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Financial statements 2023

SOUTH YORKSHIRE HOUSING ASSOCIATION LIMITED AND ITS SUBSIDIARIES

Annual report and financial statements for the year ended 31 March 2023

Registered number: L0078

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BOARD AND OFFICERS

CHAIR
Prof I Cole (resigned 27 September 2022)
J Jeffries (appointed September 2022)

SECRETARY
L Gold (appointed 4 May 2023)
T Stacey (resigned 4 May 2023)

BOARD MEMBERS
S Allcock (resigned 30 November 2022)
U Bola (appointed as co-optee 27 July 2022; appointed as NED 18 August 2023)
A Buck (appointed 28 September 2016)
S Carman (resigned 29 June 2022)
P Hankinson (appointed 26 January 2022)
L Harrison-Walker (appointed 30 March 2022)
D Lockwood (appointed 28 September 2016)
B Oshin (appointed 27 September 2017)
T Proudfoot (26 September 2018)
H Ratcliffe (resigned 28 June 2023)
C Stockill (appointed 29 June 2022)
K Urwin (appointed 7 September 2022)

INDEPENDENT COMMITTEE MEMBERS
A M Matson (appointed 2017)
R McLafferty (appointed 2020)
V Salm (appointed 2020)

CHIEF EXECUTIVE
L Gold (appointed 10 April 2023)
T Stacey (resigned 4 May 2023)

FINANCE DIRECTOR
D Harry

HOUSING SERVICES DIRECTOR
G Wallace-Parkin

BUSINESS DEVELOPMENT DIRECTOR
M Plowden (resigned 25 May 2023)

CARE, HEALTH & WELLBEING CO-DIRECTORS
J Hall and C Murray

Information

REGISTERED OFFICE

152 Rockingham Street
Sheffield
S1 4EB

REGISTERED IN ENGLAND UNDER THE CO-OPERATIVE & COMMUNITY BENEFIT SOCIETIES ACT 2014 – REGISTRATION NUMBER REGISTERED UNDER THE HOUSING ACT 1974

20165R

REGULATOR OF SOCIAL HOUSING (RSH) REGISTRATION NUMBER

L0078

EXTERNAL AUDITOR
Mazars LLP
2 Chamberlain Square
Birmingham
B3 3AX

PRINCIPAL SOLICITORS

Trowers & Hamlins
55 Princess Street
Manchester
M2 4EW

Anthony Collins Solicitors
134 Edmund Street
Birmingham
B3 2ES

PRINCIPAL BANKERS

Barclays Bank PLC
2-12 Pinstone Street
Sheffield
S1 2HN

Strategic Report

Strategic Report

The Board presents its strategic report on the affairs of the Group, together with the financial statements and auditor's report, for the year ended 31 March 2023.

The Association is incorporated under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Regulator of Social Housing (RSH) as a Registered Provider of Social Housing.

The South Yorkshire Housing Association group (SYHA) comprises SYHA (the parent), two active subsidiaries, Alliance HA and SYHA Enterprises and a joint venture, Forge New Homes. SYHA is a Registered Provider of Social Housing. Alliance HA is a charitable RP with 222 homes. SYHA Enterprises is a limited company providing property sales and letting services. Annual turnover for each subsidiary organisation is around £1 million.

The SYHA group undertakes the following main activities:

- Owning or managing just over 4,700 social rented homes split between General Needs and LiveWell (Supported Housing) services. Of these just under 400 are classed as Affordable Rent. Non Social Housing includes Agency, Nursing Homes, Intermediate rents, and Care Homes (470 units in total). We also provide around 280 homes under shared ownership arrangements, and 225 open market rentals.
- Under our LiveWell brand we provide a diverse range of support services. Over the last 12 months we have actively worked with 7,364 people who have been supported in their own homes, returned from hospital or helped back into employment. Additionally, we have also provided Supported Housing and Residential Care to 1609 customers who live or have lived in 1436 dwellings managed or owned by SYHA.
- Providing property sales and lettings services via the SYHA Enterprises subsidiary
- Developing new homes for sale and social housing via a joint venture with 4 other housing Associations (Forge New Homes)

Objectives and strategy for achieving those objectives

The Board approved a Strategic Plan in 2020, comprising six key themes:

- Developing our relationship with customers
- Doing the basics brilliantly
- Growing what we do well
- Tackling the climate emergency
- Being an excellent employer
- Creating a digital, data driven business

In July 2023 The Board approved an interim strategy for 23/24, addressing its regulatory and financial challenges and focussing on:

- Doing the Basics Brilliantly
- Building Resilience
- Governance
- People

A new strategic plan will be developed in in early 2024.

Strategic Report (continued)

Business model
SYHA's housing stock is a mix of new build and refurbished properties, developed since formation in 1972. All stock meets the government's Decent Homes Standard. Much of SYHA's income comes, directly or indirectly, from government. Approximately two thirds of rent is received as housing benefit, and most of our supported housing projects receive revenue grants from public bodies. A growing proportion of our turnover is generated from non-property related health and wellbeing services under our LiveWell brand, commissioned by a variety of public bodies.

SYHA is governed by a Board of Management composed of non-executive members. Its operations are managed by a team led by the Chief Executive, with directors of finance, care, health and wellbeing, housing services, and business development.

SYHA is regulated by the Regulator of Social Housing (RSH), with whom it is registered. The RSH issues regulatory judgements on governance and viability.

Until September 2022, SYHA as rated G1 / V2 as follows:

Governance - G1 (Compliant)
The provider meets our governance requirements.
Viability - V2 (Compliant)
The provider 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.

Following a cyclical In Depth Assessment by the Regulator, SYHA was re-graded as G2/V2 in September 2022. SYHA implemented an action plan to address the issues raised in the downgrade and to recover G1 status.

However, in May 2023 a historic covenant misstatement was discovered. Correction of the misstatement resulted in a breach of covenant with a lender for the years ended March 2022 and 2023. This was self-reported to the Regulatory which issued a revised grading of G3 V3.

G3	Non-compliant	The provider does not meet our governance requirements. There are issues of serious regulatory concern and in agreement with us the provider is working to improve its position.
V3	Non-compliant	The provider does not meet our viability requirements. There are issues of serious regulatory concern and, in agreement with us, the provider is working to improve its position.

SYHA has since worked with its lenders, Regulator, and legal, financial and other professional advisors to address these issues.

Strategic Report (continued)

In August 2023, the lender affected by the breaches agreed to waive the breaches, and the lenders with cross default rights have either waived those also or acknowledged that the waiver is no longer continuing. Our Legal Advisors, Trowers and Hamlins, have confirmed that the waiver has been addressed effectively.

A recovery plan has been developed to address the issues raised by the Regulator and to recover a G1 V2 status. This plan, developed with external professional support and agreed with our Board, has been shared with the Regulator.

Strategic Report (continued)

Development and performance throughout the financial year and position at the end of the financial year

Details of financial performance for the year for our various activities is set out at Note 3.
The Board receives regular information on a range of core performance indicators. The table below sets out the report to 31 March 2023:

Performance Measure	Last 12 Months (Quarter dates marked)	Performance at 22/23 Q4 End
General Needs Current Arrears Rate		2.3% (Target of 2.8%)
LiveWell Direct Managed Services Current Arrears Rate		4.4% (Target of 2.5%)
LiveWell SAMS Current Arrears Rate		3.2% (Target of 3.0%)
General Needs Former Arrears Rate		0.9% (Target of 2.3%)
LiveWell Direct Managed Services Former Arrears Rate		3.3% (Target of 3.5%)
LiveWell SAMS Former Arrears Rate		0.0% (Target of 1.0%)
General Needs Void Loss Rate		1.08% (Target of 1.15%)
General Needs Abandonments & Evictions		1 Abandonments 8 Evictions (last 4 qtrs)
LiveWell Abandonments & Evictions		7 Abandonments 0 Evictions (last 4 qtrs)
SYHA Gas Servicing Policy Compliance Rate		Policy Compliance: 100.00% (Target of 100.0%)
3rd Party Gas QA Checks	Not currently available, recorded offline	
SYHA: Urgent and Routine HMT Jobs with Appointments		55.5%
Urgent and Routine HMT Jobs First Time Fix		89.6% (Target: 85.0%)
SYHA & Dun Works Repairs Satisfaction		86.0% (Target: 90.0%)
SYHA Emergency Repairs Completed in Timescale		86.1% (Target: 85.0%)
SYHA & Dun Works Customer Satisfaction with Overall Service		89.9% (Target: 85.0%)
General Needs Universal Credit Rate		38.7%

Strategic Report (continued)

Future prospects

The financial years ahead have been permanently and negatively affected by the rent cap imposed on the sector in April 2023 at 7% which was less than the inflation rate. This will challenge our operational surpluses. Demand for our homes and other services remains very strong, and SYHA enjoys low void and debt levels and delivers high customer satisfaction.

The main factors underlying the development, performance, and position of the Group, and which are likely to affect it in the future are:

- Inflation and the level of rent increases
- Government intervention in the market, for example by setting further rent caps or schemes such as right to buy
- regulatory standards increasing both compliance costs and expectations
- Managing costs, and in particular repair costs where wider economic factors continue to exert upwards pressure
- Interest rates
- Delivering operating efficiencies from our investment in technology
- In the longer term, the cost of fully decarbonising our stock by 2050

SYHA prepares a full long-term group business plan each year. The latest was approved in June 2023. Our base financial projections show that our business will meet loan covenants (on a corrected basis), generate cash on core operations, and have limited capacity to deliver on its growth ambitions. These forecasts are subject to robust stress testing. This testing;

• Is based upon financial risks identified in our Strategic Risk Register, the Sector Risk Profile, and liabilities recognised on its liability and asset registers
• Aims to identify breaking points for each specific risk and for combinations of those risks
• Sets out actions we could take to mitigate the impact of adverse outcomes where appropriate

The overall outcome of that testing is that whilst some material adverse conditions, or combinations of those, could lead to problems with financial viability, the base financial projections provide an adequate level of headroom to compensate most potential financial shocks.

Description of the principal risks and uncertainties being faced

During 2022/23 the Association substantially reviewed and upgraded its risk and assurance process. The redeveloped Strategic Risk and Assurance Register sets out the principal risks facing the business and the sources of assurance that the Board considers in managing those risks. The table below is an extract showing the descriptions of those risks:

Risk Category	Risk Description
Governance, Regulation and Compliance	Failure to meet RoSH, CQC, OFSTED and other Regulators standards (other than H&S) results in negative impact on customer, regulatory downgrade or reputational damage
	Failure to meet Health and Safety standards results in customer or employee harm, fines and/or reputational damage
	Failure to meet Safeguarding standards results in customer or employee harm, accusation of organisational abuse, fines, and/or reputational damage

Strategic Report (continued)

	Customer (& associates) with complex needs increase risk profile & criminal behaviour in dispersed properties leads to a serious incident risking staff, customers & community
	Failure to comply with GDPR and IT legislation results in a fines and/or reputational damage
Financial	Failure to forecast and manage cash flow/liquidity results in cash shortage
	Failure to comply with lender covenants results in breach of loan agreements
	Economic volatility increases costs, resulting in inability to meet business plan outcomes
	Losses in major areas of the Business (contracts or assets) create major weakness or difficulty
	Investment in subsidiaries results in losses for SYHA
Operational	Critical IT systems availability affected by a disaster or Business Continuity event
	Inability to achieve development plans results in failure to deliver strategic goals
	Failure to attract and retain talent results in underperformance, failure to achieve compliance and deliver strategy
	Failure to identify, fund and implement decarbonisation measure results in failure to achieve statutory decarbonisation targets
	Shortages of labour or material undermine ability to provide services
	Decline in customer ability to pay rent and SC leads to higher bad debts
	Major Information Security breach or event compromising Confidentiality/Integrity/Availability leading to regulatory action, fine (up to 4%), legal action, **s**evere reputational damage

Pensions

The way in which we are required to account for our SHPS pension schemes means that we have again seen a large movement reported in the Statement of Comprehensive Income. This year, a “loss” of £1.345 million is reported. Although the accounting estimate gives an indication of the funding position of the scheme, this is formally determined only by triennial valuations undertaken by SHPS.

The outcome of the triennial SHPS pension actuarial valuation (September 2020) was announced in late 2021. The increase in the scheme’s deficit resulted in a revision of and increase in deficit contributions. These have been reflected in SYHA’s Business Plan. During the 2021/22, and after

Strategic Report (continued)

careful consideration and a full consultation process, SYHA ceased future accrual in the SHPS scheme. The next actuarial valuation is scheduled for September 2023.

The Group has been notified in 2021 by the Trustee of the Social Housing Pension Scheme that it has performed a review of the changes made to the Scheme's benefits over the years and the result is that there is some uncertainty surrounding these changes. The Trustee is seeking clarification from the Court on these items, and the process is ongoing with it being unlikely to be resolved before the end of 2024 at the earliest. It is estimated that this could potentially increase the full value of Scheme liabilities by £155m. This estimate has been calculated as at 30 September 2022 on the Scheme's Technical Provisions 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.

Governance

The Governance and Financial Viability Standard

During 2022/23, SYHA received a regulatory downgrade from the Regulator of Social Housing (RSH) to G2/V2. This was followed in June 2023 by a further downgrade to G3/V3. This means that the RSH considers that there are issues of serious regulatory concern. The reasons leading up to the downgrades are clearly set out in the Regulatory Judgments issued by the RSH in September 2022 and June 2023.

The Board of SYHA continues to work with the RSH to address the concerns and to ensure a return to a compliant governance and financial viability grading. The Board are currently overseeing the development of a Recovery Plan which will be delivered over the coming 12-18 months and is supported by external advisors to provide appropriate assurance to the RSH and the SYHA stakeholders. The Recovery Plan will include a full review of the SYHA governance framework, financial governance and financial viability.

The Association has adopted the 2020 National Housing Federation's "Code of Governance: Promoting board excellence for housing associations" and has been working towards full compliance, including in relation to board members' terms of office. The Code requires that the maximum tenure will normally be up to six consecutive years but where the board agrees that it is in the organisation's best interests, tenure may be extended up to a maximum of nine years.

In order to ensure the stability of the Board and a smooth transition as SYHA moved to the new Code requirement for 6 year terms of office, the Board approved an extension to the tenure for John Jeffries (8 years to 2024) and Terry Proudfoot (7 years to 2024). SYHA expect to be fully compliant with the Code in relation to board members terms of office by 2024. The following are the key methods by which we uphold the principles of good governance:

- Clear policies and procedures are in place in relation to conduct and probity
- A clear schedule of Delegated Authorities
- Regular appraisal of board performance and annual performance appraisals for board members
- Financial risk management objectives and policies

Strategic Report (continued)

The Group's activities expose it to several financial risks including credit risk, cash flow risk and liquidity risk. The use of financial derivatives is governed by the Group's policies approved by its Board. These provide written principles on the use of financial derivatives to manage these risks. The Group does not use derivative financial instruments for speculative purposes.

Cash flow risk

The Group's activities are largely characterised by steady and predictable cash inflows. Similarly, its operating outflows tend to be largely predictable. The main material variability on cashflows arises on our property development programme. The Group uses interest rate swaps to hedge interest rate exposures.

Credit risk

The Group's principal financial assets are bank balances and cash, rent arrears and other receivables, and investments.

The Group's credit risks are primarily attributable to its rent arrears, and placement on deposit of liquid funds. The amounts for rent arrears presented in the Statement of Financial Position are net of allowances for bad debts. The credit risk on liquid funds is mitigated by placing monies only with pooled funds with high credit-ratings.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Group uses a mixture of long-term and short-term debt finance. In the medium to long term, it has exposure to refinancing risk. This is managed through regular review and preparation of long-term projections and maintaining awareness of the funding market both directly and via our advisors.

Subsidiaries and joint ventures

The Group manages risk in its subsidiaries and joint ventures through its SYHAE subsidiary board. The SYHAE Board includes both SYHA Association Board members and independent members with relevant expertise. The Group is pleased to note a marked improvement in the subsidiary results over the last two years. Furthermore, the Group Board carries out annually a formal assessment of its investment in SYHAE.

Going Concern

The Group's activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives, details of its financial instruments and derivative activities, and its exposures to credit, liquidity and cash flow risk are described in the Strategic Report.

Strategic Report (continued)

As described above, a historic misstatement of covenant, resulting in a covenant breach was discovered in May 2023. This has been resolved, as set out above, so whilst the Statement of Financial Position as at 31 March 2023 reflects the breach and cross-default situation (all debt with a cross-default has been classified as payable within one year on the Statement of Financial Position for both 2022 and 2023 year ends), the breach has been addressed and is no longer continuing. Therefore supplementary information has been provided (note 32) to reflect the position if the breach had been discovered and addressed before the financial year end.

The Group has access to additional financial resources under its current funding facility and, therefore, the Board believe that the Group is well placed to manage its business risks despite ongoing uncertainties in the social housing sector.

After making enquiries and having noted its lenders' agreement to waive the breaches in the 2022 and 2023 financial statements caused by the prior misstatement of the interest cover covenant, and through developing its 2023 Business Plan, the Board has a reasonable expectation that the Association and the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing these Financial Statements.

Prior Year Adjustment

Due to the covenant breach in 2022 and 2023 mentioned above, a prior year adjustment has been made to the financial statements. Further details can be found in note 31 to the financial statements.

Prior Year Restatement

We have restated the presentation of sinking funds (from Reserves to Long Term Creditors) to comply with the recommendations of the Statement of Recommended Practice.

Strategic Report (continued)

Value for Money Metrics and Analysis

The Regulator of Social Housing sets out its expectations for Registered Providers in its 2018 Value for Money Standard and associated Code of Practice (updated in June 2021). In relation to these financial statements, the Standard states that it expects us to provide evidence to enable stakeholders to understand:

- Performance against our own value for money targets and any metrics set out by the regulator, and how that performance compares to peers
- Measurable plans to address any areas of underperformance, including clearly stating any areas where improvements would not be appropriate and the rationale for this

Our purpose is: with South Yorkshire Housing Association you can **settle** at home, **live well** and **realise your potential**. We want your **experience with us to be a joy**. We plan to be **here for the long-term** and we want everything we do to be sustainable. This long-term commitment to our customers and Sheffield City Region drives our investment decisions.

In deciding how best to deliver our purpose, our expiring three year strategy had six themes:

- Developing our relationships with our customers
- Doing the basics brilliantly
- Growing what we do well
- Tackling the climate emergency
- Being an excellent employer and great place to work
- Creating a digital, data-driven, agile business

In July 2023 the Board approved an interim strategy for 23/24, addressing its regulatory and financial challenges and focussing on:

- Doing the Basics Brilliantly
- Building Resilience
- Governance
- People

There are several significant factors driving the review and refocus of our strategy. At the June 2023 Board, following our regrade, it was agreed that to ensure alignment to the Business Plan, Risk Framework and the emerging G3/V3 Recovery Plan, the strategy should be focused on the short term challenges, and a timeline proposed for the development of SYHA's next strategy. Focusing the strategy in this way forms a crucial part of driving internal focus on the 3 clear priorities set for the organisation - governance, finance and performance.

It is anticipated that our G3/V3 recovery plan will span 12-18 months as we implement and embed the required change. This requires SYHA's Interim Strategy to be heavily focused on Governance and Financial Viability against the RSH standards and this – along with the current financial constraints - will limit growth. Several reviews have been commissioned that will be critical in delivering the G3/V3 recovery plan and have been included in our interim strategy.

A new strategic plan will be developed in in early 2024.

We continue to progress with implementation of our IT and system improvement plans to enhance the provision of online services and a paperless office – our continued strive for 'Brilliant Basics'.

Strategic Report (continued)

These have begun to bring cost reductions and operating improvements, largely through online customer and employee transactions. We have also continued to deliver business-wide cost reductions, brought into sharper focus by inflation driven cost increases beyond the expectations in our 2022 business plan and subsequent plans updated during 22/23. Our current 30-year business plan assumes what we believe to be achievable value for money savings and efficiencies from 2023 onwards. The impact shows in the increasing operating surpluses and margins as shown below.

Our performance

53% of our turnover comes from the provision of a wide variety of care, supported housing and employment related services under our LiveWell brand. All of these services are commissioned in a competitive market where we have to demonstrate value for money in order to win business. The markets, cost drivers and asset management issues for these services are quite different to those for social rented housing, and this has a material impact on our overall performance. Operating margins continue to be much lower in this sector, as it is largely grant funded, which has an impact on our operating margins metric but also on EBITDA, return on capital employed and (higher) operating costs per unit. Our Board is fully aware of all of this and continuing to provide these types of services remains a core part of our corporate objectives. We are undertaking a review of services which produce low margins and work is being undertaken to improve these margins – finding more efficient ways to deliver the services and/or attracting increased funding.

Our Performance Measures for 2023 have been approved by the Board and highlight our focus on performance as one of the 3 clear priorities set for the organisation as explained above. This year's measures have built in our revised Risk and Assurance Register, Interim Strategic Plan and new Tenant Satisfaction Measures (TSMs). We are in the first year of collecting the TSMs and have therefore used current benchmarking and our existing operational performance when

Strategic Report (continued)

recommending quantitative targets alongside the relevant Performance Measure where this is appropriate.

Once the TSMs have been collected and published, we can review our baseline performance alongside other RPs and make future recommendations.

In developing the approach for agreeing on the Performance Measures in 2022, the Board suggested that the measures should start by enabling us to answer a simple question – “what do we, as a Business, need to know and measure to be confident that we are doing a good job for our customers, our business, the system, the planet, and be able to continue to do this for the future?”. Directors should then consider this question through the lens of our customers, people, homes, services, and business.

With this starting position, the next step has been to identify the golden thread of our Purpose and how the proposed Performance Measures links to our current Strategy, Risk and Assurance Register, business intelligence, and Regulatory Standards – and, more importantly, where we could have gaps or blind spots. This approach has been taken to develop the Performance Measures for 2023, summarised in the diagram below.

Strategic Report (continued)

In the table below, we set out information using RSH metrics and our own internal metrics. We use our own actual figures from 2020, 2021, 2022 and 2023 and compare to the sector median from the Regulator of Social Housing VFM Metrics Benchmarking 2022 (the latest Global Accounts data available) where relevant. We will compare against the 2022 sector figures when they become available to assess our relative position further.

Table B - Performance Measures

RSH Metric	RSH Value for Money Sector Metrics:	2020	2021	2022	2023	RSH Value for Money peer group 2022 - Median	BP 2022 target for 2023	Variance in performance
1	Reinvestment %	2.36%	0.76%	2.73%	2.86%	7.70%	5.40%	-2.54%
3	Gearing	43.97%	43.68%	43.89%	44.97%	43.90%	45.20%	-0.23%
4	EBITDA MRI (as a percentage of interest)	148%	144%	128%	95%	155%	81.8%	13.45%
5	Headline social housing cost per unit	£5,281	£4,470	£4,823	£5,716	£3,793	£5,768	-£51.74
7	Return on capital employed (ROCE)	2.00%	1.87%	2.03%	3.18%	3.90%	2.60%	0.58%
2A	New supply %	1.03%	0.36%	0.32%	0.31%	1.20%	0.60%	-0.29%
2B	New supply % (non social)	2.13%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
6A	Operating margin (social housing lettings)	18.0%	20.8%	17.0%	10.8%	23.6%	9.6%	1.15%
6B	Operating margin (overall)	11.8%	11.0%	10.8%	9.7%	21.8%	11.4%	-1.67%
SYHA additional VFM metrics:								
	Customer Satisfaction (GN & OP %)	88.14%	88.10%	83.00%	83.00%			
	Headline social housing cost per unit - General Needs	£3,181	£2,668	£3,022	£3,611	£3,793		
	Overheads as % of adjusted turnover	12.20%	12.42%	12.89%	12.26%	14.90%*		
	Operating margin - General Needs %	23.04%	25.41%	20.74%	16.76%	23.6%		

(note: the EBITDA MRI and gearing in the RoSH metric are not defined or calculated in the same manner as our lender covenant calculations)

Strategic Report (continued)

Settle, live well and realise your potential

At SYHA we want to help people find and get established in a home that works for them. In order to do this, we continue to invest in our properties (both new supply and existing stock). Our **re-investment as a percentage of total cost of properties owned** is 2.86% in the year to 2023. We added 16 new socially rented and shared ownership homes, fewer than planned due to construction delays. Our forecast is set to increase our new supply as follows, investing £4.475 million over 3 years:

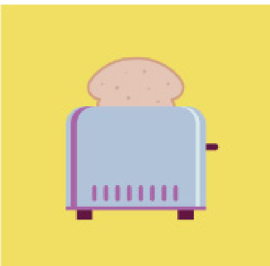
Year	2024	2025	2026
New supply (absolute)	23	14	5

Our asset management programme saw us dispose of 23 properties, generating £2.778 million which was used to support our affordable homes programme and contribute to improving our existing homes.

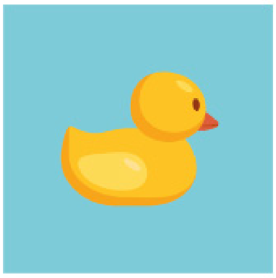
Our planned investment in new and existing properties is:

£000 Financial year ended	2024	2025	2026	2027	2028	Total
New Homes	3,898	546	30			4,474
Existing Stock Investment	3,405	3,473	3,384	3,000	2,750	16,012
Fire Safety Works	633					633
Decarbonisation		43	294	294	910	1,541
Void Works/Active Asset Management	623	250	250	250	250	1,623
LiveWell Asset Review	80					80
Damp, mould & condensation work	80	80				160
Total	**8,719**	**4,392**	**3,958**	**3,544**	**3,910**	**24,523**

During the last year we have completed these upgrades for our customers:

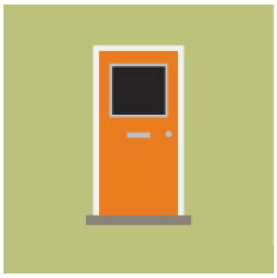


158 kitchens



204 bathrooms

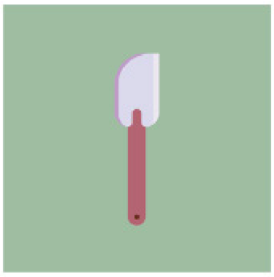
158 central heating boilers

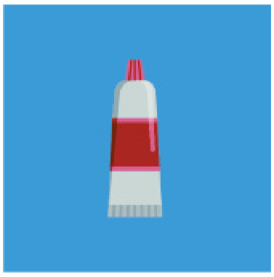


79 windows and doors

Strategic Report (continued)

For our customers with additional needs, we also upgraded:


31 kitchens

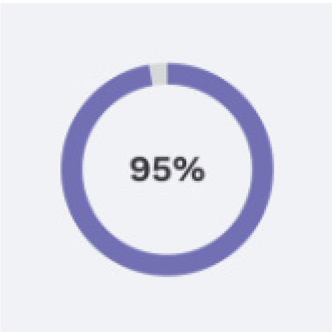

42 bathrooms


28 boilers

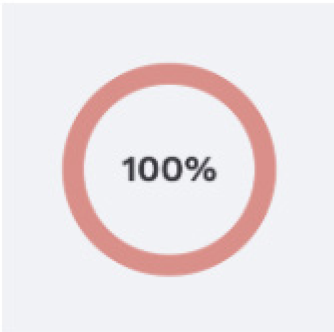

External decoration to five homes

> **“Kind, friendly, polite and professional.”**
>
> Customer feedback

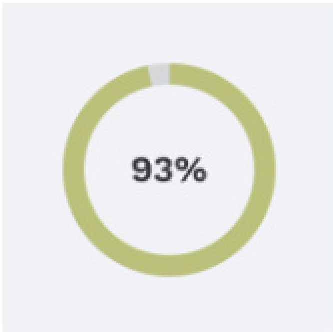
The customer satisfaction with these upgrades is:



Notice given acceptable – 95%



Operatives polite and courteous – 100%



Overall satisfaction with work – 93%

We are pleased that our **repairs service** satisfaction exceeds our targets. We have added extra resource to our work to address damp, mould and condensation (DMC) – this means we can identify and fix problems earlier, and complete remedial treatments quickly. We have additional budget in place to respond to this.

Strategic Report (continued)

Our **LiveWell teams** supported 9,942 customers in our floating support service and a 1,582 tenants living in our homes to feel settled and supported during the year.

Working Win has been an excellent enabler in helping our region move towards its ambition to reduce the gap in employment rates of those with a physical or mental long-term condition and the overall employment rate by 25%. Since 2017 the programme has:

- Supported 7,056 people
- Helped 3,869 people with a health condition or disability to achieve an employment outcome, of which 84% have sustained their outcome for 13 weeks or more
- Helped 75% of in-work participants to retain their employment

> "Within a week of being on Working Win, my whole life changed. I recognised the strengths I had and was able to start back at work part time. Within a few weeks I was offered full time work, which I accepted and have now been offered a promotion. I learned to quash the depressive thoughts that were holding me back and to focus on my own value and self-worth. I feel like I'm back now and able to contribute to society."
>
> **Mark**
> **Working Win customer, 2022**

The return on investment across the programme is £2.32 for every £1 invested.

> "Your work in Sheffield has been the vanguard for what is now being rolled out across the country."
>
> **Katie Farrington**
> **Director General, Disability Health and Pensions, DWP, June 2023**

We are currently supporting 1,024 customers across our other employment services.

We are committed to helping customer stay settled and to live well; supporting them in managing their finances is important to us. As our customers face rapidly rising energy bills, and many are finding this challenging, we want to help address this issue we have partnered up with Groundwork Yorkshire to offer their Green Doctor service to tenants in our Yorkshire based accommodation and services.

The Green Doctors will work with individual customers in person or over the phone to help them identify ways they can cut their energy use through simple habit changes. They can also install simple energy and water efficiency measures, and offer advice on energy or water debt, emergency heating, and access to government subsidies or grants. The service is free for our customers and the service also helps towards our commitment to tackle the climate emergency.

Strategic Report (continued)

SYHA has a system in place to make ad hoc referrals to the Green Doctor Service if front line staff identify that customers would benefit from the support provided around energy use and costs. Until close to the end of the last financial year we were also making referrals on new lettings where the customers have given us permission to share their details. Both these services are operating across our General Needs and LiveWell services. During the period we were making referrals on new lets; we let 234 general needs properties so an offer of the service was made to all these customers.

The Green Doctors have been providing monitoring reports showing the outcomes of their visits from energy saving measures identified to energy savings made for the customer. In addition they have been reporting any condition issues they have found related to the property which have then been picked up by our Property Services Team. Take up has not been as high as expected and only 15 referral visits have been carried out. Positively though these have centred on properties where we are aware that energy use is a significant issue and it appears that customers who are taking up the offer are doing so based on need.

Experience to be a joy

Our overall **customer satisfaction** is just below the sector average, at 83%.

> **"SYHA are a good landlord who look after and listen to their tenants. When anything needs doing it gets done."**
>
> **Customer feedback**

Our overall feedback is under our target of 85%. Comments from our dissatisfied customers tell us that if things go wrong, we aren't always putting things right. We've listened to feedback about people being affected by the difficulties we've had with one of our repairs and servicing contractors, and we've also had some questions about services charges.

Here are examples of some of the things we are doing, or have done, to improve customer satisfaction:

- Improving how we handle complaints
- Reviewing our customer service standards
- Stopped working with a less responsive repairs and servicing contractor
- Worked with our Customer Scrutiny Panel to review how we communicate with our customers about service charges.

We are pleased that the satisfaction with the outcome of **anti-social behaviour (ASB) cases** has risen to 80%. To make these improvements, we have ensured that we set realistic expectations of what we can achieve when we first receive a report of ASB. We also try to establish a clear understanding about how we address ASB and what will happen if the behaviour continues, and we've stayed in regular contact with customers to provide them with updates.

Strategic Report (continued)

Here for the long term

A significant theme in our strategy is focussed on '**Building Resilience**' - our financial health, and delivering value for money. The key priorities of the theme include

- We will ensure that SYHA's Business Plan demonstrates adequate financial capacity in the short to medium term, to support financial performance and future covenant compliance
- We will ensure that SYHA's mitigation strategies are able to deal with plausible stresses

These priorities, along with our continued work on value for money will ensure that we are here for the long term.

Our overall **social housing cost per unit** is £5,716 compared to a peer group median of £3,793 in 2022. This cost per unit is lower than our business plan target set in 2022 as we implemented efficiency plans.

The overall cost per unit is influenced heavily by our LiveWell services, which as typically grant funded services, have much higher operating costs and lower margins. Costs also vary significantly from one scheme to another within LiveWell, and the mix of services and funding within LiveWell can change from year-to-year. The effect of this has been for our overall cost per unit to vary from year-to-year. Because of this LiveWell effect, we separate out our general needs social rented housing figures from LiveWell when looking to analyse our performance and compare to our peers.

Projects within Livewell are subject to regular financial review. Where financial performance does not meet our expectations, we will firstly negotiate with the commissioner to address the issue. Where this is not resolved, we do not renew the service contract.

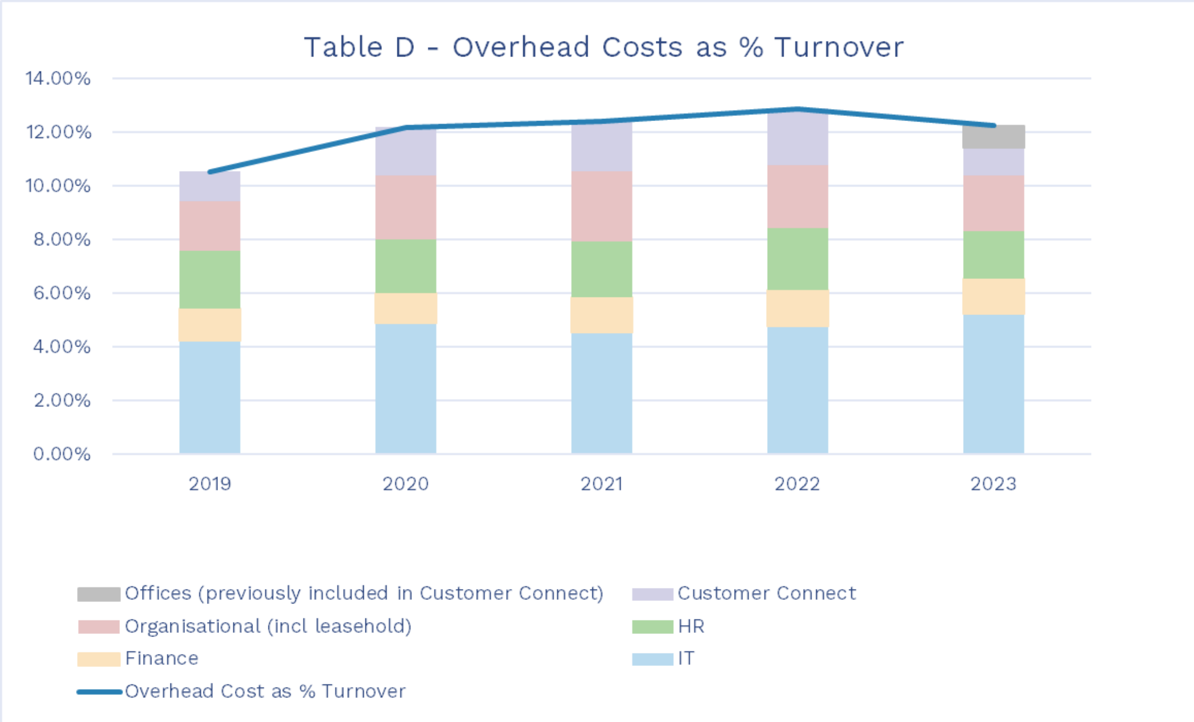
Looking just at our **general needs cost per unit**, this was £3,611 in 2022-23, compared to £3,793 for our peer group median headline social housing cost per unit in 2022. From table B above we break this down into various elements of cost:

General Needs cost/unit	**2020**	**2021**	**2022**	**2023**
Headline social housing cost	£3,181	£2,668	£3,022	£3,611
Management cost	£1,166	£1,172	£1,079	£1,150
Service charge cost	£114	£136	£135	£160
Maintenance cost	£1,240	£1,163	£1,241	£1,506
Major repairs cost	£598	£407	£560	£775
Other social housing costs	£62	£66	£7	£20

Our management cost per unit (general needs) increased by 6.6% to £1,150 whilst our maintenance / major repairs costs taken together are £2,281, an increase of 26.7% from £1,801 in 21/22, as we catch up on spend in major repairs (up by 38%) and respond to fire safety regulations. 2023 also shows an increase of 21.4% in maintenance costs. There were a significantly higher number of responsive repairs during the year coupled with continued increases in maintenance materials and contractor price increases.

We use **overhead cost as a % of turnover** as a measure when analysing our performance and setting budgets and future plans. The implementation of our efficiency savings plans saw our overhead percentage fall slightly to 12.26%, which still compares favourably with the sector median of 14.9% in 2022.

Strategic Report (continued)



At 3.18% in 2023, our **return on capital employed** (ROCE) is below the sector median The increased ROCE in 2023 compared to 2022 is a result of increased profits on sale of fixed assets and the reclassification of loans to due in less than one year, hence reducing net assets. The ROCE without the loan reclassification would be 2.2% - which is still an improvement over the previous two years. Our business plan for the Association shows an increasing trend in performance as follows:

Year	2024	2025	2026	2027
Return on Capital Employed	3.1%	2.8%	2.9%	3.4%

Continuing the strategic theme of doing the basics brilliantly, we continue to analyse returns across all our assets and use this to drive our decision making. For our LiveWell assets, we analyse our asset performance in terms of customer impact, business impact (gathering a rating based on profitability and NPV) and system impact (the value of the asset on the wider health and care system).

We are in the process of refreshing our Active Asset Management Strategy to set out a proactive approach to understand, in greater detail, the financial performance of portfolio of assets within our neighbourhoods. This data will then be used by the Asset Management Group to make robust and transparent decisions on our homes. The Head of Development & Asset Management will undertake this work in 2023 with input from the Housing Services Director and Finance Director.

Our **gearing measure**, at 44.97% is slightly higher than the 2022 peer group benchmark median of 43.90% but is an improved position when compared with our projected 2022 business plan performance for 2023. The comparison to the sector performance reflects the extent to which we

Strategic Report (continued)

have invested in providing new homes over many years. Our higher level of gearing is reflected in our higher annual spend on interest costs.

Our overall **operating margin** in 2022-23 was 9.7%, a reduction from 10.8% in the previous year. Comparing to the sector scores, our performance on this metric is again heavily influenced by lower margins in LiveWell. This also affects the score when looking at the score on social housing lettings, which includes our property based LiveWell services. Significant inflationary pressures, particular in repairs, was the cause of this reduction. This also impacted on the social housing lettings margin, which decreased from 17.0% in 2022 to 10.8% in 2023. Our operating margin in our general needs lettings business fell to 16.76%, we await the 2023 sector data, which we expect to follow this trend.

Future

As a result of the volatile economic environment, inflationary pressures and our striving for increased value for money, Board and Directors have developed our ‘Building Resilience’ plan. We want to ensure that SYHA is financially resilient and here for the long term, to continue to deliver quality homes and services for customers. In November 2022, the Board approved financial improvements totalling £1.311m to be delivered over an 18-month period. To achieve this, Directors’ Team conducted a series of reviews and identified financial improvements and changes.

The Board has commissioned further reviews in 23/24. Reviews to be undertaken are Rents and Service Charges, Maintenance, and Development.

The outcomes of the 22/23 work will show in improved operating margins. Value for money efficiencies, either already identified or targeted set of savings to be identified, are included in our business plan. The impact of our work to improve margins in our business plan is shown in improved operating margins:

Year	**2024**	**2025**	**2026**	**2027**	**2028**
Operating margin	12.7%	15.5%	15.4%	15.4%	14.8%

Strategic Report (continued)

Our **targets** in our business plan in relation to the Regulatory Metrics are shown below and we will monitor and report against these.

RSH Metric	RSH Value for Money Sector Metrics:	2024	2025	2026	2027	2028
1	Reinvestment %	3.2%	1.4%	1.3%	1.2%	1.3%
3	Gearing	44.9%	44.5%	44.4%	44.2%	42.7%
4	EBITDA MRI (as a percentage of interest)	87.9%	141.3%	146.8%	159.5%	158.4%
5	Headline social housing cost per unit	£6,163	£6,027	£6,243	£6,230	£6,493
7	Return on capital employed (ROCE)	3.09%	2.83%	2.88%	3.42%	2.88%
2A	New supply %	0.4%	0.3%	0.1%	0.0%	0.0%
2B	New supply % (non social)	0.0%	0.0%	0.0%	0.0%	0.0%
6A	Operating margin (social housing lettings)	11.2%	14.2%	14.1%	14.5%	13.9%
6B	Operating margin (overall)	12.7%	15.5%	15.4%	15.4%	14.8%

Board Report

Statement of Board members' responsibilities

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

Registered Provider Rules require the Board to prepare financial statements for each financial year. Under that legislation the Board has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Housing Association legislation the Board must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Association and of the surplus or deficit of the Group and Association for that period. In preparing these financial statements, the Board is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Association will continue in business

The Board is responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Association's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Association and enable them to ensure that the financial statements comply with Housing Association legislation *(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 2019).* The Board is also responsible for safeguarding the assets of the Group and Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Association's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosure of information to the auditor

Each of the Board members at the date of approval of this report has confirmed that:

- As far as the Board members are aware, there is no relevant audit information of which the Group's auditor is unaware; and
- The Board members have taken all the steps that they ought to have taken as Board members in order to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

Board Report (continued)

Internal Control

The Board is responsible for the Association's system of internal control. This system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable, and not absolute, assurance against material misstatement or loss. There is an ongoing process for identifying, evaluating and managing any significant risks faced by the Association, and this has been in place for the year under review and up to the date of the approval of the annual report and accounts.

These are the procedures which the board has established, and which are designed to provide effective internal control:

Identification and evaluation of key risks

The Board has approved a risk and assurance Framework, setting out the embedded risk management processes to be used across the business. These include the identification, evaluation and control of significant risks at corporate and departmental level. SYHA's policy is for risk assessments to be prepared for all material new business activities. Regular reports on corporate risks are presented to the Board, and the Senior Management Team regularly reviews departmental risks. In addition, the Chief Executive provides regular updates to the Board on significant changes affecting key risks.

Monitoring and corrective action

A system of control self-assessment and hierarchical reporting is in place for all key operational processes. This provides for successive assurances to be given at increasingly higher levels of management, and to the Board. This includes procedures for ensuring that appropriate corrective action is taken in respect of any material control issues.

Control environment and control procedures

The Association has a Code of Conduct, which sets out the Association's policy with regards to integrity and ethics, and this is disseminated to all employees. SYHA maintains a framework of policies and procedures with which all employees must comply. These cover issues such as delegated authority, accounting, treasury management, health and safety, data protection and fraud prevention and detection. The Association receives reports from various external regulatory bodies, such as the Homes England and the Care Quality Commission. The Board reviews all material reports of this nature.

Information and financial reporting systems

Financial control procedures include preparation of detailed annual budgets for all areas of the business, approved by the Board. The Board receives reports each quarter comparing actual performance with budget. Information on performance indicators across the business is considered each quarter by the Board to assess progress towards the achievement of key business objectives and targets. Detailed financial information is provided regularly to all budget holders. The Board approves a long-term business plan each year. The Audit and Assurance Committee considers a report from the Association's external auditors on the outcome of their audit, including comments on any internal control or risk issues that may have arisen.

Internal Audit

The Association has a programme of internal audit, based upon a risk-based needs assessment. This provides a degree of assurance as to the effectiveness of internal control systems. Reports are presented to the Audit Committee, which, in turn, reports regularly to the Board.

Board Report (continued)

The Board has a current strategy and policy on fraud covering prevention, detection and reporting of fraud, and the recovery of assets.

The Board has reviewed the effectiveness of the system of internal control. No weaknesses in internal control have resulted in material losses, contingencies, or uncertainties which require disclosure in the financial statements or the auditor’s report on the financial statements.

BY ORDER OF THE BOARD

Approved by the Board on 6th September 2023

and signed on its behalf by

Chair of the Board of Management

Independent Auditor's Report

At 31 March 2023

Opinion

We have audited the financial statements of South Yorkshire Housing Group (the 'parent association') and its subsidiaries (the 'group') for the year ended 31 March 2023 which comprise the Group and parent association Statements of Comprehensive Income, the Group and parent association Statements of Financial Position, the Group and parent association Statements of Changes in Reserves, the consolidated Statement of Cash Flows and notes 1 to 31 to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, 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 and of the parent association's affairs as at 31 March 2023 and of the group's and of the parent association's deficit 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 2019.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the Report and Financial Statements, other than the financial statements and our auditor's report thereon. The Board are responsible for the other information contained within the annual report. 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.

Independent Auditor's Report

At 31 March 2023

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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Responsibilities of the Board

As explained more fully in the Statement of the Board's responsibilities set out on page 22, 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's and parent 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 parent 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 the financial statements.

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. Based on our understanding of the Group and parent association, and its sector, we identified that the principal risks of non-compliance with laws and regulations related to employment and health and safety regulations, Regulator of Social Housing requirements and implementation of government support schemes relating to COVID-19, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, such as the Co-operative and Community Benefit Societies

Independent Auditor's Report

At 31 March 2023

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 2019.

We evaluated the Board's and management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- Discussing with the Board and management their policies and procedures regarding compliance with laws and regulations;
- Communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the Group and parent association which were contrary to applicable laws and regulations, including fraud.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the Board and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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

Independent Auditor's Report

At 31 March 2023

Use of the audit report

This report is made solely to the Association's members as a body in accordance with Part 7 of the Co-operative and Community Benefit Societies Act 2014 and Chapter 4 of Part 2 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose.

To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body for our audit work, for this report, or for the opinions we have formed.

Mazars LLP

Chartered Accountants and Statutory Auditor

1st Floor

2 Chamberlain Square

Birmingham

B3 3AX

Date:

Consolidated & Association Statement of Comprehensive Income

At 31 March 2023

	Note	Group		Association	
		2023	2022	**2023**	2022
		£'000	£'000	**£'000**	£'000
Turnover	3a/3c	**50,745**	46,504	**49,287**	45,024
Operating expenditure	3a/3c	**(45,442)**	(41,132)	**(44,489)**	(40,142)
Surplus on disposal of property, plant and equipment	4	**1,957**	1,288	**1,904**	1,220
Operating surplus	3a/3c	**7,260**	6,660	**6,702**	6,102
Finance income	6	**160**	43	**136**	43
Interest and financing costs	5	**(6,603)**	(5,588)	**(5,934)**	(5,131)
Surplus/(deficit) on revaluation of investment properties	14	**10**	35	**10**	35
Deficit on revaluation of fixed asset investments	14	**(59)**	(42)	**(59)**	(42)
Surplus before tax		**768**	1,108	**855**	1,007
Taxation	10	**-**	-	**-**	-
Share of profit/(loss) in joint venture	14	**32**	(55)	**-**	-
Surplus for the year	20	**800**	1,053	**855**	1,007
Actuarial (loss)/ gain in respect of pension schemes		**(1,345)**	4,504	**(1,345)**	4,504
Total comprehensive income for the year		**(545)**	5,557	**(490)**	5,511

Consolidated & Association Statement of Financial Position

At 31 March 2023

		Group		Association	
		2023	2022 (restated)	**2023**	2022 (restated)
	Note	**£'000**	£'000	**£'000**	£'000
Fixed assets					
Intangible assets	11	**3,047**	3,183	**3,003**	3,052
Housing properties	12	**308,912**	310,026	**295,582**	296,517
Other property, plant and equipment	13	**9,970**	9,838	**9,967**	9,838
Investment in subsidiary		**-**	-	**3,445**	2,628
Other investments	14	**3,567**	2,742	**1,314**	1,296
		325,497	325,789	**313,311**	313,331
Current assets					
Inventories	15	**929**	1,374	**424**	1,031
Debtors	16	**4,643**	4,359	**4,728**	4,298
Cash and cash equivalents	17	**6,013**	5,000	**4,303**	3,608
		11,585	10,733	**9,455**	8,937
Creditors: Amounts falling due within one year	18	**(111,394)**	(83,244)	**(110,809)**	(82,692)
Net current liabilities		**(99,809)**	(72,511)	**(101,354)**	(73,755)
Total assets less current liabilities		**225,688**	253,278	**211,957**	239,576
Creditors: Amounts falling due after more than one year	19	**(182,437)**	(209,623)	**(168,233)**	(195,502)
Defined benefit pension liability	20	**(5,718)**	(5,467)	**(5,718)**	(5,467)
Net assets		**37,532**	38,188	**38,006**	38,607
Capital and reserves					
Called-up share capital	22	**-**	-	**-**	-
Revenue reserve		**37,519**	38,102	**37,993**	38,521
Restricted reserve		**13**	86	**13**	86
Total reserves		**37,532**	38,188	**38,006**	38,607

The financial statements of South Yorkshire Housing Association Group were approved by the Board on 6th September 2023 and signed on its behalf by:

Board Member   Board Member   Company Secretary

Statement of Changes in Reserves

For the year ended 31 March 2023

Group (restated)	**Revenue reserve £'000**	**Restricted reserve £'000**	**2023 Total £'000**	**2022 Total £'000**
At 1 April 2022 as previously reported	38,102	86	38,188	34,336
Prior Year Adjustment				
Reclassification of sinking funds	-	-	-	(1,605)
	38,102	86	38,188	32,731
Movement in Reserves	73	(73)	-	-
Surplus for the Year	800		800	1,053
Actuarial gain/(loss) in respect of pension scheme	(1,345)		(1,345)	4,504
Reclassification of Sinking Funds	(111)		(111)	-
Reclassification of donated funds				(100)
At 31 March 2023	37,519	13	37,532	38,188

Association (restated)	**Revenue reserve £'000**	**Restricted reserve £'000**	**2023 Total £'000**	**2022 Total £'000**
At 1 April 2022 as previously reported	38,521	86	38,607	34,801
Prior Year Adjustment				
Reclassification of sinking funds	-	-	-	(1,605)
	38,521	86	38,607	33,196
Movement in Reserves	73	(73)	-	-
Surplus for the Year	855		855	1,007
Actuarial gain/(loss) in respect of pension scheme	(1,345)		(1,345)	4,504
Reclassification of Sinking Funds	(111)		(111)	-
Reclassification of donated funds				(100)
At 31 March 2023	37,993	13	38,006	38,607

Consolidated Statement of Cashflows

For the year ended 31 March 2023

	2023 £'000	2022 £'000
Net cash generated from operating activities	**9,874**	9,980
Cash flows from investing activities		
Purchase of property, plant and equipment	**(9,074)**	(5,477)
Proceeds from sale of property, plant and equipment	**5,120**	1,288
Investment in Joint Venture	**(900)**	(960)
Grants received	**(838)**	(174)
Interest received	**144**	43
Net cash flows from investing activities	**(5,548)**	(5,280)
Cash flows from financing activities		
Interest paid	**(5,566)**	(4,811)
Interest element of finance lease rental payments	**(669)**	(457)
New loans	**8,000**	6,000
Repayments of borrowings	**(5,078)**	(5,582)
Net cash flows from financing activities	**(3,313)**	(4,850)
Net decrease in cash and cash equivalents	**1,013**	(150)
Cash and cash equivalents at beginning of year	**5,000**	5,150
Cash and cash equivalents at end of year	**6,013**	5,000

	2023 £'000	2022 £'000
Cash flows from operating activities		
Surplus for the year	**800**	1,108
Adjustment for non-cash items:		
Net depreciation of property, plant and equipment	**6,498**	4,779
Amortisation of intangible assets	**531**	463
Decrease/(Increase) in inventories	**17**	(1)
Decrease(Increase) in debtors	**159**	(1,855)
(Decrease)/Increase in creditors and provisions	**(179)**	3,644
Share of (profit)/loss in joint venture	**(32)**	55
Pension costs less contributions payable	**(1,094)**	(851)
Increase in fair value of investment property	**107**	109
Adjustments for investing and financing activities:		
Proceeds from the sale of property, plant and equipment	**(1,957)**	(1,288)
Government grants utilised in the year	**(1,466)**	(1,500)
Interest payable	**6,650**	5,415
Interest receivable	**(160)**	(43)
Cash generated by operations	**9,874**	9,980

Notes to the Financial Statements

For the year ended 31 March 2023

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

Going Concern

The Group's activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives, details of its financial instruments and derivative activities, and its exposures to credit, liquidity and cash flow risk are described in the Strategic Report.

As described in the Strategic Report, a historic misstatement of covenant, resulting in a covenant breach was discovered in May 2023. This has been resolved, so whilst the Statement of Financial Position as at 31 March 2023 reflects the breach and cross-default situation, the breach has been addressed and is no longer continuing. Therefore supplementary information has been provided to reflect the position if the breach had been discovered and addressed before the financial year end.

The Group has access to additional financial resources under its current funding facility and, therefore, the Board believe that the Group is well placed to manage its business risks despite ongoing uncertainties in the social housing sector.

After making enquiries and having noted its lenders' agreement to waive the breaches in the 2022 and 2023 financial statements caused by the prior misstatement of the interest cover covenant, and through developing its 2023 Business Plan, the Board has a reasonable expectation that the Association and the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing these Financial Statements.

General information and basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council and comply with the Statement of Recommended Practice for registered social housing providers 2018 (SORP), the Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing 2019. South Yorkshire Housing Association Limited is a public benefit entity, as defined in FRS 102 and applies the relevant paragraphs prefixed 'PBE' in FRS 102.

Basis of consolidation

The Group financial statements consolidate the financial statements of the Association and its subsidiary undertakings drawn up to 31 March each year. South Yorkshire Housing Association Limited has four subsidiary undertakings and a joint venture. Two of the subsidiaries are dormant and are excluded from consolidation on grounds of materiality, but two, SYHA Enterprises Limited and Alliance Housing Association (South Yorkshire) Limited, are trading. These accounts consolidate those of the Association, Alliance Housing

Association (South Yorkshire) Limited and SYHA Enterprises Limited made up to 31 March 2023. The Group financial statements include 20% of the profits and losses of Forge New Homes LLP.

Housing properties

Housing properties for letting and shared ownership properties are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the cost of acquiring land and buildings, directly attributable development costs and borrowing costs directly attributable to the construction of new housing properties during the development. Capitalisation ceases when substantially all the activities that are necessary to get the asset ready for use are complete.

Depreciation is charged so as to write down the net book value of housing properties to their estimated residual value, on a straight-line basis, over their useful economic lives of 100 years. Freehold land is not depreciated.

Major components

Major components of housing properties, which have significantly different patterns of consumption of economic benefits, are treated as separate assets and depreciated over their expected useful economic lives at the following annual rates:

Structure	100 years	Roofs	70 years
Electrics	40 years	Doors and windows	30 years
Bathrooms	30 years	Mechanical systems	30 years
Kitchens	20 years	Lifts	20 years
Gas boilers	15 years		

Properties held on long leases are depreciated over their estimated useful economic lives or the lease duration if shorter.

Improvements

Where there are improvements to housing properties that are expected to provide incremental future benefits, these are capitalised and added to the carrying amount of the property and depreciated in accordance with the depreciation policy. Any works to housing properties which do not replace a component or result in an incremental future benefit are charged as expenditure in surplus or deficit in the Statement of Comprehensive Income.

Leaseholders

Where the rights and obligations for improving a housing property reside with the leaseholder or tenant, any works to improve such properties incurred by the Association is recharged to the leaseholder and recognised in surplus or deficit in the Statement of Comprehensive Income along with the corresponding income from the leaseholder or tenant.

Non-housing property, plant and equipment

Non-housing property, plant and equipment is stated at historic cost less accumulated depreciation and any provision for impairment. Depreciation is provided on all non-housing property, plant and equipment, other than investment properties and freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Office premises	- written off over the term of the lease
Enhancement to office premises	- 10 years
Housing management and ERP system	- 15 years
Office equipment and computer hardware	- 4 years
Motor vehicles	- 4 years
Furnishing schemes and general equipment	- 4 – 7 years

Investment properties

The classification of properties as investment property or property plant and equipment is based upon the intended use of the property. Properties held to earn commercial rentals or for capital appreciation or both are classified as investment properties. Properties that are used for administrative purposes or that are held for the provision of social housing are treated as property plant and equipment. Mixed use property is separated between investment property and property, plant and equipment.

Land is accounted for based on its intended use. Where land is acquired speculatively with the intention of generating a capital gain and/or a commercial rental return it is accounted for as investment property. Where land is acquired for use in the provision of social housing or for a social benefit it is accounted for as property, plant and equipment

Investment properties are measured at fair value annually with any change recognised in surplus or deficit in the Statement of Comprehensive Income.

Intangible assets

Intangible assets are stated at historic cost or valuation, less accumulated amortisation and any provision for impairment. Amortisation is provided on all Intangible assets at rates calculated to write off the cost or valuation of each asset on a straight-line basis over its expected useful life, as follows:

Software implementation	- 10 years
Goodwill*	- 10 years

*This relates to the acquisition of Rotherlets, TPLS and Winkworth (lettings agencies) by SYHA Enterprises Limited. It is estimated that these acquisitions contribute to the business returns over at least 10 years from acquisitions and this was included in the business plan of SYHA Enterprises Limited at the time of acquisition.

Impairment of social housing properties

Properties held for their social benefit are not held solely for the cash inflows they generate and are held for their service potential.

An assessment is made at each reporting date as to whether an indicator of impairment exists. If such an indicator exists, an impairment assessment is carried out and an estimate of the recoverable amount of the asset is made. Where the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognised in surplus or deficit in the Statement of Comprehensive Income. The recoverable amount of an asset is the higher of its value in use and fair value less costs to sell. Where assets are held for their service potential, value in use is determined by the present value of the asset's remaining service potential plus the net amount expected to be received from its disposal. Depreciated replacement cost is taken as a suitable measurement model.

An impairment loss is reversed if the reasons for the impairment loss have ceased to apply and included in surplus or deficit in the Statement of Comprehensive Income.

Social Housing Grant and other Government grants

Where grants are received from government agencies such as the Homes England, local authorities, devolved government agencies, health authorities and the European Commission which meet the definition of government grants they are recognised when there is reasonable assurance that the conditions attached to them will be complied with and that the grant will be received.

Government grants are recognised using the accrual model and are classified either as a grant relating to revenue or a grant relating to assets. Grants relating to revenue are recognised in income on a systematic basis over the period in which related costs for which the grant is intended to compensate are recognised. Where a grant is receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support with no future related costs, it is recognised as revenue in the period in which it becomes receivable.

Grants relating to assets are recognised in income on a systematic basis over the expected useful life of the asset. Grants received for housing properties are recognised in income over the expected useful life of the housing property structure. Where a grant is received specifically for components of a housing property, the grant is recognised in income over the expected useful life of the component.

Grants received from non-government sources are recognised as revenue using the performance model.

Recycling of grants

Where there is a requirement to either repay or recycle a grant received for an asset that has been disposed of, a provision is included in the Statement of Financial Position to recognise this obligation as a liability. When approval is received from the funding body to use the grant for a specific development, the amount previously recognised as a provision for the recycling of the grant is reclassified as a creditor in the Statement of Financial Position.

For shared ownership staircasing sales, when full staircasing has not taken place, the recycling of the grant may be deferred if the net sales proceeds are insufficient to meet the grant obligation relating to the disposal and is not recognised as a provision. On subsequent staircasing sales, the requirement to recycle the grant becomes an obligation if sufficient sales proceeds are generated to meet the obligation and a provision is recognised at this point.

On disposal of an asset for which government grant was received, if there is no obligation to repay the grant, any unamortised grant remaining within liabilities in the Statement of Financial Position related to this asset is derecognised as a liability and recognised as revenue in surplus or deficit in the Statement of Comprehensive Income.

Restricted reserves

Where reserves are subject to an external restriction they are separately recognised within reserves as a restricted reserve. Revenue and expenditure is included in surplus or deficit in the Statement of Comprehensive Income and a transfer is made from the general reserve to the restricted reserve.

The balance on the reserve is wholly attributed to the Big Lottery Fund Grant for the Age Better programme.

Leased assets

At inception the Group assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

Finance leased assets

Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases.

Finance leases are capitalised at commencement of the lease as assets at the fair value of the leased asset or, if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease.

Assets are depreciated over the shorter of the lease term and the estimated useful life of the asset. Assets are assessed for impairment at each reporting date.

The capital element of lease obligations is recorded as a liability on inception of the arrangement. Lease payments are apportioned between capital repayment and finance charge, using the effective interest rate method, to produce a constant rate of charge on the balance of the capital repayments outstanding.

Operating leased assets

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases.

Payments under operating leases are charged to surplus or deficit in the Statement of Comprehensive Income on a straight-line basis over the period of the lease.

Interest payable

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. Borrowing costs are calculated using the effective interest rate, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of a financial instrument and is determined on the basis of the carrying amount of the financial liability at initial recognition. Under the effective interest method, the amortised cost of a financial liability is the present value of future cash payments discounted at the effective interest rate and the interest expense in a period equals the carrying amount of the financial liability at the beginning of a period multiplied by the effective interest rate for the period.

Interest is capitalised on borrowings related to the development of qualifying assets, to the extent that it accrues in respect of the period of development if it represents interest on borrowings specifically financing the development programme after deduction of related grants received in advance. Other interest payable is charged to income and expenditure in the year.

Pensions

The Association participates in two multi-employer schemes, the defined benefit Social Housing Pensions Scheme and a Local Government Pension Scheme, where it is possible for individual employers as admitted bodies to identify their share of the assets and liabilities of the pension scheme. For these schemes the amounts charged to operating surplus are the costs arising from employee services rendered during the period and the cost of plan introductions, benefit changes, settlements and curtailments. They are included as part of staff costs. The net interest cost on the net defined benefit liability is charged to revenue and included within finance costs. Remeasurement comprising actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in other comprehensive income.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the Group, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method. The actuarial valuations are obtained at least triennially and are updated at each Statement of Financial Position date.

Defined contribution scheme

The Group also participates in a defined contribution scheme where the amount charged to surplus or deficit in the Statement of Comprehensive Income in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the Statement of Financial Position.

Turnover

Turnover represents rent and service charges receivable (net of rent and service charge losses from voids) and disposal proceeds of current assets such as properties developed for outright sale or shared ownership first tranche sales at completion together with revenue grants from local authorities and Homes England.

Shared ownership property sales

Shared ownership properties, including those under construction, are split between non-current assets and current assets. The split is determined by the percentage of the property to be sold under the first tranche disposal which is shown on initial recognition as a current asset, with the remainder classified as a non-current asset within property plant and equipment. Where this would result in a surplus on the disposal of the current asset that would exceed the anticipated overall surplus, the surplus on disposal of the first tranche is limited to the overall surplus by adjusting the costs allocated to current or non-current assets.

Proceeds from first tranche disposals are accounted for as turnover in the Statement of Comprehensive Income of the period in which the disposals occur and the cost of sale is transferred from current assets to operating costs. Proceeds from subsequent tranche sales are treated as disposals of fixed assets.

Investments

Investments that are publicly traded or whose fair value can be measured reliably are measured at fair value with changes in fair value recognised in surplus or deficit in the Statement of Comprehensive Income. Other investments are measured at amortised cost less impairment.

Joint venture

The Group’s interest in the joint venture is a jointly controlled entity and the investment is accounted for using the equity method under FRS 102. The joint venture is carried within the Group’s financial statements at the Group’s share of its net assets/liabilities and the Group recognises its share of the profit or loss for the period.

Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial assets carried at amortised cost

Financial assets carried at amortised cost comprise rent arrears, trade and other receivables and cash and cash equivalents. Financial assets are initially recognised at fair value plus directly attributable transaction costs. After initial recognition, they are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

If there is objective evidence that there is an impairment loss, the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows discounted at the financial asset’s original effective interest rate. The carrying amount of the asset is reduced accordingly.

A financial asset is derecognised when the contractual rights to the cash flows expire, or when the financial asset and all substantial risks and reward are transferred.

If an arrangement constitutes a financing transaction, the financial asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial liabilities carried at amortised cost

These financial liabilities include trade and other payables and interest-bearing loans and borrowings.

Non-current debt instruments which meet the necessary conditions in FRS 102, are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, with interest-related charges recognised as an expense in finance costs in the Statement of Comprehensive Income. Discounting is omitted where the effect of discounting is immaterial.

A financial liability is derecognised only when the contractual obligation is extinguished, that is, when the obligation is discharged, cancelled or expires.

Financing transactions – rent arrears

For rent arrears where the arrangement constitutes, in effect, a financing transaction because of extended credit arrangements the arrears are derecognised as a financial asset and a new financial asset measured at the present value of the future payments discounted at an appropriate market rate of interest. The present value adjustment is recognised in surplus or deficit in the Statement of Comprehensive Income. There are no such material arrangements at the year end.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short term, highly liquid investments that are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value.

Gift aid payments

Gift aid payments are charged as distributions of reserves in accordance with the guidance included in the Institute of Chartered Accountants technical release ‘Guidance on donations by a company to its parent charity’.

2. Significant management judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Significant management judgements

The following are management judgements in applying the accounting policies of the Group that have the most significant effect on the amounts recognised in the financial statements.

Impairment of social housing properties

An annual assessment is made as to whether an indicator of impairment exists. This judgement is made considering the detailed criteria set out in the SORP. If an indicator is identified an impairment review is undertaken which compares the asset's carrying amount to the recoverable amount. Any impairment losses are charged to the statement of comprehensive income.

Following an assessment, it was judged that no indicators exist, and no impairment was required in the year to 31 March 2023.

Capitalisation of development costs

The Group capitalises development expenditure in accordance with the accounting policy on housing properties. Judgement is exercised over the likelihood that projects will continue.

Estimation uncertainty

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Notes to the Financial Statements
For the year ended 31 March 2023

Rental bad debt provision

The bad debt policy considers the size of the debt as an estimation of the primary indication of recoverability.

Current Tenant Arrears are provided for as follows:

Size of debt	**Provision Value**
< £100	5%
£100 - £249	15%
£250 - £499	25%
£500 - £749	40%
£750 - £1000	55%
> £1,000	80%

100% of all former tenant debt is provided for.

Provisions

These provisions require management's best estimate of the costs that will be incurred based on legislative and contractual requirements. In addition, the timing of the cash flows and the discount rates used to establish net present value of the obligations require management's judgement.

Defined benefit pension schemes

The Group has obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends.

An obligation of £4.86m was recognised at 31 March 2023 for the SHPS scheme and £0.60m for the SYPA scheme. Typically increasing the inflation assumption by 0.1% p.a. would increase the inflation-linked liabilities by the order of 2%, although the precise impact will vary from employer to employer based on their membership profile.

Components of housing properties and useful lives

Major components of housing properties have significantly different patterns of consumption of economic benefits and estimates are made to allocate the initial cost of the property to its major components and to depreciate each component separately over its useful economic life. The Group considers whether there are any indications that the useful lives require revision to each reporting date to ensure that they remain appropriate.

Notes to the Financial Statements

For the year ended 31 March 2023

3a. Particulars of turnover, cost of sales, operating costs and operating surplus – Group

	2023		
	Turnover £'000	Operating costs £'000	Operating surplus/(deficit) £'000
Social housing lettings (note 3b)	31,862	(27,560)	4,302
Other social housing activities			
1st tranche property sales	501	(641)	(140)
Charges for support services	2,154	(2,126)	28
Other*	1,724	(1,113)	611
	36,241	(31,440)	4,801
Activities other than social housing activities	14,504	(14,002)	502
Total	50,745	(45,442)	5,303
Surplus on disposal of property, plant and equipment (note 4)			1,957
Operating Surplus			7,260

**Other includes PFI income and agency charges*

	2022		
	Turnover £'000	Operating costs £'000	Operating surplus/(deficit) £'000
Social housing lettings	30,403	(24,488)	5,915
Other social housing activities			
1st tranche property sales	443	(523)	(81)
Charges for support services	1,947	(2,095)	(148)
Other	1,832	(1,113)	719
	34,625	(28,219)	6,405
Activities other than social housing activities	11,880	(12,913)	(1,033)
Total	46,505	(41,132)	5,372
Surplus on disposal of property, plant and equipment (note 4)			1,288
Operating Surplus			6,660

Notes to the Financial Statements

For the year ended 31 March 2023

3b. Particulars of Income and Expenditure from social housing lettings – Group

	General Needs Housing	Temporary Housing	Direct Managed Supported Housing & Housing for Older People	Residential Care Homes	2023 Total	2022 Total
	£'000	£'000	£'000	£'000	£'000	£'000
Income						
Rents receivable	18,964	532	4,486	603	24,585	23,470
Service charge income	692	505	3,803	-	5,000	4,639
Amortised government grant	1,179	23	403	-	1,605	1,563
Other grants	-	-	-	379	379	452
Other	15	17	258	3	293	279
Turnover from social housing lettings	20,850	1,077	8,950	985	31,862	30,403
Expenditure						
Service charge costs	682	217	2,036	58	2,993	2,552
Management	4,913	546	2,589	259	8,307	7,409
Routine maintenance	5,467	175	1,598	35	7,275	6,151
Planned maintenance	957	23	163	4	1,147	1,034
Other LiveWell Costs	-	66	1,033	661	1,760	1,183
Bad debts	53	9	28	-	90	10
Property lease charges	7	3	12	-	22	51
Depreciation of housing properties	4,450	91	1,116	25	5,682	5,705
Other costs	29	10	236	9	284	393
Operating costs	16,558	1,140	8,811	1,051	27,560	24,488
Operating surplus social housing lettings	**4,292**	**(63)**	**139**	**(66)**	**4,302**	**5,915**
Void losses	171	120	263	49	603	(869)

3c. Particulars of turnover, cost of sales, operating costs and operating surplus – Association

	2023		
	Turnover £'000	**Operating costs £'000**	**Operating Surplus/(deficit) £'000**
Social housing lettings (note 3d)	30,610	(27,319)	3,291
Other social housing activities			
1st tranche property sales	501	(641)	(140)
Charges for support services	2,154	(2,126)	28
Other*	2,278	(1,111)	1,167
	35,543	(31,197)	4,346
Activities other than social housing activities	13,744	(13,292)	452
Total	49,287	(44,489)	4,798
Surplus on disposal of property, plant and equipment (note 4)			1,904
Operating Surplus			6,702

**Other includes PFI income, agency charges and management income from Alliance Housing*

	2022		
	Turnover £'000	**Operating costs £'000**	**Operating Surplus/(deficit) £'000**
Social housing lettings	29,195	(24,240)	4,955
Other social housing activities			
1st tranche property sales	443	(523)	(81)
Charges for support services	1,947	(2,095)	(148)
Other	2,370	(1,112)	1,258
	33,955	(27,970)	5,984
Activities other than social housing activities	11,070	(12,172)	(1,102)
Total	45,025	(40,142)	4,882
Surplus on disposal of property, plant and equipment (note 4)			1,220
Operating Surplus			6,102

Notes to the Financial Statements

For the year ended 31 March 2023

3d. Particulars of Income and Expenditure from social housing lettings – Association

	General Needs Housing	Temporary Housing	Direct Managed Supported Housing & Housing for Older People	Residential Care Homes	**2023 Total**	2022 Total
	£'000	£'000	£'000	£'000	**£'000**	£'000
Income						
Rents receivable	17,785	532	4,486	603	**23,406**	22,333
Service charge income	654	505	3,803	-	**4,962**	4,603
Amortised government grant	1,144	23	403	-	**1,570**	1,528
Other grants	-	-	-	379	**379**	452
Other	15	17	258	3	**293**	279
Turnover from social housing lettings	19,598	1,077	8,950	985	**30,610**	29,195
Expenditure						
Service charge costs	682	217	2,036	58	**2,993**	2,552
Management	4,908	546	2,589	262	**8,305**	7,404
Routine maintenance	5,467	175	1,598	35	**7,275**	6,151
Planned maintenance	957	23	163	4	**1,147**	1,034
Other LiveWell costs	-	66	1,033	661	**1,760**	1,183
Bad debts	53	9	28	-	**90**	10
Property lease charges	7	3	12	-	**22**	51
Depreciation of housing properties	4,216	91	1,116	25	**5,448**	5,447
Other costs	24	10	236	9	**279**	408
Operating costs	16,314	1,140	8,811	1,054	**27,319**	24,240
Operating surplus social housing lettings	3,284	(63)	139	(69)	**3,291**	4,955
Void losses	160	120	263	49	**592**	860

Notes to the Financial Statements
For the year ended 31 March 2023

4. Surplus on disposal of housing properties

	Group		Association	
	2023	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
Receipts from asset management sales	**3,834**	2,516	**3,605**	2,078
Costs of asset management sales	**(2,238)**	(1,508)	**(2,062)**	(1,138)
Receipts from subsequent tranche shared ownership sales and resales	**1,286**	879	**1,286**	879
Costs of subsequent tranche shared ownership sales and resales	**(925)**	(599)	**(925)**	(599)
Surplus on disposal	**1,957**	1,288	**1,904**	1,220

5. Interest and financing costs

	Group		Association	
	2023	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
Bank loans and overdrafts	**5,650**	4,826	**5,650**	4,826
Interest on RCGF balance	**104**	7	**104**	7
Borrowing costs capitalised	**(47)**	(54)	**(47)**	(54)
	5,707	4,779	**5,707**	4,779
Finance lease charges	**669**	457	**-**	-
Transaction fee amortisation	**92**	125	**92**	125
Net interest on defined benefit liability (see note 20)	**135**	227	**135**	227
	6,603	5,588	**5,934**	5,131

Borrowing costs attributable to the development of new properties have been capitalised on a quarterly basis using a capitalisation rate of 4.79 per cent (2022: 3.76 per cent), which is the weighted average of rates applicable to the Group's general borrowings outstanding during the year.

6. Finance income

	Group		Association	
	2023	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
Bank interest receivable	**37**	4	**37**	4
Income from investment with asset manager	**123**	39	**99**	39
	160	43	**136**	43

Notes to the Financial Statements

For the year ended 31 March 2023

7. Surplus on ordinary activities before taxation

Surplus on ordinary activities before taxation is stated after charging/(crediting):

	Group		Association		
	2023	2022	**2023**	2022	2021
	£'000	£'000	**£'000**	£'000	£'000
Depreciation of property, plant and equipment:					
- Housing property depreciation	**5,927**	5,726	**5,703**	5,505	5,470
- Accelerated depreciation charged on replacements of components	**207**	250	**198**	211	231
- Other fixed assets – tangible	**571**	454	**570**	453	525
- Other fixed assets - intangible	**445**	376	**445**	376	284
Amortisation of capital grants	**(1,742)**	(1,663)	**(1,707)**	(1,630)	(1,658)
Loss on disposal of fixed assets	**(9)**	(25)	**(9)**	(25)	(8)
Audit fees:					
- Statutory audit	**42**	36	**38**	33	30
- Audit-related assurance services	**6**	7	**6**	7	11
- Taxation compliance services	**3**	3	**3**	3	2
Operating lease rentals	**1,304**	713	**1,304**	707	1,368
Coronavirus Job Retention Scheme grant	**-**	(4)	**-**	(4)	(55)

8. Staff costs

	Group		Association	
	2023	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
Wages and salaries	**16,089**	15,206	**15,610**	14,728
Social security costs	**1,455**	1,296	**1,413**	1,252
Other pension costs (see note 20)	**635**	581	**618**	565
	18,178	17,083	**17,640**	16,545

Notes to the Financial Statements
For the year ended 31 March 2023

The full time equivalent number of staff who received emoluments, excluding pension contribution, in excess of £60,000 were as shown below:

	Group		Association	
	2023 number	2022 number	**2023 number**	2022 number
Salary Band £				
60,000 – 69,999	6	2	6	2
70,000 – 79,999	-	1	-	1
80,000 – 89,999	1	1	1	1
90,000 – 99,999	1	1	1	1
100,000 – 109,999	1	-	1	-
110,000 – 119,999	-	-	-	-
120,000 – 129,999	1	-	1	-
130,000 – 139,999	1	-	1	-
140,000 – 149,999	-	1	-	1

The average full-time equivalent number of employees was:

	Group		Association	
	2023 number	**2022 number**	**2023 number**	**2022 number**
	460	514	**442**	496

The basis of the calculation of the full-time equivalents was based on 37 hours per week.

9. Directors' remuneration and transactions

Group and Association

Key management personnel remuneration

	2023	2022
Directors who are executive staff members	**£'000**	£'000
Wages and salaries	**603**	535
Social security costs	**77**	65
Other pension costs	**17**	10
Board members		
Wages and salaries	**56**	58
Social security costs	**-**	2
Other pension costs	**-**	-
	753	669

Notes to the Financial Statements
For the year ended 31 March 2023

Board members remuneration

	2023	2022
	£	£
South Yorkshire Housing Association Limited:		
Y Ahmed (and Alliance HA Ltd)	**-**	2,404
S Allcock	**2,652**	687
U Bola (and Audit Committee)	**1,886**	-
A Buck	**4,329**	3,778
S Carman	**1,649**	4,629
I D Cole	**5,836**	11,332
S Dyett	**3,417**	-
P Hankinson (and Audit Committee)	**2,829**	1,374
L Harrison-Walker	**2,829**	-
J Jeffries (Chair)	**8,310**	3,778
V Kemp	**-**	515
A Matson (Audit Committee only)	**1,061**	1,030
R McLafferty (Audit Committee only)	**1,061**	1,030
B Oshin	**2,829**	2,747
T Proudfoot	**2,829**	2,747
H Ratcliffe	**1,768**	2,747
V Salm (Audit Committee only)	**531**	1,030
J Sparkes	**-**	2,747
C Stockill	**1,415**	-
P Taylor (and Audit Committee)	**-**	2,404
K Urwin	**2,829**	1,374
C Walker	**-**	687
Alliance Housing Association (South Yorkshire) Limited:		
A Khayum	**-**	515
M Mahroof	**-**	515
S Munir	**-**	515
SYHA Enterprises Limited:		
J Clepham	**265**	1,030
D Harry	**-**	1,889
M Killick	**1,061**	1,030
S Knowles	**1,061**	515
D Lockwood	**4,948**	4,808
W Pritchard	**796**	-

Notes to the Financial Statements
For the year ended 31 March 2023

Directors are defined as the members of the Board, the Chief Executive and any other person who is a member of the Executive Management team.

Remuneration of the highest paid director, excluding pension contributions:

	2023	2022
	£'000	£'000
Emoluments	**140**	146

The Chief Executive was an ordinary member of the pension scheme until April 2017. No enhanced or special terms applied. No pension scheme contributions were made in the years ended 2022 or 2023.

10. Tax on surplus on ordinary activities

	Group		**Association**	
	2023	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
Current Tax	-	-	-	-
Deferred tax	-	-	-	-
	-	-	-	-

The charge for the year can be reconciled to the surplus shown in the accounts as below:

	Group		**Association**	
	2023	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
Surplus on ordinary activities before tax	**1,000**	1,071	**967**	1,007
Tax on surplus on ordinary activities at standard UK rate of 19%	190	203	184	191
Effects of:				
- Effect of tax rate change	-	-	-	-
- Chargeable gains/(losses)	-	-	-	-
- Income/Expenses not taxable	(172)	(179)	(170)	(174)
- Group relief surrendered/(claimed)	(0)	(0)	(12)	(4)
- Deferred tax not recognised	(18)	(24)	(2)	(13)
Tax charge for the year	-	-	-	-

Notes to the Financial Statements
For the year ended 31 March 2023

11. Intangible fixed assets

Group

	Goodwill £'000	Software £'000	Total £'000
Cost			
At 1 April 2022	866	4,442	5,308
Additions	-	397	397
As at 31 March 2023	866	4,839	5,705
Amortisation			
At 1 April 2022	735	1,391	2,120
Charge for the year	87	445	440
As at 31 March 2023	822	1,836	2,658
Net book value			
As at 31 March 2023	**44**	**3,003**	**3,047**
As at 31 March 2022	131	3,051	3,182

Association

	Software £'000	Total £'000
Cost		
At 1 April 2022	4,437	4,437
Additions	396	396
As at 31 March 2023	4,833	4,833
Amortisation		
At 1 April 2022	1,385	1,385
Charge for the year	445	445
As at 31 March 2023	1,830	1,830
Net book value		
As at 31 March 2023	**3,003**	**3,003**
As at 31 March 2022	3,052	3,052

12 Tangible fixed assets – housing properties
Group

	Housing properties for letting		Shared ownership		Partnership	Temporary Social Housing	
	Completed schemes	Schemes in the course of construction	Completed schemes	Schemes in the course of construction	Completed schemes	Completed schemes	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
COST							
At 1 April 2022	355,834	2,350	15,345	-	4,387	1,426	379,342
Additions	4,573	3,661	66	-	42	38	8,380
Schemes completed	2,197	(3,150)	954	-	-	-	-
Transfer to current assets	-	-	(346)	-	-	-	(346)
Property Disposals	(2,328)	(25)	(637)	-	-	-	(2,990)
Components replaced	(1,245)	-	-	-	-	-	(1,245)
Transfer to Other fixed assets	-	(524)	-	-	-	-	(524)
At 31 March 2023	**359,031**	**2,312**	**15,382**	**-**	**4,429**	**1,464**	**382,618**
DEPRECIATION							
At 1 April 2022	65,973	-	2,274	-	265	804	69,316
Charge for the year	5,634	-	182	-	61	50	5,927
Disposals	(456)	-	(45)	-	-	-	(501)
Components replaced	(1,037)	-	-	-	-	-	(1,037)
At 31 March 2023	**70,115**	**-**	**2,411**	**-**	**326**	**854**	**73,706**
NET BOOK VALUE							
At 31 March 2023	**288,917**	**2,312**	**12,971**	**-**	**4,103**	**610**	**308,912**
At 31 March 2022	289,861	2,350	13,071	-	4,122	622	310,026

12. Tangible fixed assets – housing properties
Association

	Housing properties for letting		**Shared ownership**		**Partnership**	**Temporary Social Housing**	
	Completed schemes £'000	Schemes in the course of construction £'000	Completed schemes £'000	Schemes in the course of construction £'000	Completed schemes £'000	Completed schemes £'000	Total £'000
COST							
At 1 April 2022	340,860	2,350	15,345	-	4,387	1,426	364,368
Additions	4,520	3,661	66	-	42	38	8,327
Schemes completed	2,197	(3,150)	954	-	-	-	-
Transfer to current assets	-	-	(346)	-	-	-	(346)
Property Disposals	(2,328)	(25)	(637)	-	-	-	(2,990)
Components replaced	(1,228)	-	-	-	-	-	(1,228)
Movement between categories	-	(524)	-	-	-	-	(524)
At 31 March 2023	**344,019**	**2,312**	**15,382**	**-**	**4,429**	**1,464**	**367,606**
DEPRECIATION							
At 1 April 2022	64,507	-	2,274	-	266	804	67,851
Charge for the year	5,410	-	182	-	61	50	5,703
Disposals	(456)	-	(45)	-	-	-	(501)
Components replaced	(1,029)	-	-	-	-	-	(1,029)
At 31 March 2023	**68,432**	**-**	**2,4111**	**-**	**327**	**854**	**72,024**
NET BOOK VALUE							
At 31 March 2023	**275,587**	**2,312**	**12,971**	**-**	**4,102**	**610**	**295,582**
At 31 March 2022	276,353	2,350	13,071	-	4,121	622	296,517

12. Tangible fixed assets – housing properties (continued)

Included in housing properties for letting are assets at a cost of £15,107k and NBV of £13,426k held under a 45-year finance lease sale and leaseback deal by Alliance Housing Association (South Yorkshire) Ltd. Lease payments are indexed upwards by CPI + 0.5% annually. The properties revert back to Alliance HA ownership after 45 years for a nominal £1.

An analysis of freehold and long leasehold land and buildings included above has not been provided as the Board consider the expenses of obtaining such an analysis to be unreasonable.

Association

Capital additions – housing properties for letting

The movement in Association housing property for lettings includes **£4,628,350** relating to expenditure on capitalised major repairs / component replacement.

This is comprised of SYHA only additions – completed schemes:

	2023	2022	2021
	£'000	£'000	£'000
Housing Properties for Lettings	**4,520**	3831	3623
Partnership	**42**	198	-
Temporary Social Housing	**38**		-
Shared Ownership	**66**		
Total additions	**4,666**	4029	3623

The breakdown of capitalised major repair spend is as follow

	2023	2022	2021
	£'000	£'000	£'000
Stock improvement plan (capitalised components)	**3,162**	3,379	2,508
Energy efficiency	**5**	125	(2)
Asset management/void costs	**404**	434	670
Aids and adaptations	**-**	2	(2)
Fire Regulation work	**687**	264	294
CO2 alarms	**188**	-	-
Other repairs and related items	**182**	(54)	25
Total expenditure on capitalised major repairs/ component replacement	**4,628**	4,150	3,493
Other additions, not related to capitalised major repairs	**38**	-121	130
Total Additions	**4666**	4029	3623

13. Property, plant and equipment - other

Group	Office premises £'000	Office equipment and computer hardware £'000	Others £'000	Total £'000
Cost or valuation				
At 1 April 2022	8,450	1,756	2,862	13,068
Additions	526	30	148	703
Disposals	-	-	-	-
At 31 March 2023	8,976	1,786	3,010	13,771
Depreciation				
At 1 January 2022	169	781	2,280	3,230
Charge for the year	85	292	194	571
Disposals	-	-	-	-
At 31 March 2023	254	1,073	2,474	3,801
Net book value				
At 31 March 2023	**8,722**	**713**	**536**	**9,970**
At 31 March 2022	8,281	975	582	9,838

Leased assets included above:

Net book value				
At 31 March 2023	**8,722**	**-**	**-**	**8,722**
At 31 March 2022	8,281	-	-	8,281

13. Property, plant and equipment - other (continued)

Association	Office premises £'000	Office equipment and computer hardware £'000	Others £'000	Total £'000
Cost or valuation				
At 1 April 2022	8,450	1,742	2,861	13,053
Additions	526	27	148	700
Disposals	-	-	-	-
At 31 March 2023	8,976	1,769	3,009	13,753
Depreciation				
At 1 April 2022	169	768	2,279	3,216
Charge for the year	85	292	194	570
Disposals	-	-	-	-
At 31 March 2023	254	1,060	2,473	3,786
Net book value				
At 31 March 2023	**8,722**	**709**	**536**	**9,967**
At 31 March 2022	8,281	974	582	9,837

Leased assets included above:

Net book value				
At 31 March 2023	**8,722**	**-**	**-**	**8,722**
At 31 March 2022	8,281	-	-	8,281

14. Fixed asset investments

Group **2023**

	Debt Service Reserve	Buy-to-Let	Mor Homes	View Point	Forge New Homes	Forge New Homes Loan	Total
	(a)	(f)	(b)	(c)	(d)	(e)	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2022	620	275	526	20	841	460	2,742
Additions	67	-	-	-	-	900	967
Disposals	-	(125)	-	-	-	-	(125)
Share of loss in joint venture		-	-	-	32	-	32
Revaluation in the year	(59)	10	-	-	-	-	(49)
At 31 March 2023	**628**	**160**	**526**	**20**	**873**	**1,360**	**3,567**

Association

	Debt Service Reserve	Buy-to-Let	Mor Homes	Total
	(a)	(f)	(b)	
	£'000	£'000	£'000	£'000
At 1 April 2022	620	150	526	1,296
Additions	67	-	-	67
Disposals	-	-	-	-
Revaluation in the year	(59)	10	-	(49)
At 31 March 2023	**628**	**160**	**526**	**1,314**

a) As part of a loan agreement with Haven (32) plc, an amount of the loan principal is held by Trustees to guarantee short term service of the debt should any borrower not make payments in accordance with the loan agreement. The Debt Service Reserve comprises investments acceptable to the Trustees and held by them on behalf of the Association as borrower.

b) As part of a loan agreement with MORHomes, a proportion of the loan proceeds is retained by MORHomes in the form of junior debt, with the Association as investor. This is to provide additional credit strength to the MORHomes vehicle.

c) SYHA Enterprises Ltd invests in Viewpoint, a social enterprise specialising in collecting customer feedback over the telephone.

d) and e) In September 2019, SYHA entered into a joint venture arrangement called Forge New Homes LLP for the development of new homes in the Sheffield City region. SYHA Enterprises holds a 20% investment in Forge New Homes LLP. Each association in the joint venture has committed to invest and loan up to £3 million into Forge New Homes. Member loans are subject to interest at 6% p.a.

f) The buy-to-let properties are valued at the year end. The valuation is provided Crucible Homes who have data and recent experience in the location and class of the investment property being valued.

Principal Group investments

The parent Association and the Group have investments in the following subsidiary undertakings, associates and other investments which principally affected the surpluses or net assets of the Group.

Subsidiary undertakings	**Principal activity**	**Holding**	**%**
SYHA Enterprises Limited	Marketing of shared equity sales properties on behalf of SYHA along with private property sales and lettings	Shares	100
Alliance Housing Association (South Yorkshire) Limited	Registered Provider of housing and associated amenities particularly for people in necessitous circumstances	Shares	100
Charter Housing Limited	Registered charity - dormant	Shares	100
South Yorkshire (Second) Housing Association Limited	Registered Provider - dormant	Shares	100

15. Inventories

	Group		**Association**	
	2023	**2022**	**2023**	**2022**
	£'000	**£'000**	**£'000**	**£'000**
Completed properties for sale				
- First tranche shared ownership	**346**	936	**346**	936
- Property held for outright sale	**505**	343	**-**	-
Raw materials and consumables	**78**	95	**78**	95
	929	1,374	**424**	1,031

16. Debtors

	Group		Association	
	2023	**2022**	**2023**	**2022**
	£'000	**£'000**	**£'000**	**£'000**
Amounts falling due within one year:				
Rent arrears	**1,986**	2,343	**1,954**	2,317
Provision for bad debts	**(1,250)**	(1,112)	**(1,236)**	(1,102)
Amounts owed by Group undertakings	**-**	-	**179**	236
Other debtors	**1,546**	991	**1,501**	786
Prepayments and accrued income	**2,361**	2,137	**2,330**	2,061
	4,643	4,359	**4,728**	4,298

17. Cash and cash equivalents

	Group		Association	
	2021	**2020**	**2021**	**2020**
	£'000	**£'000**	**£'000**	**£'000**
Cash at bank and in hand	**6,013**	5,000	**4,303**	3,608

18. Creditors – amounts falling due within one year

	Group		Association	
	2023	**2022 (restated)**	**2023**	**2022 (restated)**
	£'000	**£'000**	**£'000**	**£'000**
Bank loans and overdrafts (see note 19)	**98,433**	70,545	**98,433**	70,545
Obligations under finance leases and hire purchase contracts (see note 19)	**553**	527	**-**	-
Rents received in advance	**1,143**	1,141	**1,114**	1,113
Trade creditors	**1,186**	815	**1,172**	836
Amounts owed to Group undertakings	**-**	-	**365**	343
Corporation tax	**-**	-	**-**	-
Other taxation and social security	**239**	549	**230**	539
Other creditors	**6,012**	4,686	**5,883**	4,586
Accruals and deferred income	**3,828**	4,980	**3,612**	4,730
	111,394	83,244	**110,809**	82,692

19. Creditors – amounts falling due after more than one year

	Group 2023 £'000	Group 2022 (restated) £'000	Association 2023 £'000	Association 2022 (restated) £'000
Other creditors				
Loans (net of capitalised transaction fees)	**34,484**	59,593	**34,484**	59,593
Obligations under finance leases and hire purchase contracts	**11,065**	10,949	**-**	-
Government grants	**135,095**	137,399	**131,956**	134,227
Sinking Funds	**1,716**	1,605	**1,716**	1,605
Benefactor grant	**77**	77	**77**	77
	182,437	209,623	**168,233**	195,502

The loans are secured on freehold housing properties. Interest is payable at a weighted average rate of 4.79 per cent (2022: 3.77 per cent)

The total accumulated amount of capital grant received or receivable at the balance sheet date is £156,896,392 (Association).

We have restated the presentation of sinking funds (from Reserves to Long Term Creditors) to comply with the recommendations of the Statement of Recommended Practice.

	Group 2023 £'000	Group 2022 £'000	Association 2023 £'000	Association 2022 £'000
19a. Deferred income - Government grants				
At 1 April 2021	**137,399**	139,186	**134,225**	135,978
Grants receivable	**674**	704	**674**	704
RCGF Grants	**120**	38	**120**	38
Disposals	**(1,632)**	(1,011)	**(1,632)**	(1,011)
Amortisation to Statement of Comprehensive Income*	**(1,742)**	(1,663)	**(1,707)**	(1,628)
Disposal of amortisation	**276**	145	**276**	145
At 31 March 2022	**135,095**	137,399	**131,956**	134,226
Amortised within one year	**1,468**	1,518	**1,431**	1,483
Amortised after one year	**133,627**	135,881	**130,525**	132,743

* The amount of amortisation differs to note 3b and 3d £137,000 of amortisation included in social housing lettings – other and non-social housing.

	Group		Association	
	2023	**2022**	**2023**	**2022**
	£'000	**£'000**	**£'000**	**£'000**
19b. Recycled Capital Grant Fund				
At 1 April 2021	**3,732**	2,954	**3,732**	2,954
Inputs to RCGF	**1,428**	809	**1,428**	809
Use of funds – new build development	**(120)**	(38)	**(120)**	(38)
Interest accrued	**104**	7	**104**	7
At 31 March 2022	**5,144**	3,732	**5,144**	3,732

The Recycled Capital Grant Fund is included in note 18. Creditors – amounts falling due within one year.

	Group 2023	Group 2022 (restated)	Association 2023	Association 2022 (restated)
19c. Borrowings are repayable as follows:	**£'000**	**£'000**	**£'000**	**£'000**
Bank loans				
Between one and two years	**214**	200	**214**	200
Between two and five years	**738**	25,689	**738**	25,689
After five years	**34,076**	34,339	**34,076**	34,339
	35,028	60,228	**35,028**	60,228
On demand or within one year*	**98,433**	70,545	**98,433**	70,545
Less capitalised transaction costs	**(544)**	(635)	**(544)**	(635)
	132,918	130,139	**132,918**	130,139
Finance leases				
Between one and two years	**581**	540	**-**	-
Between two and five years	**1,830**	1,701	**-**	-
After five years	**8,619**	8,708	**-**	-
On demand or within one year	**553**	526	**-**	-
	11,583	11,475	**-**	-
Total borrowings including finance leases				
Between one and two years	**795**	740	**214**	200
Between two and five years	**2,568**	27,390	**738**	25,689
After five years	**42,695**	43,047	**34,076**	34,339
	46,058	71,177	**35,028**	60,228
On demand or within one year	**98,986**	71,071	**98,433**	70,545
Less capitalised transaction costs	**(544)**	(635)	**(544)**	(635)
	144,501	141,614	**132,918**	130,139

* As described previously, a historic misstatement of covenant, resulting in a covenant breach was discovered in May 2023. The Statement of Financial Position as at 31 March 2023 reflects the breach and cross-default situation and all debt with a cross-default has been classified as payable within one year on the Statement of Financial Position for both 2022 and 2023 year ends. The breach has been addressed and is no longer continuing. Therefore supplementary information has been provided (note 32) to reflect the position if the breach had been discovered and addressed before the financial year end.

20. Retirement benefit schemes

Defined Benefit Pension Liability

The liability shown on the Statement of Financial Position consists of:

	2023	2022
SHPS	**5,855**	4,866
LGPS	**(137)**	601
	5,718	5,467

Social Housing Pension Scheme (SHPS)

South Yorkshire Housing Association participates in SHPS and the SHPS Growth Fund, both multi-employer schemes which provide benefits to some 500 non-associated employers. These schemes are defined benefit schemes in the UK. With the SHPS Growth Plan Fund it is not possible for the Company to obtain sufficient information to account for it as a defined benefit scheme. Therefore, it accounts for it as a defined contribution scheme.

The schemes are 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.

These schemes are classified as '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.

The Group has been notified by the Trustee of the Social Housing Pension Scheme that it has performed a review of the changes made to the Scheme's benefits over the years and the result is that there is some uncertainty surrounding these changes. The Group classes this as a contingent liability and due to the inability to calculate the possible impact, no adjustment has been made in the financial statements (see note 30).

Main SHPS Scheme

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

For financial years prior to April 18 it was not possible for the company to obtain sufficient information to account for the scheme as a defined benefit scheme therefore, it has been treated as a defined contribution scheme in line with FRS102. For financial years from April 18 onwards sufficient information has been made available.

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

	31 March 2023 (£000s)	**31 March 2022 (£000s)**
Fair value of plan assets	23,217	37,691
Present value of defined benefit obligation	29,072	42,557
Deficit in plan	(5,855)	(4,866)
Unrecognised surplus	-	-
Defined benefit asset (liability) to be recognised	(5,855)	(4,866)

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION

	Period ended 31 March 2023 (£000s)	**Period ended 31 March 2022 (£000s)**
Defined benefit obligation at start of period	42,557	45,167
Current service cost	-	383
Expenses	29	32
Interest expense	1,170	979
Contributions by plan participants	-	1
Actuarial losses (gains) due to scheme experience	(1,196)	2,021
Actuarial losses (gains) due to changes in demographic assumptions	(64)	(647)
Actuarial losses (gains) due to changes in financial assumptions	(10,978)	(2,681)
Deficit contributions from 1 April 2022	(1,250)	(1,044)
Benefits paid and expenses	(1,196)	(1,654)
Defined benefit obligation at end of period	29,072	42,557

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

	Period ended 31 March 2023 (£000s)	**Period ended 31 March 2022 (£000s)**
Fair value of plan assets at start of period	37,691	35,206
Interest income	1,051	770
Experience on plan assets (excluding amounts included in interest income) - gain	(15,503)	2,603
Contributions by the employer	1,174	1,332
Contributions by plan participants	-	1
Benefits paid and expenses	(1,196)	(1,654)
Fair value of plan assets at end of period	23,217	37,691

The actual return on plan assets (including any changes in share of assets) over the period from 31 March 2022 to 31 March 2023 was (£14,452,000).

DEFINED BENEFIT COSTS RECOGNISED IN STATEMENT OF COMPREHENSIVE INCOME (SoCI)

	Period from 31 March 2021 to 31 March 2023 (£000s)	**Period from 31 March 2020 to 31 March 2022 (£000s)**
Current service cost	-	383
Expenses	29	32
Net interest expense	119	209
Defined benefit costs recognised in statement of comprehensive income (SoCI)	**148**	**624**

In addition to amounts recognised in the SOCI (as disclosed above), SYHA paid contributions of £1,250,399 to SHPS in relation to past service deficits.

	31 March 2023 % per annum	31 March 2022 % per annum
Discount Rate	4.85%	2.79%
Inflation (RPI)	3.48%	3.51%
Inflation (CPI)	3.08%	3.16%
Salary Growth	3%	4.16%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2022 imply the following life expectancies:

	Life expectancy at age 65 (Years)
Male retiring in 2022	21.1
Female retiring in 2022	23.4
Male retiring in 2042	22.2
Female retiring in 2042	24.9

SHPS Growth Plan Scheme

A full actuarial valuation for the scheme was carried out at 30 September 2020. This valuation showed assets of £800.3m, liabilities of £831.9m and a deficit of £31.6m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

From 1 April 2022 to 31 January 2025:	£3,312,000 per annum	(payable monthly)

Unless a concession has been agreed with the Trustee the term to 31 January 2025 applies.

Note that the scheme's previous valuation was carried out with an effective date of 30 September 2017. This valuation showed assets of £794.9m, liabilities of £926.4m and a deficit of £131.5m. To eliminate this funding shortfall, the Trustee asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

From 1 April 2019 to 30 September 2025:	£11,243,000 per annum	(payable monthly and increasing by 3% each on 1st April)

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the Series 1 and Series 2 scheme liabilities.

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

PRESENT VALUES OF PROVISION

	31 March 2023 (£s)	31 March 2022 (£s)	31 March 2021 (£s)
Present value of provision	1,441	2,260	11,469

RECONCILIATION OF OPENING AND CLOSING PROVISIONS

	Period Ending 31 March 2023 (£s)	**Period Ending** 31 March 2022 (£s)
Provision at start of period	2,260	11,469
Unwinding of the discount factor (interest expense)	42	66
Deficit contribution paid	(823)	(2,902)
Remeasurements - impact of any change in assumptions	(38)	(52)
Remeasurements - amendments to the contribution schedule	-	(6,321)
Provision at end of period	1,441	2,260

INCOME AND EXPENDITURE IMPACT

	Period Ending 31 March 2023 (£s)	**Period Ending** 31 March 2022 (£s)
Interest expense	42	66
Remeasurements – impact of any change in assumptions	(38)	(52)
Remeasurements – amendments to the contribution schedule	-	(6,321)
Contributions paid in respect of future service*	*	*
Costs recognised in income and expenditure account	*	*

*includes defined contribution schemes and future service contributions (i.e. excluding any deficit reduction payments) to defined benefit schemes which are treated as defined contribution schemes. To be completed by the company.

ASSUMPTIONS

	31 March 2023 % per annum	31 March 2022 % per annum	31 March 2021 % per annum
Rate of discount	5.52	2.35	0.66

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

South Yorkshire Pension Fund (SYPF)

South Yorkshire Housing Association also participates in the South Yorkshire Pension Fund (SYPF). SYPF Retirement Benefit Scheme is an independently administered pension providing benefits based on final pensionable pay. The contributions are determined by a qualified actuary on the basis of triennial valuations using discounted cash flow techniques. The assumptions which have the most significant effect on the result of the valuation are those relating to the rate of increase in salaries and pensions.

At the end of the year there is a pension provision of £137,000 (2022: £601,000) in accordance with FRS102. The current pension charge for this scheme for the year was £66,000 (2022: £67,000).

The major assumptions used in this valuation were:

	2023	2022
	%	%
Rate of increase in salaries	**3.6**	4.3
Rate of increase in pensions in payment	**3**	3.3
Discount rate	**4.75**	2.7
Inflation assumption	**3**	3.3

The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

Scheme deficit

The fair value of the Group's share of the scheme's assets, 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 thus inherently uncertain, were:

	2023 % of scheme assets	2022 % of scheme assets
Bonds	**23**	24
Equities	**68**	66
Property	**8**	9
Cash/liquidity	**1**	1
Present value of scheme liabilities	**(3,862)**	(3,848)
Deficit in the scheme - pension liability	**137**	(601)

Movement in deficit during the year

	2023	2022
	£'000	£'000
Deficit in scheme at beginning of year	**(601)**	(861)
Current service cost	**(66)**	(67)
Administration cost	**-**	-
Contributions paid	**45**	45
Other finance income/costs	**(16)**	(18)
Remeasurements (liabilities/assets)	**775**	300
Deficit in the scheme at end of year	**137**	(601)

Group and Association

Analysis of other pension costs charged in arriving at operating surplus

	2023	2022
	£'000	£'000
Past service cost (gain)	-	-
Current service cost	66	67
	66	67

Analysis of amounts included in other finance income/(costs)

Expected return on pension scheme assets	88	63
Interest on pension scheme liabilities	(104)	(81)
	(16)	(18)

Analysis of amount recognised in Other comprehensive income

	2023	2022
	£'000	£'000
Actual return less expected return on scheme assets	(192)	222
Experience surpluses arising on scheme liabilities	(312)	(8)
Changes in assumptions underlying the present value of scheme liabilities	1,279	86
Actuarial surplus/(deficit) recognised in Other comprehensive income	775	300

21. Financial instruments

The carrying values of the Group and Association's financial assets and liabilities are summarised by category below:

	Group		Association	
	2023	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
Financial assets				
Measured at fair value through Statement of Comprehensive Income				
• Current asset listed investments	**-**	-	-	-
Measured at discounted amount receivable				
• Rent arrears financing transactions (see note 16)		-		-
Measured at undiscounted amount receivable				
• Rent arrears and other debtors (see note 16)	**4,665**	4,359	**4,728**	4,298
• Amounts due from related undertakings (see note 16)	**-**	-	**-**	-
	4,665	4,359	**4,728**	4,298
Financial liabilities				
Measured at amortised cost:				
• Loans payable (see note 18 & 19)	**132,918**	130,139	**132,918**	130,139
• Obligations under finance leases (see note 18 & 19)	**11,618**	11,476	**-**	-
Measured at undiscounted amount payable				
• Trade and other creditors (see notes 18 & 19)	**147,524**	149,570	**144,331**	146,373
• Amounts owed to related undertakings (see note 18)			**-**	-
	292,060	291,185	**277,249**	276,512

22. Share capital

	2023 £	2022 £
At beginning of year	**50**	48
Issued during the year	**8**	4
Cancelled during the year	**-**	(2)
At end of year	**58**	50

The shares provide members with the right to vote at general meetings but do not have a right to any dividend or distribution in a winding-up and are not redeemable.

23. Financial commitments

Capital commitments are as follows:

	Group		Association	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Contracted for but not provided for	**5,547**	7,106	**5,547**	7,106
Approved by the directors but not contracted for	**11,174**	3,206	**11,174**	3,206
	16,721	10,312	**16,721**	10,312

£3.4 million (2022: £5.3 million) will be financed through SHG and other capital grants with the balance being funded through approved loan finance.

At the year-end SYHA has cash and undrawn loan facilities of £21 million and has the ability to fund all future committed expenditure.

Total future minimum lease payments under non-cancellable operating leases are as follows:

	Group		Association	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Payments due:				
- within one year	**1,387**	1,274	**1,387**	1,274
- between one and five years	**5,674**	5,198	**5,674**	5,198
- over five years	**21,275**	20,813	**21,275**	20,813
	28,336	27,285	**28,336**	27,285

Included in operating lease commitments are payments made on a 21-year lease for 225 units on a site in Kelham Island in Sheffield city centre, which are a mixture of market and sub-market properties . The lease payments are subject to an annual increase of CPI. The future minimum lease payments are calculated on the basis of a long term CPI rate of 2%.

24. Housing stock

Group

	As at 1 April 2021	Additions in the year	Disposals in the year	Movement between categories	As at 31 March 2022
Owned and managed (units)					
General needs housing accommodation at social rent	3,361	-	(17)	8	3,352
Housing accommodation at affordable rent	357	4	(4)	13	370
Housing accommodation at intermediate rent	39	-	-	(9)	30
Supported housing accommodation at social rent	1,012	6	(18)	25	975
Homeless services	84	-	-	2	86
Shared ownership accommodation	284	6	(14)	-	276
Agency managed	388	-	(6)	7	375
Market and submarket	225	-	-	-	225
	5,750	**16**	**(59)**	**(18)**	**5,689**

The Association numbers differ by 222 general needs social rented units which are owned and managed by Alliance Housing Association Ltd.

25. Related party transactions

The Association has four wholly owned subsidiary undertakings:

Alliance HA (South Yorkshire) Ltd
SYHA Enterprises Ltd
South Yorkshire (Second) HA Ltd
Charter Housing Ltd

Alliance HA (South Yorkshire) Ltd and SYHA Enterprises Ltd are trading. The other subsidiaries are dormant.

Financial transactions between South Yorkshire Housing Association Limited and its subsidiary entities consist of:

	Transaction	Cost in year £'000	Balance at year end £'000
Regulated subsidiary			
Alliance HA (SY) Ltd	Charges from Alliance	43	365 Creditors
	Charges to Alliance	696	174 Debtors
Non-regulated subsidiary			
SYHA Enterprises Ltd	Charges from SYHA Enterprises	321	4 Creditors
	Charges to SYHA Enterprises		Debtors nil
Other related parties		31	
Board members (2)	Property rental from SYHA	9	Nil

26. Controlling party

The parent and the ultimate controlling party of the group is South Yorkshire Housing Association Limited.

27. Association Free Cash Flow

	Note	2023 £'000	2022 £'000
Cash generated by operations		**7,887**	8,467
Interest paid	5	**(5,799)**	(5,131)
Interest received	6	**135**	43
Adjustment for reinvestment in existing properties			
Component replacement/additions	12	**(4,628)**	(3,831)
Purchase of other replacement fixed assets	11 & 13	**(1,096)**	(1,348)
Free cash consumed before loan repayments		**(3,501)**	(1,800)
Loans drawn		**8,000**	6,000
Loans repaid	19	**(5,105)**	(5,457)
Free cash consumed after loan repayments		**(606)**	(1,257)

28. Reconciliation of net cashflow to movement in net debt

Group	2023 £'000	2022 £'000
Increase/(decrease) in cash	**1,013**	(150)
Increase in debt financing	**(2,922)**	(418)
Movement in net debt in year	**(1,909)**	(568)
Net debt at 31 March 2022	**(136,614)**	(136,046)
Net debt at 31 March 2023	**(143,983)**	(136,614)

29. Joint Venture

The Group, via its subsidiary, SYHA Enterprises Ltd, is part of a joint venture with four other housing associations. The partnership aims to build up to 500 new homes - both private sale and social rented - each year within the Sheffield City Region. The company is a for-profit business and profits made will be returned to its five investors who are social landlords. All profits from Forge New Homes are therefore re-invested in affordable housing and communities.

Each association has committed to invest and loan up to £3 million into Forge New Homes. Decisions are made by the Board of Forge New Homes which comprises the five Chief Executives. The current Chair of the Board is Nick Atkin (Chief Executive, Yorkshire Housing). As at 31 March 2023 the Association has invested £1,000,000 in the joint venture and made a loan of £1,360,000. The Association's committed expenditure is included in capital commitments (note 23).

30. Contingent Liability

The Group has been notified by the Trustee of the Social Housing Pension Scheme that it has performed a review of the changes made to the Scheme's benefits over the years and the result is that there is some uncertainty surrounding these changes. The Trustee has been advised to seek clarification from the Court on these items. The process is ongoing and the matter is unlikely to be resolved before the end of 2024 at the earliest. It is recognised that this could potentially impact the value of Scheme liabilities, but until Court directions are received, it is not possible to calculate the impact of this issue, particularly on an individual employer, with any accuracy. No adjustment has been made in these financial statements.

31. Prior Year Adjustment

In May 2023, a covenant breach in relation to the 2022 and 2023 year ends was discovered. As a result, a prior year adjustment has been made to increase the bank loans < 1 year by £89,161,000 and decrease bank loans > 1 year by £89,161,000.

In August 2023, waivers were obtained for the loans, meaning the covenant breach has been resolved post year end. A Statement of financial position as at 31 March 2023 can be found on note 32, which shows the position had the waivers been received pre-year end.

We have restated the presentation of sinking funds (from Reserves to Long Term Creditors) to comply with the recommendations of the Statement of Recommended Practice.

32. Unaudited Statement of Financial Position (without loan restatement)

		Group		Association	
		2023	2022	**2023**	2022
	Note	**£'000**	£'000	**£'000**	£'000
Fixed assets					
Intangible assets	11	**3,047**	3,183	**3,003**	3,052
Housing properties	12	**308,912**	310,026	**295,582**	296,517
Other property, plant and equipment	13	**9,970**	9,838	**9,967**	9,838
Investment in subsidiary		**-**	-	**3,445**	2,628
Other investments	14	**3,567**	2,742	**1,314**	1,296
		325,497	325,789	**313,311**	313,331
Current assets					
Inventories	15	**929**	1,374	**424**	1,031
Debtors	16	**4,643**	4,359	**4,728**	4,298
Cash and cash equivalents	17	**6,013**	5,000	**4,303**	3,608
		11,585	10,733	**9,455**	8,937
Creditors: Amounts falling due within one year	18	**(22,234)**	(22,032)	**(21,648)**	(21,481)
Net current liabilities		**(10,649)**	(11,299)	**(12,193)**	(12,544)
Total assets less current liabilities		**314,848**	314,490	**301,118**	300,787
Creditors: Amounts falling due after more than one year	19	**(271,598)**	(270,835)	**(257,394)**	(256,713)
Defined benefit pension liability	20	**(5,718)**	(5,467)	**(5,718)**	(5,467)
Net assets		**37,532**	38,188	**38,006**	38,607
Capital and reserves					
Called-up share capital	22	**-**	-	**-**	-
Revenue reserve		**37,373**	38,102	**37,847**	38,521
Restricted reserve		**159**	86	**159**	86
Total reserves		**37,532**	38,188	**38,006**	38,607

For more help or information contact:

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