Zero Carbon Challenge Failure to meet emerging environmental and zero carbon challenges in line with sector standards.	16	There is a range of activity to ensure our asset management and new homes programme will satisfy Environmental, Health and Safety and new emerging regulatory and consumer/ tenant standards BY March 2025 we will complete the SHDF Wave 2 programme to improve 287 homes to EPC level C or above.
Health and safety Failure to comply with legislation results in death, serious injury, regulatory investigation and penalties.	16	Robust health and safety procedures with appropriately trained staff. Annual risk assessments undertaken with all areas of the business. ICT systems enhanced to automatically report on landlord compliance obligations and performance.
Asset management Inadequate asset management leads to a decline in stock condition and/or a failure to maximise our return on assets**.**	12	Business plan resources and property improvement plans are linked to detailed knowledge of our stock and its stock condition needs.

Strategic Risk	Risk Score (1-25)	Key management and mitigation
Economic conditions/financial crisis Adverse macro-economic circumstances that may result in significant loss of income, increase in costs or our failure to achieve corporate objectives.	12	Significant degree of headroom maintained to contend with possible financial shocks or deterioration in the macro-economic climate. Financial plan stress tested for the impacts of a range of adverse scenarios and modelled the impact of real terms reductions in net cash flows.
Development and regeneration Failure to deliver the approved development programme, including replacing homes sold under Right to Buy to time, standard or within budget, in order to deliver our strategic plan.	12	A full suite of sub-risks has been developed to deliver our strategic investment and growth plan, using the PESTEL methodology. A detailed financial appraisal and risk management review are conducted for all schemes prior to formal approval process.
Government policies Changes to social housing and welfare policies impact on our asset base, our income and our tenants' ability to pay.	12	We are fully conversant with government policies and proposals and these are kept under review, along with emerging sector standards. We have effective income management processes with robust performance monitoring in place. A specialist welfare and benefits advice team support those tenants most at risk.
Data and records Failure to manage the quality, integrity, security and governance of data, resulting in regulatory and data management breaches, legal claims, fines and reputational damage.	12	Data protection policies and procedures in place, with regular staff training and awareness campaigns. Robust cyber-security arrangements are in place and regularly tested. An email security software solution is in place to further mitigate potential breaches and phishing attempts.
People and culture to deliver Corporate Plan Failure to attract, retain or motivate staff has an adverse impact on people, culture and related performance and ability to deliver Corporate Plan.	9	Qualified in-house HR function in place. Detailed and comprehensive support package in place for all staff, with hybrid office and agile/remote working arrangements now forming part of the standard business model operating arrangements.
Financial Viability Ineffective financial planning and management results in a failure or inability to react to adverse financial events and a breach of loan covenant.	8	Robust approach to and governance of budget setting and financial planning. Multivariate stress testing ensures adequate headroom against agreed financial golden rules. Robust Treasury Management Policy and Procedures limit our exposure to refinancing and liquidity risks.
Governance Ineffective governance leads to non-compliance with regulatory requirements, inappropriate decision making and a failure to achieve corporate objectives.	6	A skills-based Board and Committee Structure supported by an experienced and qualified Senior Management Team and Company Secretary. Governance Framework sets out clear roles, responsibilities and requirements. Skills, capacity and systems in place to meet all regulatory standards.

STRATEGIC REPORT

Financial and Operating Review

The Group achieved an operating surplus of £5.9m (2023 £9.4m). Net interest charges were positive in the year, as we earned more interest on deposits than we paid on borrowing. These charges resulted in a surplus on ordinary activities for the year of £8.0m (2023 surplus £9.6m).

Statement of comprehensive income	**Group 2024 £m**	Group 2023 £m	**Association 2024 £m**	Association 2023 £m
Turnover	**31.7**	29.1	**31.8**	29.1
Operating costs	**(27.7)**	(22.4)	**(27.7)**	(22.4)
Gain on disposal of housing properties	**1.8**	2.6	**1.8**	2.6
Increase in valuation of investment properties	**0.1**	0.1	**0.1**	0.1
Operating surplus	**5.9**	9.4	**6.0**	9.4
Net interest charges	**2.1**	0.2	**2.1**	0.3
Surplus/(Deficit) for the year	**8.0**	9.6	**8.1**	9.7
Other Comprehensive income	**(0.5)**	(0.2)	**(0.5)**	(0.2)
Total Comprehensive Income	**7.5**	9.4	**7.6**	9.4

Turnover

Turnover increased by £2.7m (9.2%) to £31.7m (2023 £29.1m). The income from rents increased by 7.0% in line with the increase applied to regulated rents in April 2023.

Operating costs

Operating costs increased by £5.3m (23.9%) to £27.7m (2023 £22.4m). The main factors behind this increase were an increase of £1.2m (19.2%) to £7.6m in management costs to support our business improvement plans and an increase in property repairs of £3.5m (49.7%) to £10.5m.

Gain on disposal of housing properties

The gain on the disposal of homes reduced by £0.8m to £1.8m. 39 homes were sold in the year (2023 61 sales). See note 4 for more details.

Interest receivable and payable

Interest receivable on short-term investments and deposits increased to £2.9m (2023 £1.0m) as interest rates rose during the year. Interest payable was unchanged at £0.7m (2023 £0.7m).

STRATEGIC REPORT

Five-year financial highlights - Association

Statement of comprehensive income	2024 £m	2023 £m	2022 £m	2021 £m	2020 £m
Turnover	**31.8**	29.1	28.1	27.7	27.2
Cost of sales	**-**	-	-	-	-
Operating costs	**(27.7)**	(22.4)	(20.3)	(21.1)	(20.3)
Gain (loss) on disposal of housing properties	**1.8**	2.6	2.8	1.1	1.5
Increase in value of investment properties	**0.1**	0.1			
Operating surplus	**6.0**	9.4	10.6	7.7	8.4
Net interest (charge)/income	**2.1**	0.3	(0.7)	(8.1)	(2.1)
Surplus on disposal of assets	**-**	-	-	-	-
Surplus for the year	**8.1**	9.7	9.9	(0.4)	6.3

Statement of financial position	2024 £m	2023 £m	2022 £m	2021 £m	2020 £m
Fixed assets at cost less depreciation	**150.5**	143.3	146.1	143.8	147.2
Net current assets/(liabilities)	**52.4**	51.2	39.2	3.7	24.6
Pension asset	**-**	-	-	0.4	0.6
Total assets less current liabilities	**202.9**	194.5	185.3	147.9	172.4
Creditors due after more than one year	**(68.9)**	(68.3)	(68.6)	(40.1)	(64.0)
Provision for liabilities	**(1.8)**	(1.6)	(1.6)	(4.1)	(1.7)
Total Net Assets	**132.2**	124.6	115.1	103.7	106.7
Reserves	**132.2**	124.6	115.1	103.7	106.7

Treasury and funding	2024	2023	2022	2021	2020
Borrowing outstanding	**£25.0m**	£25.0m	£25.0m	-	£25.0m
Cash and equivalents	**£34.8m**	£44.8m	£32.3m	£6.3m	£22.1m
Net debt / (cash)	**£(9.8m)**	£(19.8m)	£(7.3m)	£(6.3m)	£2.9m
Debt per unit owned	**£4.3k**	£4.3k	£4.3k	-	£4.2k
Net debt / (cash) per unit owned	**£(1.7k)**	(£3.4k)	(£1.2k)	(£1.1k)	£0.5k

STRATEGIC REPORT

Treasury and funding review

The Association defines its treasury management activities as the management of the Association's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

The Association regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities focuses on their risk implications for the Association.

The Association acknowledges that effective treasury management will provide support towards the achievement of its business and services objectives. It is committed to the principles of achieving best value in treasury management, and to employing suitable performance measurement techniques within the context of effective risk management.

The Board of Management sets annual targets/parameters for its treasury management operations including:

- A limit on exposure to variable interest rates, currently 40%
- Use of derivative instruments
- Approved sources of borrowing and investment.

Treasury position – cash flows, funding and liquidity

The Group is financed by a combination of retained reserves, long-term loan facilities and project specific grants that part-fund the acquisition and development of new homes.

The net cash inflow from operating activities reduced by 30% to £10.8m in 2023-24 (2023 £15.5m). This operating cash inflow funded all the Association's investing activities in the year.

There were no changes to the Association's borrowing in the year. Total borrowing remained at £25m, at a fixed interest rate until repayment in 2054.

Total borrowing is repayable in instalments as follows:	**2024 £'000**	2023 £'000
Within one year or on demand	**-**	-
One year or more but less than two years	**-**	-
Two years or more but less than five years	**-**	-
Five years or more	**25.0**	25.0
Total borrowing	**25.0**	25.0

The Association had closing cash and equivalents (maturing within 90 days) of £34.8m and short-term deposits (maturing within 365 days) of £20.0m. All cash deposits and investments are time limited and restricted to institutions or money market funds that meet prudent counterparty credit criteria.

Year ended 31st March	**2024 £'m**	2023 £'m
Borrowing outstanding	25.0	25.0
Cash and equivalents	(34.8)	(44.8)
Short-term investments (greater than 90 days but less than 1 year)	(20.0)	(9.0)
Net indebtedness (borrowing less cash and short-term investments)	**(29.8)**	(28.8)

At the 31st March 2024, the Association had access to committed, secured and fully drawable revolving credit loan facilities of £5.0m. The cash and short-term investments and undrawn facilities are sufficient to fund the Association's projected spending plans until December 2025. Further funding will be put in place in 2024.

Interest rate risk

At the 31st March 2024, 100% of the Association's borrowing was at fixed rates of interest.

STRATEGIC REPORT

VALUE FOR MONEY

Our Value for Money Strategy

We are here to deliver the best possible outcomes for our tenants and communities from the resources we have available. Our ambition is to deliver the highest quality of customer services possible, and incorporate value for money (VFM) in its widest sense, and continuous improvement throughout all our corporate priorities.

VFM is an ongoing process where there will always be more that can be achieved and where changing circumstances need to be accommodated and adapted to. We have defined VFM as:

Making the most of all the resources we have available to optimise the delivery of our corporate objectives.

At its core it is about Cobalt being a well-run effective social business. It is having a clear understanding of what we are here to achieve and then continually re-engineering our business so that we optimise delivery. In this report, we utilise a range of VfM and performance metrics to describe the relationship between:

Operating costs
A competitive and affordable cost base improves our financial health and our capacity to deliver investment into both new and existing homes.

+

Operating efficiency
Optimising the income from our homes (consistent with our social purpose) through effective lettings and management.

=

Financial returns
Improved financial health and higher returns on our assets.

→

Investment capacity
Strong financial health provides increased capacity to develop new homes as well as meeting the long-term investment needs of existing stock.

Social outcomes
Our costs and performance must be commensurate with achieving our wider long-term corporate objectives. Short term savings cannot be at the expense of long-term viability, poor services or deteriorating homes.

Our value for money vision and objectives

Our aim is to optimise the social and financial returns achieved from our assets and resources. This does not necessarily mean increasing our profitability or improving our financial results. VfM is about 'profit for a purpose', releasing resources to allow the organisation to do more.

Our vision is to be:

A successful, high performing, innovative and ethical social business that makes the most of all its assets to deliver lasting social value.

VfM is clearly about much more than costs. However the amount we spend on service delivery is an important element of not just VfM, but also of our financial viability and our capacity to support investment into new and existing homes.

Our VfM Journey

Cobalt has a track record of delivering quality services and well-maintained homes from a competitive cost base. Up until 2022-23, our overall costs per unit were amongst the lowest within our peer group. During this period, we built up significant cash and short-term investments as suitable opportunities to develop new homes were not identified.

In 2023-24, our unit costs increased by 49% from £3,369 to £5,033. We expect this to shift Cobalt from the lowest 25% to the highest 25% within our peer group. We also expect to remain in the highest 25% for unit costs due to significantly increasing our investment over the next five years across a range of fronts:

1. An increase in asset management reinvestment and energy efficiency
2. Scaling up our development and regeneration activity to achieve 1,000 completions by 2032
3. Bringing our repairs service in-house
4. Investment in modern IT and digital services
5. Investment in community initiatives and support.

STRATEGIC REPORT

Operational Efficiency

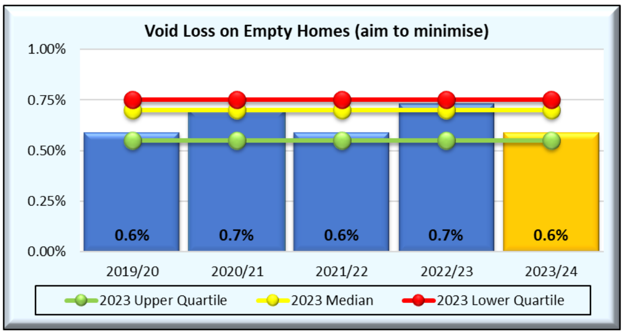
The Board is pleased to provide details in relation to our key operational housing management performance. These reflect the type of indicators that the Senior Management Team and Board regularly review to ensure the Association is operating efficiently.

The income deprivation in our neighbourhoods and communities presents a challenge to collecting rents, but we are pleased to report positive performance in the year.

Void losses

The rental income lost while homes were unoccupied reduced from 0.7% to 0.6%. This is higher than our target of 0.5% but better than median performance within our peer group.

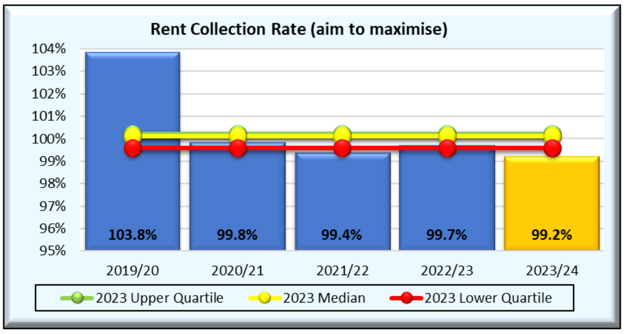
Letting homes quickly and sustainably is the key to optimising our income and minimising the impact that homes standing empty can have on communities.



Rent collection

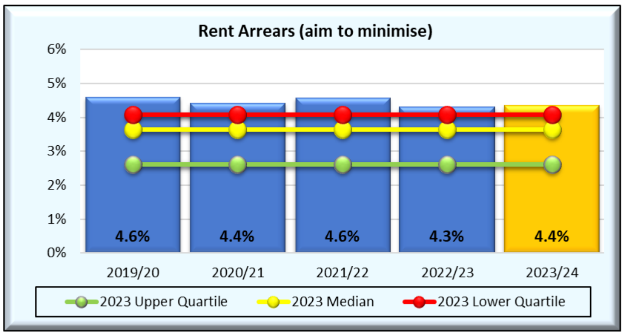
Our rent collection rate fell to 99.2%. The main factors behind the fall were the impact of the cost of living crisis on our tenants and an increase in housing benefit related arrears.

We proactively support those who most need help with their finances and we raised £1.3m of additional benefit for tenants in 2023-24.



Rent arrears

Current tenant rent arrears increased slightly from 4.3% to 4.4% of the rent roll in 2023-24. This was due to housing benefit related arrears, which increased from 0.5% to 0.6% of the rent roll.



Peer group comparators

For the operational performance measures above, the peer group median and quartiles shown above are sourced from Housemark and include all North West based housing providers who reported results for General Needs housing for year ended 31st March 2023.

For the seven regulatory VfM metrics overleaf, the peer group results have been sourced from the 2023 VfM metrics data published by the Regulator of Social Housing. We have selected organisations that meet the following criteria:

1. North West based, large scale voluntary organisations more than 12 years old
2. Between 3,000 and 8,000 units, of which less than 25% are designated for supported housing or older people.

The resultant peer group comprises nine other organisations. These are: Calico Homes Limited, Castles and Coasts Housing Association, Cheshire Peaks and Plains Housing Trust, Community Gateway Association Limited, Halton Housing, Irwell Valley Housing Association Limited, South Liverpool Homes, Southway Housing Trust (Manchester) Limited and Weaver Vale Housing Trust Limited.

The peer group quartiles shown are based on actuals to March 2023, with assumed CPI cost increases for future years.

STRATEGIC REPORT

Regulatory Value for Money (VfM) metrics at a glance

A summary of the Association's performance and projections against the required regulatory VfM metrics is set out below:

No.	Metric	Backward Look			Current Performance			Forward Look				Summary Narrative
		2021-22 Cobalt Actual	2023-23 Cobalt Actual	2022-23 NW Peer Group Avg	2023-24 Cobalt Target	2023-24 Cobalt Actual	2023-24 Predicted Quartile*	2024-25 Year 1	2025-26 Year 2	2026-27 Year 3	VfM Ambition	
1	Reinvestment %	5.5%	2.8%	7.0%	11.4%	9.2%	3	22.4%	30.7%	18.3%	N/a	Our reinvestment % in 2023-24 increased, but was lower than target as a key development scheme start was delayed. Our future reinvestment into developing new homes and improving our existing homes will be significantly higher.
2A	New supply delivered % (social housing units)	0.1%	0.9%	1.4%	0.0%	0.0%	4	1.6%	2.6%	4.0%	1,000 completions by 2032	No new homes were completed in 2023-24 but construction progressed on eighty-eight new homes. The first completions are due in 2024-25.
2B	New supply delivered % (non-social housing units)	0.0%	0.0%	0.0%	0.0%	0.0%	-	0.0%	0.0%	0.0%	None	No new non-social units were completed in 2023-24. Two further market rent homes were added in the year, but these were existing homes purchased as part of a regeneration scheme.
3	Gearing %	-2.8%	-11.8%	45.7%	-9.2%	-4.4%	4	-4.5%	18.9%	24.6%	Below 40%	Gearing is negative as our cash and equivalent balances exceed our borrowing. Gearing will remain negative until 2025-26 before increasing sharply as our cash balances are employed and we borrow to fund further development activity.
4	EBITDA MRI Interest Cover %	1407%	1313%	153%	508%	660%	1	381%	-297%	36%	Above 125% over 30 years	Our interest cover is currently high as we have comparatively low levels of debt. Over the next five years we are projecting much lower cover (negative in 2025-26) as we increase investment into our existing stock.
5	Headline social housing cost per unit	£2,865	£3,369	£4,096	£5,075	£5,033	1	£5,559	£6,961	£6,543	Competitive costs vs outcomes.	Our headline costs per unit for 2023-24 increased by 50% from bottom quartile to top quartile. Over the next three years our unit costs will increase further as we invest in stock condition, energy efficiency and estate regeneration.
6A	Operating margin on social housing lettings %	31.9%	28.0%	22.6%	20.3%	17.7%	3	19.1%	27.3%	29.5%	25.0%	Our operating margin on social housing lettings reduced in 2023-24 and fell short of our target as management and repair costs increased by more than the cap on rent increases. Over the next three years we expect our margin to recover and achieve our 25% target.
6B	Operating margin overall %	27.7%	23.0%	20.0%	12.7%	13.0%	4	13.3%	18.1%	23.5%	20.0%	Although our overall operating margin reduced in 2023-24, reflecting increased investment into services and repairs, it exceeded our target. There are one off costs in 2024-25 that will keep the margin low, before it recovers to target by 2026-27.
7	Return on capital employed	5.7%	4.8%	4.3%	2.9%	2.9%	4	2.3%	3.1%	4.1%	3.5%	Our return on capaital employed was in the bottom quartile for 2023-24. There are one off costs in 2024-25 that will keep the return low, before it recovers to target by 2026-27.

* Predicted quartile ranking based on 2022-23 Peer Group results.

STRATEGIC REPORT

OUR OPERATING COSTS

Our operating costs increased significantly in 2023-24 and further increases are planned over the next three years. This increased investment supports an ambitious corporate plan and transformation programme to improve our services, technology and our homes.

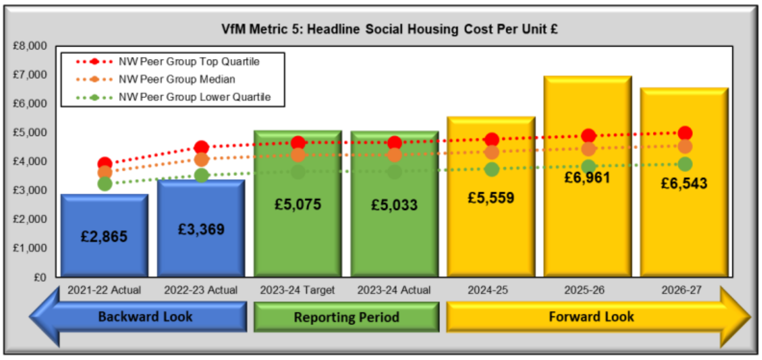
In 2024, we will bring the repairs service in-house for a third of our homes. The remaining two thirds will be brought in-house in 2025. Over the same period, we are replacing all our key IT systems.

From 2023-24, we have significantly increased our reinvestment into our existing stock. The components renewed in the years immediately following Cobalt creation in 2003 are coming to the end of their useful lives. Further investment is also planned to get all our homes to EPC C by 2028.

Headline social housing cost per unit

Our total cost per unit last year of £5,033 was 1% below target and predicted to be within the highest spending quartile in our peer group.

Our costs are projected to increase further in the coming years, with much higher levels of stock condition reinvestment, energy efficiency works and estate regeneration activity.



Key component cost analysis

Our headline social housing unit cost is analysed into its component parts in the table below. In 2023-24, our actual costs are predicted to be above average within our peer group for all categories apart from service charges.

Social Housing Cost Per Unit Activity Analysis	Total	Management	Service charges	Routine repairs	Planned repairs	Major repairs	Other
2021-22 Actuals	£2,865	£1,201	£28	£691	£221	£414	£310
2022-23 Actuals	£3,369	£1,099	£44	£802	£206	£653	£565
2022-23 Actual Quartile	First	Second	First	Second	First	First	Fourth
2023-24 Actuals	**£5,033**	**£1,320**	**£44**	**£1,045**	**£327**	**£1,706**	**£591**
2023-24 Predicted Quartile	Fourth	Third	First	Third	Third	Fourth	Fourth
NW Peers Lowest 25% (2023 plus CPI)	£3,663*	£964	£183	£774	£280	£738	£86
NW Peers Median (2023 plus CPI)	£4,242*	£1,216	£227	£855	£321	£1,075	£206
NW Peers Highest 25% (2023 plus CPI)	£4,664*	£1,335	£417	£1,115	£574	£1,418	£445

*The quartiles for each cost category do not add across, as organisations are not in the same quartile for each.

Future projections

Over the next three years, we plan to increase our overall unit costs by a further 30% from 2023-24 levels. The biggest increase will come from higher levels of reinvestment into our existing homes and our plans for estate regeneration.

Social Housing Cost Per Unit	Total	Management	Service charges	Routine repairs	Planned repairs	Major repairs	Other
2024-25 Projections	£5,559	£1,529	£46	£1,097	£292	£1,844	£751
2025-26 Projections	£6,961	£1,542	£49	£1,005	£289	£3,118	£958
2026-27 Projections	£6,543	£1,472	£52	£1,003	£283	£3,074	£659
Change from 2023-24 actuals	+30.0%	+11.5%	+18.2%	-4.0%	-13.5%	+80.2%	+11.5%

STRATEGIC REPORT

OUR OPERATING MARGINS AND RETURN ON CAPITAL EMPLOYED

Our operating margins reduced by less than expected in 2023-24. Looking ahead, our margins will be significantly lower over the next three years as we increase our investment in property maintenance spending, community support activities and estate regeneration.

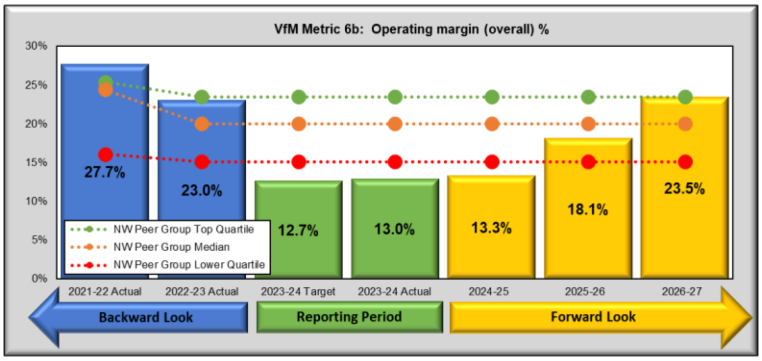
Operating margin overall

Our overall operating margin reduced from 23.0% to 13.0% (fourth quartile within our peer group).

Performance was slightly ahead of target, with additional repair costs in the year offset by spending reductions and efficiency elsewhere.

From 2025-26, we expect our margin to recover as one off costs drop out and new homes are delivered.

The Board's long-term ambition is to achieve and maintain an overall operating margin of 20%.



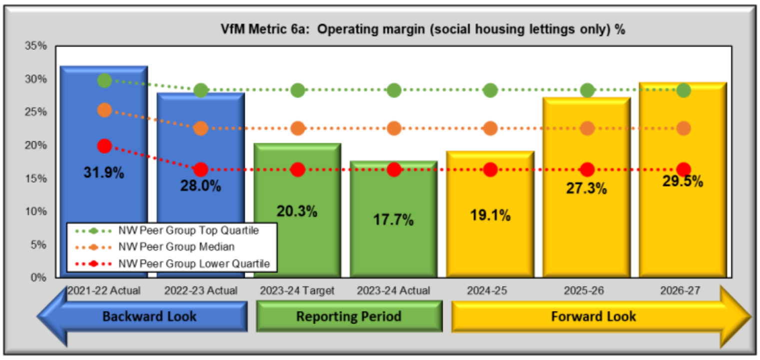
Operating margin on social housing lettings

Our margin on social housing lettings reduced from 28.0% to 17.7% (third quartile within our peer group).

This performance was below target due to an increase in repair costs.

We expect a recovery in the margin on social housing lettings from 2025-26.

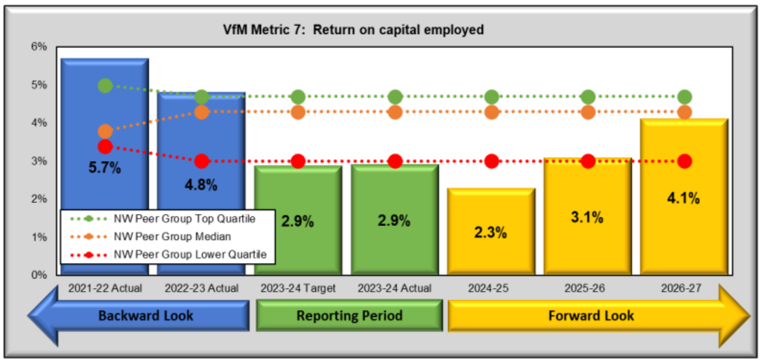
The Board's long-term ambition is to achieve and maintain an operating margin on lettings of 25%.



Return on capital employed

Our return on capital employed reduced from 4.8% to 2.9% in 2023-24 (fourth quartile within our peer group).

We anticipate a further fall in 2024-25, before our return improves towards the median.



STRATEGIC REPORT

INVESTMENT AND SUPPLY

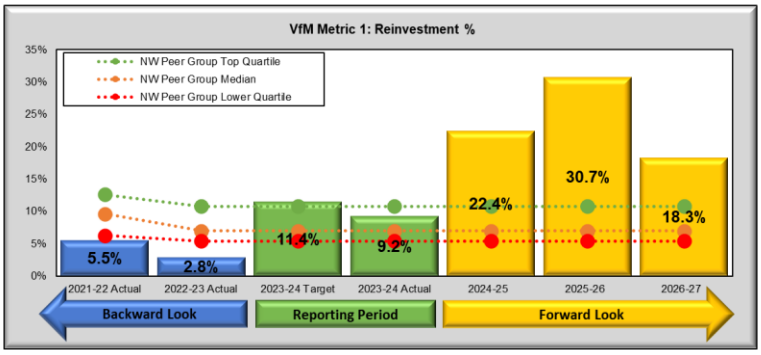
Although there were no new property handovers in the year, 88 new homes were onsite with the first completions due in 2024-25. Our target is to complete 1,000 new homes by 2032 and a pipeline of potential development opportunities has been identified.

We have also entered a period when our existing homes need higher levels of renewal and improvement works. Property components renewed in the years immediately after Cobalt's creation in 2003 are coming to the end of their useful lives. We also plan to increase our investment in energy efficiency in the coming years.

Reinvestment %

Reinvestment increased in 2023-24 from the lowest quartile to the third quartile. From 2024-25 we expect to be well above the top quartile for reinvestment.

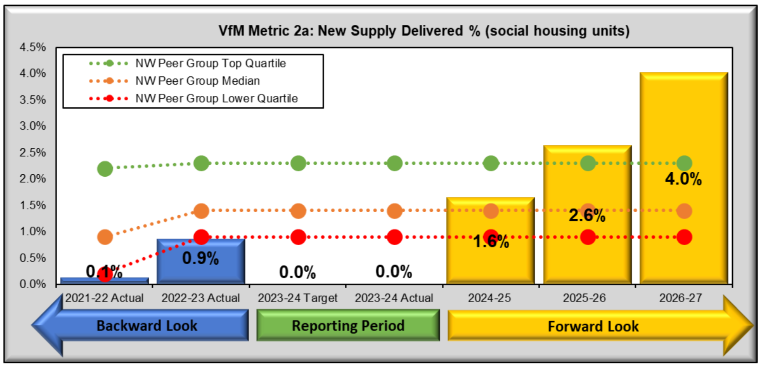
This reflects our increased development of new homes and increased re-investment into our existing homes.



New supply delivered: social housing

No new homes were completed in 2023-24 as planned. Eighty-eight new homes were on-site at March 2024 and due to complete in 2024 and 2025.

A number of other schemes are being progressed and there is a potential pipeline of 450 homes established on sites across the Liverpool City Region. We expect top quartile new supply completions from 2025-26 and peak completions in 2026-27.



New supply delivered: non-social housing

We have a small portfolio of eleven non-social housing properties let at open market rents. As part of our development and regeneration strategies, we consider the delivery of non-social housing where it adds to our financial resilience as a business or enhances our offer in core neighbourhoods.

Two further market rent properties were added to our portfolio in 2023-24, but the regulatory VfM metric only includes new build completions or acquisitions. Both our acquisitions were existing privately owned homes purchased and refurbished as part of a wider estate regeneration project.

Development and Growth Plans

Our financial plan includes 1,005 cumulative completions by 2031-32, at a future total cost of £222.5m. This level of activity assumes grant support of £54.2m and proceeds from first tranche shared ownership sales of £18.9m. The net funding requirement is £149.4m.

	Unit Completions					Development Pipeline Resources					
Year	Affordable Rent	Shared Ownership	Rent to Homebuy	Non-Social	Total	Capital Scheme Cost £m	Capitalised Interest £m	Revenue XS Cost £m	Grant Funding £m	Sales Proceeds £m	Net Funding Requirement £m
Completions to date	57	-	-	-	57						
2024-25	43	9	44	4	100	32.0	0.3	0.6	(16.8)	(0.9)	15.2
2025-26	57	33	67	-	157	60.0	0.5	0.9	(6.2)	(3.2)	52.0
2026-27	134	65	50	-	249	36.3	0.4	0.1	(7.1)	(7.0)	22.7
2027-28	47	16	26	-	89	22.0	0.5	-	(6.3)	(1.5)	14.7
2028-29	47	16	26	-	89	21.8	0.6	-	(6.5)	(1.6)	14.3
2029-30	47	16	26	-	89	23.0	0.6	-	(6.6)	(1.6)	15.4
2030-31	47	16	26	-	89	15.1	0.6	-	(2.7)	(1.7)	11.3
2031-32	47	13	26	-	86	6.8	0.4	-	(2.0)	(1.4)	3.8
Pipeline to 2031-32	**469**	**184**	**291**	**4**	**948**	**217.0**	**3.9**	**1.6**	**(54.2)**	**(18.9)**	**149.4**
Total	**526**	**184**	**291**	**4**	**1,005**						
2032-33 +	13	5	7	-	25	7.0	0.3	-	(2.0)	(0.6)	4.7

Specific schemes have yet to be identified for this projected activity. The final tenure mix and resource requirement is therefore subject to change. Other tenures will be considered where they improve the property mix or scheme viability.

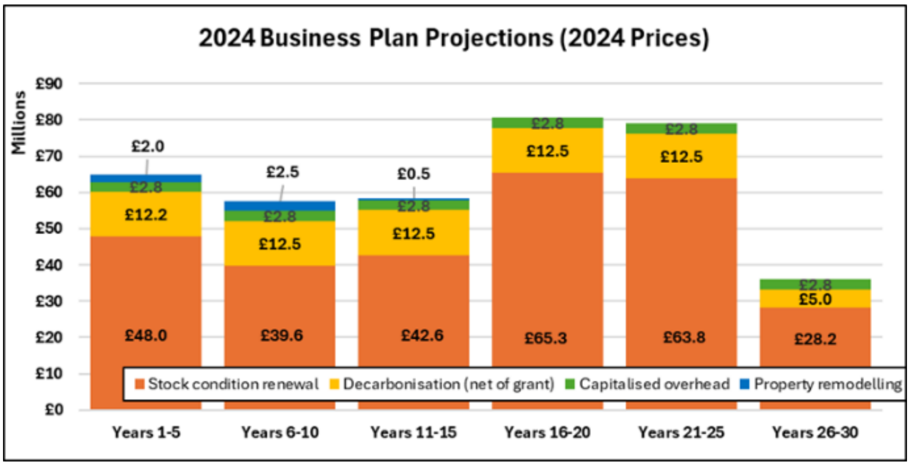
Stock condition and future investment plans

Cobalt is committed to ensuring that its homes get the investment needed to keep them in good condition. Over the next five years, we plan to invest £65m on component renewals and energy efficiency improvements. This increase in future spending will impact most dramatically on the VfM metrics for costs per unit, reinvestment and EBITDA MRI interest cover.

Asset management capital reinvestment

The financial plan includes a total capital reinvestment into our existing homes of £376.5m at 2024 prices over the next 30 years. The spend is profiled across the next 30 years as per the chart below:

- Stock condition component renewal of £287.5m
- Energy efficiency £67.2m (£132.5m total cost with 50% grant)
- Capitalised overheads of £16.8m
- Property regeneration and remodelling provision £5.0m

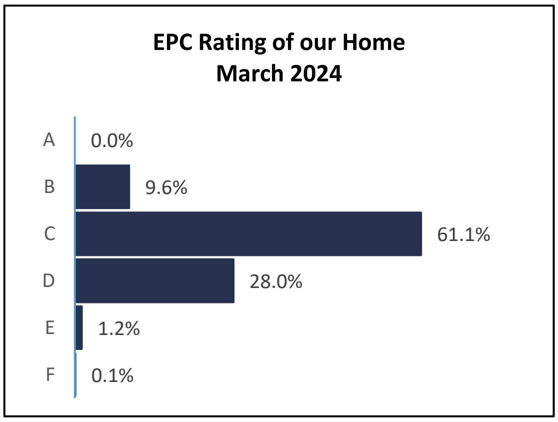


Energy efficiency and Net Carbon Zero

Just under a third of our homes are currently below EPC band C and the average SAP rating of our homes is 71.55.

Subject to securing further external grant support, our target is to improve all our homes to EPC band C by 2028. In the long term, our financial plans are based on improving all homes to EPC band B where practical, together with decarbonising heating and hot water.

Our plan assumes that 50% of the total cost will be covered by some form of external grant or other income.



Repairs Service

We know from customer feedback that our repairs service is not consistently good enough and is a source of frustration and complaint. Poor repairs experiences are impacting on our Tenant Satisfaction Measures results (see page 25) and we have work to do to rebuild trust and confidence in our repairs service.

Preparations are being made to launch a new repairs service in August 2024. This new service will initially bring day to day repairs in-house for a third of our homes, with the remaining two thirds covered by two new external contractor partners. The performance standards for the new service have been developed with customers.

A second phase will bring all day to day repairs in-house in 2025.

Asset performance and viability

We seek to improve the overall performance of our assets by analysing both the financial and non-financial performance of our homes. By understanding those that perform well and those that do not, we can better target our asset management and neighbourhood management interventions.

As the major property owner, landlord and community anchor in our communities, the sale of problem stock is rarely the answer. Our approach includes targeted investment, local lettings and intensive management, property remodelling and regeneration.

Building and fire safety

The safety of those living in our homes is a key priority and we have a robust approach to managing and maintaining building and fire safety. We do not have any high-rise homes and so do not face the remediation challenges associated with combustible cladding.

We have developed a damp and mould policy and proactively manage the associated risks in our homes. We have completed stock condition surveys to 91% of our homes and all communal areas. We are using our data to develop our investment, safety improvement and energy efficiency programmes to target the most vulnerable homes and customers first.

STRATEGIC REPORT

FINANCIAL CAPACITY

Development activity has been limited in recent years, with schemes taking longer than anticipated to start on site. There has also been comparatively low levels of re-investment into our existing stock. As a result, we have built up significant surplus cash and short-term investments.

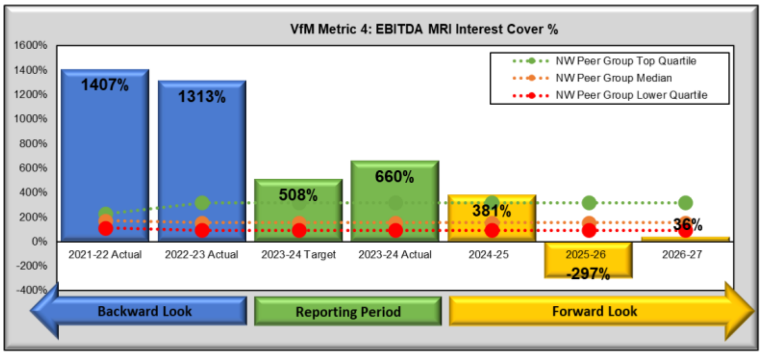
Our development, asset management and energy efficiency plans will see this capacity utilised for the long-term benefit of our communities.

EBITDA MRI Interest Cover

In 2023-24, we achieved interest cover of 660%, ahead of target and well above our peer group comparators. This reflects our low level of debt.

Over the next five years, we will achieve much lower cover levels as we borrow to fund both development and increased re-investment into our existing homes.

Our internal 'golden rule' minimum for interest cover is an average 125% over our 30 year business plan period.

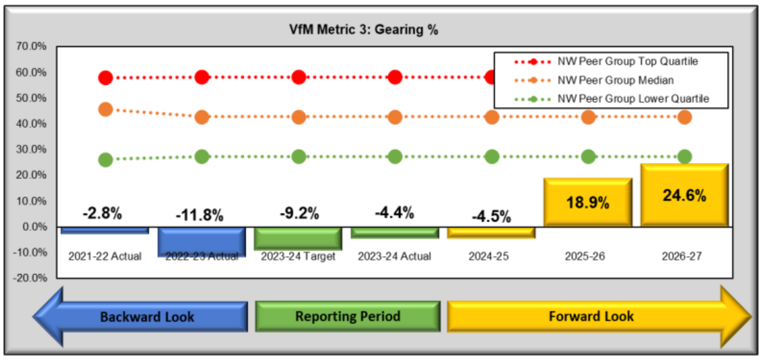


Gearing

This ratio measures net indebtedness (borrowing less cash). Gearing is negative where cash and equivalent balances exceeded indebtedness.

Gearing is expected to remain negative until 2025-26 before increasing, as we borrow to fund development activity.

Our internal 'golden rule' is to keep gearing below 40%.



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THE TENANT'S VOICE IN VFM

Meaningful customer involvement, engagement and accountability is a key priority for the Association. Customers play a vital role in decision making, shaping services and holding the association to account:

i. Resident involvement and engagement is a key element within all staff roles and at all levels, both formally and informally. Seven customers are members of our Homes and Neighbourhoods Committee, giving them direct access to the Board and formalising customer engagement in our governance structure.

ii. Membership of our Tenant Consultative Panel (TCP) has increased, with representation from each of our neighbourhoods. The eight members have partaken in additional training throughout the year to enhance their already extensive skillset, providing a vital 'critical friend' role to Cobalt around areas such as engagement, policy changes and community funding opportunities. The panel identifies the key performance indicators most relevant to customers and these are published on Cobalt's website on a quarterly basis.

iii. The TCP have been consulted with and provided feedback/comments on the new Corporate Plan and key strategies.

iv. Following the TCP's in-depth review of Cobalt's customer engagement opportunities, the principles of a new Customer Engagement Framework were approved and adopted by Cobalt's Board. The Framework also highlights the need to develop a training programme for involved tenants, to upskill them and give them confidence to challenge us and hold us as their landlord to account. Five new customer forums were approved as part of the Engagement Framework covering complaints, ASB, youth, complaint handling and repairs. The latter three Customer Forums are established and have already held meetings.

v. Spotlight reviews continue to focus on engaging with the most appropriate customers , allowing us to engage with, and hear the views from those who have recently received or been involved in the service area under review.

vi. Customers are engaged in focus groups, workshops and procurement exercises. We actively engage with tenants who tell us they are dissatisfied (e.g., through complaints, surveys or conversations). This ensures we fully understand their issues or concerns, identify the root causes and address them effectively.

vii. Customers were involved in the refresh and relaunch of our Tenant Engagement Portal, which we are using to reshape our offer for both involvement and engagement through on-line discussion forums, blogs, instant polls and consultation. The portal allows access to all these themes within one platform and provides tenants' views and feedback to help shape services and decision-making. Since the refresh, 265 new customers have signed up to the portal.

viii. Customers play a key role in deciding which community groups/activities we allocate our Community Funds to, with a tenant sitting on the funding panel.

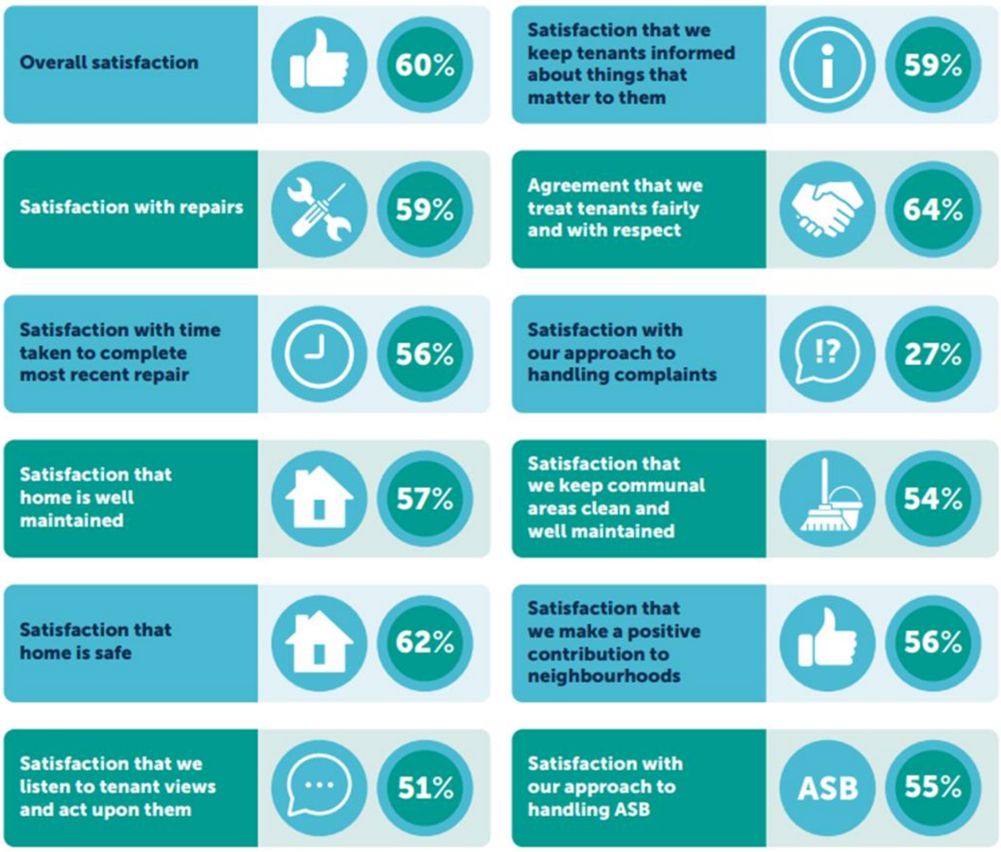
ix. Wider customer feedback continues to influence the design and development of the Good Help Hub working model.

x. Customers were involved in the design and development of our 2023 Neighbourhood Plans, which are bespoke to each neighbourhood and highlights customers' priorities for the coming year.

xi. Customers have been influential in developing new proposed Customer Engagement performance metrics for assessing the impact of involvement.

General needs and older people customer satisfaction

From 2023-24, all registered providers of social housing are required to collect and publish their results against a set list of Tenant Satisfaction Measures (TSM's). These include twelve 'tenant perception' measures, as set out below. These are assessed by carrying out tenant perception surveys.



19.5% customers responded to the TSM survey. Areas where customers are most satisfied include treating tenants fairly and with respect, that their home is safe, and overall satisfaction with Cobalt's services.

Areas for improvement have been identified and these will be addressed through targeted customer engagement, with the following required outcomes:

- An understanding of the issues of customers who said they were dissatisfied across the whole survey.
- Confirming that the 25% customers who had not reported a repair in the last 12 months have no issues that are unreported.
- An understanding of why our Polish customers are less satisfied overall.
- An understanding of why the satisfaction for listening to customer's views and acting upon them is low and identifying what we can do to improve these scores.
- An understanding of customer's' issues with communal areas and the improvements we need to make.
- Raising customers awareness of our approach to handling reports of anti-social behaviour.
- Raising customers awareness of our approach to complaint handling.

Statement of compliance

The form and content of the strategic report review has been prepared in line with the Statement of Recommended Practice for registered Social Housing Providers 2018. The statement has also been prepared in accordance with The Accounting Direction for Private Registered Providers of Social Housing 2022.

A. Brandwood.

Annette Brandwood
Company Secretary

REPORT OF THE BOARD

The Board presents the Annual Report (the 'Annual Report') and the audited financial statements for Cobalt Housing Limited (the 'Association') for the year ended 31 March 2024.

Principal activities and future prospects

Details of Cobalt's principal activities, its performance during the year and factors likely to affect its future development are contained within the Strategic Report, which precedes this Report.

Board members and executive directors

The current Board members (and others who served during the period) are set out on page 2. Board members are remunerated for their services to the Association and permitted to claim expenses incurred in the performance of their duties. Details of the remuneration of Board members is set out in note 7 to the financial statements.

Executive director service contracts and remuneration

The chief executive and other executive directors are appointed on permanent contracts of employment with a notice period of six months The remuneration of the executive directors is reviewed by the People and Remuneration Committee, who make recommendations to be considered and determined by the Board. Full details of executive emoluments are set out in note 7 to the financial statements.

Pensions

The executive directors are eligible to participate in the Social Housing Pension Scheme defined contribution scheme. Their participation is on the same terms as all other eligible staff. The association contributes to the scheme on behalf of its employees. Non-executive directors are not eligible to participate in any company pension scheme.

Other benefits

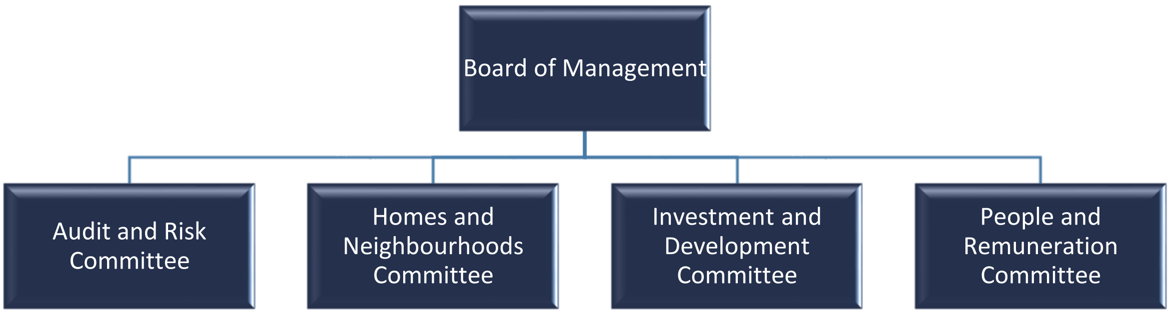
The executive directors are not entitled to any other benefits.

Corporate governance

The Association is governed by a Board of Management of between 5 and 12 non-executive directors. Board members are selected from a wide background to encompass an appropriate mix of skills, competencies, experience and knowledge.

The Board determines what matters should be delegated to the Senior Management Team or to a Committee of the Board, and what matters it will reserve for its own consideration and decision. Board members act in the interest of the Association and not on behalf of any other interest group.

Cobalt's Board, supported by four Committees, ensures that the organisation operates to high standards of integrity, transparency and accountability.



REPORT OF THE BOARD

Audit and Risk Committee

This committee comprises up to four members. The Chair of the committee is appointed by the Board and cannot be the Board Chair. The committee is expected to meet at least four times a year. Its responsibilities include to review the financial statements and the appointment of external and internal auditors and recommend their approval by Board. The committee meets with Cobalt's auditors, without officers present, at least annually.

The committee plays a valuable role in monitoring the control environment and ensuring that there is an appropriate risk management framework and risk assessment and that control process are embedded, and appropriate systems are in place.

Homes and Neighbourhoods Committee

This committee comprises up to twelve members, including up to eight tenants, with the expectation that the Chair must always be a Board Member and is appointed by the Board. The committee is expected to meet at least three times a year. It undertakes a scrutiny and review function to provide assurance for the Board on the delivery of regulatory consumer standards, the law and health and safety. It monitors the management of operational performance, service delivery and satisfaction, taking account of the aspirations and experience of local people and ensuring the customer voice is heard throughout the governance structure.

People and Remuneration Committee

This committee comprises up to five members and is expected to meet at least three times a year. The Chair of the committee is appointed by the Board and cannot be the Board Chair. Its responsibilities include reviewing and making recommendations to Board in respect of the remuneration and terms and conditions of staff and Board Members. Committee oversight includes remuneration policies and practices, pension strategy, and appraisal and performance management frameworks.

Investment and Development Committee

This committee comprises up to four members and is expected to meet at least four times per year. The Chair is appointed by the Board. Operating within specific delegated authority limits set by the Board, the committee's responsibilities include approving and overseeing Cobalt's development and estate regeneration activities, considering and making recommendations to Board in respect of other opportunities, and monitoring development and investment programme performance and risks.

Compliance

The Association complies with the provisions of the National Housing Federation's Code of Governance 2020.

Executive management team

The Board delegates day to day management and control of the Association to a group of Executive Directors who meet as a Senior Management Team (SMT). The SMT meets on a regular basis and recommends policy decisions to the Board.

Led by the Chief Executive, the SMT ensures the effective performance and successful delivery of services to customers and investment in neighbourhoods, in line with the agreed corporate objectives.

Employees

The Board recognises that its employees are its greatest asset and that it cannot achieve its aims and objectives without their involvement and contribution towards running the organisation. The Association communicates and consults with its employees through a variety of structures including colleague conferences, team briefings, employee emails, newsletters, trade union meetings and a staff forum.

The Association is committed to maintaining a culture in which equality and diversity is integral to all its activities, including the recruitment and development of staff. We aim to achieve an inclusive culture that respects and values differences and eliminates discrimination in all areas.

The Board is aware of its responsibilities on all matters relating to health and safety. The Association has detailed health and safety policies and provides staff training and education on health and safety matters.

REPORT OF THE BOARD

Corporate social responsibility

The Board is committed to Cobalt being a socially responsible organisation, managing in a socially responsible way, ensuring adherence to legislation and ethical operation. The Association is actively working with local communities and partners to improve the life chances of our tenants and residents.

Environmental, Social and Governance Reporting

We are a community-based housing association not-for-profit provider of social housing. We have a social purpose at our core and we are passionate about bringing about long-term positive change. Our focus has always been on much more than core landlord responsibilities and we actively engage in a wide range of activities to improve the resilience and cohesion of our communities and help individuals to overcome any inequality of opportunity they may face.

We have adopted the Sustainability Reporting Standard (SRS) for Social Housing as the basis for reporting on our ESG performance in a consistent, transparent and comparable way. Our report for year ended 31st March 2023 can be viewed through this link: 2023 Environmental, Social and Governance Report

Statement of compliance

The Board confirms that the financial statements have been prepared in accordance with applicable reporting standards and legislation**.** The Board confirms that these financial statements comply with United Kingdom Generally Accepted Accounting Practice (UK GAAP), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Donations

The Association made no charitable donations (2023 £nil) and no political donations (2023 £nil).

Regulatory compliance

The Association is registered with and regulated by the Regulator of Social Housing (RSH). Under a co-regulation approach, the onus is on each registered provider to self-regulate, assess and scrutinise service provision and demonstrate clearly that services provided represent value for money.

Following a formal regulatory inspection in May 2024 the Association's grading with the RSH are:

Governance grading:	**G1**	**The landlord meets our governance requirements.**
Viability grading:	**V2**	**The landlord meets our viability requirements. It has the financial capacity to deal with a reasonable range of adverse scenarios but needs to manage material risks to ensure continued compliance.**
Consumer standards grading:	**C2**	**There are some weaknesses in the landlord delivering the outcomes of the consumer standards and improvement is needed.**

The Board is satisfied the Association has complied with all laws and regulations that are relevant.

Landlord health and safety compliance

The Association complies fully with its responsibilities as landlord for health and safety and we continue to deliver compliance related activities to keep our tenants safe and meet our legislative responsibilities.

Where there are difficulties securing access to properties, a dynamic desktop risk assessment process is in place should any property become overdue for a legislative compliance inspection or service, and we continue to pursue access at the earliest opportunity.

Statement of internal control

The Board is the ultimate governing body and is responsible for the Association's system of internal control. The Board, advised by the Audit and Risk Committee, has reviewed the effectiveness of the system of internal control for the year ended 31 March 2023 and to the date of approval of these financial statements. For the year ended 31 March 2024, the Board makes the following statements:

- The system of internal control is designed to provide the Board with reasonable but not absolute assurance that risks are identified on a timely basis and dealt with appropriately; that assets are safeguarded; that proper accounting records are maintained; and that the financial information used within the business or for publication is reliable. Control is exercised through an organisational structure with clearly defined levels of authority, responsibility and accountability.

- The Association maintains a culture of risk awareness, based on a sound control environment with high regard for integrity and ethical values. Regular reviews of the risk universe and risk mitigation actions are carried out. Any business development involving significant risk is subject to Board approval.

- The framework of internal control is subject to a regular programme of review. Throughout 2023-24, the Association worked closely with BDO, who are contracted to provide the Internal Audit function and who report directly to the Audit and Risk Committee.

- Service delivery risks are monitored through the risk management framework, self-assessment and tenant scrutiny. This ensures that the control environment framework remains robust during a period of continued external change.

- The Association is committed to sound financial management in all aspects of its business. It has a robust business planning process and all parts of the Association have detailed annual budgets. The Association has a comprehensive system of management reporting. This includes financial results, key performance indicators and reporting against a matrix of Board approved limits and thresholds set to ensure financial viability. Overall scrutiny is provided by the Board.

- The Association maintains a suite of policies covering the main elements of its business. The policies are subject to a rolling programme of review to confirm their continued appropriateness.

- The Anti-Fraud Policy sets out the commitment to preventing fraud. Confidential reporting arrangements are in place to allow staff to voice their concerns and know that they will be properly investigated.

- The Anti-Bribery and Corruption Policy sets out guidelines for all staff to ensure the highest standards of conduct in business dealings. A register of frauds and losses is maintained and is available and reported to the Audit and Risk Committee.

- The Whistleblowing Policy encourages those with serious concerns about fraud, misconduct or wrongdoing in respect of any aspects of our work of Cobalt to come forward and raise those concerns. The Policy sets out Cobalt's approach for whistleblowers to work within an open and transparent framework linked to Cobalt's values of openness, fairness and respect.

- In reviewing the effectiveness of the Association's system of internal control, the Board has considered a range of sources of assurance including:
    - management reports
    - key performance indicators
    - internal audit reports
    - quality management systems
    - external regulator report.

- During the year, there were no weaknesses in internal controls which resulted in material losses, contingencies or uncertainties that require disclosure in these financial statements.

External audit assurance

The work of the external auditor, Beever and Struthers, provides some independent assurance over the adequacy of the internal control environment. The Association receives a management letter from the external auditors which identifies any internal control weaknesses identified as part of their work on the audit of the financial statements. The Board itself, and through the activities of the Audit and Risk Committee, has reviewed the outcome of external audit work and the external audit management letter.

Going concern

The Association's financial results were ahead of expectations in the year under review in terms of operating margin, interest cover and liquidity. The rates of occupation being achieved exceed those assumed within our financial plans and tenancy turnover remains very low. When homes do fall empty, the demand from new customers outstrips the supply of homes we have available.

The Association has long-term debt facilities and cash and equivalent holdings in place which are estimated to provide the resources necessary to finance the Association's spending plans until 2025. The Association's long-term financial plans shows that it can service these debt facilities and continue to comply with lenders' covenants with appropriate headroom.

The Association has modelled the potential impact of a range of multi-variate scenarios designed to cover the key adverse financial events or conditions it might realistically face. This modelling demonstrates that the Association's plans are robust and built upon a realistic set of assumptions about the future. It demonstrates the Association's long-term financial viability with a high degree of headroom in the medium term and significant capacity and flexibility to react and reduce uncommitted spend, should this be necessary.

On this basis, the Board has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future, being a period of twelve months after the date on which the annual report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

Accounting policies

The Association's principle accounting policies are set out on pages 40 to 46 of the financial statements. The policies that are most critical to the financial results relate to accounting for housing properties and include capitalisation of costs; amortisation of deferred government grant; housing property depreciation; investment properties and the treatment of pensions.

Effects of material estimates and judgements upon performance

Preparation of the financial statements requires management to make significant judgements and estimates. The estimates and assumptions that can have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below.

Housing property categorisation

The categorisation of housing properties is a significant judgement made by management. In determining the intended use, the Association has considered if the asset is held for social benefit or to earn commercial rentals. The Association has determined that market rented properties are investment properties.

Impairment

Management assesses the Association's housing properties for indicators of impairment at each balance sheet date. Where indicators exist, a detailed assessment is undertaken to compare the carrying amount of assets or cash generating units, for which impairment is indicated to their recoverable amounts. Judgements in assessing the level of a cash generating units and the recoverable amounts could lead to increases or decreases in the impairment provision. No impairment reviews were triggered in 2023-24.

Investment properties

The Association owns nine completed properties let at open market rents for investment purposes and held at estimated open market value. These properties were valued at £1,073,500 by a suitable qualified independent valuer as at 31st March 2024, a 6% increase (£63,500) from the value in March 2023. A further two investment properties have been acquired and were undergoing refurbishment at the year end.

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of its depreciable assets at each reporting date based upon the expected utility of the assets. Uncertainty in these estimates relate to changes in decent homes standards, component failure or obsolescence and customer abuse or misuse. Any of these could lead to more frequent replacement of key components.

REPORT OF THE BOARD

Defined benefit pension obligations

Management's estimate of the Association's defined benefit pension obligations under the Social Housing Pension Scheme is based upon a number of critical underlying assumptions such as rates of inflation, mortality, discount rates, investment returns and future salary increases. Variation in these assumptions may significantly impact upon the obligation amount and the annual defined benefit expenses as shown in note 34.

At 31st March 2024, the Association had an estimated pension deficit of £1,447,000 with SHPS (2023 £1,253,000). Further details are provided in note 34 to the accounts.

Provisions for doubtful debt

Management reviews the provision held against the risk of failure to recover current and former tenant rent and service charge arrears at each reporting date. The provision made has an impact upon the value of the current assets recognised at the reporting date and any change in value of the provision during the period is recognised as an operating cost in the statement of comprehensive income in the period.

The basis for calculating the provision is set out in Note 1 to the accounts. The rates applied are considered prudent and have not been revised in the year. At 31st March 2024, the Association's provision for doubtful debt was £887,000 (2023 £982,000) as shown in note 18.

Disclosure of information to auditors

So far as each of the directors of the Association is aware, at the time this report is approved:

- There is no relevant information which the Association's auditor is unaware; and
- The directors have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Association's auditor is aware of that information.

Annual General Meeting

The Annual General Meeting will be held on the 2nd September 2024.

Independent auditor

A resolution to re-appoint Beever and Struthers as the organisation's auditors will be proposed at the forthcoming Annual General Meeting. Beever and Struthers have indicated their willingness to continue in office should the resolution concerning their reappointment be agreed at the AGM.

REPORT OF THE BOARD

Statement of Board's responsibilities in respect of the Board's report and the financial statements

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

Co-operative and Community Benefit Society law requires the Board to prepare financial statements for each financial year. Under those regulations, the Board have elected to prepare the financial statements in accordance with UK Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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

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

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

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

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

The report of the Board, including the financial statements, was approved by the Board on 29th July 2024 and signed on its behalf by:

A. Brandwood.

Annette Brandwood
Company Secretary

INDEPENDENT AUDITOR'S REPORT

Independent Auditor's Report to the Members of Cobalt Housing Limited

Opinion

We have audited the financial statements of Cobalt Housing Limited ('the Association') and its subsidiary (the Group) for the year ended 31 March 2024 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity (reserves), Association Statement of Changes in Equity (reserves), Consolidated Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies in note 1. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 March 2024 and of the Group's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the Strategic Report, other than the financial statements and our auditor's report thereon. The Board is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters in relation to which the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969 or the Housing and Regeneration Act 2008 requires us to report to you if, in our opinion:

- the Association has not maintained a satisfactory system of control over transactions; or
- the Association has not kept adequate accounting records; or
- the Association's financial statements are not in agreement with 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 Board's Responsibilities set out on page 32, 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 determines 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 is responsible for assessing the Group and 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 intends to liquidate the Group or Association or to cease operations, or have no realistic alternative but to do so.

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

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

Extent to which the audit was considered 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:

- We obtained an understanding of laws and regulations that affect the Group and Association, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws and regulations that we identified included the Co-operative and Community Benefit Societies Act, the Statement of Recommended Practice for registered housing providers: Housing SORP 2018, the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2022, tax legislation, health and safety legislation, and employment legislation.
- We enquired of the Board and reviewed correspondence and Board meeting minutes for evidence of non-compliance with relevant laws and regulations. We also reviewed controls the Board have in place, where necessary, to ensure compliance.
- We gained an understanding of the controls that the Board have in place to prevent and detect fraud. We enquired of the trustees about any incidences of fraud that had taken place during the accounting period.
- The risk of fraud and non-compliance with laws and regulations and fraud was discussed within the audit team and tests were planned and performed to address these risks. We identified the potential for fraud in the following areas: laws related to the construction and provision of social housing recognising the nature of the Association's activities and the regulated nature of the Group's activities.
- We reviewed financial statements disclosures and tested to supporting documentation to assess compliance with relevant laws and regulations discussed above.
- We enquired of the Board about actual and potential litigation and claims.
- We performed analytical procedures to identify any unusual or unexpected relationships that might indicate risks of material misstatement due to fraud.

INDEPENDENT AUDITOR'S REPORT

In addressing the risk of fraud due to management override of internal controls we tested the appropriateness of journal entries and assessed whether the judgements made in making accounting estimates were indicative of a potential bias.

Due to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing fraud or non-compliance with laws and regulations and cannot be expected to detect all fraud and non-compliance with laws and regulations.

Use of our report

This report is made solely to the members of the Association, as a body, in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014 and Section 128 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the Association those matters we are required to state to 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.

Beever and Struthers

Statutory Auditor
One Express
1 George Leigh Street
Manchester
M4 5 DL

Statement of Comprehensive Income

For the year ended 31st March 2024

	Notes	Group 2024 £'000	Group 2023 £'000	Association 2024 £'000	Association 2023 £'000
Turnover	2	**31,748**	29,075	**31,841**	29,146
Operating expenditure	2	**(27,714)**	(22,372)	**(27,715)**	(22,440)
Gain on disposal of housing properties	2	**1,759**	2,640	**1,759**	2,640
Increase in valuation of investment properties	15	**64**	42	**64**	42
Operating Surplus	2	**5,857**	9,385	**5,949**	9,388
Gain on disposal of property, plant and equipment (fixed assets)	6	**4**	5	**4**	5
Interest receivable and similar income	9	**2,858**	995	**2,858**	1,011
Interest payable and similar charges	10	**(658)**	(709)	**(658)**	(709)
Other financing amounts	11	**(51)**	(33)	**(51)**	(33)
Surplus on ordinary activities before tax		**8,010**	9,643	**8,102**	9,662
Taxation	12	**-**	-	**-**	-
Surplus for the year after tax		**8,010**	9,643	**8,102**	9,662
Other Comprehensive Income					
Actuarial loss in respect of pension schemes	34	**(525)**	(234)	**(525)**	(234)
Other comprehensive Income for the year		**7,485**	9,409	**7,577**	9,428
Total Comprehensive Income for the year		**7,485**	9,409	**7,577**	9,428

The financial statements were approved by the Board on the 29th July 2024 and signed on its behalf by:

....	....	A. Brandwood. ....
Board Member	Board Member	Company Secretary

Statement of Financial Position

As at 31st March 2024

	Notes	Group 2024 £'000	Group 2023 £'000	Association 2024 £'000	Association 2023 £'000
Fixed Assets					
Housing Properties	13	**146,152**	139,237	**146,152**	139,237
Other Tangible Fixed Assets	14	**2,313**	2,332	**2,313**	2,332
Intangible Fixed Assets	-	**-**	1	**-**	1
Investments including properties	15	**2,013**	1,744	**2,013**	1,744
		150,478	143,314	**150,478**	143,314
Current Assets					
Stock	17	**271**	39	**271**	39
Trade and other debtors	18	**3,901**	1,517	**3,901**	1,519
Short term investments	19	**20,000**	9,000	**20,000**	9,000
Cash and cash equivalents	31	**34,808**	44,857	**34,807**	44,765
		58,980	55,413	**58,979**	55,323
Creditors					
Amounts Falling Due Within One Year	20	**(6,593)**	(4,135)	**(6,593)**	(4,138)
Net Current Assets		**52,387**	51,278	**52,386**	51,185
Total Assets Less Current Liabilities		**202,865**	194,592	**202,864**	194,499
Creditors: Amounts Falling Due After More Than One Year					
Deferred grant income	21	**(40,674)**	(39,900)	**(40,674)**	(39,900)
Debt	22	**(28,226)**	(28,331)	**(28,226)**	(28,331)
Recycled Capital Grant Fund	23	**(5)**	-	**(5)**	-
Other Creditors	24	**(43)**	(35)	**(43)**	(35)
		(68,948)	(68,266)	**(68,948)**	(68,266)
Provisions for liabilities					
Provisions for Liabilities and Charges	25	**(305)**	(393)	**(305)**	(393)
Pension Liability	34	**(1,447)**	(1,253)	**(1,447)**	(1,253)
Total Net Assets		**132,165**	124,680	**132,164**	124,587
Capital and Reserves					
Non-Equity Share Capital	26	**-**	-	**-**	-
Revenue Reserves		**132,165**	124,680	**132,164**	124,587
Total Capital and Reserves		**132,165**	124,680	**132,164**	124,587

The financial statements were approved by the Board on the 29th July 2024 and signed on its behalf by:

Wesam B

A. Brandwood.

.... Board Member

.... Board Member

.... Company Secretary

Statement of Changes in Equity

For the year ended 31st March 2024

	Notes	Group 2024 £'000	Group 2023 £'000	Association 2024 £'000	Association 2023 £'000
General reserves					
Balance at 1 April		**124,680**	115,271	**124,587**	115,159
Total comprehensive income for the period					
Surplus / (Deficit) for the year		**8,010**	9,643	**8,102**	9,662
Actuarial Gains / (Losses) in respect of pension schemes	34	**(525)**	(234)	**(525)**	(234)
Balance at 31 March		**132,165**	124,680	**132,164**	124,587

Statement of Cash Flows

For the year ended 31st March 2024

	Notes	Group 2024 £'000	Group 2023 £'000	Association 2024 £'000	Association 2023 £'000
Cash flows from Operating Activities	30	**10,840**	15,482	**10,931**	14,273
Cash flow from investing activities					
Purchase and Construction of Housing Properties		**(5,177)**	(1,649)	**(5,177)**	(1,654)
Housing component renewal		**(5,971)**	(2,321)	**(5,971)**	(2,321)
Social Housing Grant Received		**-**	584	**-**	584
Purchase of Other Fixed Assets		**(48)**	-	**(48)**	-
Disposal of Fixed Asset Investments	15	**-**	414	**-**	414
Purchase of Fixed Asset investments	15	**(337)**		**(337)**	-
Disposal of Short-Term Investments	19	**-**	-	**-**	1,115
Purchase of Short-Term Investments	19	**(11,000)**	-	**(11,000)**	-
Interest received		**2,487**	810	**2,487**	826
Cash flow from investing activities		**(20,046)**	(2,162)	**(20,046)**	(1,036)
Cash flow from financing activities					
Interest Paid		**(843)**	(818)	**(843)**	(818)
Draw down of new borrowing		**-**	-	**-**	-
Cash flow from financing activities		**(843)**	(818)	**(843)**	(818)
Net increase / (decrease) in cash and cash equivalents		**(10,049)**	12,502	**(9,958)**	12,419
Cash and cash equivalents at the beginning of the year		**44,857**	32,355	**44,765**	32,346
Cash and cash equivalents at the end of the year	31	**34,808**	44,857	**34,807**	44,765

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting Policies

Legal Status

Cobalt Housing Limited is incorporated in England under the Cooperative and Community Benefit Societies Act 2014. It is registered with the Financial Conduct Authority and with the Regulator for Social Housing as a Registered Provider of social housing. The registered office is 199 Lower House Lane, Liverpool, L11 2SF. Cobalt Housing Limited's principal activity is to provide social housing.

Basis of accounting

The financial statements have been prepared in accordance with applicable United Kingdom Accounting Generally Accepted Accounting Practice (UK GAAP) and the Statement of Recommended Practice for registered housing providers: Housing SORP 2018 and comply with the Accounting Direction for Private Registered Providers of Social Housing 2022.

The Association's financial statements have been prepared in compliance with FRS102. The Association meets the definition of a public benefit entity (PBE).

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

Measurement convention

The financial statements are prepared on a historical cost basis except for investment properties which are stated at their fair value.

Provisions for doubtful debt

The provision is calculated for each individual tenancy in line with the age of the debt and most recent payment patterns. The provision rates used at the reporting date have been reviewed in light of current performance and judged to remain prudent and appropriate.

Age of Arrears	Static or increasing arrears	Reducing arrears
Up to 4 weeks	25%	10%
5-8 weeks	50%	25%
9 to 16 weeks	75%	50%
17 to 32 weeks	100%	75%
Above 32 weeks	100%	90%
Former tenant arrears	100%	100%

Other debtor amounts are dealt with on a case by case basis.

Basic financial instruments

Tenant arrears, trade and other debtors

Tenant arrears, trade and other debtors are recognised initially at transaction price less attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method, less any impairment losses. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Trade and other creditors

Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. After initial recognition they are measured at amortised cost using the effective interest method. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

1. Accounting Policies (continued)

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. After initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents are recognised at transaction price and comprise cash balances, investments and deposits with maturities of up to three months. Bank overdrafts that are repayable on demand and form an integral part of the association's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Short term investments

Short term investments are recognised at transaction price less attributable transaction costs. They comprise financial investments and cash deposits with maturities of more than three months and up to one year.

Non-basic financial instruments

Non-basic financial instruments are recognised at fair value and are revalued using a valuation technique at each reporting date. Any movements in the fair value are posted to the Statement of Comprehensive Income unless hedge accounting is applied.

Turnover

Turnover comprises a range of significant income streams including:

Rents and service charges

Rents and service charge income receivable is shown net of void losses. Rental income on homes newly acquired or developed is recognised from the execution of the first tenancy agreement. Rental income is taken up to 31 March.

Proceeds from disposal of property developed for sale

Properties sold that were developed or acquired for outright sale are included within turnover. The proceeds from the first tranche sales of shared ownership properties are included within turnover. Subsequent tranche sales are included within the gain / (loss) on disposal of housing properties. Proceeds on sales are recognised upon practical completion of the sale.

Grants

Turnover includes grants recognised as income under the performance method and the amortisation of government grant under the accrual model. More detail is provided in specific grant accounting policies.

Grants relating to revenue are recognised as income as the same period as the expenditure to which they relate, one reasonable assurance has been gained that any funding conditions have been met and the grant will be received.

Other fees and income receivable

Other fees and income is recognised as receivable on delivery of the services provided.

Expenses

Cost of sales

Cost of sales comprises the carrying cost of the asset sold including any capitalised interest and direct overheads incurred in the development or acquisition of the asset. It also includes any marketing, conveyancing or other incidental costs incurred in the sale.

Operating leases

Payments (excluding costs for services and insurance) made under operating leases are recognised in the statement of comprehensive income on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred.

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting Policies (continued)

Gain / (loss) on the disposal of housing properties

The proceeds from properties sold under the Right to Buy, Right to Acquire, other voluntary disposal or shared ownership staircasing, are recognised within the operating surplus as a Gain/(loss) on the disposal of housing property. This gain is reported after deducting the carrying cost of the property sold.

Interest receivable and interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in the statement of comprehensive income using the effective interest method and unwinding of the discount on provisions.

Interest, including issue costs, is allocated at a constant rate on the carrying amount over the period of the borrowing.

Borrowing costs that are directly attributable to the acquisition, construction or production of housing properties that take a substantial time to be prepared for use are capitalised as part of the cost of that asset.

Other interest receivable and similar income includes interest receivable on funds invested.

Value added tax

The Association charges VAT on some of its income and is able to recover part of the VAT it incurs on expenditure. The financial statements include VAT on expenditure to the extent that it is suffered by the Association and not recovered from HMRC.

Tax

Cobalt Housing Limited is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the charity is exempt from taxation in respect of income or capital gains received within the categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Tangible fixed assets

Housing properties for rent

Social housing properties for rent are stated at historic cost less accumulated depreciation and impairment. Costs include the cost of acquiring land and buildings, development costs, interest charges incurred during the development period, directly attributable staff costs and expenditure incurred in respect of improvement or component renewal.

Components and renewal

Where a housing property comprises two or more major components with substantially different useful economic lives, each component is accounted for separately and depreciated over its individual useful economic life.

Expenditure relating to the subsequent replacement or renewal of major property components is capitalised as incurred. The original component is disposed of on renewal and any residual carrying cost recognised as an operating cost.

Property improvement

Improvements are works which result in an increase in the net rental income, such as a reduction in future maintenance costs, or result in a significant extension of the useful economic life of the property in the business.

Shared ownership

Shared ownership properties are included in housing properties at cost related to the percentage of equity retained, less any provisions needed for impairment or depreciation.

Unsold shared ownership properties, including those under construction, are split between fixed assets and current assets (stock). The proportion included as stock is determined by the percentage of the property agreed or expected to be sold under the first tranche sale. The remainder is classified as tangible fixed assets.

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting Policies (continued)

Donated land and other assets

Land and other assets donated by local authorities and other government sources is added to cost at their fair value at the time of the donation. Where land is not related to a specific development and is donated by a public body, an amount equivalent to the difference between fair value and consideration paid is treated as non-monetary government grant and recognised as a deferred income liability on the Statement of Financial Position. Where the donation is from a non-public source, the difference between fair value and consideration paid is included as income on the Statement of Comprehensive Income.

Depreciation of housing properties

Depreciation is charged to the statement of comprehensive income from the year following the assets acquisition or replacement. It is charged on a straight-line basis over the estimated useful lives of each component part of our housing properties. Freehold land and properties under construction are not depreciated.

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change in the pattern by which the association expects to consume an asset's future economic benefits.

Fixed Asset Category	Useful Economic Life in Years
New build housing structure	100
Other housing structure	50
Boundary walls and car hard-standings	50
Pitched Roofs	50
Bay and Flat roofs	30
Windows	25
Electrical installation	25
Bathrooms	40
Structural cladding	25
Fascia and soffits	25
Fencing	25
External doors	20
Boilers and heating systems	17.5
Kitchens	18
Communal lift	25
Door entry system	15
Emergency lighting & fire detection	10

Capitalisation of Development Administration Costs

Costs which are directly attributable to development activity are capitalised. This includes a proportion of the cost of the in-house development team.

Capitalisation of Interest

Borrowing costs that are directly attributable to the acquisition, construction or production of housing properties that take a substantial time to be prepared for use are capitalised as part of the cost of that asset.

Impairment

Financial assets not carried at fair value are impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event has had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its 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)

Impairment (continued)

For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Association would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in the statement of comprehensive income. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the statement of comprehensive income.

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Housing properties are assessed annually for any indicators of impairment. Where indicators are identified an assessment of impairment is undertaken comparing the carrying value of our assets to their recoverable amount.

Where the carrying amount of our assets is deemed to exceed its recoverable amount, the asset is written down to its recoverable amount. The resulting impairment loss is recognised as operating expenditure. Where an asset is deemed not to be providing its intended service potential, its recoverable amount is deemed to be its fair value less costs to sell. For impairment purposes assets can be individual properties, schemes or groups of similar properties.

Properties developed for sale

Completed properties for outright sale and properties under construction are recognised at the lower of cost and net realisable value. Cost comprises materials, direct labour, direct development overheads and capitalised interest. Net realisable value is based on estimated sales price after allowing for all further costs of completion and disposal.

Investment properties

Investment properties are not held for their social benefit, but either to earn rental income or for capital appreciation or for both. Investment properties are recognised initially at cost and subsequently held at fair value. Any gains or losses arising from changes in the fair value are recognised in the statement of comprehensive income in the period that they arise. No depreciation is provided in respect of investment properties applying the fair value model.

Other tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and any provision for impairment. Depreciation is charged on a straight-line basis over the expected economic useful lives as shown below, to write them down to their estimated residual value.

Fixed Asset Category	Economic Life in Years
Office premises	60
Furniture, fixtures and fittings	5
Office equipment	5
Vehicles	4
Computer equipment	5

Other fixed assets are reviewed for impairment if there is an indication that impairment may have occurred. Where there is evidence of impairment, fixed assets will be written down to the recoverable amount via operating expenditure.

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting Policies (continued)

Intangible fixed assets

Intangible fixed assets are stated at cost less accumulated amortisation and any provision for impairment. Amortisation is charged on a straight-line basis over the expected economic useful lives.

Fixed Asset Category	Economic Life
ICT system development and implementation costs	5 Years

Government grants – including social housing grant (SHG)

Government grants includes grants receivable from Homes England, local authorities and other government organisations. Government grants received for developing or acquiring housing properties are recognised as income over the useful life of the housing property structure under the accrual method.

An amount equivalent to the accumulated SHG taken to revenue reserves is disclosed as a contingent liability reflecting the potential future obligation to repay SHG where properties are disposed.

Government grants received for housing properties are subordinated to the repayment of loans by agreement with Homes England. On the sale, disposal or change of approved use of a government grant funded property, some or all of the grant is transferred into the Recycled Capital Grant Fund. Amounts within this fund are recognised as liabilities until they are either recycled or repaid in accordance with the social housing grant regime.

If there is no requirement to recycle or repay the grant on disposal of an asset, any unamortised residual grant is released from creditors and recognised as income.

Grants due from government organisations or received in advance are included as current assets or liabilities.

Other grants

Grants which do not impose specific future performance conditions are recognised as turnover when the grant proceeds are received or receivable using the performance method. Grants that impose specific future performance related conditions on the association are only recognised when the conditions have been met.

Employee benefits

Defined contribution pension plans

The majority of the Association's employees are members of a defined contribution plan. The association pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Any such contributions are recognised as an expense in the statement of comprehensive income in the period during which services are rendered by employees.

Defined benefit pension plan – Social Housing Pension Scheme (SHPS)

The Association participates in the Social Housing Pension Scheme ('SHPS'), a multi-employer pension scheme. The difference between the deficit funding liability and the net defined benefit deficit for SHPS has been recognised in Other Comprehensive Income. Further disclosures in this area are included in note 34. The cost of providing retirement pensions and related benefits is charged to management expenses over the periods benefiting from the employees' services.

Termination benefits

Termination benefits are recognised as an expense when the association is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the association has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than twelve months after the reporting date, then they are discounted to their present value.

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting Policies (continued)

Loan finance issue costs or premia

Material loan issue costs are written off evenly over the life of the related loan. Material issue premia proceeds are amortised evenly over the life of the related loan. Loans are stated in the Statement of Financial Position at the amount of the net proceeds including any issue premium and after issue and arrangement costs. The cost of interest rate swap options not utilised is written off to expenditure on the maturity of the option where relevant.

Property managed by agents

Where the Association carries the financial risk on property managed by agents, all the income and expenditure arising from the property is included in the income and expenditure account. Where the agency carries the financial risk, the income and expenditure account includes only that income and expenditure which relates solely to the Association.

Provisions

A provision is recognised in the statement of financial position when the association has a present legal or constructive obligation as a result of a past event, which can be reliably measured and is likely to be required to be settled. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Going concern

The Association's financial statements have been prepared on a going concern basis which assumes an ability to continue operating for the foreseeable future. No significant concerns have been noted in the business plan updated in 2023 and therefore we consider it appropriate to continue to prepare the financial statements on a going concern basis.

Critical accounting judgements and key sources of estimation uncertainty

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

a. Development expenditure.

   The Association capitalises development expenditure in accordance with the accounting policy described on page 42. Initial capitalisation of costs is based on management's judgement that a development scheme is confirmed, usually when Board approval has taken place including access to the appropriate funding. In determining whether a project is likely to cease, management monitors the development and considers if changes have occurred that result in impairment.

b. Categorisation of housing properties.

   The Association has undertaken a detailed review of the intended use of all housing properties. In determining the intended use, the Association has considered if the asset is held for social benefit or to earn commercial rentals. The Association has determined that market rented property are investment properties.

NOTES TO THE FINANCIAL STATEMENTS

2. Turnover, Operating Costs and Operating Surplus

Group

	Notes	2024 Turnover £'000	2024 Operating costs £'000	2024 Gain on disposal of housing property £'000	2024 Increase in valuation of investment properties £000	2024 Operating Surplus £'000	2023 Turnover £'000	2023 Operating costs £'000	2023 Gain on disposal of housing property £'000	2023 Increase in valuation of investment properties £'000	2023 Operating Surplus £'000
Social Housing Lettings											
General Let Accommodation		**31,488**	**(25,907)**	**-**	**-**	**5,581**	28,828	(20,765)	-	-	8,063
Shared Ownership		**7**	**(3)**	**-**	**-**	**4**	7	(3)	-	-	4
Social Housing Lettings	3	**31,495**	**(25,910)**	**-**	**-**	**5,585**	28,835	(20,768)	-	-	8,067
Other Social Housing Activities											
Gain on disposal of housing property	4	**-**	**-**	**1,759**	**-**	**1,759**	-	-	2,640	-	2,640
Development services		**-**	**(777)**	**-**	**-**	**(777)**	-	(786)	-	-	(786)
Regeneration initiatives		**171**	**(619)**	**-**	**-**	**(448)**	108	(520)	-	-	(412)
Estate Services		**-**	**(217)**	**-**	**-**	**(217)**	-	(280)	-	-	(280)
Other		**5**	**-**	**-**	**-**	**5**	61	-	-	-	61
Other Social Housing Activities		**176**	**(1,613)**	**1,759**	**-**	**322**	169	(1,586)	2,640	-	1,223
Total Social Housing Activity		**31,671**	**(27,523)**	**1,759**	**-**	**5,907**	29,004	(22,354)	2,640	-	9,290
Non-Social Housing Activities											
Investment Properties		**74**	**(187)**	**-**	**64**	**(49)**	68	(15)	-	42	95
Commercial		**1**	**(1)**	**-**	**-**	**-**	1	-	-	-	1
Leaseholders		**2**	**(3)**	**-**	**-**	**(1)**	2	(3)	-	-	(1)
Non-Social Housing Activities		**77**	**(191)**	**-**	**64**	**(50)**	71	(18)	-	42	95
Total		**31,748**	**(27,714)**	**1,759**	**64**	**5,857**	29,075	(22,372)	2,640	42	9,385

NOTES TO THE FINANCIAL STATEMENTS

2. Turnover, Operating Costs and Operating Surplus (continued)

Association

	Notes	2024 Turnover £'000	2024 Operating costs £'000	2024 Gain on disposal of housing property £'000	2024 Increase in valuation of investment properties £000	2024 Operating Surplus £'000	2023 Turnover £'000	2023 Operating costs £'000	2023 Gain on disposal of housing property £'000	2023 Increase in valuation of investment properties £'000	2023 Operating Surplus £'000
Social Housing Lettings											
General Let Accommodation		**31,488**	**(25,907)**	**-**	**-**	**5,581**	28,828	(20,765)	-	-	8,063
Shared Ownership		**7**	**(3)**	**-**	**-**	**4**	7	(3)	-	-	4
Social Housing Lettings	3	**31,495**	**(25,910)**	**-**	**-**	**5,585**	28,835	(20,768)	-	-	8,067
Other Social Housing Activities											
Gain on disposal of housing property	4	**-**	**-**	**1,759**	**-**	**1,759**	-	-	2,640	-	2,640
Development services		**-**	**(778)**	**-**	**-**	**(778)**	20	(854)	-	-	(834)
Regeneration initiatives		**171**	**(619)**	**-**	**-**	**(448)**	108	(520)	-	-	(412)
Estate Services		**-**	**(217)**	**-**	**-**	**(217)**	-	(280)	-	-	(280)
Gift Aid income		**93**	**-**	**-**	**-**	**93**	112	-	-	-	112
Other		**5**	**-**	**-**	**-**	**5**	-	-	-	-	-
Other Social Housing Activities		**269**	**(1,614)**	**1,759**	**-**	**414**	240	(1,654)	2,640	-	1,226
Total Social Housing Activity		**31,764**	**(27,524)**	**1,759**	**-**	**5,999**	29,075	(22,422)	2,640	-	9,293
Non-Social Housing Activities											
Investment Properties		**74**	**(187)**	**-**	**64**	**(49)**	68	(15)	-	42	95
Commercial		**1**	**(1)**	**-**	**-**	**-**	1	-	-	-	1
Leaseholders		**2**	**(3)**	**-**	**-**	**(1)**	2	(3)	-	-	(1)
Non-Social Housing Activities		**77**	**(191)**	**-**	**64**	**(50)**	71	(18)	-	42	95
Total		**31,841**	**(27,715)**	**1,759**	**64**	**5,949**	29,146	(22,440)	2,640	42	9,388

NOTES TO THE FINANCIAL STATEMENTS

3. Income and Expenditure from Social Housing Lettings

Group and Association	General Housing £'000	Shared Ownership £'000	Total 2024 £,000	Total 2023 £'000
Income				
Net Rents Receivable	30,026	6	**30,032**	28,110
Service Charges Receivable	184	-	**184**	132
Net Rents Receivable	**30,210**	**6**	**30,216**	28,242
Revenue Grants	779	-	**779**	111
Supporting People Grants	-	-	**-**	5
Amortised Government Grants	496	1	**497**	475
Other Income	3	-	**3**	2
Total Income from Social Housing Lettings	**31,488**	**7**	**31,495**	28,835
Operating Expenditure				
Management	(7,593)	(1)	**(7,594)**	(6,369)
Service Charge costs	(255)	(1)	**(256)**	(252)
Routine Maintenance	(6,015)	-	**(6,015)**	(4,649)
Planned Maintenance	(1,880)	-	**(1,880)**	(1,196)
Major Repairs	(2,565)	-	**(2,565)**	(1,141)
Disabled Adaptations	(575)	-	**(575)**	(392)
Depreciation of Housing Properties	(5,696)	(1)	**(5,697)**	(5,413)
Impairment of Housing Properties	-	-	**-**	(15)
Rent Bad Debts	(114)	-	**(114)**	(110)
Other costs	(1,214)	-	**(1,214)**	(1,231)
Total Expenditure on Social Housing Lettings	**(25,907)**	**(3)**	**(25,910)**	(20,768)
Operating Surplus on Social Housing Letting Activities	**5,581**	**4**	**5,585**	8,067
Void Losses	***179***	**-**	***179***	*199*

4. Gain on disposal of housing properties

Group and Association	Notes	PRTB, RTA & Voluntary sales £'000	Shared Ownership Staircasing sales £'000	Total 2024 £'000	Total 2023 £'000
Disposal proceeds from property sales		2,133	-	**2,133**	3,329
Right to Acquire grant		117	-	**117**	207
Total income		2,250	-	**2,250**	3,536
Carrying value of properties sold		(419)	-	**(419)**	(896)
Grant amortisation write off	21	(11)	-	**(11)**	(25)
Grant on properties sold		54	-	**54**	116
Other costs of disposal		(115)	-	**(115)**	(91)
Gain on disposal of housing properties		1,759	-	**1,759**	2,640

Number of properties sold	Notes	Number	Number	Number	Number
Preserved Right to Buy sales		26	-	**26**	35
Right to Acquire sales		13	-	**13**	23
Voluntary sales		-	-	**-**	3
	29	39	-	**39**	61

5. Operating Surplus

Operating surplus is stated after charging/(crediting):	Notes	Group 2024 £'000	Group 2023 £'000	Association 2024 £'000	Association 2023 £'000
Auditors' remuneration (excluding VAT):					
Audit remuneration		**27**	23	**27**	23
Audit of subsidiaries		**-**	3	**-**	3
Taxation compliance services		**7**	5	**7**	5
Depreciation of Housing Properties	13	**5,697**	5,413	**5,697**	5,413
Depreciation of Other Fixed Assets	14	**67**	86	**67**	86
Amortisation of Intangible Assets		**1**	32	**1**	32
Impairment of Housing Properties	16	**-**	15	**-**	15
Operating Lease Payments (excluding VAT)	32	**15**	15	**15**	15
Amortisation of Government Grant	21	**(497)**	(475)	**(497)**	(473)

NOTES TO THE FINANCIAL STATEMENTS

6. Gain/(Loss) on Disposal of Fixed Assets

Group and Association	**2024 £'000**	2023 £'000
Disposal Proceeds from Other Fixed Assets	**4**	5
Gain on Disposal of Fixed Assets	**4**	5

7. Key management personnel remuneration

Group and Association	**2024 £'000**	2023 £'000
The directors including executive directors are as listed on page 2.		
Remuneration paid to or receivable by non-executive directors	**68**	60
Remuneration paid to or receivable by committee members and trainee board members	**21**	15
Remuneration paid to or receivable by executive directors (including pension contributions and benefits in kind)	**850**	524
Remuneration paid to the highest paid director (Chief Executive) excluding pension contributions	**150**	106
Pension contributions to the Chief Executive	**15**	11

The Chief Executive is an ordinary member of the SHPS defined contribution salary pension scheme. No enhanced or special terms apply to her membership and she had no other pension arrangement to which the Association contributed.

Remuneration paid to executive directors includes payments to Ark Consultancy Limited for the provision of Interim Director services.

The Remuneration (including pension contributions and benefits in kind) or fees paid to non-executive directors on the Board were as follows:

Group and Association	**Basic salary £'000**	**Pension contributions £'000**	**2024 £'000**	2023 £'000
Current Board members				
K Timmins (Chair)	**11**	**-**	**11**	10
W Baker	**6**	**-**	**6**	5
S Ramsden	**6**	**-**	**6**	6
P Smith	**6**	**-**	**6**	5
MY Davies	**5**	**-**	**5**	5
M Patchitt	**5**	**-**	**5**	2
J Anderson (from May 2023)	**5**	**-**	**5**	-
Z Carmichael (from May 2023)	**5**	**-**	**5**	-
H Ward (from May 2023)	**5**	**-**	**5**	-
W Knowles (from May 2023)	**5**	**-**	**5**	-
D Luing (from September 2023)	**3**	**-**	**3**	-
Former Board members				
AF Pritchard (to September 2023)	**2**	**-**	**2**	6
M Rea (to September 2023)	**2**	**-**	**2**	6
EJF Wright (to September 2023)	**2**	**-**	**2**	5
J Souness (to February 2023)	**-**	**-**	**-**	5
S Kinsella (to August 2022)	**-**	**-**	**-**	5
	68	**-**	**68**	60

Expenses paid during the year to Board Members totalled £2,016 (2023: £942)

NOTES TO THE FINANCIAL STATEMENTS

7. Key management personnel remuneration (continued)

The Association's employees are active members of the Social Housing Pension Scheme (SHPS) defined contribution plan.

The aggregate number of full-time equivalent staff (based on an average of 35 hours) whose remuneration (including salaries, benefits in kind, pension contributions paid by the employer and any termination payments) exceeded £60,000 was as follows:

Remuneration between	**2024 Number**	2023 Number
£60,000 and £69,999	**2**	6
£70,000 and £79,999	**4**	1
£80,000 and £89,999	**-**	-
£90,000 and £99,999	**2**	-
£100,000 and £109,999	**1**	3
£110,000 and £119,999	**2**	1
£130,000 and £139,999	**-**	-
£140,000 and £149,999	**-**	-
£150,000 and £159,999	**1**	-
£160,000 and £169,999	**1**	-
	13	11

Remuneration paid for an executive director, to Ark Consultancy Limited, is disclosed based on the invoice value inclusive of on-costs.

8. Employee Information

Group and Association The average number of employees expressed as full-time equivalents (based on an average of 35 hours per week) was:	**2024**	2023
Office staff	**145**	127
Operatives	**22**	18
	167	145

Staff costs (for the above persons)	**2024 £'000**	2023 £'000
Wages and Salaries	**6,428**	5,294
Social Security Costs	**678**	570
Pension Costs	**452**	383
Severance payments	**117**	-
Defined benefit past service pension deficit costs	**8**	8
	7,683	6,255

NOTES TO THE FINANCIAL STATEMENTS

9. Interest Receivable

	Notes	Group 2024 £'000	Group 2023 £'000	Association 2024 £'000	Association 2023 £'000
Interest on deposits and investments		**2,858**	996	**2,858**	996
Interest on loan to Altview Living	28	**-**	-	**-**	16
Less interest transferred to Recycled Capital Grant Fund		**-**	(1)	**-**	(1)
		2,858	**995**	**2,858**	1,011

10. Interest Payable and Similar Charges

	Notes	Group 2024 £'000	Group 2023 £'000	Association 2024 £'000	Association 2023 £'000
Interest payable on bond finance		**731**	731	**731**	731
Loan arrangement fees amortized		**20**	50	**20**	50
Loan security costs		**11**	10	**11**	10
Loan administration costs		**39**	34	**39**	34
Non-utilisation costs		**31**	38	**31**	38
		832	863	**832**	863
Loan premium write-down		**(125)**	(125)	**(125)**	(125)
Capitalised Interest		**(49)**	(29)	**(49)**	(29)
		658	709	**658**	709
Average interest rate used for capitalisation in the period		**2.217%**	2.217%	**2.217%**	2.217%

11. Other Financing costs

Group and Association	Notes	Total 2024 £'000	Total 2023 £'000
Expected return on pension scheme assets		**(309)**	(336)
Interest on pension scheme liabilities		**360**	369
	34	**51**	33

12. Taxation on Surplus on Ordinary Activities

	Group 2024 £'000	Group 2023 £'000	Association 2024 £'000	Association 2023 £'000
Corporation Tax	**-**	-	**-**	-

NOTES TO THE FINANCIAL STATEMENTS

13. Fixed Assets – Housing Properties

Group and Association	Completed Schemes		Assets Under Construction			
	Rented £'000	Shared Ownership £'000	Rented £'000	Shared Ownership £'000	Total 2024 £'000	Total 2023 £'000
Cost						
At 1 April	211,308	159	1,155	59	**212,681**	212,402
Development additions	-	-	5,717	632	**6,349**	1,394
Transfers to stock	-	-	-	(232)	**(232)**	(39)
Transfers to investment	(89)	-	(248)	-	**(337)**	-
Component renewals	7,251	-	-	-	**7,251**	2,647
Completed properties	7	-	(7)	-	**-**	-
Disposals	(3,537)	-	-	-	**(3,537)**	(3,723)
At 31 March	**214,940**	**159**	**6,617**	**459**	**222,175**	212,681
Depreciation						
At 1 April	(72,783)	(23)	-	-	**(72,806)**	(70,219)
Charge for the year	(5,696)	(1)	-	-	**(5,697)**	(5,413)
Disposals	3,038	-	-	-	**3,038**	2,826
At 31 March	**(75,441)**	**(24)**	**-**	**-**	**(75,465)**	(72,806)
Impairment						
At 1 April	(638)	-	-	-	**(638)**	(623)
Charge for the year (note 16)	-	-	-	-	**-**	(15)
Disposals	80	-	-	-	**80**	-
At 31 March	**(558)**	**-**	**-**	**-**	**(558)**	(638)
Net Book Value						
At 1 April	137,887	136	1,155	59	**139,237**	141,560
At 31 March	**138,941**	**135**	**6,617**	**459**	**146,152**	139,237

Freehold land & buildings	**139,491**	132,431
Long leasehold buildings	**6,661**	6,806
At 31 March	**146,152**	139,237

Additions to housing properties in the year included capitalised interest of £49K (2023: £29K).

Works to existing properties charged to the Statement of Comprehensive Income totalled £9,015K (2023: £5,810K).

Assets under construction includes £130K for land acquired for development where development has yet to start.

NOTES TO THE FINANCIAL STATEMENTS

14. Fixed Assets – Other Assets

Group and Association	**Freehold Land and Buildings** £’000	**Vehicles, Furniture and Equipment** £’000	**Total 2024** **£’000**	Total 2023 £’000
Cost				
At 1 April	3,141	229	**3,370**	3,426
Additions	44	4	**48**	-
Disposals	-	(145)	**(145)**	(56)
At 31 March	**3,185**	**88**	**3,273**	3,370
Depreciation				
At 1 April	(876)	(162)	**(1,038)**	(1,008)
Charge for the year	(53)	(14)	**(67)**	(86)
Disposals	-	145	**145**	56
At 31 March	**(929)**	**(31)**	**(960)**	(1,038)
Net Book Value				
At 1 April	2,265	67	**2,332**	2,418
At 31 March	**2,256**	**57**	**2,313**	2,332

15. Fixed Assets - Investments

Group and Association	**Liquidity reserve** £’000	**Investment Property** £’000	**Total 2024** **£’000**	Total 2023 £’000
At 1 April	734	1,010	**1,744**	2,113
Revaluations	-	64	**64**	42
Additions	31	337	**368**	3
Less write down of additions		(163)	**(163)**	(164)
Disposals	-	-	**-**	(414)
At 31 March	**765**	**1,248**	**2,013**	1,744

The Association has £765,000 on deposit as a Liquidity Reserve in relation to its THFC bLEND bond finance. The funds will be held in trust by THFC bLEND until the bond finance is repaid in 2054.

The Association owns 9 completed properties let at market rents held for investment purposes. Sample valuations of the properties were carried out in March 2024 by external Chartered Surveyors (SK Estates) in accordance with the RICS Appraisal and Valuation Manual. Their reports indicated that the market value of investment property had increases from £1,010,000 to £1,073,500 during the year.

The additions to Investment Property in the year relate to two further homes acquired for market rent that were undergoing refurbishment as at 31st March 2024. The combined acquisition and refurbishment cost exceeded the expected completed property valuation and the excess was written down and charged as a revenue expenses in the year.

NOTES TO THE FINANCIAL STATEMENTS

16. Impairment

There were no impairment triggers during 2023/24 and therefore a full impairment review was not required.

Group and Association Properties in redevelopment area	Note	Total 2024 £'000	Total 2023 £'000
Opening Net Book Value after previous impairment		**-**	-
Increase in Net Book Value in the year		**-**	15
Impairment charge	13	**-**	(15)
Closing Net Book Value following impairment		**-**	-

17. Stock

	Notes	Group 2024 £'000	Group 2023 £'000	Association 2024 £'000	Association 2023 £'000
First tranche Shared ownership properties:					
Completed		**-**	-	**-**	-
Work in progress		271	39	**271**	39
Total stock		**271**	39	**271**	39

18. Trade and other debtors

	Notes	Group 2024 £'000	Group 2023 £'000	Association 2024 £'000	Association 2023 £'000
Amounts Falling Due Within One Year					
Current Tenant Rent and Service Charge Arrears		**1,320**	1,220	**1,320**	1,220
Former Tenant Rent and Service Charge Arrears		**311**	359	**311**	359
Gross Rent and Service Charge Arrears		**1,631**	1,579	**1,631**	1,579
Bad Debt Provision		**(887)**	(982)	**(887)**	(982)
Net Rent and Service Charge Arrears		**744**	597	**744**	597
Capital grant receivable		**1,320**	-	**1,320**	-
Revenue grant receivable		**541**	48	**541**	48
Tax debtor		**-**	-	**-**	-
Amounts owed from related undertakings	28	**-**	-	**-**	2
Prepayments and Sundry Debtors		**1,296**	872	**1,296**	872
Total Amounts Falling Due within One Year		**3,901**	1,517	**3,901**	1,519

19. Short term investments

	Notes	Group 2024 £'000	Group 2023 £'000	Association 2024 £'000	Association 2023 £'000
95-day notice bank deposits		**20,000**	9,000	**20,000**	9,000
Total short-term investments		**20,000**	9,000	**20,000**	9,000

NOTES TO THE FINANCIAL STATEMENTS

20. Creditors: Amounts Falling Due Within One Year

	Notes	Group 2024 £'000	Group 2023 £'000	Association 2024 £'000	Association 2023 £'000
Borrowing	22	**105**	105	**105**	105
Trade Creditors		**2,144**	1,295	**2,144**	1,295
Capital Creditors and Retentions		**2,548**	717	**2,548**	606
Rent and Service Charges Received in Advance		**931**	1,071	**931**	1,071
Other Taxation and Social Security		**36**	155	**36**	155
Amounts owed to related undertakings	28	**-**	-	**-**	114
Grants Received in Advance		**93**	161	**93**	161
Unamortised Government Grant income	21	**497**	497	**497**	497
Recycled Capital Grant Fund	23	**-**	-	**-**	-
Accruals and Deferred Income		**239**	134	**239**	134
Total Creditor Amounts Falling Due within One Year		**6,593**	4,135	**6,593**	4,138

21. Deferred capital grant income

Group and Association	**Notes**	**Social Housing Grant** £'000	**Other grants** £'000	**Total 2024** **£'000**	Total 2023 £'000
Total Government Grant Income					
At 1 April		30,318	16,756	**47,074**	46,549
Grant received and recycled		-	1,320	**1,320**	724
Recategorisation		16	(16)	**-**	-
Grant on property disposals		(60)	-	**(60)**	(199)
At 31 March		**30,274**	**18,060**	**48,334**	47,074
Less Total Amount Amortised to date					
At 1 April		(3,816)	(2,861)	**(6,677)**	(6,227)
Released to Statement of Comprehensive Income	3	(324)	(173)	**(497)**	(475)
Amortised grant written back on disposals	4	11	-	**11**	25
At 31 March		**(4,129)**	**(3,034)**	**(7,163)**	(6,677)
Unamortised Grant Income					
Amounts to be released within one year	20	325	172	**497**	497
Amounts to be released in more than one year		25,820	14,854	**40,674**	39,900
At 31 March		**26,145**	**15,026**	**41,171**	40,397

NOTES TO THE FINANCIAL STATEMENTS

22. Debt

Group and Association

Debt is repayable in instalments as follows:	**Notes**	**2024 £'000**	2023 £'000
Due within one year			
Bank loans		**-**	-
Bond finance		**-**	-
Premium on bond issue		**125**	125
Less Issue costs		**(20)**	(20)
Total due within one year	20	**105**	105
Due after more than one year			
Bank loans		**-**	-
Bond finance		**25,000**	25,000
Premium on bond issue		**3,613**	3,738
Less Issue costs		**(387)**	(407)
Total due after more than one year		**28,226**	28,331
Total borrowing is repayable in instalments as follows:			
Within one year or on demand		**-**	-
One year or more but less than two years		**-**	-
Two years or more but less than five years		**-**	-
Five years or more		**25,000**	25,000
Total Borrowing		**25,000**	25,000

Loan Security

As at the 31st March 2024, the Association's total loans of £25,000,000 were secured by a charge over 874 of the Association's properties.

Terms of repayment and interest rates

The nominal rate of interest on the £25.0m is 2.922% and the effective interest rate after the premium is 2.217%. The interest rate is payable half-yearly and fixed for the life of the bond, interest payments are payable half yearly and the bond is repayable in 2054.

An undrawn loan facility with Santander plc is available to draw until 2026 at variable rates plus lenders margin.

Premium on bond issue

In 2021-22 the Association drew down a £25m nominal loan from bLEND (THFC). The gross proceeds of £29,107,500 included a premium of £4,107,500 which is amortised over the life of the nominal loan. The premium discharged is netted off against loan interest payable in the Statement of Comprehensive Income (see note 10).

NOTES TO THE FINANCIAL STATEMENTS

22. Debt (continued)

Covenant Compliance

Covenant compliance is monitored on a monthly basis. There were no breaches identified in the year. The following financial covenants are the tightest by definition and are assessed on an annual basis:

	Tightest Covenant Threshold	Internal Golden Rule	2024 £'000	2023 £'000
Interest cover (EBITDA)	130%	> 150%	**(445%)***	(3,690%)*
Gearing (debt to GBV of housing assets)	< 45%	< 40%	**(4.4%)**	(9.3%)

*The interest cover covenant changed in 2023-24 to EBITDA, (EBITDA MRI in 2022-23). The interest cover test is calculated using net interest payable (interest payable less interest receivable). The net interest payable was negative as interest receivable exceeded interest payable. In such circumstances the association is deemed to fully comply with the covenant requirements.

23. Recycled Capital Grant Fund

Group and Association	**Notes**	**2024 £'000**	2023 £'000
Opening balance		**-**	127
Inputs to the fund			
Sales proceeds recycled		**5**	83
Interest accrued		**-**	1
Amounts recycled			
Provision of new build dwellings for Affordable rent		**-**	(211)
Balance At 31 March		**5**	-
Amounts Falling Due Within One Year	20	**-**	-
Amounts Falling Due After More Than One Year		**5**	-
		5	-

24. Other Creditors: Amounts Falling Due After More Than One Year

Other Creditors	**Notes**	**Group 2024 £'000**	**Group 2023 £'000**	**Association 2024 £'000**	**Association 2023 £'000**
Amounts owed to related undertakings	28	**-**	-	**-**	-
Capital Creditors and Retentions		**8**	-	**8**	-
Accruals and Deferred Income		**35**	35	**35**	35
Total Other Creditors		**43**	35	**43**	35

NOTES TO THE FINANCIAL STATEMENTS

25. Provisions for liabilities and charges

Group and Association	2024 £'000	2023 £'000
Disrepair claims	**260**	333
Public liability insurance claims	**45**	60
At 31 March	**305**	393

Provisions have been made in respect of live claims made against the association as at the Statement of Financial Position date.

26. Non-equity Share Capital

Group and Association	2024 £	2023 £
Shares of £1 each fully paid and issued		
At start of the year	**21**	22
Shares issued in the year	**5**	1
Cancelled during the year	**(3)**	(2)
At 31 March	**23**	21

The Association's shares are not transferable or redeemable. Payments of dividends or other benefits are forbidden by the Association's rules and by the Housing Association Acts.

27. Transactions with related parties

The Association maintains a register of interests of Board Members.

Group and Association	2024 £'000	2023 £'000
The Association made payments to:		
Remuneration paid to other related parties in the year		
Cobalt Board members	**68**	59
Cobalt Committee members	**21**	14
	89	73
Payments to other related parties in the year		
Director Services (Ark Consultancy Limited)*	**151**	-
Property Consultancy Services*	**53**	-
	204	-

*Amounts disclosed are exclusive of VAT.

Cobalt contracted with Ark Consultancy Services for the provision of a Director of Property from June 2023 to March 2024. Property Consultancy Services were also provided by Ark Consultancy during the year at competitive day rate charges. Payment terms were 30 days from the date of a valid invoice.

NOTES TO THE FINANCIAL STATEMENTS

28. Group Undertakings

The consolidated financial statements incorporate the financial statements of Cobalt Housing Limited (the Ultimate parent entity) and Altview Living Limited.

The amounts charged between related undertakings

Amounts charged to Altview Living Limited from Cobalt Housing Limited	**Notes**	**2024 £'000**	2023 £'000
Development services	2	**-**	20
Interest payable	9	**-**	16
		-	36

Charges from Cobalt Housing are based on cost. These transactions have been netted off on consolidation and not included within the Group statements.

Amounts charged to Cobalt Housing Limited by Altview Living Limited	**Notes**	**2024 £'000**	2023 £'000
Development works and services		**7**	628
		7	628

The Charges from Altview Living Limited in 2023-24 were at cost plus a 3.25% uplift.

The amounts owed between related undertakings within the Statement of Financial Position

Amounts owed from Altview Living Limited	**Notes**	**2023 £'000**	2022 £'000
Debtors Falling Due Within One Year	18	**-**	2
Short Term Investments: Intercompany loan	19	**-**	-
		-	2
Amounts owed to Altview Living Limited			
Creditors Falling Due Within One Year	20	**-**	(114)
Creditors Falling Due After More Than One Year	24	**-**	-
		-	(114)
Net amounts owed from/(to) Altview Living Limited as at 31 March		**-**	(112)

NOTES TO THE FINANCIAL STATEMENTS

29. Housing Stock

	At 1 April 2023	Additions	Disposals	Completions /Other	At 31 March 2024
UNITS OWNED					
Social Housing					
General Needs (Social rent)	5,398	-	(39)	(2)	**5,357**
General Needs (Affordable rent)	397	-	-	(1)	**396**
Shared ownership	2	-	-	-	**2**
Total Social Housing Homes Owned	5,797	-	(39)	(3)	**5,755**
Non-Social Housing					
Market rent owned	9	1	-	1	**11**
Total Homes owned	5,806	1	(39)	(2)	**5,766**
OTHER UNITS MANAGED					
Freehold interest where leaseholder owns 100%	3	-	-	-	**3**
Total Homes Managed	5,809	1	(39)	(2)	**5,769**
UNITS TAKEN OUT OF THE RENT DEBIT					
Awaiting demolition	10	-	-	(4)	**6**
Total units	5,819	1	(39)	(6)	**5,775**
The number of properties under development at the year-end were:					
Affordable Rents	50	-	-	-	**50**
Shared ownership	10	-	-	-	**10**
Rent to Buy	28	-	-	-	**28**
Market rent	-	2	-	-	**2**
Total housing under development	88	2	-	-	**90**

NOTES TO THE FINANCIAL STATEMENTS

30. Reconciliation of Surplus to Net Cash Inflow from Operating Activities

	Notes	Group 2024 £'000	Group 2023 £'000	Association 2024 £'000	Association 2023 £'000
Surplus/ (Deficit) for the year (Statement of Comprehensive Income)		**8,010**	9,643	**8,102**	9,662
Adjustments for non-cash items:					
Depreciation of Housing Properties	13	**5,697**	5,413	**5,697**	5,413
Depreciation of Other Fixed Assets	14	**66**	86	**66**	86
Amortisation of Intangible Assets		**1**	32	**1**	32
Impairment of tangible fixed assets	16	**-**	15	**-**	15
Preserved Right to Buy & Right to Acquire disposal adjustments		**375**	805	**375**	805
Gain/(loss) on disposal of tangible fixed assets		**-**	-	**-**	1
Pension Adjustments –remeasurement, interest & contributions		**(383)**	(419)	**(383)**	(419)
(Increase)/ Decrease in stock	17	**(231)**	(39)	**(231)**	(39)
(Increase) / Decrease in trade and other debtors		**(845)**	1,281	**(845)**	71
Increase / (Decrease) in trade and other creditors		**784**	(822)	**783**	(825)
Increase / (Decrease) in in provisions	25	**(87)**	257	**(87)**	257
Adjustments for investing or financing activities:					
Amortisation of deferred Government Grant	21	**(497)**	(475)	**(497)**	(475)
Unrealised gain / (losses) on revaluation of investment properties	15	**99**	(42)	**99**	(42)
Interest receivable	9	**(2,858)**	(995)	**(2,858)**	(1,011)
Interest payable	10	**658**	709	**658**	709
Other financing amounts	11	**51**	33	**51**	33
Net Cash Inflow from Operating Activities		**10,840**	15,482	**10,931**	14,273

31. Analysis of Changes in Net Debt

Group	Notes	At 1 April 2023 £'000	Cash Flows £'000	Non-cash Changes £'000	At 31 March 2024 £'000
Cash and cash equivalents		44,857	(10,049)	-	**34,808**
Debt Due within one year		-	-	-	**-**
Debt Due after more than one year	22	(25,000)	-	-	**(25,000)**
Net (debt) / cash		19,857	(10,049)	-	**9,808**

Association	Notes	At 1 April 2023 £'000	Cash Flows £'000	Non-cash Changes £'000	At 31 March 2024 £'000
Cash and cash equivalents		44,765	(9,958)	-	**34,807**
Debt Due within one year		-	-	-	**-**
Debt Due after more than one year	22	(25,000)	-	-	**(25,000)**
Net (debt) / cash		19,765	(9,958)	-	**9,807**

NOTES TO THE FINANCIAL STATEMENTS

32. Operating Leases

The Association leases an industrial unit for its in-house maintenance team. Payments are accounted for in the month in which they fall due. At 31 March 2024, the Association had total commitments under these leases of:

Group and Association	**Land and Buildings £'000**	**2024 £'000**	2023 £'000
Leases expiring (including VAT):			
Within one year	18	**18**	18
In the second to fifth years	17	**17**	35
In more than five years	-	**-**	-
	35	**35**	53

33. Capital Commitments

Group and Association	**2023 £'000**	2023 £'000
Capital expenditure contracted for but not provided for in the financial statements	**11,664**	13,358
Capital expenditure authorised by the Board of Management but not yet contracted for	**53,760**	8,551
	65,424	21,909

The Association expects these commitments to be contracted within the next year and financed with:

Social Housing Grant	**7,167**	999
Liverpool City Region – Brownfield Land Fund Grant	**1,976**	-
New borrowing, operating cash flows and existing cash and equivalent balances	**56,281**	20,910
	65,424	21,909

34. Pension obligations

Group and Association

Social Housing Pension Scheme

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

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

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

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

Participating employers are legally required to meet their share of the Scheme deficit on an annuity purchase basis on withdrawal from the Scheme.

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

NOTES TO THE FINANCIAL STATEMENTS

34. Pension obligations (continued)

The latest accounting valuation was carried out with an effective date of 30 September 2023. The liability figures from this valuation were rolled forward for accounting year-ends from the following 31 March 2024 to 28 February 2025 inclusive.

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

The accounting policy in relation to pension obligations is set out on page 45.

Scheme membership	2024	2023
Actives	**18**	21
Deferred	**43**	38
Pensioners	**9**	10
Spouses/dependents	**-**	-
Total	**70**	69

The latest Social Housing Pension Scheme membership data is as at 30 September 2023. SHPS has been closed to further membership and further service accrual since April 2016. Actives refers to members who retain a link to their current salary for defined benefit pension purposes.

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the funds by qualified independent actuaries.

The most recent full actuarial valuation for the scheme was carried out with an effective date of 30 September 2023 (Social Housing Pension Scheme). The fair value of the schemes' assets at 31st March 2024, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the scheme's liabilities, which are derived from cash flow projections over long periods and are thus inherently uncertain, were:

Assumptions	2024	2023
Duration profile used to determine assumptions:		
CPI Inflation	**2.79%**	2.81%
Rate of discount on scheme	**4.93%**	4.83%
Rate of salary growth	**3.79%**	3.81%
Pensionable earnings increases	**3.08%**	3.16%
Proportion married at retirement	**75%**	75%
Allowance for cash commutation	**75% of maximum allowance**	75% of maximum allowance

Principal Actuarial Assumptions (continued)

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:

	2024	2023
Life expectancy male non-pensioner	**21.8**	22.2
Life expectancy female non-pensioner	**24.4**	24.9
Life expectancy male pensioner	**20.5**	21.0
Life expectancy female pensioner	**23.0**	23.4

NOTES TO THE FINANCIAL STATEMENTS

34. Pension obligations (continued)

Amounts recognised in the Statement of Comprehensive Income	2024 £'000	2023 £'000
Operating costs		
Current service cost	**-**	-
Effect of settlement	**-**	-
Administration expenses	**7**	8
Within operating costs	**7**	8
Other financing amounts		
Interest on Plan Assets	**(309)**	(336)
Interest on Pension Liabilities	**360**	369
Within other financing costs (note 11)	**51**	33

Amount recognised in Other Comprehensive Income	2024 £'000	2023 £'000
Experience gains (losses) on plan assets	**(834)**	(6,215)
Experience gains (losses) on plan liabilities	**62**	1,720
Effects of changes in the assumptions underlying the present value of the defined benefit obligation	**247**	4,261
Total Actuarial (loss)/gain recognised in Other Comprehensive Income	**(525)**	(234)

Movement in (deficit)/surplus during year	2024 £'000	2023 £'000
Surplus/ (Deficit) in scheme at beginning of the year	**(1,253)**	(1,405)
Movement in year:		
Current service cost	**-**	-
Administration expenses	**(7)**	(8)
Contributions (Employer)	**389**	427
Interest on Plan Assets	**309**	336
Interest on Pension Liabilities	**(360)**	(369)
Experience gains (losses) on plan assets	**(834)**	(6,215)
Experience gains (losses) on plan liabilities	**62**	1,720
Effects of changes in the assumptions underlying the present value of the defined benefit obligation	**247**	4,261
Closing Scheme surplus / (deficit)	**(1,447)**	(1,253)

NOTES TO THE FINANCIAL STATEMENTS

34. Pension obligations (continued)

Assets & Obligations	2024 £'000	2023 £'000
Fair value of assets	**6,047**	6,193
Present Value of liabilities	**(7,494)**	(7,446)
Scheme Surplus / (Deficit)	**(1,447)**	(1,253)

Reconciliation of assets	2024 £'000	2023 £'000
Assets at beginning of period	**6,193**	12,181
Employer contributions	**389**	427
Benefits paid	**(10)**	(536)
Interest on plan assets	**309**	336
Assets out/(under) performance	**(834)**	(6,215)
Assets at end of period	**6,047**	6,193

Reconciliation of liabilities	2024 £'000	2023 £'000
Liabilities at start of period	**7,446**	13,586
Expenses	**7**	8
Benefits paid	**(10)**	(536)
Interest cost	**360**	369
Experience losses/(gains) on plan liabilities	**(62)**	(1,720)
Remeasurements	**(247)**	(4,261)
Liabilities at end of period	**7,494**	7,446

Market value by underlying Investment Fund Assets as at 31 March	2024 £'000	2023 £'000
Growth Assets Portfolio	**3,358**	2,842
Liability Driven Investment (LDI) Portfolio	**2,461**	2,852
Matching Plus Portfolio	**220**	471
Net Current Assets	**10**	16
Currency hedging	**(2)**	12
Total	**6,047**	6,193

Scheme Benefit Review

The Association was notified in 2021 by the Trustee of the Scheme that it had performed a review of the changes made to the Scheme's benefits over the years and the result is that there is uncertainty surrounding some of these changes. The Trustee is seeking clarification from the Court on these items, and this process is ongoing with it unlikely to be resolved before mid-2025 at the earliest.

It is estimated that this could potentially increase the value of the full Scheme liabilities by £155 million. We note that this estimate has been calculated as at 30 September 2022 on the Scheme's Technical Provision basis. Until the Court direction is received, it is unknown whether the full (or any) increase in liabilities will apply and therefore, in line with the prior year, no adjustment has been made in these financial statements in respect of this.

NOTES TO THE FINANCIAL STATEMENTS

35. Contingent Assets and Liabilities

At the 31st March 2024, the Association had received a £1m claim for underpayment from a repairs contractor. This claim is disputed by the Association and there is a potential for a higher counter claim by the Association in respect of liquidated damages. No asset or liability has been provided for within the financial statements in respect of the claim or potential counter claim.

36. Post Balance Sheet Events

There were no significant post Balance Sheet events requiring adjustment to, or disclosure in, the financial statements.

Email: info@cobalthousing.org.uk
Phone: 0330 303 2222
Website: cobalthousing.org.uk
Cobalt Housing