Yorkshire Housing

Annual report and financial statements

For the year ended 31 March 2023

Co-operative and Community Benefit Societies Act 2014 (registered number 30443R)

Annual report and financial statements:

Inside this report:

Section:

Introduction to our report...

Chair's report:

Welcome to our annual report

We approved our new business strategy in November last year and it was briefed out to all colleagues in February this year...

There is further detail included in these statements on our new business strategy as well as a look back at all we've achieved with our previous Business Strategy.

I'm delighted our new Business Strategy continues to put customers at the centre of what we do, focuses on delivering homes and places to be proud of and looks to modernise the services we offer to our customers.

Ingrid Fife
Chair

Chair's report:

Welcome to our 2022-23 annual report

The last year has probably seen greater economic uncertainty than at any time since the 2008 financial crisis.

Economic uncertainty

We have seen the highest inflation since the 1980s and interest rates have gone from under 1% to nearly 5% in a year. These have had a massive impact on our customers, who are struggling with a major cost of living crisis. I'm proud that we continue to provide pro-active support to many of our customers around benefits, debt, training, employment and other issues relevant to sustaining their tenancies.

Yorkshire Housing has not been immune to the economic headwinds and we have seen big increases in many of our costs which we have not been able to fully recover through income. In response we increased the number of stress test scenarios to which we subject our business plan to ensure we could quickly adapt & introduce mitigations to the uncertain environment. The progress we made last year in reducing our cost of borrowing, and focus on controlling our finances, has been crucial in maintaining our financial resilience during the year.

Our homes and customers

The need to ensure we listen to our customers and continue making the right level of investment in our homes has never been clearer following the tragic events of last year. We are focused on ensuring that tackling damp and mould and investing in our existing homes remain top priorities for Yorkshire Housing. During the last year we increased our capital investment in existing homes from £7.5m to £15.9m in the previous year, with further increases planned in 23/24.

We also continue to play our part in responding to the housing crisis. We had another excellent year, delivering over 500 new homes across Yorkshire and starting work on a further 634 new homes during the year. However, the economic pressures being felt across the sector means that we will have to scale back our future development ambitions over the next few years to create the right balance in our plans between investment in existing homes and development of new ones.

Governance and change

This year saw us retain our G1/V2 rating, following an In-depth Assessment (IDA) by the regulator. I was, of course, very pleased with the outcome and it is a credit to the hard work and focus of so many colleagues across Yorkshire Housing. These processes always provide useful feedback and we will learn from this IDA and make further improvements in how we operate.

Yorkshire Housing has a longstanding track record of putting customers at the heart of our decision making. Over the last year we've built on these foundations to ensure our customers voice and views are heard even more clearly. In addition to the array of informal ways customers can have their say we've also strengthened our Customer Voice and Review Committee.

This reports directly into our Board and governance arrangements. Throughout 2023 we're working with several customers who are recording a video diary which is shown at the start of each Board meeting.

This is really helping to ensure the voice of the customer is right at the heart of our thinking and decision making process.

With the new Consumer Standards and IDA approach imminent it's important to make sure that we have the appropriate governance in place to meet the new regulatory requirements. We welcome the new approach and our preparations are well advanced to ensure that we meet all of the revised regulatory requirements.

Looking to the future

Underpinning the delivery of our new Business Strategy is a major programme of change. In addition, the pace of change in our environment has never been faster, particularly highlighted by the speed of adoption of AI over the past 8 months.

With this amount of change, it's essential that we continue to ensure our governance remains strong and we manage our risks carefully. We have in place a strong Board and management team with a good range of skills and experience to help with this.

Looking forward, the organisation is in great shape for the future, despite the tough economic times we live in. I'm confident that we are well placed to deliver on our new Business Strategy and continuing commitment to make it possible for customers to have a place they're proud to call home.

Chief executive's report:

Welcome to our annual report

At the beginning of 2023 we launched our new Business Strategy. This clearly highlights how our customers are what Yorkshire Housing is all about...

Our 'Customer Obsessed' priority places customers at the heart of what we all do every day. This means understanding and reflecting on the diverse needs and expectations of our customers in every area of our decision making.

We recognise that we don't always achieve this. But we have seen an improving trend in our customer satisfaction scores during the year as well as significant improvements to our core service performance.

We've got plans for further improvements which are based on making it easier for customers to access our services and improved communication at all stages.

Nick Atkin
Chief executive

Chief executive's report:

Welcome to our 2022-23 annual report

The last year has been tough for everyone, with the rising cost of living.

The cost of living crisis

Inflation has outstripped any growth in earnings and left many of our customers struggling to balance their budgets. For those with mortgages or other debts, the rise in interest rates has made making ends meet equally difficult.

Our Tenancy Support and Money Coaching teams have worked hard supporting our customers throughout the year. They've helped to secure over £1m of income for our customers which they would otherwise have missed out on. We continue to work with customers who are struggling to ensure they are able to sustain their tenancies.

Investing in our homes

Our customer promise of 'making it possible to have a place you're proud to call home' is still at the heart of what we aim to achieve. We've continued to invest heavily in our homes, spending £15.9m on capital improvements during the last year. This includes bringing more of our stock-up to EPC C standard and looking at how we can improve the sustainability of our homes and reduce their carbon footprint. This is part of our commitment to be a net zero carbon business by investing in our existing homes to improve their energy efficiency whilst also building low carbon new homes.

The housing sector had a wake-up call in the last year which led to changes to ensure we all deal effectively with damp and mould in properties. It is a widespread and complex problem. Early last year we were ahead of the game as we had already set up a damp and mould taskforce.

Throughout the last year we've developed our approach, which includes a dedicated team to deal with all damp, mould and condensation issues.

We have also invested in ensuring we have better intelligence on our homes so we can target those in need of further investment. This is not just about data but also ensuring everyone in Yorkshire Housing reports any issues they see when visiting our homes. The mantra our colleagues use is "the standard you walk past is the standard you accept".

Building new homes

The housing crisis is still very much with us. If anything it's been made worse by the much higher rents in the private sector alongside increases in mortgage rates. The demand for affordable housing continues to outstrip supply. That's why we're focused on doing all we can to meet this demand across Yorkshire.

> *"Delivering over 500 new homes last year across a range of tenures"*

We continue to make good progress towards achieving the target we set ourselves in 2019 of building 8,000 new homes, delivering over 500 new homes last year across a range of tenures and now more than halfway to reaching the target.

The future is now

Having modern, up-to-date systems is crucial to ensuring we deliver the best and most efficient service to our customers. We are currently delivering a major upgrade to our operating systems, adopting Salesforce as the key foundation to enable us to deliver the best possible service to our customers.

> *"Deliver a 'Pre-emptive' service to our customers"*

This year our Board approved a new strategy and this is outlined later in these Financial Statements. A really exciting element of this is our plan to move Yorkshire Housing to deliver a 'Pre-emptive' service to our customers.

Currently housing services work on an outdated model of waiting for things to happen. We will use real time customer insight and sentiment analysis, with the latest technology and data analytics, coupled with great data and knowledge about our homes and customers to predict future events. This will enable us to intervene before something happens and will be a truly radical shift in the delivery of housing services.

In a changing and often uncertain world, Yorkshire Housing will continue to embrace future opportunities and challenges. By doing so we will ensure our customers remain at the heart of our thinking and decision-making processes.

Section:

Strategic report...

Strategic report:

Our business at a glance

So what's Yorkshire Housing all about? Well, we want to make it possible for people to have a place they're proud to call home.

But we don't want to just put a roof over customers' heads. Home should be a place where people can thrive. So we have extra support services for customers who need it, whether that's money coaching or services to help them live independently.

We're the biggest housing association based solely in Yorkshire. I guess you can say we are Yorkshire through and through. We own and manage around 18,000 homes across the region. This includes older person's accommodation and homes for low-cost rent (social and affordable homes).

We're doing our bit to tackle the housing crisis by building 8,000 shiny new homes across Yorkshire over the next few years. We've already built over 2,100 of them and have another 2,000 in the pipeline.

This includes shared ownership homes and other schemes to help people get on the housing ladder such as rent-to-buy. We also sell some homes on the open market through Space Homes. For us it's about profit for purpose, we reinvest the money we make back into the business to improve our homes for rent and services to customers.

Take a look at our strategy refresh next...

Strategic report:
Our strategy refresh

During the last year we have refreshed our business strategy. This report covers both how well we did against our previous strategy and also what our new business strategy looks like going forward.

Our previous strategy spanned the three years from April 2020 to March 2023 and was centred around the following strategic priorities:

1 **Great customer experience**

2 **Homes and places to be proud of**

3 **Growth**

4 **Employer of choice**

5 **Strong, resilient and innovative business**

Our new strategy recognises the progress we've made and is focused on three strategic priorities:

1 **Customer obsessed**

2 **Homes and places to be proud of**

3 **Pre-emptive**

We haven't changed any of our values of Create Trust, Be Curious, Make it Happen, Achieve Impact and Have Fun. Our customer promise also remains unchanged - 'Making it possible to have a place you're proud to call home'. However we've added to this our vision of being the UK's best housing provider.

> *Making it possible to have a place you're proud to call home - our customer promise.*

More on this later but let's first look at how we did against our previous three year strategy…

Strategic report:

Objectives and performance

Great customer experience

We will listen to customers, design services to meet their expectations and provide targeted support where needed. We will use data and insight to help us take a proactive approach to delivering services.

Strategic achievements 2020-23

Utilised real time data to shape services

We have invested in our Data and Performance Team and have used various elements of their analysis to inform future service design. Work is ongoing to implement new systems that will allow us to make further progress with how we use our data.

Provided intensive and targeted support

Considerable investment has been made in our dedicated Tenancy Support and Money Coaching services which were developed in response to the Strategy. This has resulted in a significant improvement in income collection performance, despite there being a cost-of-living crisis.

Designed and delivered services co-created with customers

Our approach to involving customers has progressed significantly, both at a formal level through the creation of our Customer Voice and Review Committee (CVRC), but also through more informal channels that have been developed. We have also shifted our language from 'tenant' to 'customer'.

Implemented UKCSI benchmarking against best service providers

YH has moved to using the UKCSI benchmarking framework. This enables us to compare our service and satisfaction levels against a combination of housing and non-housing providers. We know that like many other service providers our satisfaction levels remain below levels we want to achieve but we have a plan to make significant improvements.

Our key highlights

Success during 2022-23:

- Overall customer satisfaction ended the year at 81%, below our target of 90% but a significant improvement over the course of the year.
- We handled 96% of complaints within target timescales and 82% at stage 1.
- We reduced tenancy turnover during the year with a tenancy sustainability (tenancies begun in the last 12 months and still active) score over our 95% target throughout the year.
- Through the work of our Tenancy Support and Money Coaching teams we secured over £1m for customers and nearly £0.5m for Yorkshire Housing.
- At the year-end our arrears stood at only 1.9%, despite the cost of living pressures on our customers.

Strategic report:

Objectives and performance

Homes and places to be proud of...

We will provide high quality, safe, affordable homes that meet customer expectations and needs. We will reduce our reliance on fossil fuels and be one of the first UK housing associations to stop using gas heating and hot water systems.

Strategic achievements 2020-23

Improved the standard of our homes

As we were unable to interact with our customers in a meaningful way for more than two years this impeded the development of the Yorkshire Housing Standard. Despite this over the last three years YH has replaced the following:

- 1,673 kitchens and bathrooms
- 1,068 doors and windows
- 549 roofs

Safe and secure homes

Considerable capital investment totalling £39m has been made in our existing homes from 2019-2022. This was despite two years of Covid lockdowns. Revenue investment in the same period was £83.3m, including compliance activity.

Ensured our homes are fit for now and the future

Significant progress has been made in designing and delivering an active asset management framework and approach. This has now been supplemented by the Savills Shape interactive assets tool.

The Disposals Strategy which is delivered through our Strategic Assets Team which has realised a significant income stream which we have used to improve the quality of our homes. Investment in our existing homes has been much more targeted and uses a combination of data to ensure we are delivering the right thing, in the right place, at the right time.

Reduced our reliance on fossil fuels

We now have a full assessment of the energy performance of all our homes which has been used to inform our retrofit programme and delivery plans. The scale of the required investment has limited the extent of progress, however we have a clear commitment and plan to not fit fossil fuel heating systems in any of our newbuild properties.

We have looked for funding to support our commitment to the energy efficiency of our homes. An example of where this has worked well is where £250,000 was invested upgrading 34 houses and flats in North Yorkshire with solar panels and six homes also having an air source heat pump installed, replacing their solid fuel heating and immersion systems with low carbon alternatives. This included £80,000 in funding from the European Regional Development Fund (ERDF). This was a cost effective way of helping customers live in warm homes, which are cost effective to heat, help reduce fuel poverty and increase quality of life.

Our key highlights

Success during 2022-23:

- All our homes meet the decent homes standard.
- £15.9m spent on our homes in the year; £14.5m to maintain decent homes standard and £1.4m to improve energy efficiency.
- Over 77% of our homes now meet EPC C minimum energy performance standards.

Strategic report:

Objectives and performance

Growth...

We will deliver 8,000 new homes by 2030. We will provide smarter homes that are more energy efficient, sustainable and affordable to live in. We will renew our focus on social and affordable rented option.

Strategic achievements 2020-23

Deliver 8,000 high quality new homes by 2030

Despite the challenges posed by post lockdown supplier shortages and price increases, progress against our 8,000 homes target has been maintained. Challenging targets for both starts and completions were successfully achieved.

The 8,000 new homes target is already more than 50% achieved, with 4,100 homes now completed or committed at the end of 2022/23. Our standard house types have been completely revamped to provide a range of high quality and low-cost homes.

Provided a range of rented and low-cost home ownership options

The demand for shared ownership products has continued to exceed our ability to build homes quickly enough. We have offered Rent to Buy on several schemes where funding has been available.

The Leasehold offer has been completely overhauled as part of the restructure of our Leasehold and Market Rent Team. Our market rent portfolio has been reviewed and active asset management principles have been applied to ensure this provides a strong offer.

Provided market sale homes to create profit for purpose

Our market sale activity has outperformed the targets set for income generated over the life of the Business Strategy. We completed 1,049 sales (open market and shared ownership) which has generated profits totalling £29m.

Our key highlights

Success during 2022-23:

- 4,179 new homes either built, on site or under contract at 31st March 2023.
- 502 new mixed tenure homes completed.
- 634 new homes started on site.
- 286 new homes sold for shared ownership or market sale.
- High levels of customer satisfaction.

Strategic report:

Objectives and performance

Employer of choice...

We will develop a reputation as an inclusive, innovative and market leading employer. We'll create an inspirational working culture, invest in our systems and recruit for values and behaviours. Our people will have choices in where, when and how they work, supported by a flexible and personalised employee offer.

Strategic achievements 2020-23

The right people, in the right roles, with the right behaviours

The Senior Leadership Team was restructured in February 2021 to make sure we had the right expertise and leadership approach across all key business areas. The shift in behaviours has also been supported by our award-winning workspace and by leading the way in our sector with a new model of agile, flexible working. There are high levels of colleague engagement, as demonstrated by our recent Colleague Experience Survey results.

Recruited and retained the very best people

Across the business 1 in 3 colleagues have joined since lockdown, with many attracted by our culture and flexible working. The business has also grown from c. 550 FTE colleagues to c. 800. This has been supported by a shift to recruiting for attitude and skills, alongside a strong emphasis on demonstrating alignment with our behaviours and our commitment to diversity and inclusion.

"We believe that creating an inclusive culture that attracts people from all backgrounds to want to work with us"

Created a diverse and inclusive environment

Significant progress has been made in our approach to Equality, Diversity and Inclusion (ED&I). We believe that creating an inclusive culture that attracts people from all backgrounds to want to work with us is central to delivering a great customer experience. We launched the Diversity and Inclusion Strategy in September 2021 and have delivered a range of improvements including achieving a zero Gender Pay Gap in 2022. We have a very active network of ED&I Champions and strong external partners who work with our Leadership Team and Board to make sure we continue to progress.

Offered opportunities for personal growth and career development

There are a multitude of examples where colleagues have been able to progress their careers within Yorkshire Housing. From our expanded apprenticeship programme (with 5% of all colleagues having come through this route) to our senior leadership roles. The results from our latest Colleague Experience Survey clearly highlight how people from across the business perceive there to be opportunities for their career progression at Yorkshire Housing.

Our key highlights

Success from during 2022-23:

- High levels of engagement measured through a range of colleague experience and culture surveys with an overall engagement score of 87.7% in 2022. A workforce stability index of 79% in 2022.
- Above benchmark performance across other people performance indicators (incl. sickness absence and voluntary turnover).

Strategic report:

Objectives and performance

Strong, resilient & innovative...

We will invest in the three business foundation pillars of Finance, ICT and People.
We will influence policy and be a leading-edge organisation that others want to work with.
We will be Yorkshire in name and nature, with a sustained focus on value for money.

Strategic achievements 2020-23

Created profit for purpose

The restructure of our finances has enabled us to provide clarity on which activities are generating a profit that is then being reinvested into our existing homes as well as the delivery of new homes. Our clear plan to have a self-funding core activity (as measured by Social Housing Lettings Interest Cover (SHLIC)) will enable an increased level of choice on where we invest any additional income generated. Our core business continues to outperform the challenging targets set, most notably in income collection and reletting homes.

Invested in the pillars of finance, ICT, and people

Significant investment has been made in all three pillars. In addition to our technical infrastructure and new software systems, there has also been a substantial increase in capacity and capability across all three business areas.

Active treasury management has improved our liquidity by increasing our levels of undrawn facilities from £80m in 2019 to £340m, whilst reducing our inefficient holding of cash. In doing this we have simplified our borrowings, reduced our average interest charge and ensured we can make better use of our security.

Continued to be well governed

YH has commissioned two independent governance reviews, with all the recommendations having been implemented. Following the regulatory downgrade in 2020, YH returned to G1 status within one of the shortest periods possible. A complete refresh of the YHL Board has been undertaken and significant improvements have been made in underpinning the governance structures in terms of both capacity and capability. A regulatory In Depth Assessment (IDA) was undertaken in March 2023, the outcome from which was confirmed by the regulator as G1/V2 in July 2023.

Thought Leadership

Our position is unrecognisable from where we were when the Business Strategy was published. The YH brand coupled with our leading role in the three devolved areas across West, South and North Yorkshire have now placed us in a leading position, which is enabling us to play a significant role in influencing policy and in progressing any funding opportunities that arise. It is clear the strong YH brand is opening doors that were previously closed or out of reach. Other key influencing roles have included chairing the Yorkshire & Humberside Housing Associations Chief Executive's Group, forming the three housing partnerships across the devolved areas and the Transpennine Mayors Group.

Our key highlights

Success from during 2022-23:

- Began the implementation of a new housing management system.
- Overall financial performance broadly in line with expectations.
- We have successfully retained our A3 rating with Moody's.
- Completed our refinancing activity.
- Increased our liquidity to > 36 months.
- We have successfully retained our G1/V2 rating with the Regulator of Social Housing.

Strategic report:

Our new Business Strategy

Summary of our Vision and Business Strategy:

Customer promise...

Making it possible to have a place you're proud to call home.

Vision...

To be the UK's best housing provider.

Values...

Create trust

- Do the right thing, not the easy thing
- Be honest and open
- Do what you say

Be curious

- Think differently
- Ask questions
- Keep learning

Make it happen

- Own it
- Do it
- Be empowered

Achieve impact

- Do things that matter
- Deliver results
- Show pride and passion

Have fun

- Enjoy work
- Be yourself
- Stay connected

Our three strategic priorities...

1 **Customer obsessed**

Improving our customers' and colleagues' experience.

2 **Homes and places to be proud of**

Creating places people are proud to call home.

3 **Pre-emptive**

Our game-changing shift to dealing with issues before they happen.

What we'll do to achieve this and how we'll measure our achievement is set out over the next few pages

Strategic report:

Our new Business Strategy

Customer obsessed - Improving our customers' and colleagues' experience.

Over the life of this Strategy we'll...

- Improve how we collect and manage data to help us understand customers' individual needs and circumstances.
- Use these insights to develop new inclusive services and improve how we support those with more complex needs.
- Keep on learning to ensure our services hit the right spot for the diverse needs of our customers. And, to keep ahead of the game so we can respond to emerging trends and needs.
- Break down any cultural or process barriers to enable colleagues to do the right thing for our customers and each other.
- Work smarter in how we deliver services, so we do more for less. We'll invest the money we save in our homes, new services and the communities we serve.
- Regularly review how we're getting on against our plans and change them if we need to so we can make sure we deliver what we promised our customers.
- Keep our Board and committees close to the views and needs of customers by providing up-to-date information and feedback.

Our key success measures:

- We're aiming much higher than meeting the minimum regulatory expectations – so Consumer Standards and Tenant Satisfaction Measures are a starting point and not a destination.
- We'll use real-time sentiment analysis to really understand what's working for our customers, and rate ourselves on how easy it is for our customers to get something done with a new Customer Effort measure.
- Customer Effort + more traditional metrics like customer satisfaction ratings and Net Promoter Score = truly Customer Obsessed plans and progress.

Our new Business Strategy

Homes and places to be proud of - Creating places people are proud to call home.

Over the life of this Strategy we'll...

- Use our data to help make decisions about our existing homes and communities and where we build in the future.
- As a business we'll reduce our overall impact on the environment through measuring and then reducing our carbon footprint.
- Roll out the Yorkshire Housing Standard across all our homes.
- Use partnerships to collaborate where we can achieve more together.
- Make the most of devolution, securing additional and/or long term funding.
- Be flexible and adapt as the economy, political landscape and customers priorities change.

Our key success measures:

- We'll be focusing on the number of homes that meet the Yorkshire Housing Standard and the environmental impact of our business. We'll also be measuring the £££'s of funding we secure to help make this happen.
- But the measure that really matters is how our customers feel about living in a Yorkshire Housing home – we aim to deliver our promise of making it possible to have a place you are proud to call home.

Now take a look at pre-emptive strategy...

Our new Business Strategy

Pre-emptive - Our game-changing shift to dealing with issues before they happen.

Over the life of this Strategy we'll...

- **Integrate our smart home pilots into our technology platforms. We'll layer this over existing asset and customer data and integrate real-time sentiment analysis to shape new and better services.**
- **Organise and continue to improve our data. Use this to personalise services and communications to customers that reflect diverse and individual needs.**
- **We'll recruit and retain the best data analysts who can harness the power of our data to make this vision a reality.**

Our key success measures:

- We'll be putting the foundations in place over the next few years to shift to a fully pre-emptive approach.
- Having the right technology to support this shift is a critical measure. We'll use our data and insight to reduce our operating costs and reduce the volume of reactive customer contacts.
- We'll know if we're making it easier for our customers through the new Customer Effort measure and for our colleagues through our Employee Effort measure.
- It's important to realise that this is a game-changing shift in our approach – both in terms of our customers' experience and how our colleagues will work. The existing success measures are designed to get us 'R2P ready'. This will be a two-year journey that fully swings into action throughout 2025 and 2026. Prior to this we'll lay the foundations for this shift by implementing the technology platforms we need to make it happen.

Pre-emptive - Our game-changing shift!

Strategic report:

Financial performance

The external macroeconomic environment made this financial year a challenging one. The high inflation, high interest environment we are operating in meant that some of the assumptions we made at the start of the year were drastically different in reality.

Our financial performance

Against this backdrop underlying financial performance was positive with the surplus before tax being broadly in line with budget prior to one-off items. This was significantly better than the prior year at £12.4m compared to £5.3m for the year ended 31st March 2022 (both figures exclude refinancing costs).

This movement remains favourable after adjusting for the £5.2m impairment in 2022.

Rent and service charge income was broadly in line with our expectations and grew year-on-year by £7.6m to £98.9m. This increase was driven by the inflationary increase on rents of 4.1% and growth in the number of homes.

Shared ownership first tranche sales increased by £1.8m to £25.1m in the year. This was despite uncertainty in the economy and housing market.

Demand for shared ownership properties remained high and both sales prices and margins exceeded our expectations, despite the number of homes sold being relatively flat (233 homes this year compared to 235 in 2022). This would have been higher had it not been for delays in the delivery of some of our developments. Sector and UK wide challenges for skilled labour, and wider economic challenges, meant our completions were below what we originally planned. This was also the biggest driver in the decrease in open market sales (OMS) which fell £13.4m to £15.2m this year.

The number of homes sold fell from 86 in 2022 to 42 this year, which was well below our initial plans. Whilst delays in delivery of homes was the biggest driver we have also noted a cooling of demand as customers reassess their own financial positions in this uncertain economy. Despite this, prices and margins remained broadly stable year on year.

These factors resulted in a net reduction in turnover of £2.9m this year to £145.8m, though our operating surplus increased by £6.3m to £28.7m.

Cost of sales decreased by £10.4m, largely due to the drop in OMS volumes noted above. Underlying operating costs increased by £9.9m to £90.7m (this is after adjusting for the one-off impairment in 2022). Inflation on wages and repairs and investment was the most significant factor.

Depreciation grew because of the increase in the asset base but was also subject to £0.8m accelerated depreciation on the D365 intangible fixed asset, following the decision last year to stop the further roll-out of that technology.

Utility costs have also increased significantly due to movements in the global gas and electricity wholesale markets. This added £1m of cost in the latest financial year, which was not recovered through service charges because of their fixed nature.

£12.4m

Surplus before tax
(2022: £5.3m)

£98.9m

Rent and service charge income
(2022: £91.3m)

Strategic report:

Financial performance

Our financial performance

We generated £6.5m from non-operating sales this year (an increase of £2.7m). This includes strategic housing asset sales, right to buy and acquire, shared ownership staircasing, and the sale of our previous office space. The office sale was the reason for £0.5m of the year-on-year increase with the remainder being the result of significantly higher staircasing and right to buy/acquire as our portfolio of shared ownership properties grows.

The total comprehensive income for the year of £12.0m (2022: £25.8m loss) is after net interest, refinancing costs and fair value adjustments to both our pension scheme and financial instruments. Our refinancing exercise concluded this year and there was a final £1.9m one-off cost recognised in the year (£35.8m in 2022). This, along with higher interest receivable rates resulted in net interest costs being similar to 2022 despite higher levels of borrowing.

There was a £1.4m actuarial loss in respect of the SHPS pension scheme taken through other comprehensive income in the year and a fair value gain of £2.9m on our interest rate swaps as interest rates rose in the year.

YH Residential (YHR), the group's commercial arm, continues to generate a surplus across all of its business streams of £4.2m (2022: £4.3m). This surplus is paid to YHL in gift aid and provides support to our new affordable homes development programme. The decrease is due to the decrease in OMS in the year.

The group's balance sheet remains strong with net assets of £228.9m (2022: £217m). Ongoing investment in properties has continued in line with our ambitious growth programme, as shown in the £56m increase in net book value of housing properties.

£12m

Comprehensive income for year

(2022: £25.8m loss)

£4.2m

YHR surplus

(2022: £4.3m)

Group turnover and operating surplus by activity

	Turnover		Operating surplus	
Activity (£m)	**2023**	**2022**	**2023**	**2022**
General needs	83	77	14	9
Housing for older people	6	6	(2)	-
Supported housing and care homes	3	3	(2)	-
Shared ownership	5	3	3	2
Total from lettings	**97**	**89**	**13**	**11**
Non Letting – other social housing activity	26	24	4	2
Non-social housing activity	23	36	5	6
Valuation changes	-	-	-	(1)
Sale of fixed assets	-	-	6	4
Total	**146**	**149**	**28**	**22**

Financial performance

Cashflow and financing

Cash inflows and outflows are set out in the consolidated cash flow statement. The major cash outflow remains the acquisition and construction of new housing properties of £78m (up from £67m last year). Despite this increase in spend grant income decreased to £1.2m (from £28m in the previous year). This was as we came to the end of the Strategic Partnership with Homes England, an arrangement that loaded grant payments towards the early stages of each development. The remainder of the funding was generated from operating activities (£42.2m), property asset sales (£17.3m) and the remainder from borrowing.

Liquidity measures make up two of our financial golden rules (rules designed to prevent the business getting into financial difficulty), one being overall liquidity and the other excluding sales. Facilities are in place to cover cash requirements over the next three years. This includes £145m of retained bonds. This continues to be closely monitored by the Board.

At the end of the year, total borrowings were £596m, up from £566m at 31 March 2022. All of the borrowings are in sterling.

The group is obliged by its funders to meet a series of loan covenants relating to asset values (asset cover), surpluses (interest cover) and debt (gearing). All loan covenants were met during the year and at the year end, and are continuously reviewed. In respect of bank loans, the group manages interest rate risk through the use of interest rate swaps. This includes a small number of stand-alone swaps. These are categorised as non-basic financial instruments and have been measured at fair value at 31st March 2023.

The gain or loss on valuation is taken to other comprehensive income in the year. The rest of the debt portfolio are classified as "basic" financial instruments under FRS102.

Credit rating

We have maintained our headline credit rating of A3 from Moodys. Moodys downgraded our Baseline Credit Assessment (BCA) to Baa2 from Baa1 in January 2023. A number of other housing associations had their ratings adjusted by Moodys reflecting their wider sector concerns rather than issues specific to Yorkshire Housing. Moodys regard our credit strengths as good liquidity, stable debt metrics and a simple corporate structure. They see our risks as coming from capital spend levels in an inflationary environment as well as the proportion of properties sold in the open market or on a shared ownership basis.

The social housing sector relies on potential government support in the case of any financial difficulty which is reflected on all credit ratings issued to housing associations.

Five year performance

The group's five year performance shows continuing growth in our fixed assets base as we continue to develop homes and grow the business. Net current assets have reduced from the highs in 2020 and 2021 because improved cash management and the more efficient use of RCFs means we hold less cash. This year has also been impacted by an increase in short term loans as some of our Local Authority funding matures. The income and expenditure account has a significantly lower one-off refinancing cost this year and has returned to an overall surplus.

Turnover remains at a consistent level with the last two years although the sales of homes have dropped slightly offset by increases in the rental business.

£78m

On construction of new homes

(2022: £67m)

£596m

Total borrowings

(2022: £566m)

A3

Credit rating from Moody's

(2022: A3)

Strategic report:

Financial performance

The group's five year financial and operational performance

	2023	2022	2021	2020	2019
Income and expenditure account (£m)					
Total turnover	146	149	142	116	113
Operating surplus	29	22	35	27	35
Surplus for the year transferred to reserves	12	(26)	9	17	11
Statement of financial position (£m)					
Fixed assets	1,125	1,069	1,025	962	884
Net current (liabilities)/assets	19	60	106	139	69
Total assets less current liabilities	**1,143**	**1,129**	**1,131**	**1,101**	**953**
Long term loans	560	555	563	559	448
Social housing grant	324	325	301	290	279
Other creditors	34	34	23	18	9
Revaluation reserve	28	28	29	29	29
Revenue reserve	197	187	215	205	188
Group funds	**1,143**	**1,129**	**1,131**	**1,101**	**953**
Cash flow (£m)					
Net cash inflow from operating activities	42	4	39	22	25
Returns on investment and servicing of finance	(20)	(21)	(22)	(20)	(18)
Capital expenditure					
New homes (net of grant)	(76)	(38)	(52)	(62)	(40)
Existing homes improvements	(4)	(2)	(2)	(13)	(11)
Sales of homes	17	7	6	6	8
Other fixed assets	0	0	(9)	(6)	(1)
	(41)	(50)	(40)	(73)	(37)
New loans (net of repayments)	28	9	2	133	(1)
Increase/(decrease) in cash and deposits	**(13)**	**(41)**	**(38)**	**60**	**(38)**

Strategic report:

Value for money

We are an ambitious not-for-profit housing provider and it's in our DNA to get the most out of every single Yorkshire Housing pound.

Value for money

Our Value for Money (VfM) Strategy sets out how we make that happen in support of the delivery of the wider YH Business Strategy.

VfM is one of the regulatory standards. Our approach aims to go beyond the expectations of the standard to fully match the expectations of our customers and our ambitions.

Strategic objectives

To realise VfM means we achieve economy, efficiency and effectiveness in the delivery of our strategic objectives. This doesn't mean we do things as cheaply as possible. It's about delivering services that our customers value and affordable new homes in the most cost effective way possible. It's also about making sure we are using public money effectively in the form of grants to further our strategic aims.

Our overall business strategy and its delivery is considered earlier in these Financial Statements.

The Board set a series of targets for the year ended 31st March 2023 and these are included in the table below. The table also includes our actual performance and comparison against the previous financial year and our peers.

Customer satisfaction

Customer satisfaction is below our target of 90% at 81%, although this is an improvement on the 76% at the end of last year. We've listened to our customers and the primary reasons for this are the ease of dealing with us and the time it takes to get repairs done. Once our colleagues are actively engaged with our customers, whether that be our repairs team in someone's home or our anti-social behaviour team resolving neighbourhood issues, our customers tend to give us a higher satisfaction rating.

We have already made improvements to our call handling with our call abandon rates halving in March 2023 compared to April 22. We've also moved to bring more of our repairs service in-house. This has the benefit of improving satisfaction whilst also allowing us to deliver the service more economically.

Another key area we are investing in is our technology and processes. We want to make it as easy as possible for customers to get the service they want from us when they want it. These improvements will be delivered over the next few years.

Value for money targets

Metric	YH2023 Target	YH2023 Actual	YH2022 Actual	Benchmark National 2022 Median	Benchmark Yorkshire & Humber 2022 Median
New supply of social housing delivered	2.86%	2.56%	3.44%	1.40%	1.10%
New supply of non-social housing delivered	0.22%	0.25%	0.53%	0.00%	0.00%
Gearing	53%	54%	52%	44%	42%
Reinvestment in new and existing homes	7.9%	7.6%	7.0%	6.5%	6.7%
EBITDA MRI interest cover	123%	113%	49%	146%	137%
Customer satisfaction	>90%	81%	76%	N/A	N/A
Operating margin (overall)	18.0%	15.3%	13.0%	20.5%	15.4%
Operating margin (social housing)	19.0%	13.9%	12.1%	23.0%	19.0%
Headline social housing cost per unit	4,220	4,422	3,513	4,150	3,879
ROCE	2.6%	2.5%	2.0%	3.2%	2.3%

Strategic report:
Value for money

Investment

New supply of social homes at 2.56% and non-social at 0.25% are significantly higher than the sector benchmarks. This is key to our strategy of growth to help reduce the pressures people in Yorkshire face due to the ongoing housing crisis. We were slightly behind our own target this year due to slippage in the development programme, particularly where labour shortages have delayed completions.

Our new strategy remains focussed on delivering more homes in Yorkshire. The economic environment has changed significantly in the last 12 months with inflation, the rent cap and increases in the cost of borrowing all putting downward pressure on the pace of development. In response to these pressures, our Board has agreed to slow down the pace of development to maintain our financial strength.

The development programme also has a significant impact on Gearing, Reinvestment and EBITDA MRI interest cover. Gearing, at 54%, is above the sector average. This is broadly in line with our expectations, the limits set by the Board, and remains well within our banking covenants. It is a reflection of our track record in delivering new affordable homes over a number of years.

Although reinvestment in new and existing homes is above the sector average, the slowdown in development is the driver of this being slightly behind target.

EBITDA MRI interest cover is lower than the sector comparatives due to the level of borrowing required to fund the development programme and investment in existing homes. Interest costs continue to benefit from the significant refinancing exercise we did last year the final element of that was completed this year resulting in a £1.9m one-off mark-to-market cost. This has lowered our interest costs further. Covenants have also been aligned so MRI is no longer included in any of our lender's covenants. This provides more scope for investment in existing homes helping us to invest in the energy efficiency of our homes to meet EPC performance targets.

Operating performance

Headline Social Housing Cost Per Unit (SHCPU) has increased to £4,422 compared to £3,513 last year. Although inflation has been a factor, the increase in capitalised investment in homes is the biggest driver. In FY 21/22, investment was hampered by covid lockdowns at the start of the year. Other housing associations had similar experiences, and with the comparatives being a year behind, this means any comparison between our current year performance and sector averages for the previous year is likely to be distorted.

Costs were higher than targets and this was largely because of repairs and investments and service charge costs. The latter was driven by the re-procurement of energy contracts. We came to the end of a three year energy contract during the year and global energy prices have significantly increased in that time. We used an energy broker to get the best deal possible, and balanced out the price and length of contract to try to get the best deal for us and our customers.

The way our service charges operate means this increase was not reflected in our FY 22/23 service charge income and has contributed to the under-performance in operating margin compared to target. To minimise impact on our customers we have applied any discounts offered, including the Energy Bill Relief Scheme (EBRS) and removed any administration charges on energy cost related service charges.

The other element of overspend was repairs and investment. Inflation was a key driver as well as the average cost of repairing homes to make them available for re-let. We have experienced a trend of vacant properties requiring significantly more investment to return them to our lettable standard than compared to historical averages. The move to bring more of our repairs service in-house should help us to manage these costs better in future. In addition we have increased the size of our procurement team with the view to making sure we get even better value from our supplier relationships.

Utility costs and repairs were also significant factors in the under-performance of operating margin against target. Other factors included an increase in depreciation compared to budget. Some of this was the accelerated depreciation of intangible assets following the decision to exit the use of the D365 platform. Significant investment in existing homes, including some components which still had a book value, was also a factor.

> *“£0.5m profit on the sale of our previous office building”*

The return on capital employed was impacted by the issues with operating margin described above. This was mitigated by the non-operating surplus achieved this year, which included a £0.5m profit on the sale of our previous office building, as we have taken on a smaller footprint to reduce our costs and offer a more modern and energy efficient workspace for our colleagues.

Strategic report:

Value for money

Social value

Social value is important to us as it enables us to measure the impact of our services and put a value on outcomes that improve our customers' lives and the communities they live in.

We produce a separate annual report, which details how we deliver social value through a range of services we offer in-house.

This year we've really shaken up how we achieve social value through our supplier relationships in Procurement. We've introduced a meaningful way to enhance the social and environmental well-being for our customers and communities across Yorkshire. It's not about ticking a box, by asking our suppliers how they create additional benefits for society in general, we are seeing tangible results focused on helping Yorkshire Housing customers through Digital Capability training, providing Community Spaces, Employment, Training, Financial Inclusion, Equality and Diversity, Health and Wellbeing, Environmental improvements and much more.

In just over 12 months we've secured nearly £370k of social value contribution through our supply chain contracts, and we have tenders in flight that will look to deliver another £800k in the next 5 years.

New VfM strategy

The Board approved a new VfM Strategy in March 2023 and we have decided to expand the metrics we use to measure how successfully we deliver VFM. These remain focussed around:

- Customer satisfaction – our customers are satisfied with the homes and services we provide.
- New homes supply delivered – we are able to provide as many homes as possible within our financial constraints and risk appetite.
- Financial performance – we operate as economically and efficiently as possible without compromising quality.

The additional measures are are included in the table below.

We've introduced a meaningful way to enhance the social and environmental well-being for our customers and communities across Yorkshire.

Investment in our customers, communities and the future of our business:

Metric	Notes	Target for 2023/24
Weighted average cost of capital	Used to monitor our cost of borrowing.	4.2%
Social housing lettings interest cover	One of the more sensitive metrics used by our credit rating agency. Monitored with the aim of maintaining our credit rating and keeping the cost of borrowing as low as possible.	90%
Active lettable homes	Used to monitor the income lost to homes being untenanted. Once income is lost through homes being empty it can never be recovered.	112
Income loss from active lettable homes		1.6%
Arrears balance of current customers	Used to monitor the income we have not been able to collect. This is imperative to being able to reinvest funds into new and existing homes.	2%
Cost savings from Procurement	Used to monitor financial or non-financial benefits of procurement activity and ensure YH achieves VfM through our supply including a reduction in price against what we should be paying.	£250k

These are all important measures to help us asses how efficiently, effectively and economically we are delivering against our strategic priorities.

Risk management

Effective strategic and operational risk management and strong governance is integral to the delivery of our strategic priorities and the sustainable growth of our business. It also ensures that we deliver our operations in a socially responsible and resilient manner.

Our approach to risk management

Our risk management framework is an established methodology designed to support the timely identification, evaluation, management and reporting of significant external and internal risks facing the business. We can understand, communicate and respond to the impact of risks and opportunities in relation to our purpose, strategic objectives, finances, operations, customers, colleagues, partners, regulatory, legal and reputation. This is underpinned by a three lines of defence model for risk management and assurance.

The Board has overall responsibility for ensuring the group has appropriate systems for managing risk and agreeing the key risks facing our business. The Board reviews at least annually the amount of risk we are willing to take in pursuit of achieving our strategic priorities (it's risk appetite) and ensures risks are managed in line with this. The Board receives reporting on risk and assurance activity at each meeting to consider and enhance their understanding of both internal and external, current and emerging risks,

Yorkshire Housing maintains:

1. **A balanced approach** towards financial risk; operating within our board approved financial framework "golden rules", ensuring we do not take risks that threaten our financial viability. The same balanced approach, taking measured risk, is used for our New Business Venture risk and reputational risk.

2. **A cautious position**, taking very safe options regarding legal and regulatory compliance, and is adverse in relation to health and safety risks.

3. **An open appetite**, where if there is a reason to do so, we are prepared to take some additional risk in pursuit of innovation, new ways of working and using technology as a key enabler where this supports our customers, homes, assets and development objectives.

The Audit and Risk Committee is responsible for oversight of our risk management framework and provides assurance to the Board on the adequacy and effectiveness of the systems of internal control, risk management and governance. This includes monitoring of significant operational risks, review of internal control frameworks, specific projects and mitigation activity and receiving deep dives and reports on risks and assurance.

> *"The Board has overall responsibility for ensuring the group has appropriate systems for managing risk and agreeing the key risks facing our business."*

Strategic report:
Risk management

During the period the Audit and Risk Committee considered the following matters:

- Review of the Risk Management Framework, Policy, Strategic Risks and Risk Appetite as part of continuous improvement.
- Completed in depth review of the current economic climate and considered the impact on YH.
- Data Strategy - undertook in depth review of cyber security.
- Considered possible emerging risks as a result of the cost of living challenge and the Government rent cap.
- Reviewed and determined on a range of internal and external assurances.
- Completed a gap analysis of our principal risks against the RSH Sector Risk Profile 2022.

Other Standing matters included:

- Review of the annual Financial Statements.
- Annual Review of Compliance against the Regulator's Economic Standards.
- Approval of annual internal and external audit plans and performance.
- Review of Internal Audit reports and monitoring of progress of recommendations.
- Annual review of Asset & Liability Register.
- Annual review of the Internal Controls Assurance Report for recommendation to the YHL Board.
- Biannual review of Fraud and Whistleblowing.
- Biannual review of Data Protection Compliance.
- Annual insurance review.
- Annual committee effectiveness review.

Overall responsibility for the delivery of strategy, operational performance, and risk management sits with the Executive Team. Our corporate activity considers risk management through implementation of our business plan, financial planning, stress testing, major programmes and projects, operational delivery and third-party management.

Risk is considered by teams in all activities and teams are responsible for risk responses, embedding of risk, operating controls and checking effectiveness of operation. We champion an open and transparent culture of risk awareness and escalation; supported by group wide risk, compliance, policy and health and safety training.

Internal Audit provide independent, objective assurance to management and the board over the effectiveness of first and second lines. Additional assurance is provided from external sources, such as external audit, technical specialists, and regulatory body reviews.

Our principal risks and uncertainties

Yorkshire Housing key strategic risks as of 31 March 2023 are outlined in the tables on the next page.

"We champion an open and transparent culture of risk awareness and escalation; supported by group wide risk, compliance, policy and health and safety training."

Strategic report:
Risk management

Adverse economic climate

Risk description	Assurance given to the Board	Changes made in the last year
Issues experienced in the economic climate due to major external events e.g. Ukraine War, increasing energy costs and interest rates.	- Treasury Strategy & thresholds. - Prudent sales assumptions. - Enhanced Tenancy Services. - Board agreed stress tests, sensitivity analysis and early warning triggers. - Detailed mitigations plan. - Risk based appraisals. - Supplier framework agreements. - Assurance and technical advisory. - Markets indicators analysis.	- Continuing to closely monitor the changing conditions. - Updated stress testing scenarios and mitigations to cover several potential scenarios which include a worsening of the current economic climate. - Revised hurdles and assumptions for use in development schemes were approved.

Customer experience

Risk description	Assurance given to the Board	Changes made in the last year
Failure to deliver appropriate, timely, tailored and value add services to existing and future customers.	- Great Customer Experience and Homes and Places Strategy. - Comprehensive policy framework. - Customer experience embedded in teams' performance framework. - Dedicated insight function. - Monthly customer surveys. - Enhanced tenancy services. - Performance and feedback clinics. - Board and committee oversight. - Internal Audit carried out on Complaints process.	- Implementation of 'in house' repairs team is starting to see an increase in the number of repairs completed on time and an increase in customer satisfaction.

Cyber security

Risk description	Assurance given to the Board	Changes made in the last year
Systems and data are inadequately protected against theft, loss and corruption arising from cyber security breach.	- Information Technology Strategy and full policy suite. - Use of encryption and cloud services. - Mobile Device monitoring. - Multi-Factor Authentication. - Security testing. - Disaster recovery and Business Continuity plans & test cycle. - Training & awareness programmes. - 3rd party management. - Specialist technical security resources and 3rd party assurance.	- Our Information Security Improvement Programme is continuing to work on our cyber security, introducing new projects if required. - Updates made to complexity of passwords. - Recruitment of specialist resource to improve and monitor our cyber security.

Risk management

Regulatory compliance

Risk description	Assurance given to the Board	Changes made in the last year
Failure to comply with the requirements of the Regulator's economic and / or consumer standards.	- Regulatory self-assessments completed annually. - Assets & Liabilities register maintained. - Annual review of regulatory compliance reported to respective committees and Board. - Embedded governance framework. - Value for Money strategy to Board.	- All our Terms of Reference were revised and approved by Board. - An external review of our Assets & Liabilities Register took place and improvements actioned. - Completion of action plan from 2022 Governance Review. - Completion of actions from our review of compliance with Rent Standard. - IDA in early 2023 – outcome G1/V2 maintained.

Data governance

Risk description	Assurance given to the Board	Changes made in the last year
Unreliable, inaccessible or inaccurate data may cause sub optimal decision making, and if misused may cause non-compliance with regulatory requirements.	- Data reconciliation, validation and reporting across key asset, customer finance and compliance systems. - Data Quality & Compliance functions. - Monthly performance scrutiny clinics. - Data Strategy and policies. - Data strategy, security, GDPR policies and procedures. - Report QAs and independent assurance.	- We continued to deliver on our data strategy and compliance requirements. - Board and ARC oversight of data projects and a series of independent reviews on broader aspects of data.

People

Risk description	Assurance given to the Board	Changes made in the last year
Failure to recruit / retain / resource and enable colleagues with the right behaviours, values, skills and capabilities to deliver strategy and purpose.	- Flexible 'Hub, Home, Roam' working. - Behaviours and values led recruitment. - Job Essential Learning and role focused mandatory training in place. - Colleague surveys and feedback - Detailed colleague insight and KPIs monitoring and action management. - Market benchmarking of salary and benefits. - Diversity and inclusion policies in place. - Succession and talent management planning.	- Our flexible working offer continues to attract more new joiners in year. - We have maintained focus on colleague wellbeing and have seen increases in our colleague engagement scores. - Detailed market benchmarking across our salary framework has been carried out.

Strategic report:

Risk management

Change portfolio delivery

Risk description	Assurance given to the Board	Changes made in the last year
Strategic portfolio is not delivered on time, to desired quality or does not achieve planned benefits and outcomes.	- Overall governance, portfolio plans, and projects supported by Project Management processes to manage / record portfolio risks, decisions and controls. - Specialist portfolio delivery team support business on project delivery. - Board involvement in commissioning, approving business cases and progress oversight. - External assurance is obtained at key stages. - Robust Governance processes in place.	- A specialist Portfolio delivery team is now in place who will ensure that our robust governance processes are adhered to and that projects are delivered on time.

Growth plan delivery

Risk description	Assurance given to the Board	Changes made in the last year
Inability to deliver the planned levels of new homes due to competition for land, shortages of key construction roles and/or materials.	- Dedicated development, land and strategic asset management teams. - Fixed priced contracts, robust partnerships, National House Building Council guarantees. - Yorkshire Housing Board approved strategy, plans, assumptions/hurdles. - Growth & Investment Committee oversight of new and existing homes. - YH Residential Board oversight of development and sales related risks.	- We continue to flex our development programme according to market conditions.

Asset investment and maintenance

Risk description	Assurance given to the Board	Changes made in the last year
YH fail to respond and invest in appropriate strategy and resources to manage cumulative requirements of building safety, landlord requirements, home standards, energy efficiency and decarbonisation leading to a reduced ability to deliver the continued provision and maintenance of high quality, safe homes in places where people want to live.	- Stock condition surveys. - Asset Management Strategy - Smart tech & IOT Pilots. - Investment budgets. - Compliance servicing & testing programme i.e., gas & electrical safety. - Repairs Inspections. - Quarterly updates to Growth & Investment Committee, Homes and Places Committee and YH Residential.	- We have approved an active asset management strategy which will address many of the key risks in this area. The strategy includes the development of an ambitious standard that seeks to exceed any forthcoming review to the Decent Homes Standard. - Increased the number of stock condition surveys undertaken to ensure data on our stock is up to date.

Strategic report:

Risk management

Financial management

Risk description	Assurance given to the Board	Changes made in the last year
There is a risk of ineffective financial management if the appropriate controls, reporting and processes are not in place or adhered to.	- Loan covenant compliance monitoring and liquidity management of subsidiaries. - Monthly cash flow forecasting plans for fluctuations in liquidity. - Business plan is stress tested for risk impacts on loan covenant compliance and mitigations plan. - Head of Treasury authorises deposit transfers prior to processing by the Finance Team. - Assets & Liabilities Register is maintained, including liabilities that may have recourse to social housing assets. - Financial Performance reports are prepared for and reviewed by both YHL and YHR Boards as appropriate.	- Progress has been made in improving the financial management of Yorkshire Housing, more robust financial performance reporting and forecasting has been implemented. - A new Head of Treasury has been recruited and a refinancing exercise has enabled more efficient borrowing.

Health and safety

Risk description	Assurance given to the Board	Changes made in the last year
Failure to comply with health and safety laws and regulations (including Health and Safety at Work Act 1974) or legal and regulatory changes, particularly those relating to our landlord duties, causing death or injury to customer or colleagues.	- Approved policies & procedures in line with legal/regulatory changes. - Qualified and skilled resources. - Mandatory training across relevant elements. - Data validation checking systems. - On site and thematic reviews. - Technical, third-party advisory and assurance programme.	- We experienced no material incidents during the year and maintained high levels of assurance. - An external 'Big 7' compliance review is underway to supplement regular internal audit activity.

Policy environment

Risk description	Assurance given to the Board	Changes made in the last year
There is a risk that Yorkshire Housing do not assess, influence and manage impacts and opportunities arising from current national or local/ regional policy making, or future policy environment changes.	- Stress testing on how policy implications would impact the business and to inform the planning of appropriate mitigation actions. - Maintain strong relations with key lobbying organisations at senior level. - Yorkshire Housing is a member of the NHF's Together with Tenants framework. - Stress triggers are reported to and reviewed by the Board and recorded in Board papers and minute.	- The impact of various rent caps was included in all of our stress testing, along with other potential government policy risks. - The government decision to uplift pensions, benefits and tax credits in line with inflation was helpful for many of our customers and reduces the potential risk of arrears.

Risk management

Damp and mould

Risk description	Assurance given to the Board	Changes made in the last year
Failure to embed robust procedures that manage cases of damp, mould and disrepair.	- Revised process for managing cases of damp & mould organisation wide training. - Stock condition surveys. - Dedicated damp and mould response team. - Regular updates to Executive Team. - Insurance and Claims team oversight of disrepair claims.	- Damp, mould and disrepair has been a major priority for us during the period. In early 2022 we set up a damp and mould project to look at this issue. - We now have a Damp & Mould Task Force in place. This dedicated internal team oversee specialist response, surveying, reporting and monitoring of all reported cases. - This area has also been subject to internal audit review.

Strategic report:

Internal control, environment and assurance

The Board has overall responsibility for establishing and maintaining the system of internal control and risk management as well as for reviewing its effectiveness across Yorkshire Housing.

There is a continual process in place for identifying, evaluating, and managing the significant operational and strategic risks faced by Yorkshire Housing. These are internal or external environment risks that may threaten our business model, future performance, solvency and liquidity, delivery of services or regulatory and legislative compliance.

The Audit and Risk Committee monitors and reviews the effectiveness of the internal control system; conducts an annual effectiveness review and reports the findings to the Board.

The system of internal control is designed to manage rather than eliminate risk, to prevent and/or detect fraud and to provide reasonable assurance against material misstatement or loss. The system provides assurance that assets are safeguarded, proper accounting records are maintained, and that financial and performance information is reliable.

Key features of Yorkshire Housing's internal controls, environment and assurance include the Risk Management Framework; an effective governance and management structure with clearly defined responsibilities, scrutiny and approval routes and delegations and a structured internal audit programme ensuring a holistic view can be provided which gives assurance that appropriate mitigations are in place. The Board has approved Financial Regulations which provide a control framework and delegations over Yorkshire Housing's financial resources. These also support Yorkshire Housing in meeting its regulatory obligations under the Governance and Financial Viability standard as well as its legal obligations.

"Financial plans are stress tested in relation to the key strategic risks"

Financial plans are stress tested in relation to the key strategic risks in both the internal and external environment.

A Policy schedule is approved by Board which sets out the framework for policies to be developed, approved and reviewed regularly as well as the scrutiny and approval route.

Key features of Yorkshire Housing's control assurance framework include the key performance measures of the organisation which are regularly reported through the Governance structure.

Expert advice is obtained in areas such as financial planning to provide quality assurance.

Golden Rules are in place which set the parameters for financial performance and early warning indicators to flag if a financial risk needs to be escalated and if mitigation plans need to be enacted.

A programme of regular internal audits is agreed by the Audit and Risk Committee, to provide independent and objective review of the effectiveness of internal controls. This programme includes input from senior management as well as Committee Members.

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

"The Board has not identified any weaknesses sufficient to cause material misstatement or loss."

Strategic report:

Internal control, environment and assurance

Key elements of the internal control framework include:

- A strong culture of integrity led from the board and senior leadership team through the organisation, supported by our code of conduct, formal recruitment, retention, performance management policies, ongoing colleague engagement and feedback processes as well as training and development.
- A robust overarching governance framework underpinned by adherence to the chosen Code of Governance, up to date rules, service level agreements, scheme of delegations and regular performance reporting and monitoring across all entities.
- Detailed financial regulations which cover authorisation levels, reconciliations, and segregation of duties.
- Proper and accurate accounting records are maintained and that financial information is reliable.
- Embedded Board policies and processes on succession, skills and capabilities, appraisals, remuneration, committee terms of references and annual reviews on governance and effectiveness.
- Clear organisational and management structures with roles and responsibility for risk management and control built into appropriate staff role profiles and specialist functions.
- An organisational wide policy and procedures framework covering all material areas, operational activity and regulatory and legislative requirements, subject to regular review and monitoring at Board and committees.
- An annual programme of third-party independent assessment on the robustness and effectiveness of the internal controls across the organisation from internal and external auditors, technical advisors and strategic partners.
- A risk management framework, reviewed annually that considers: strategic risks, sets out the board's risk appetite, limits and tolerances for ongoing monitoring and reporting across the relevant Boards, Committees and business management meetings.
- A comprehensive performance monitoring process across all areas of the business; including financial, business planning and stress testing supported by a detailed suite of performance indictors linked to strategy and plans, customer outcomes, service delivery, health and safety, asset compliance, loan, covenant compliance and liquidity.
- Ensuring assets, including social housing assets are safeguarded.

"A comprehensive performance monitoring process across all areas of the business; including financial, business planning and stress testing."

Section:

Governance and compliance...

Governance and compliance:

Board Members

Yorkshire Housing has within its governance structure a parent board, subsidiary boards, committees and an Executive Directors' team. This governance structure enables scrutiny and decision-making at the most effective level which enhances our overall performance…

Ingrid Fife

Chair of the Board

Ingrid's got lots of experience as a board member and chairperson. She's got a strong commercial background and has been a non-executive on boards in the housing and health sectors. She currently sits on the board of Riverside Housing and One Housing Group. Before this she was chair for Halton Housing and vice chair for Regenda Homes. Ingrid's also a member of our Governance and People committee.

Alison Hadden

Vice Chair of the Board (retired on 23rd November 2022)

Alison has worked for a range of housing providers which culminated as CEO of Paradigm for 8 years. Following this she became an interim executive who specialised in turning failing organisations round. Due to her experience she was appointed as a Board Member on a couple of Housing Associations one of which was Yorkshire Housing. She now has a range of such roles in the private and social housing sectors having had to give up full time work due to her elderly mother needing support. Alison was also Chair of the Governance and People Committee until she stood down from the Yorkshire Housing Board.

Isabel Hunt

Member

Isabel has 21 years' executive level experience in service design, digital transformation and customer-facing roles in the public and private sectors. She's currently executive director for innovation and insight at the National Heritage Lottery Fund and a board trustee of the Royal National Institute of Blind People (RNIB). Isabel is also a member of our Homes and Places committee and YH Residential Board.

Matthew Blake

Member

Matthew is a Chartered Management Accountant with more than 20 years' experience in a variety of treasury, accounting and analytical roles in the UK's non-bank mortgage market. He was previously director of treasury for Together Financial Services and is currently treasurer at Pepper Money. Matthew's Chair of Yorkshire Housing's Board and a member of the Growth and Investment Committee. He stepped down from the Audit and Risk Committee in September 2022.

Governance and compliance:

Board Members

Leann Hearne

Member (vice chair from 23 November 2022)

Leann's background is in growing, developing and leading businesses. She started her career in engineering and went on to become managing director of an international manufacturing business in 2000. She's held a few non-executive roles in the housing sector, and is now chief executive of Livv Housing Group. Supporting ambition, nurturing aspirations and creating opportunities are the focus of the work she does with businesses and communities. She's a trustee for the Shakespeare North Playhouse and a board member at Northern Housing Consortium, where she's chair of the commercial committee. Leann's also chair of our Homes and Places committee.

Jacqueline Esimaje-Heath

Member

Jacqui is an architecturally-trained real estate director who's worked in the private and public sectors. She's currently a regional development director at the charitable housing association L & Q. During her career she's been responsible for residential property development, housing and management consultancy, regeneration, private sector renewal and residential sales and marketing. She's an experienced non-exec director, with over 20 years' experience in providing strategic leadership in the not-for-profit sector. She's also mentored people at both non-exec and operational levels. Jacqui is also Chair of the Growth and Investment Committee.

Eleanor Stead

Member

Ellie's had a successful career in financial services, cards and payments. And she's worked for lots of well-known names including Global Payments, GE Capital and Yorkshire Bank. She has run Yorkshire Air Museum, a registered charity and key heritage attraction near York, and is now chief executive for St. Nicks, an environmental charity known as the 'Green Heart of York' that has sustainable living at the core of its many different activities. Ellie is chair of our Governance and People committee (from 23 November 2022) and a member of our Audit and Risk Committee.

Russell Galley

Member

As Halifax Bank's managing director Russell leads a team of 12,500 people that look after over 16 million customers. He's got loads of experience in using digital technology to improve customer service and knows the ins and outs of working in a complex regulatory environment. He also leads on broader distribution strategy for Lloyds Banking Group, the largest banking provider in the UK. Russell's an active supporter of the banking industry's 'Access to Cash' initiatives. He's passionate about making sure society's most vulnerable people can get access to cash and banking services. He's also chair of our Audit and Risk Committee.

Governance and compliance:

Board Members

Ian Costigan

Member

Ian’s chief operating officer at Manchester Airports Group (MAG). He joined MAG as transformation director and went on to become group asset management director. Before this, he worked for the UK’s biggest listed water company, United Utilities, leading on major assets management and IT transformation programmes. Ian’s also a member of our Homes and Places committee and our Growth and Investment committee.

Lisa Bradley

Member

Lisa got over 30 years’ experience in finance in the commercial and not-for-profit sectors. She was chief financial officer at Look Ahead Care, Support and Housing. She’s also an associate of the Chartered Institute of Management Accountants. She’s chair of the Audit and Risk Assurance Committee at Arches Housing and treasurer of Inspire North, a Yorkshire-based supported housing provider. Lisa's a member of the Audit and Risk committee and the Yorkshire Housing Finance Plc Board.

Richard Flanagan

Member

Richard is a chartered surveyor with over 26 years’ experience in commercial development, valuations and development consultancy. He currently runs his own property consultancy and is a chair of RICS APC assessment panels, determining whether candidates are competent to practise. Richard was the chair of the Growth and Investment Committee until 14 September 2022 when he stood down from the Board.

That’s our Board covered, time to meet our executive team…

Governance and compliance:

Executive team

Nick Atkin

Chief Executive

When it comes to social housing, Nick's the bee's knees. And he's got a tip-top track record to prove it. He's a big believer in innovation and pushing the boundaries of what's possible. He uses the power of digital to drive change and he's also a disruptor in the 'future of work' debate. And when Nick talks, everyone listens. He's regularly included in the top 25 list of most influential people in housing. For him, leadership's about being authentic and keeping it real. Because credible leaders attract talented people who make things happen.

Andy Gamble

Executive Director Growth and Assets

Andy's leading the charge in providing thousands more affordable homes across Yorkshire. After 30 years in housing, it's still about far more than the bricks and mortar for him. He's focused on delivering sustainable, energy-efficient homes that are good for people and the environment. And on building better homes of the future – from new modular homes to using the latest smart home tech. For him, leadership isn't about a fancy job title. It's about empowering your team to do their thing and shine.

Andy Oldale

Executive Director Finance and Governance

For Andy, finance isn't about numbers, it's about people. Before working in social housing he led finance teams in customer-focused retail businesses. Putting customers first is what makes him tick. For him, leadership is about creating a safe space for people to say what they think and do the right thing.

Governance and compliance:

Legal and governance structure

Yorkshire Housing Limited

Incorporated under Co-operative & Community Benefit Societies No.30443R.

Charitable status (exempt charity). Registered provider of Social Housing - L4521.

Yorkshire Community Property Services Ltd

Incorporated under Companies Act 2006 No.04131362.

Dormant.

Company undertaking commercial activities for the benefit of YHL.

£1.4m ordinary shares.

Yorkshire Housing Finance plc

Incorporated under Companies Act 2006 No.09227343.

Finance vehicle for funding YHL.

£50k ordinary shares.

YH Residential Ltd

Incorporated under Companies Act 2006 No.04604866.

Company undertaking non-charitable activities (market sales and rent units) for the benefit of YHL.

£50m redeemable reference shares.

Yorkshire Transformations Holding Ltd

Incorporated under Companies Act 2006 No.05047771.

PFI Concessionaire for Yorkshire Transformations Project.

£33k ordinary shares. 33% Share.

Forge New Homes

Incorporated under LLP Act 2000 No.OC428954.

Joint Venture responsible for building new homes.

Up to £1m equity and £2m interest bearing loans. 20% Share.

Yorkshire Transformations Ltd

Incorporated under Companies Act 2006 No.4768921.

Company delivering PFI projects in Swarcliffe.

Share capital £1k ordinary shares. 100% owned by YTHL.

Audit and Risk Committee

Growth and Investment Committee

Homes and Places Committee

Customer Voice and Review Committee

Governance and People Committee

Group Board

Subsidiary of Group Board (100% owned)

Group Share in holding company

Subsidiary of subsidiary / Holding Company

Board Committee

Governance and compliance:
Report of the Board

Governance
The Board of Yorkshire Housing Limited, as parent, has ultimate responsibility for the governance and performance of the Yorkshire Housing Group which includes its wholly owned subsidiary companies (YH Residential Limited, Yorkshire Community Property Services and Yorkshire Housing Finance plc) and its shared interest in several other legal entities. The Board's central role is to determine strategic direction and policies, to establish and oversee control and risk management frameworks that will ensure Yorkshire Housing achieves its aims and objectives.

Board composition
The current Board members and Executive Directors and any changes during the year are set out on pages 37-40. All Board members were elected by the Shareholders.

As at 31 March 2023 there were nine Board members and Membership of the Board comprised of 67% women and 10% members from the black and minority ethnic communities. No members declared themselves disabled.

Delegation
The Board delegates its responsibility for the day-to-day management and leadership to the Chief Executive, supported by the Executive Directors team. The Board has also established four committees to oversee specific areas of the Group's work and sets the scope and responsibilities for each in approved terms of reference. Delegation from the Board may allow for decisions to be made or request that a Committee consider and provide assurance to support the Board on decision making.

NHF Code of Governance
The National Housing Federation ("NHF") 2020 Code of Governance has been adopted by the Board as a formal framework to underpin its governance arrangements.

Compliance with this code ensures Yorkshire Housing will:

- Adhere to all relevant laws.
- Ensure that its constitutional documents are, and remain, fit for purpose. Be accountable to residents and relevant stakeholders.
- Safeguard taxpayers' interests and the reputation of the housing sector.
- Have an effective risk management and internal controls assurance framework.

Yorkshire Housing was fully compliant with the 2020 NHF Code of Governance for the 2022-23 financial year.

Board and Committee effectiveness
The Board carried out an annual appraisal of its performance and an annual appraisal of individual Board and Committee Members. Each Board and Committee Member (excluding co-optees) is appointed for a fixed term of office of up to three years. Reappointment is possible for up to a maximum of two additional terms.

The findings of the most recent external independent Governance review were considered by the Board during the year and the recommendations actioned. The Terms of Reference for the Board, YHR and YHF as well as Committees were reviewed and proposals for change brought to the Board.

Compliance with the Governance and Financial Viability Standard
In preparing this report, the Board has followed the principles set out in Section 4 of the Housing SORP 2018 'Statement of Recommended Practice for Social Housing Providers' and 'The Accounting Direction for Private Registered Providers of Social Housing 2022 published by the Regulator of Social Housing (RSH).

The Board has undertaken an assessment of its compliance with the RSH's Governance & Financial Viability Standard and is satisfied that YH fully complies.

In the financial year ended 31st March 2023 Yorkshire Housing has maintained its G1 V2 rating.

> *"Employees are at the heart of the group's ability to provide high quality services to its customers"*

Our people
Employees are at the heart of the group's ability to provide high quality services to its customers. Our working culture is based on our values: Create Trust, Be Curious, Make it Happen, Achieve Impact and Have Fun.

The organisation has revolutionised how we work, and our Hub, Home and Roam flexible working model helps our people to make the right choices for their customers as well as offering flexibility for colleagues.

We've invested significantly in the wellbeing of our people because happy and healthy employees create better productivity and service for our customers.

We care about our people having a great experience at work and we listen to feedback in a number of ways. Our senior leaders meet regularly with a colleague forum to discuss relevant topics, hear colleagues views and address issues of concern.

Governance and compliance:

Report of the Board

Our People

The organisation has conducted an annual colleague survey every year since 2009 and uses regular pulse surveys and focus groups to hear colleagues feedback about their experience at work. This helps us to focus on the right actions to make improvements. The Board review the outcomes and key themes of the survey feedback.

Health and safety

The group takes the health and safety of its customers, employees and other people seriously. The board has approved a Health & Safety Policy that sets out how the group provides and maintains appropriate working conditions, equipment and systems of work for all employees. It recognises the group's responsibilities and those of employees to co-operate by always working safely and adhering to the procedures set down.

> *“Decent Homes standard means that there is a greater focus on safety and improvement now and in the future”*

The upcoming changes to the building and fire safety regulatory system and on-going requirement to maintain stock to the Decent Homes standard, means that there is a greater focus on safety and improvement now and in the future. We are preparing for the forthcoming impacts of the Fire Safety Order 2023 (FSO2023). Key risk areas have been identified and action plans are in place to ensure compliance and best practice.

Key health and safety activities carried out in the year include:

- Setting up an asset register for fire doors to ensure that we have a clearly identified programme of inspections in line with the FSO2023 requirements from January 2023.
- Continuing a homeworking DSE equipment offer to ensure colleagues wellbeing at home .
- Reinvestment in remote water temperature monitoring to comply with the HSE guidance for control of legionella.
- Risk Assessments and surveys for all communal areas for fire, asbestos and legionella with robust arrangement for delivering any required actions.
- Provision of lone working / personal safety devices for all customer facing colleagues to provide incapacity alerts, ability to check in and out, audio channel monitoring and GPS positioning on demand.
- A full independent third party review of all of the 'Big 7' compliance areas. This started at the end of the financial year and will provide assurance and identify any areas for future improvements.

Managers are responsible for the health and safety of their teams and for providing a safe environment for customers and the public.

There is a strong focus on training our colleagues, including health and safety plans for all roles and mandatory e-learning modules for all staff to complete.

The joint health and safety consultation group provides a forum where staff can discuss safety policies and improvements and challenge any health or safety matters.

> *“We are preparing for the forthcoming impacts of the Fire Safety Order 2023 (FSO2023). Key risk areas have been identified and action plans are in place to ensure compliance and best practice.”*

Governance and compliance:

Report of the Board

Equality, diversity and inclusion

Yorkshire Housing is committed to being an organisation where everyone can thrive and difference is valued. We aim to create an environment for our colleagues and our customers that is fully inclusive and free from discrimination and harassment. Our recruitment processes aim to attract diverse talent who share our core values but bring different perspectives. In turn, this will provide better services and outcomes for our customers.

Our Diversity and Inclusion Strategy has six core objectives:

1 Yorkshire Housing is a thriving and inclusive employer where everyone can be themselves and feel that they belong.

2 We attract, retain and develop diverse talent at every level (with particular focus on improving diversity within our Board, Executive and wider leadership team).

3 We develop knowledge and awareness throughout our organisation, making sure that everyone at Yorkshire Housing is clear about their personal responsibility to support a culture of inclusion and respect.

4 Our ways of working, policies and practices consider a wide range of needs and positively contribute to our inclusive culture.

5 Colleagues and people considering a career at YH have confidence that discrimination in any form is not tolerated here. This means developing trust with our people and having the right skills, training, policies and processes to prevent discrimination and tackle issues quickly.

6 We develop our approach to providing inclusive services which meet the diverse needs of our customers.

To deliver all this, we work with external partners including the Housing Diversity Network, Inclusive Employers and ADK and we have an active employee ED&I forum who hold our senior leaders to account for the progression of our Strategy. We're a Disability Confident employer, we support the Armed Forces Covenant and we use apprenticeships and other training opportunities to encourage applications from under-represented groups. Equality and diversity is included in training for all colleagues and Board members.

However, we know we have more to do. We are improving our data so we can make sure YH better reflects the communities we serve. We aim to improve the diversity of our leadership team and find new ways to develop and promote our diverse talent.

Gender Pay Gap Act 2010

In 2023 we reported a zero Gender Pay Gap. Our latest report and action plan can be accessed via Yorkshire Housing's website. From 2021 we have also voluntarily published our Ethnicity Pay Gap.

Yorkshire Housing's gender make up (at 1st April 2023) was 47% female, and females made up 69% of our Leadership Team and 70% of our Board respectively. 20% of Board Members are ethnically diverse.

47%

Female colleagues

(2022: 46%)

70%

Female Board Members

(2022: 60%)

20%

Ethnically diverse Board Members

(2022: 20%)

Governance and compliance:

Report of the Board

Statement of the responsibilities of the Board for the report and financial statements

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

Co-operative and Community Benefit Society legislation requires the board to prepare financial statements for each financial year. Under that law the board have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws), including FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under the Co-operative and Community Benefit Society 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 and surplus or deficit of the association and group for that period.

In preparing these financial statements, the board are required to:

- Select suitable accounting policies and apply them consistently.
- Make judgements and estimates that are reasonable and prudent.
- State whether applicable UK Accounting Standards and the Statement of Recommended Practice (SORP) Accounting by Registered Housing Providers 2018 have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the association will continue in business.

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

The board is responsible for the maintenance and integrity of the corporate and financial information 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.

Statement of compliance

A key element of the (Regulator for Social Housing) Governance and Financial Viability Standard is the requirement to comply with all relevant laws. Consequently the board has taken reasonable steps to seek necessary assurance and confirms that the group has complied with all relevant laws.

The board confirms that the group complies with the requirements of the Regulator for Social Housing's Governance and Financial Viability Standard.

Donations

During the year, the group made charitable donations amounting to £30,944 (2022: £9,301).

Statement of disclosure to auditors

So far as each member of the board is aware, there is no relevant audit information of which the group's auditors are unaware and each member has taken all the steps that he/she ought to have taken as a member in order to make him/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

S Sheikh

On behalf of the Board

Syka Sheikh
Company Secretary
13th September 2023

Yorkshire Housing Limited
Co-operative and Community Benefit Societies Act 2014
(registered number 30443R)

Section:

Independent auditor's report...

Independent auditor's report to the:
Members of Yorkshire Housing Limited

Opinion

We have audited the financial statements of Yorkshire Housing Limited (the Association) and its subsidiaries (the Group) for the year ended 31 March 2023 which comprise the Group and Association Statement of Comprehensive Income, the Group and Association Statement of Changes in Reserves, the Group and Association Statement of Financial Position, the Group Cash Flow Statement and the notes to the financial statements, including a summary of significant accounting policies in note 1. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

In connection with our audit of the financial statements our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Co-operative and Community Benefit Societies Act 2014 or the Housing and Regeneration Act 2008 requires us to report to you if, in our opinion:

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

Independent auditor's report to the:

Members of Yorkshire Housing Limited

Responsibilities of the Board

As explained more fully in the Statement of the Responsibilities of the Board for the Report and Financial Statements set out from page 45, 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 the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intends to liquidate the Group or the Association or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

In identifying and addressing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We obtained an understanding of laws and regulations that affect the Group and Association, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws and regulations that we identified included the Co-operative and Community Benefit Societies Act 2014, the Statement of Recommended Practice for registered housing providers: Housing SORP 2018, the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2022, tax legislation, health and safety legislation, and employment legislation.

- We enquired of the Board and reviewed correspondence and Board meeting minutes for evidence of non-compliance with relevant laws and regulations. We also reviewed controls the Board have in place, where necessary, to ensure compliance.

- We gained an understanding of the controls that the Board have in place to prevent and detect fraud. We enquired of the Board about any incidences of fraud that had taken place during the accounting period.

- The risk of fraud and non-compliance with laws and regulations was discussed within the audit team and tests were planned and performed to address these risks. We identified the potential for fraud in the following areas: laws related to the construction and provision of social housing recognising the regulated nature of the Group's activities.

- We reviewed financial statements disclosures and tested to supporting documentation to assess compliance with relevant laws and regulations discussed above.

- We enquired of the Board about actual and potential litigation and claims.

- We performed analytical procedures to identify any unusual or unexpected relationships that might indicate risks of material misstatement due to fraud.

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

Independent auditor's report to the:

Members of Yorkshire Housing Limited

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

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

Use of our report

This report is made solely to the members of the Association as a body, in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014 and Section 128 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the members as a body for our audit work, for this report, or for the opinions we have formed.

Beever and Struthers

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

25 September 2023

"In our opinion, the financial statements give a true and fair view of the state of the Group's and of the Association's affairs as at 31 March 2023 and of the Group's income and expenditure and the Association's income and expenditure for the year then ended."

Section:

Financial statements...

Financial statements 2022-23:

Consolidated financial statements

Group statement of comprehensive income

	Note	2023 £'000	2022 £'000
Turnover	3	145,795	148,693
Cost of sales	3	(32,926)	(43,327)
Operating costs	3	(90,672)	(85,948)
Other income	3	100	(668)
Gain on disposal of fixed assets	6	6,464	3,722
Operating surplus		**28,761**	**22,472**
Interest receivable and dividends	7	1,053	280
Interest and financing costs	8	(17,382)	(17,407)
Other financing costs - refinancing & break costs	8	(1,888)	(35,834)
Surplus / (deficit) before taxation (on ordinary activities)		**10,544**	**(30,489)**
Taxation on surplus	11	-	-
Deferred tax	11	(66)	(123)
Surplus / (deficit) for the financial year after taxation		**10,478**	**(30,612)**
Other comprehensive income:			
Actuarial gain / (loss) on defined benefit pension scheme	31	(1,408)	3,813
Movement in fair value of hedged financial instruments	36	2,900	989
Total comprehensive income for the year		**11,970**	**(25,810)**

The consolidated results relate wholly to continuing activities. The accompanying notes form part of these financial statements.
The financial statements were authorised and approved by the Board on XX September 2023.

Ingrid Fife
Board Member

Russell Galley
Board Member

Syka Sheikh
Company Secretary

Date of approval: 13th September 2023

Yorkshire Housing Limited - Co-operative and Community Benefit Societies Act 2014 (registered number 30443R)

Consolidated financial statements

Association statement of comprehensive income

	Note	2023 £'000	2022 £'000
Turnover	3	128,198	118,803
Cost of sales	3	(21,171)	(20,336)
Operating costs	3	(88,635)	(84,298)
Other income	3	4,530	7,569
Gain on disposal of fixed assets	6	6,442	3,722
Operating surplus		**29,364**	**25,460**
Interest receivable and dividends	7	1,003	277
Interest and financing costs	8	(17,112)	(17,144)
Other financing costs - refinancing and break costs	8	(1,888)	(35,833)
Surplus / (deficit) before taxation (on ordinary activities)		**11,367**	**(27,240)**
Deferred tax	11	-	-
Surplus / (deficit) for the financial year after taxation		**11,367**	**(27,240)**
Other comprehensive income:			
Actuarial gain / (loss) on defined benefit pension scheme	31	(1,408)	3,813
Movement in fair value of hedged financial instruments	36	2,900	989
Total comprehensive income for the year		**12,859**	**(22,438)**

The association's results relate wholly to continuing activities. The accompanying notes form part of these financial statements.
The financial statements were authorised and approved by the Board on XX September 2022.

Ingrid Fife
Board Member

Russell Galley
Board Member

Syka Sheikh
Company Secretary

Date of approval: 13th September 2023
Yorkshire Housing Limited - Co-operative and Community Benefit Societies Act 2014 (registered number 30443R)

Financial statements 2022-23:

Consolidated financial statements

Group statement of changes in reserves

	Income and expenditure reserve £'000	Restricted reserve £'000	Revaluation reserve £'000	Cashflow Hedge reserve £'000	Total Reserve £'000
Balance at 1 April 2021	214,179	16	28,476	-	242,671
Deficit for the year	(30,612)	-	-	-	(30,612)
Actuarial gains on defined benefit pensions scheme	3,813	-	-	-	3,813
Other comprehensive income	-	-	-	-	-
Transfer on asset sale	-	-	-	-	-
Movement in fair value of hedged financial instruments	-	-	-	989	989
Balance at 31 March 2022	**187,380**	**16**	**28,476**	**989**	**216,861**
Surplus for the year	10,478	-	-	-	10,478
Other comprehensive income	-	-	-	-	-
Actuarial losses on defined benefit pensions scheme	(1,408)	-	-	-	(1,408)
Transfer on asset sale	-	-	(49)	-	(49)
Restricted expenditure from restricted reserve	-	-	-	-	-
Movement in fair value of hedged financial instruments	-	-	-	2,900	2,900
Balance at 31 March 2023	**196,450**	**16**	**28,427**	**3,889**	**228,782**

The accompanying notes form part of these financial statements.

Association statement of changes in reserves

	Income and expenditure reserve £'000	Restricted reserve £'000	Revaluation reserve £'000	Cashflow Hedge reserve £'000	Total Reserve £'000
Balance at 1 April 2021	198,869	16	28,476	-	227,361
Deficit for the year	(27,240)	-	-	-	(27,240)
Actuarial gains on defined benefit pensions scheme	3,813			-	3,813
Other comprehensive income	-	-	-	-	-
Transfer on asset sale	-	-	-	-	-
Movement in fair value of hedged financial instruments	-	-	-	989	989
Balance at 31 March 2022	**175,442**	**16**	**28,476**	**989**	**204,923**
Surplus for the year	11,367	-	-	-	11,367
Other comprehensive income	-	-	-	-	-
Actuarial losses on defined benefit pensions scheme	(1,408)			-	(1,408)
Transfer on asset sale	-	-	(49)	-	(49)
Movement in fair value of hedged financial instruments	-	-	-	2,900	2,900
Balance at 31 March 2023	**185,401**	**16**	**28,427**	**3,889**	**217,733**

The accompanying notes form part of these financial statements.

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Group and association statements of financial position at 31 March 2023

		Group		Association	
	Note	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Fixed assets					
Intangible fixed assets	12	5,123	5,117	5,123	5,117
Tangible fixed assets - housing properties	13	1,074,690	1,018,646	1,075,023	1,018,979
Other tangible fixed assets	14	3,020	6,220	3,016	6,217
Investment properties	15	35,914	35,918	3,957	4,154
Investments	18	873	841	51,453	51,453
Homebuy loans receivable	19	1,052	1,116	1,052	1,116
Derivative financial asset	36	3,889	989	3,889	989
		1,124,561	1,068,847	1,143,513	1,088,025
Current assets					
Properties held for sale	16	56,866	57,925	23,397	24,619
Trade and other debtors	17	15,740	16,636	14,931	16,840
Cash and cash equivalents	18	21,071	33,689	18,438	29,993
		93,677	108,250	56,766	71,452
Creditors: amounts falling due within one year	20	(74,857)	(48,089)	(71,168)	(44,448)
Net current assets / (liabilities)		18,820	60,161	(14,402)	27,004
Total assets less current liabilities		**1,143,381**	**1,129,008**	**1,129,111**	**1,115,029**
Creditors: amounts falling due after more than one year	21	(906,931)	(904,627)	(904,905)	(903,717)
Provisions for liabilities and charges					
Deferred tax provision	27	(1,195)	(1,131)	-	-
Pension liability	31	(6,473)	(6,389)	(6,473)	(6,389)
Total net assets		**228,782**	**216,861**	**217,733**	**204,923**
Capital and reserves					
Income and expenditure reserve		196,451	187,380	185,401	175,442
Revaluation reserve		28,426	28,476	28,427	28,476
Restricted reserve		16	16	16	16
Non-equity share capital		-	-	-	-
Cashflow hedge reserve	36	3,889	989	3,889	989
Total reserves		**228,782**	**216,861**	**217,733**	**204,923**

The accompanying notes form part of these financial statements.
The financial statements were approved by the Board on XX September 2022

Ingrid Fife
Board Member

Russell Galley
Board Member

Syka Sheikh
Company Secretary

Date of approval: 13th September 2023
Yorkshire Housing Limited - Co-operative and Community Benefit Societies Act 2014 (registered number 30443R)

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Group cash flow statement

	2023 £'000	2022 £'000
Net cash generated from operating activities (note 26)	**42,209**	**3,635**
Cash flow from investing activities		
Purchase of fixed assets - intangibles	(2,466)	(197)
Purchase of housing properties	(78,211)	(67,233)
Purchase of other fixed assets	(1,898)	(840)
Purchase of investment properties	(8)	(1,126)
Proceeds from sale of fixed assets and investment properties	17,353	8,099
Grants received	1,233	28,256
Interest received	621	73
Interest and dividends from joint venture	432	206
	(62,944)	(32,762)
Cash flow from financing activities		
Interest paid	(20,269)	(20,609)
Bank loan drawn down	104,340	300,837
Repayments of borrowings	(75,954)	(292,375)
	8,117	(12,147)
Net change in cash and cash equivalents	**(12,618)**	**(41,274)**
Cash and cash equivalents at beginning of the year	33,689	74,963
Cash and cash equivalents at end of the year	**21,071**	**33,689**
Cash and cash equivalents		
Cash deposits	10,354	24,271
Cash at bank	10,717	9,418
Cash and cash equivalents as at 31 March	**21,071**	**33,689**

The accompanying notes form part of these financial statements.

Financial statements 2022-23:

Notes to the financial statements

1. Legal status

Yorkshire Housing Limited was incorporated on 1 April 2008 and is registered in England and Wales under the Co operative and Community Benefit Societies Act 2014 (registered number 30443R). The Company is a registered social housing provider (Homes England registration L4521). The registered office is The Place, 2 Central Place, Leeds LS10 1FB.

The companies, Yorkshire Housing Limited and its subsidiaries, are referred to as 'the group'. Within the group there are three limited companies, a public limited company and two joint ventures. None of the subsidiaries are registered social housing providers. The principal activity of the group is the provision of social housing and housing management.

YH Residential Limited is a company limited by shares, registered with Companies House under the Companies Act 2006 (registered number 04604866). The principal activity of the company is the provision of market rented properties and property management. The registered address is the same as parent company.

Yorkshire Community Property Services Limited is registered with Companies House under the Companies Act 2006 (registered number 04131362). The Company is a non-trading company. The registered address is the same as parent company.

Yorkshire Housing Finance plc is registered with Companies House under the Companies Act 2006 (registered number 09227343) and has listed debt on the London Stock Exchange. The principal activity of the company is to provide long term funding to the group. The registered address is the same as parent company.

Yorkshire Housing Limited owns a 33% share of Yorkshire Transformations Holdings Limited ("YTHL"). YTHL owns 100% of its subsidiary Yorkshire Transformations Limited ("YTL") which manages the maintenance and refurbishment of homes on the Swarcliffe estate for Leeds City Council under a private finance initiative ("PFI").

YH Residential Limited owns a 20% share of Forge New Homes LLP ("FNH LLP") which provides housing in the Sheffield city region.

Principal accounting policies

Basis of accounting

The consolidated financial statements of the Group and Association are prepared in accordance and are fully compliant with UK Generally Accepted Accounting Practice including Financial Reporting Standard 102 (FRS102) and the Housing Statement of Recommended Practice 2018 (SORP 2018) and comply with the Accounting Direction for Private Registered Providers of Social Housing 2022. The Public Benefit Entity sections of FRS102 have been applied. The financial statements are presented in sterling (£), which is also the functional currency.

Disclosure exemptions

The association has taken advantage of the following disclosure exemption in preparing these financial statements, as permitted by the FRS 102:

- The requirements of Section 7 to present a statement of cash flows and related notes.
- The requirement to present financial instrument disclosures.

The following accounting policies have been applied consistently in dealing with items which are considered to be material in relation to the financial statements of the group and all constituent subsidiaries.

Going concern

The business plan has been prepared and presented to the YH Group Board. It reflects the ambitions of the Group but also includes multi variant stress testing to ensure the Group could continue to trade and remain compliant with covenants through potential downturns in the economy or other crisis. The period to 31 March 2025 of the updated business plan forms the basis of our going concern assessment.

Extensive multi-variant stress testing has been carried out to model the impact of any economic downturn including the impact of a worsening economic environment and government policy changes that might restrict social housing funding. Whilst these would limit the growth included within the business strategy, the modelling highlights the Group's ability to continue trading through severe adverse conditions.

Impacts mapped out in the stress testing include a delay to sales activity, inflationary pressures, increases in the cost of borrowing, increases in bad debts, a cap on rental income increases and reduction in government grant funding.

Mitigations required would include reductions in spending on developments and other investments however, whilst limiting the growth of YHL, it would allow the Group to continue trading.

Financial statements 2022-23:

Notes to the financial statements

Going concern
YH is in a position where it has identified key risks to the business and has mitigations which can be utilised and put in place if required. The business plan provides a viable plan for the Group and YHR to continue to meet the YH Strategic goals for the next 30 years. The plan and stress testing shows that the Group can mitigate all multi-variant tests modelled and would be able to continue trading through adverse conditions and meet all funders covenants.

Implementation of mitigations would limit YHL's ability to meet all strategic goals within set time scales, however it would not present a Going Concern risk for the Group or YHL
In more extreme scenarios the level of mitigations required could necessitate significant structural changes to how the group operates. The Board have agreed clear prioritisation of mitigation measures.

The Group has sufficient liquidity, through cash reserves and unused credit facilities, to meet all liabilities for a period of 36 months after the Balance Sheet date. The Group has successfully completed a refinancing exercise during the prior financial year, which will provide additional liquidity and headroom on both interest and gearing covenants. The Group is in a strong position to continue to meet its debt servicing requirements and adhere to the loan covenants set out.

On this basis the Board has reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future, being a period of at least twelve months after the date on which the report and financial statements are signed. Therefore, management believes it is appropriate to adopt the going concern basis for presenting the financial statements for the year ended 31 March 2023.

Basis of consolidation
The group consolidated financial statements include the results of Yorkshire Housing Limited's subsidiary companies Y H Residential Limited, Yorkshire Community Property Services Limited and Yorkshire Housing Finance plc, plus a 33% share of Yorkshire Transformations Holdings Limited and a 20% share of Forge New Homes LLP both of which are joint ventures.

Details of the subsidiary undertakings are included in note 18 to the financial statements. All intragroup transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Investments in subsidiaries are accounted for at cost less impairment in the relevant company's financial statements.

Accounting judgements and estimates
Estimates and judgements are continually evaluated and are based on historical experience, advice from qualified experts where required or appropriate and other factors.

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:

a) Classification and identification of investment properties

The group has reviewed the classification of properties owned and where properties do not meet the criteria for social benefit these have been identified, classed as investment properties, and valued at fair value. The group has determined that properties are for social benefit unless they are market rented, market sale, or commercial properties including garages, which are investment properties.

The group has classified all properties as either held for social benefit or for investment purposes. Where properties do not meet the required criteria these are classed as investment properties and are held at fair value; social benefit properties are held at amortised cost. Valued properties totalled £35.9m at 31 March 2023.

b) Judgements involved in making an assessment of impairment

As part of the group's continuous review of the sustainability of its properties, homes or schemes are assessed for impairment indicators. Long term voids, stock disposals, non-housing properties, properties held for sale including shared ownership properties and work in progress are all reviewed for signs of impairment. Where indicators are identified an assessment for impairment is undertaken comparing the asset's carrying amount to the recoverable amount and any impairment losses are charged to the statement of comprehensive income.

For the impairment review the following considerations have been made:

- Considered the extent to which a change in the current rent has materially impacted on the net income.
- Where there is a change in demand for properties that is considered to be irreversible i.e. increase in voids, exceeding budgeted levels which is not anticipated to change unless additional expenditure.
- Where there has been a material reduction in the value of properties where assets are intended or expected to be sold.

Notes to the financial statements

b) Judgements involved in making an assessment of impairment (continued)

- If there is obsolescence of properties or part of a property – i.e. regeneration of properties where they demolish and rebuild.
- Where there has been an event leading to material additional investment in properties being required.

Other assets are also reviewed for impairment if there is an indication that impairment may have occurred.

In the prior year impaired one of the D365 assets resulting from a reset of the IT roadmap. This reflects our decision to go with a different approach to our underlying systems and taking a one-off charge to the accounts of £5.3m in the prior year. The remaining asset has been depreciated at an accelerated rate reflecting the move away from this technology.

Assessment of Joint Venture for consolidation

Management have considered the requirements under FRS 102 for the accounting treatment of joint ventures. Where joint ventures are making losses, and these losses are in excess of the investment value, the entity must stop recognising the investment once it has been reduced to zero. YTL's losses are in excess of the investment value after accounting for its cashflow hedge. The cashflow hedge is used to manage the interest rate risk of the company and is therefore linked to the operations of the Company. Over time it is expected the hedge will unwind and the joint venture will move into surplus.

For loans to joint ventures the Group has reviewed future projections for joint ventures to assess the likely recoverability of loans at the balance sheet date, this has required managements judgement regarding the recoverability of these loans.

In respect of Forge New Homes, YH Residential Limited invested a further £600k in 2022/23 taking the nominal investment to £1.6m.

FNH is only in the third year of operations and has delivered a profit for the first time in the current year. Its business plan shows a positive outlook to deliver positive returns to YH and other investors.

Classification of loans

The group has a number of bank loans and a bond, all of which have been classified as basic financial instruments under the definition given in section 11 of FRS 102 (except as noted below). The assessment of certain loans and interest rate fixes as basic financial instruments requires judgement. Certain loans have two way break clauses which are applicable where the loan is repaid early and could result in a break cost or a break gain.

Management have considered the terms of its loan agreements and concluded that they do meet the definition of a basic financial instrument and therefore are held at amortised cost.

The exception is the loan linked ISDA entered into in conjunction with the refinancing exercise Yorkshire Housing Ltd undertook in the prior year. We purchased three swaps with the aggregate notional value of £40m to hedge floating rate exposure. The swaps are not documented with a Credit Support Annex (CSA), which avoids the need to post any form of collateral in the future. The swaps are classified as non-basic financial instruments and measured at fair value with any changes in valuation taken through other comprehensive income and the cash flow hedge reserve.

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.

a) Useful lives of depreciable assets

Useful economic lives are reviewed by Management at each reporting date based on the expected lives of the assets. Accumulated depreciation totalled £215m at 31 March 2023. The carrying amount of housing properties was £1,075m at the year ended 31 March 2023.

b) Capitalisation of development costs

The group capitalises development expenditure (allocating development costs to individual components upon completion) in accordance with the new build housing property accounting policy, this requires judgement on the period of time that interest can be capitalised against the build, deciding the point at which the build is complete with any future costs being written off and the value of staff time and overheads to be capitalised as part of the development. Development costs of £1,553k and interest of £3,517k were capitalised in the year ended 31 March 2023.

c) Intangible assets

The group also capitalises software assets created. The Group capitalises software assets created whether purchased or internally generated where the costs are directly attributable and necessary to create, produce and prepare the asset to be capable of operating in the manner intended by management. There is some judgement involved in this and in particular how people costs are allocated for individuals involved in more than one aspect of projects. People costs are allocated based on the nature of the role performed.

Notes to the financial statements

c) Intangible assets (continued)
Where there are capitalisable and non-capitalisable elements, a time sheet system has been used to allocate costs. Amortisation is charged in the first month following the implementation of any software.

d) Fair value measurement
Management uses valuation techniques to determine the fair value of assets which include commercial properties, investment properties and fixed asset investments. This involves developing estimates and assumptions consistent with how market participants would price the asset.

Management base the assumptions on observable data as far as possible but this is not always available. In that case, management uses the latest information available. The annual valuation for investment properties is carried out by independent professional advisors, qualified by the Royal Institution of Chartered Surveyors to undertake valuations, using a market value short term tenancy basis of valuation.

The increase in fair value in the year was £116k.
(2022: decrease of £489k)

e) Pension costs
Estimates of the defined benefit obligation is determined using a number of actuarial valuations using underlying assumptions. These include discount rates, rates of inflation, future salaries and mortality rates. Variations in these assumptions may significantly impact the liability and the annual defined benefit expenses

An obligation of £6.5m was recognised at 31 March 2023. Key areas of estimation uncertainty are the discount rate applied in the calculations, the inflation rate used, and the average life expectancy.

Segmental reporting
Due to the Group having listed debt on the London Stock Exchange, it must apply International Reporting Standard 8 – Operating Segments (IFRS 8). Segmental reporting is reporting in the Group and Association's financial statements in respect of the Group's business segments, which are the primary basis of segmental reporting.

The business segmental reporting reflects the Group's management and internal reporting structure. Segmental results include items directly attributable to the segment as well as those that can be allocated on a reasonable basis.

Segmental reporting is presented in note 2 to the financial statements. As the Group has no activities outside of the UK, segmental reporting is not required by geographical region.

The chief operating decision makers (CODM) have been identified as the Executive Management Team and the Board. The CODM review the Group's internal reporting to assess performance and allocate resources.

Management has determined the operating segments as housing services, development sales, asset sales and other. Housing services represents housing for social purposes and non-social housing lettings. Development sales includes 1st tranche, open market sales and sales & marketing costs.

Other includes all other central costs incurred for example ICT, finance and corporate services. The Group do not provide a measure of total assets and liabilities to the chief operating decision maker, therefore have not been disclosed as part of the operating segment analysis.

Turnover and revenue recognition
The main source of revenue is rental and service charge income from lettings. Revenue is also generated from the sale of properties on the open market or through shared ownership.

Other services included in turnover are contractual fees received in respect of private finance initiatives (PFIs), income from other support services, help to buy initiatives, home improvement agency fees, amortised government grants, sale of properties built or acquired for disposal, and other non-lettings income.

Revenue is recorded in respect of actual activity undertaken within each category. Where income is received for a specific activity which is to be delivered in the following financial year, that income is deferred. Where activity has been delivered but the income has not been received in the financial year that income is included in turnover.

Rental income is recognised from the point when properties under development reach practical completion and are tenanted. Income from first tranche sales and sales of properties built for sale is recognised at the point when contracts are completed.

Rental and service charge income is recognised on a straight line basis, in accordance with the terms of the tenancy agreement, on an accrual basis.

Revenue grants are recognised when the conditions for receipt of agreed grant funding have been met. Revenue arising from the sale of property is recognised on legal completion. Revenue from contracts for support services is recognised in line with the contractual terms when the services are rendered. Revenue from shared ownership sales is recognised on the legal completion of the first tranche disposal.

Notes to the financial statements

Turnover and revenue recognition (continued)

If there is no requirement to recycle or repay the Government grant on disposal of the asset, any unamortised grant remaining within creditors is released and recognised as turnover in the statement of comprehensive income.

Third party contract revenue is recognised when the joint works are complete in line with the contract stipulations.

The rechargeable repairs, lifecycle works and related income from the PFI is treated on the basis YH is a principal in the transaction.

Non Exchange transactions

Yorkshire Housing may enter into sales where the transaction is on a non-exchange rather than cash payment. Transactions are accounted for at market value with income recognised only when performance obligations have been met and a liability equivalent to the asset being recognised until that point. This could occur, for example, where land has been supplied with an obligation to provide a completed house at a future point.

The treatment followed is in line with FRS102 and specifically the Public Benefit Entity section 34, 'Specialised Activities'.

Supported housing

Income and expenditure on housing accommodation is allocated on the basis of the number of units for each type of accommodation, except for staffing and running costs for which the level of expenditure is directly attributable.

Fixed assets and depreciation

a) New build

Housing properties in the course of construction are held at cost and are not depreciated. They are transferred to completed properties when ready for letting or sale. The group's policy is to capitalise the costs associated with acquiring land and building, indirect costs directly attributable to the new build, interest costs and development expenditure including direct development staff cost.

b) Housing properties

Housing properties are stated at cost less accumulated depreciation. Properties acquired through merger, where they were previously stated at existing use value – Social Housing are stated at deemed cost on transfer to Yorkshire Housing Limited. The valuation at the merger date has been adopted as the deemed cost of acquisition of the properties. No depreciation is charged on land or for properties in the course of construction.

b) Housing properties (continued)

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

Existing schemes at the time of adoption had component values allocated based on a matrix produced by Savills. This was created to be used nationally by all housing associations. New schemes built by Yorkshire Housing since adoption have costs allocated using a local matrix produced by a third party which is reviewed and revised every five years based on construction costs.

Depreciation is charged by component from the date of acquisition until the date of disposal on a straight line basis over the UEL of the component. When components are replaced, the remaining net book value is expensed as depreciation, and the asset is disposed.

Useful economic lives for identified components are as follows:

Housing properties	Years
Appliances upgrades	5
Communal area floor coverings	7
Security surveillance including CCTV	10
Fire protection systems	10
Furniture upgrades	10
Heating	13
TV aerials and communication equipment	15
Air source heat pump	15
Kitchen	20
Door entry systems	20
Warden call systems	20
Lifts	25
Solar panels	25
Bathroom	25
Windows and doors	25
Roof	50
Structure	75
Freehold land is not depreciated	

Notes to the financial statements

c) Other tangible fixed assets

Other tangible fixed assets are stated at cost less accumulated depreciation.

Depreciation is charged by component from the date of acquisition until the date of disposal on a straight line basis over the UEL of the component. No depreciation is charged on land. Leased office premises are depreciated over the term of the lease.

Useful economic lives for other fixed assets are as follows:

Other fixed assets	Years
Motor vehicles – residual value £2k	5
Computer equipment	3
Computer software	5
Computer data room	10
Fixtures and fittings	10
Freehold office and shops	60

d) Impairment

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

Annually, housing properties are assessed for impairment indicators. Where indicators are identified an assessment for impairment is undertaken comparing the asset's carrying amount to its recoverable amount. Where the carrying amount of an asset is deemed to exceed its recoverable amount, the asset is written down to its recoverable amount, this is likely to be the value in use of the asset based on its service potential. The resulting impairment loss is recognised in the statement of comprehensive income under operating cost (note 3). Where an asset is currently deemed not be providing service potential to the association, its recoverable amount is its fair value less costs to sell.

An impairment loss is reversed if the reasons for the impairment loss have ceased to apply and is included in surplus or deficit in the statement of comprehensive income.

e) Capitalisation of interest

Interest is capitalised on borrowings to finance the development of qualifying assets to the extent that it accrues in respect of the period of development it represents.

f) Capitalisation of development costs

Costs directly attributable to bringing the asset to its working condition up to the date of completion are capitalised. Development labour and travel costs are allocated on the basis of property additions in the financial year including properties held in stock and work in progress but excluding capitalised major repairs. Development costs not capitalised are shown as other expenditure in note 3.

g) Capitalisation of maintenance costs

Any expenditure on an existing property that meets one of the following circumstances is capitalised into one of the housing property components:

- Replacement or restoration of a component of the property that has been previously treated separately for depreciation purposes and has been depreciated over its individual useful economic life.
- The economic benefits of the property have been enhanced in excess of the previously assessed standard of performance.

Any expenditure on an existing property that does not replace a component or result in an enhancement of the economic benefits of that property is charged to the Statement of Comprehensive Income.

In cases where component assets within a property structure which are being replaced cannot be separately identified then the approach adopted is to capitalise the cost of the new component asset and derecognise an equivalent depreciated cost following depreciated replacement cost principles. This is calculated as the cost of the replacement item adjusted for depreciation based on the standard component life. This follows the treatment outlined in FRS102.

Notes to the financial statements

Intangible assets

Intangible fixed assets are stated at cost less accumulated amortisation. The Group capitalises software assets created whether purchased or internally generated where the costs are directly attributable and necessary to create, produce and prepare the asset to be capable of operating in the manner intended by management. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets when the criteria as follows is met: it is technically feasible to complete the software so that it will be available for use;

- management intends to complete the software and use or sell it;
- there is an ability to use or sell the software;
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and the expenditure attributable to the software during its development can be reliably measured.
- Amortisation is charged over the useful economic life of the software, which is assumed to be no greater than 5 years.
- Amortisation is commenced in the first month following the implementation of any software.

Government grants

Government grants include grants receivable from the Homes England (previously the Homes and Communities Agency), local authorities, and other government organisations.

Government grants received for housing properties are recognised in income over the UEL of the housing property structure and where applicable its individual components (excluding land) under the accruals model, in the case of new build this will be when the properties are completed.

Grants relating to revenue are recognised in income and expenditure over the same period as the expenditure to which they relate, once reasonable assurance has been gained that the entity will comply with the conditions and that the funds will be received.

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

Government grants received for housing properties are subordinated to the repayment of loans by agreement with Homes England. Government grants released on sale of a property may be repayable but are normally available to be recycled and are credited to a recycled capital grant fund and included in the statement of financial position in creditors.

If there is no requirement to recycle or repay the grant on disposal of the asset, any unamortised grant remaining within creditors is released and recognised as turnover in the statement of comprehensive income.

Investment properties

Investment properties consist of commercial properties and other properties not held for social benefit or for use in the business. Investment properties are measured at cost on initial recognition and subsequently at fair value as at the year end. Properties let at a commercial rent are carried at fair value. The valuation is carried out by an independent professional advisor qualified by the Royal Institution of Chartered Surveyors to undertake valuations. The basis of valuation is market value subject to tenancy. The properties are held as investment properties and are not subject to depreciation but re-valued annually. Any gains or losses are recognised in the statement of comprehensive income.

Properties held for sale

Shared ownership first tranche sales, and property under construction and completed properties for outright sale are valued at the lower of cost and net realisable value. Cost comprises materials, direct labour, direct development overheads and borrowing costs. Net realisable value is based on estimated sales prices after allowing for all further costs of completion and disposal. All properties are held within current assets, under properties held for sale and stock.

Sale of tangible fixed assets

The surplus or deficit recognised on disposal of property assets that are deemed to be in the normal course of business will be included in operating activities and shown within operating surplus. These will include planned individual property sales, right to buy, right to acquire and stock rationalisation.

Where disposals are non-routine and outside the remit of normal business these will be treated as non-operating and any surplus/deficit will be disclosed below the operating surplus line.

Investments

Investments in group companies are held at cost adjusted to reflect YH's share of profits or losses, less impairment.

Current assets investments

Current asset investments are available at short notice. They include monies held on deposit which are readily available or withdrawn without penalty.

Notes to the financial statements

Debtors and creditors

Short term debtors and creditors are measured at transaction values. Debtors are shown less any impairment. Where deferral of payment terms has been agreed below market rate, and where material, the balance is shown at the present value, discounted at a market rate.

Homebuy

Homebuy loans are treated as concessionary loans and are recognised at the amount paid to the purchaser.

No interest is accrued and any impairment loss is recognised in the statement of comprehensive income. The associated Homebuy grant is recognised as deferred loan until the loan is redeemed.

Leasing

When entering into a lease which requires taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a "finance lease". The asset is recorded on the statement of financial position as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included within creditors.

Rentals payable are apportioned between the finance element, which is charged to the statement of comprehensive income, and the capital element which reduces the outstanding obligation for future instalments. All other leases are classified as operating leases.

The rentals paid under an operating lease which is defined as any lease which is not a finance lease, are charged to the statement of comprehensive income on a straight line basis over the term of the lease. There are no finance leases as at 31st March 2023.

Operating lease income is recognised in turnover on a receivable basis over the lease term. This includes rental income from the Group/Association's portfolio of social and non-social housing properties and income from the sublet of office properties, including investment properties.

Joint venture

The Group's interest in joint ventures are jointly controlled entities and the investment is accounted for using the equity method under FRS 102. The joint ventures are 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 profits for the period.

One of the joint ventures has a different accounting period to the Group. However, Management deem that unless the difference is material then the year end results and position for the joint venture as at 31 December will be used in the consolidation and/or investment value.

FRS 102 states that where a joint venture is making losses that are in excess of the investment value, the entity must stop recognising the investment once it has been reduced to zero. Management have taken this position to include other comprehensive income.

The joint venture is currently in a net liability despite profits in current years the other comprehensive income reports a loss as a result of a cashflow hedge held within the joint venture to receive fixed interest rates against a variable rate loan.

Restricted reserve

Yorkshire Housing Limited maintains a restricted reserve for specific amounts donated to a hardship fund.

Revaluation reserve

The difference on transition between the organisation assets that have been revalued and the historical cost carrying value is credited or debited to the revaluation reserve. The reserve is only applicable to housing assets held at deemed cost.

Agency managed schemes

In addition to its own directly managed schemes, Yorkshire Housing Limited owns a number of schemes that are run by outside agencies.

Where Yorkshire Housing Limited carries the financial risk, all of the scheme's income and expenditure is included in the Statement of Comprehensive Income. Where the agency carries the financial risk, only the turnover and costs which relate solely to Yorkshire Housing Limited is included. Other turnover and costs of schemes in this category are excluded from the statement of comprehensive income.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the statement of financial position date.

Notes to the financial statements

Deferred taxation (continued)
A deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable surpluses against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax relating to investment property that is measured at fair value is measured using the tax rates and allowances that apply to the sale of the asset, except for investment property that has a limited useful life and is held in a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the statement of financial position date. Deferred tax is measured on an undiscounted basis.

Current taxation
The tax currently payable is based on taxable surplus for the year. Taxable surplus differs from net surplus as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The current liability is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Value Added Tax
The group charges value added tax (VAT) on some of its income and is able to recover part of the VAT it incurs on expenditure. The financial statements include VAT to the extent that it is suffered by the group and not recovered from HM Revenue and Customs. The balance of VAT payable or recoverable at the year-end is included as a current liability or asset.

Financial instruments
Financial instruments other than the interest rate swap hedge meet the criteria of a basic financial instrument as defined in section 11 FRS102. Financial instruments are held in the statement of financial position at gross proceeds less the cost of raising the funds which are amortised over the life of the loan and are accounted for in accordance with FRS102.

The financial instruments are initially recorded at amortised cost, adjusted for transaction costs. Subsequent measurement is as follows:

Financial liabilities
- Bonds and loans are classified as "financial liabilities" under FRS102 and are held at amortised cost using the effective interest rate method to allocate costs of issue, including the discount on issue.

- Accrued interest payable on the Bond is also classified as "other financial liabilities" and held at amortised cost.

Financial assets
- Financial assets such as cash, current asset investments and receivables are classified as "loans and receivables" under FRS 102 and are held at amortised cost using the effective interest rate method to allocate cost of issue, including the discount on issue.

- Accrued interest receivable on loans advanced to Yorkshire Housing Limited is classified as "loans receivables" and held at amortised cost as debtors due within one year.

Loan finance issue costs are written off evenly over the expected minimum life of the associated loan. Loans are stated in the statement of financial position at the gross amount less the unamortised portion of the associated issue costs.

Non-basic financial instruments are recognised at fair value using a third party valuation with any gains or losses being reporting in the income statements. At each year end, the instruments are revalued to fair value, with the movements posted to other comprehensive income (unless hedge accounting is applied). Further information is provided in Note 36.

Service charge sinking funds and service costs
Unutilised contributions to service charge sinking funds and over-recovery of service costs which are repayable to tenants or leaseholders or are intended to be reflected in reductions to future service charge contributions are recognised as a liability in the statement of financial position.

The amount included in liabilities in respect of service charge sinking funds includes interest credited to the fund. Where there has been an under-recovery of leaseholders' or tenants' variable service charges and recovery of the outstanding balance is virtually certain, the balance is recognised in the statement of financial position as a trade receivable.

Debit and credit balances on individual schemes are not aggregated as there is no right of set-off.

Notes to the financial statements

Pension costs

The company has applied defined benefit accounting from 2018 onwards. The scheme assets are measured at fair value. Scheme liabilities are measured on an actuarial basis using the projected unit credit method and are discounted at appropriate high quality corporate bond rates.

The current service cost and costs from settlements and curtailments are charged against operating surplus. Past service costs are recognised in the current reporting period within the income and expenditure account. Interest is calculated on the net defined benefit liability.

Remeasurements are recognised as actuarial gains/losses reported in other comprehensive income.

As at 31 March 2023, the net defined benefit pension liability was 6.5m. Refer to Note 31 for more details.

Investment in Preference Shares

The investment in preference shares comprises of the preference shares issued by YH Residential Limited, a wholly owned subsidiary of Yorkshire Housing Limited. The investment is held as a fixed asset in the parent accounts and is a basic financial instrument and is measured at cost less impairment. It is held as a creditor due in less than one year in YH Residential Limited.

Gift Aid Policy

Yorkshire Housing Limited receives gift aid from its subsidiary undertaking, YH Residential Limited. This gift aid is received in the year following the year end in which it relates to and therefore Yorkshire Housing only recognise this income once YH Residential has created an obligation to pay it. This obligation is created at the point of payment.

£6.5M

Net defined benefit pension liability

(2022: £6.4m)

Notes to the financial statements

2. Group segmental reporting 2023

	2023				
	Housing services £'000	Development sales £'000	Asset sales £'000	Other £'000	Total £'000
Income from housing lettings	98,929	-	-	-	98,929
Development sales	-	41,227	-	-	41,227
Third party contracts	-	-	-	4,777	4,777
Home Improvement Agencies	-	-	-	517	517
Other income	-	-	-	345	345
Turnover	**98,929**	**41,227**	**-**	**5,639**	**145,795**
Other income	**-**	**-**	**17,862**	**-**	**17,862**
Service charge costs	(7,051)	-	-	-	(7,051)
Bad debts	(265)	-	-	-	(265)
Management	(27,638)	(2,293)	-	-	(29,931)
Routine maintenance	(16,564)	-	-	-	(16,564)
Planned maintenance	(8,620)	-	-	-	(8,620)
Major repairs expenditure	(20,651)	-	-	-	(20,651)
Major repairs expenditure (capitalised)	15,905	-	-	-	15,905
Depreciation of housing properties	(19,204)	-	-	-	(19,204)
Accelerated depreciation	-	-	-	-	-
Impairment of housing properties	-	-	-	-	-
Impairment of intangible assets	-	-	-	-	-
Revaluation of investment properties / joint venture	-	-	-	100	100
Property leasing costs and agency fees	(83)	-	-	-	(83)
Third party contracts operating expenditure	-	-	-	(3,595)	(3,595)
Home Improvement Agencies operating expenditure	-	-	-	(613)	(613)
Costs of development sales	-	(32,926)	-	-	(32,926)
Cost of housing fixed asset sales	-	-	(11,398)	-	(11,398)
Operating costs	**(84,171)**	**(35,219)**	**(11,398)**	**(4,108)**	**(134,896)**
Operating surplus	**14,758**	**6,008**	**6,464**	**1,531**	**28,761**
Interest payable	-	-	-	(17,382)	(17,382)
Other financing costs - refinancing & break costs	-	-	-	(1,888)	(1,888)
Interest receivable	-	-	-	1,053	1,053
Total operating deficit (per SOCI)	**14,758**	**6,008**	**6,464**	**(16,686)**	**10,544**

Notes to the financial statements

2. Group segmental reporting 2022

	2022				
	Housing services £'000	Development sales £'000	Asset sales £'000	Other £'000	Total £'000
Income from housing lettings	91,320	-	-	-	91,320
Development sales	-	51,971	-	-	51,971
Third party contracts	-	-	-	4,440	4,440
Home Improvement Agencies	-	-	-	716	716
Other income	-	-	-	246	246
Turnover	**91,320**	**51,971**	**-**	**5,402**	**148,693**
Other income	**-**	**-**	**8,432**	**-**	**8,432**
Service charge costs	(6,296)	-	-	-	(6,296)
Bad debts	(464)	-	-	-	(464)
Management	(23,407)	(2,354)	-	-	(25,762)
Routine maintenance	(15,231)	-	-	-	(15,231)
Planned maintenance	(7,126)	-	-	-	(7,126)
Major repairs expenditure	(11,397)	-	-	-	(11,397)
Major repairs expenditure (capitalised)	7,466	-	-	-	7,466
Depreciation of housing properties	(17,673)	-	-	-	(17,673)
Accelerated depreciation	-	-	-	-	-
Impairment of housing properties	-	-	-	-	-
Impairment of intangible assets	(5,238)	-	-	-	(5,238)
Revaluation of investment properties / joint venture	-	-	-	(668)	(668)
Property leasing costs and agency fees	(46)	-	-	-	(46)
Third party contracts operating expenditure	-	-	-	(3,357)	(3,357)
Home Improvement Agencies operating expenditure	-	-	-	(825)	(825)
Costs of development sales	-	(43,326)	-	-	(43,326)
Cost of housing fixed asset sales	-	-	(4,711)	-	(4,711)
Operating costs	**(79,412)**	**(45,680)**	**(4,711)**	**(4,850)**	**(134,653)**
Operating surplus	**11,908**	**6,291**	**3,721**	**552**	**22,472**
Interest payable	-	-	-	(17,407)	(17,407)
Other financing costs - refinancing & break costs	-	-	-	(35,834)	(35,834)
Interest receivable	-	-	-	280	280
Total operating deficit (per SOCI)	**11,908**	**6,291**	**3,721**	**(52,409)**	**(30,489)**

Notes to the financial statements

3. Particulars of turnover, operating costs and operating surplus

	2023			
	Turnover £'000	Cost of sales £'000	Operating costs £'000	Operating surplus £'000
Group turnover and costs				
Social housing lettings	**96,163**	**-**	**(82,732)**	**13,431**
Other social housing activities				
First tranche shared ownership sales	25,142	(20,302)	-	4,840
Other activities	1,183	(869)	(1,528)	(1,213)
	26,325	(21,171)	(1,528)	3,627
Non social housing activities				
Non social lettings	2,765	-	(1,493)	1,272
Open market sales	15,247	(11,756)	(711)	2,780
Help to Buy initiatives	-	-	-	-
Third party contracts	4,777	-	(3,595)	1,182
Home improvement agencies	517	-	(613)	(96)
	23,307	(11,756)	(6,412)	5,139
Total	**145,795**	**(32,926)**	**(90,672)**	**22,198**

3. Particulars of turnover, operating costs and operating surplus

	2022			
	Turnover £'000	Cost of sales £'000	Operating costs £'000	Operating surplus £'000
Group turnover and costs				
Social housing lettings	**88,711**	**-**	**(77,946)**	**10,765**
Other social housing activities				
First tranche shared ownership sales	23,357	(19,955)	-	3,402
Other activities	246	-	(1,939)	(1,693)
	23,603	(19,955)	(1,939)	1,709
Non social housing activities				
Non social lettings				
Open market sales	2,609	-	(1,012)	1,597
Help to Buy initiatives	28,614	(23,371)	(868)	4,375
Third party contracts	4,440	-	(3,357)	1,083
Home improvement agencies	716	-	(826)	(110)
	36,379	(23,371)	(6,063)	6,944
Total	**148,693**	**(43,326)**	**(85,948)**	**19,419**

Notes to the financial statements

3. Particulars of turnover, operating costs and operating surplus (continued)

Association turnover and costs	2023			
	Turnover £'000	Cost of sales £'000	Operating costs £'000	Surplus £'000
Group turnover and costs				
Social housing lettings	**96,163**	**-**	**(82,732)**	**13,431**
Other social housing activities				
First tranche shared ownership sales	25,142	(20,302)	(310)	4,530
Other activities	1,572	(869)	(1,597)	(894)
	26,714	(21,171)	(1,907)	3,636
Non social housing activities				
Non social lettings	26	-	213	239
Third party contracts	4,777	-	(3,595)	1,182
Home improvement agencies	517	-	(613)	(96)
	5,322	-	(3,995)	1,325
Total	**128,198**	**(21,171)**	**(88,634)**	**18,392**

Association turnover and costs	2022			
	Turnover £'000	Cost of sales £'000	Operating costs £'000	Surplus £'000
Social housing lettings	88,711	-	(77,946)	10,765
Other social housing activities				
First tranche shared ownership sales	23,357	(20,336)	-	3,021
Other	1,242	-	(1,932)	(690)
	24,599	(20,336)	(1,932)	2,331
Non social housing activities	**244**	**-**	**(214)**	**30**
Non social lettings	93	-	(23)	70
Open market sales	4,440	-	(3,357)	1,083
Third party contracts	716	-	(826)	(110)
Home improvement agencies	5,493	-	(4,420)	1,073
Total	**118,803**	**(20,336)**	**(84,298)**	**14,169**

Notes to the financial statements

3. Particulars of turnover, operating costs and operating surplus (continued)

Group operating activities	2023					2022
Turnover and costs from social housing lettings	General needs £'000	Housing for older people £'000	Supported housing and care homes £'000	Shared ownership £'000	Total £'000	Total £'000
Turnover from lettings						
Rent receivable net of identifiable service charges	76,827	3,447	1,717	3,621	85,612	78,305
Supporting people income	159	458	650	-	1,267	1,391
Service charge income	2,423	1,419	503	770	5,115	4,718
Amortised government grants	3,666	309	49	145	4,169	4,297
Turnover from lettings	**83,075**	**5,633**	**2,919**	**4,536**	**96,163**	**88,711**
Cost of lettings						
Management	(22,921)	(1,264)	(2,230)	(495)	(26,910)	(22,851)
Service charge costs	(3,188)	(2,224)	(930)	(408)	(6,750)	(5,389)
Routine maintenance	(14,717)	(1,073)	(408)	(103)	(16,301)	(15,230)
Planned maintenance	(6,645)	(1,317)	(439)	(75)	(8,476)	(7,125)
Major repairs expenditure	(3,794)	(526)	(371)	(53)	(4,744)	(3,931)
Bad debts	(243)	(13)	(8)	-	(264)	(464)
Property leasing costs and agency fees	(81)	-	(1)	(1)	(83)	(45)
Depreciation of housing properties	(17,258)	(911)	(262)	(773)	(19,204)	(17,673)
Impairment of intangible assets	-	-	-	-	-	(5,238)
Operating cost of lettings	**(68,847)**	**(7,328)**	**(4,649)**	**(1,908)**	**(82,732)**	**(77,946)**
Operating surplus/ (deficit) on lettings	**14,228**	**(1,695)**	**(1,730)**	**2,628**	**13,431**	**10,765**
Rent losses from voids	**1,421**	**209**	**128**	**5**	**1,763**	**3,019**

Notes to the financial statements

3. Particulars of turnover, operating costs and operating surplus (continued)

Association operating activities	2023					2022
Turnover and costs from social housing lettings	General needs £'000	Housing for older people £'000	Supported housing and care homes £'000	Shared ownership £'000	Total £'000	Total £'000
Turnover from lettings						
Rent receivable net of identifiable service charges	76,827	3,447	1,717	3,621	85,612	78,305
Supporting people income	159	458	650	-	1,267	1,391
Service charge income	2,423	1,419	503	770	5,115	4,718
Amortised government grants	3,666	309	49	145	4,169	4,297
Turnover from lettings	**83,075**	**5,633**	**2,919**	**4,536**	**96,163**	**88,711**
Cost of lettings						
Management	(22,921)	(1,264)	(2,230)	(495)	(26,910)	(22,851)
Service charge costs	(3,188)	(2,224)	(930)	(408)	(6,750)	(5,389)
Routine maintenance	(14,717)	(1,073)	(408)	(103)	(16,301)	(15,231)
Planned maintenance	(6,645)	(1,317)	(439)	(75)	(8,476)	(7,125)
Major repairs expenditure	(3,794)	(526)	(371)	(53)	(4,744)	(3,931)
Bad debts	(243)	(13)	(8)	-	(264)	(464)
Property leasing costs and agency fees	(81)	-	(1)	(1)	(83)	(45)
Depreciation of housing properties	(17,258)	(911)	(262)	(773)	(19,204)	(17, 673)
Impairment of intangible assets	-	-	-	-	-	(5,238)
Operating cost of lettings	**(68,847)**	**(7,328)**	**(4,649)**	**(1,908)**	**(82,732)**	**(77,946)**
Operating surplus/ (deficit) on lettings	**14,228**	**(1,695)**	**(1,730)**	**2,628**	**13,431**	**10,765**
Rent losses from voids	**1,421**	**209**	**128**	**5**	**1,763**	**3,019**

Notes to the financial statements

3. Particulars of turnover, operating costs and operating surplus (continued)

Group other income / (losses)	Group 2023 £'000	Group 2022 £'000	Association 2023 £'000	Association 2022 £'000
Revaluation gain/ (loss) on investment properties	116	(489)	(196)	290
(Loss) / gain on current asset investments	(48)	(19)	(49)	(20)
Gain/ (loss) on investment in Forge New Homes	32	(159)	-	-
Gift Aid	-	-	4,775	7,299
	100	**(667)**	**4,530**	**7,569**

4. Yorkshire Housing property portfolio

	Group Number of units		Association Number of units	
	2023	2022	2023	2022
Housing properties				
General needs	9,420	9,436	9,420	9,436
Housing for older people	865	865	865	865
Affordable properties	4,622	4,509	4,622	4,509
Shared ownership	1,195	1,001	1,195	1,001
Intermediate rent	1,387	1,355	1,387	1,355
Market rent	344	345	-	-
Supported housing and care homes	180	179	180	179
Total managed	**18,013**	**17,690**	**17,669**	**17,345**
Accommodation owned, managed by other bodies	**234**	**231**	**234**	**231**
Properties awaiting sale	**91**	**69**	**65**	**48**
Properties in development at the year end	**1,912**	**2,003**	**1,723**	**1,819**

Stock movements in year	Group Number of units	Association Number of units
As at 1st April	17,990	17,624
Transfer from other providers	-	-
Disposal/demolition	(85)	(85)
RTA/RTB/staircasing	(51)	(51)
New build/acquisitions	457	457
Other	27	23
As at 31st March	**18,338**	**17,968**

Notes to the financial statements

5. Operating surplus

	Group		Association	
Operating surplus is stated after charging	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Depreciation of housing properties (OC)	19,203	17,673	19,203	17,673
Impairment of housing properties	-	-	-	-
Impairment of intangible assets	-	(5,268)	-	(5,268)
Depreciation of other tangible fixed assets	768	728	770	730
Amortisation of intangible assets	2,460	1,637	2,460	1,637
Loss on disposal of other tangible fixed assets	(6,029)	(298)	(4,333)	(298)
Operating lease rentals				
- land and buildings	825	775	496	775
- office equipment and computers	77	273	238	273
- vehicles	640	615	640	615
Auditors' remuneration (excluding VAT)				
- audit services for the parent	94	86	94	86
- audit services for the subsidiaries	37	33	37	33
Auditors' remuneration for non audit services				
- tax compliance	-	-	-	-
- other advisory services	-	1	-	1
Total	**131**	**120**	**131**	**120**

Notes to the financial statements

6. Gain on disposal of housing properties

	Group		Association	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Housing property				
Disposal proceeds (housing property)	7,964	6,763	7,814	6,763
Carrying value of fixed assets (housing property)	(3,856)	(3,621)	(3,727)	(3,621)
Costs associated with disposal (housing property)	(286)	(326)	(286)	(326)
	3,822	**2,816**	**3,801**	**2,816**
Shared ownership (staircasing)				
Disposal proceeds	4,893	1,670	4,893	1,670
Carrying value of fixed assets	(2,703)	(756)	(2,704)	(756)
Costs associated with disposal	(19)	(8)	(19)	(8)
	2,171	**906**	**2,170**	**906**
Non housing property				
Disposal proceeds (non housing property)	5,005	-	5,005	-
Carrying value of fixed assets (non housing property)	(4,330)	-	(4,330)	-
Costs associated with disposal (non housing property)	(204)	-	(204)	-
	471	**-**	**471**	**-**
Total	**6,464**	**3,722**	**6,442**	**3,772**

In the year the Group have disposed of the previous registered office, Dysons Chambers.
A surplus of £471k has been recognised in respect of this disposal.

7. Interest receivable and other income

	Group		Association	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Interest receivable from cash deposits	621	74	570	73
Income from deferred acquisition commitment	-	-	-	-
Joint venture dividends and deposits	432	206	433	204
Total	**1,053**	**280**	**1,003**	**277**

Notes to the financial statements

8. Interest payable and financing costs

	Group		Association	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Payable on bank loans	20,348	20,892	10,678	12,869
On amounts payable to group companies	-	-	10,494	8,658
Defined benefit pension scheme	158	232	158	232
Unwinding amortised bond issue costs	21	16	(1,029)	(838)
Other amortised loan costs	294	193	250	149
Bond cost	78	64	78	64
	20,899	21,397	20,629	21,134
Less: Interest capitalised	(3,517)	(3,990)	(3,517)	(3,990)
Total	**17,382**	**17,407**	**17,112**	**17,144**
Additional Financing costs				
Loan break costs - refinancing	1,888	35,834	1,888	35,834
Total	**19,270**	**53,241**	**19,000**	**52,978**

Interest has been capitalised at an average rate of 3.41% in 2023 (2022: 3.52%).

Notes to the financial statements

9. Remuneration of the Board and directors

	Group		Association	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Aggregate emoluments payable to Board and Committee Members	159	151	159	151
Aggregate emoluments payable to executive directors	692	772	692	772
Aggregate remuneration of key management personnel (including Employers' National Insurance)	781	813	781	813

Board

Board and Committee members received emoluments of £159k (2022: £151k).

Remuneration by non-executive Board Member (excludes Committee Members):	2023 £'000	2022 £'000
Ingrid Fife (Chair)	19	11
Alison Hadden (Vice Chair)	7	10
Sue Hall	-	5
Will Lifford	-	9
Linda Christon	-	5
Richard Flanagan	5	10
Phillip Severs	-	5
Jacqueline Esimaje-Heath	10	10
Isabel Hunt	8	8
Leann Hearne	10	-
Matthew Blake	9	8
Ian Costigan	8	5
Eleanor Stead	9	4
Charles Dunn	2	-
Lisa Bradley	8	-
Russell Galley	10	-
Total	**105**	**90**

Directors

The emoluments paid to the executive directors of the group were £692k (2022: £772k). Emoluments paid to the highest paid director were £224k (2022: £214k). The Chief Executive is a member of the Social Housing Pension Scheme. He is an ordinary member of the pension scheme and no enhanced or special terms apply.

The association does not make any further contributions to the pension scheme for the Chief Executive.

Key management personnel

Key management personnel are considered to be the executive directors of the group. The aggregate remuneration of key management personnel (including employers' national insurance contributions) for the financial year was £781k (2022: £813k). This sum includes executive directors only. Remuneration for board and committee members is as shown separately above.

During the year the aggregate compensation for loss of office for key management personnel was £nil (2022: £nil)

Notes to the financial statements

10. Employee information

	Group		Association	
	2023 No.	2022 No.	2023 No.	2022 No.
The average monthly number of persons (including the Chief Executive) expressed as full-time equivalents (FTE) of 35 hours per week. Employed during the financial year was:	715	655	715	655

	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Staff costs (for the above person including Board Members on payroll)				
Wages and salaries	26,305	22,890	25,643	22,094
Social security costs	2,690	2,220	2,627	2,145
Other pension costs	1,200	1,066	1,171	1,034
Total	**30,195**	**26,176**	**29,441**	**25,273**

16.9 FTE (2022: 21.5 FTE) were remunerated by the Association and recharged at £720k (2022: £893k) to Y H Residential Limited. These are primarily the sales team. Figures above exclude national insurance rebates for sick and maternity pay.

The number of employees including directors who received emoluments in the following ranges:

The number of employees including directors who received emoluments in the following ranges	2023 No.	2022 Restated No.
£230,000 to £240,000	1	-
£220,000 to £230,000	-	1
£200,000 to £210,000	-	-
£170,000 to £180,000	2	2
£160,001 to £170,000	-	-
£140,001 to £150,000	-	-
£130,001 to £140,000	-	1
£120,001 to £130,000	-	-
£110,001 to £120,000	2	1
£100,001 to £110,000	4	2
£90,001 to £100,000	3	3
£80,001 to £90,000	8	4
£70,001 to £80,000	10	3
£60,001 to £70,000	20	13
Total	**50**	**30**

The prior year emolument bandings have been reviewed and restated due to inconsistencies in the bandings.

Notes to the financial statements

11. Taxation

	Group		Association	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Current tax	**-**	**-**	**-**	**-**
Deferred tax:				
Origination and reversal of timing difference	66	123	-	-
Changes in tax rates	-	-	-	-
Adjustment in respect of previous periods	-	-	-	-
Total deferred tax	**66**	**123**	**-**	**-**

The charge for the year can be reconciled to the surplus shown in statement of comprehensive income as follows:

	Group		Association	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Surplus (Deficit) for the financial year before taxation	10,545	(30,489)	11,368	(27,240)
Tax at standard UK rate of 19% (2022 : 19%)	2,004	(5,793)	2,160	(5,176)
Factors affecting total tax charge for the current period				
Expenses not deductible	205	5,206	(2,160)	5,176
Income not taxable	(2,164)	439	-	-
Losses	-	-	-	-
Tax rate change	15	271	-	-
Revaluations	(9)	-	-	-
Qualifying charitable donations	-	-	-	-
Capital gain/ (loss)	15	-	-	-
	66	**123**	**-**	**-**

Notes to the financial statements

12. Intangible fixed assets

Group and association	Software intangible assets £'000
Cost	
At 1 April 2022	13,179
Additions	2,466
Disposals	-
At 31 March 2023	**15,645**
Accumulated amortisation	
At 1 April 2022	8,062
Amortisation charged in year	2,460
Accumulated depreciation and impairment	-
Eliminated in respect of disposals	-
At 31 March 2023	**10,522**
Net book value at 31 March 2023	**5,123**
At 31 March 2022	5,117

Notes to the financial statements

13. Tangible fixed assets – housing properties

Group and Association	Social housing properties held for lettings £'000	Housing properties for letting under construction £'000	Shared ownership properties under construction £'000	Completed shared ownership housing properties £'000	Total housing properties £'000
Cost					
At 1 April 2022	1,056,486	48,100	36,727	77,027	1,218,340
Additions	-	40,862	24,860	-	65,722
Works to existing properties	15,905	-	-	-	15,905
Schemes completed	29,996	(29,996)	(26,976)	26,976	-
Disposals	(7,331)	-	-	(2,795)	(10,126)
At 31 March 2023	**1,095,056**	**58,966**	**34,611**	**101,208**	**1,289,841**
Depreciation and impairment					
At 1 April 2022	197,213	-	-	2,481	199,694
Depreciated charged in year	17,954	-	-	1,249	19,203
Impairment charged in year		-	-	-	-
Released on disposal (note 6)	(3,123)	-	-	(623)	(3,746)
At 31 March 2023	**212,044**	**-**	**-**	**3,107**	**215,151**
Net book value at 31 March 2023	**883,012**	**58,966**	**34,611**	**98,101**	**1,074,690**
Net book value at 31 March 2022	**859,273**	**48,100**	**36,727**	**74,546**	**1,018,646**

Housing properties are assessed annually for impairment indicators. Where indicators are identified, an assessment for impairment is undertaken comparing the scheme's carrying amount to its recoverable amount.

Where the carrying amount of a scheme is deemed to exceed its recoverable amount, the scheme is written down to its recoverable amount. The resulting impairment loss is recognised as operating expenditure. Where a scheme is currently deemed not to be providing service potential to the association, its recoverable amount is its fair value less costs to sell.

Tolent Living Limited, a development contractor used by Yorkshire Housing, went into Administration in February 2023. Tolent were the contractor on a 113-home development to the north of Leeds, which was in the early stages of construction. £5.35m had been spent on construction up to 31st March 2023. Tolent entering Administration triggered an impairment review of the value of the assets at the development. No impairment has been made on the basis the recoverable amount of the assets exceeds their carrying value. This assessment relies on judgements including estimating the remaining cost to complete the development. This will not be known until a replacement contractor is put in place, which will not take place until after these accounts have been published.

Development costs have been capitalised amounting to £1,553k (2022: £1,420k). Interest has been capitalised at a rate of 3.42% (2022: 3.52%) during the financial year and amounted to £3,517k (2022: £3,990k).

In 2020/21 housing property sales were made from Yorkshire Housing Residential to Yorkshire Housing Limited (the 'Association'). The intercompany profit of £333k on the sale is eliminated on consolidation. The Net book value reported for the Association is therefore £1,075,023.

Notes to the financial statements

13. Tangible fixed assets – housing properties (continued)

Housing properties are shown	2023 £'000	2022 £'000
At cost	1,218,842	1,147,076
At valuation	70,999	71,264
	1,289,841	**1,218,340**

The association acquired 6,337 units of housing stock through mergers with Ryedale Housing in 1999 and Brunel Housing in 2005. Ryedale included their housing stock at Existing Use Value – Social Housing Value (EUV – SH), with the resulting increase in carrying value arising from the valuation transferred to a revaluation reserve. Brunel included their housing stock at cost. Yorkshire Housing Ltd includes its directly acquired and developed housing property in its balance sheet at cost less depreciation less any impairment losses. The property transferred from Ryedale Housing and Brunel Housing is stated in the Yorkshire Housing Ltd balance sheet at deemed cost; being the EUV – SH value at the respective dates of merger. The corresponding revaluation reserves were transferred to Yorkshire Housing Ltd and are amortised over the useful life of the assets associated with the reserve. The total value of assets included in the balance sheet at 31 March 2023 at deemed cost is £70,999.

Group expenditure on works to existing properties during the year amounted to £45.4m (2022: £33.8m) of which £15.9m (2022: £7.5m) was capitalised and included as works to existing properties.

	2023 £'000	2022 £'000
Total grant received for existing properties	140,573	216,397
Less amortised through the statement of comprehensive income	(79,898)	(75,824)
Total deferred grant in the statement of financial position	**60,676**	**140,573**

Notes to the financial statements

14. Other tangible fixed assets

Group	Freehold offices £'000	Computer equipment £'000	Fixtures and fittings £'000	Motor vehicles £'000	Total £'000
Cost					
At 1 April 2022	5,660	4,085	1,208	392	11,345
Additions	-	725	1,176	-	1,901
Disposals	(5,176)	(676)	(153)	(25)	(6,030)
At 31 March 2023	**484**	**4,134**	**2,231**	**367**	**7,216**
Accumulated depreciation					
At 1 April 2022	1,078	3,318	399	330	5,125
Depreciation charged in year	21	577	153	17	768
Eliminated in respect of disposals	(894)	(672)	(110)	(21)	(1,697)
At 31 March 2023	**205**	**3,223**	**442**	**326**	**4,196**
Net book value at 31 March 2023	**279**	**911**	**1,789**	**41**	**3,020**
At 31 March 2022	4,582	767	809	62	6,220

Association	Freehold offices £'000	Computer equipment £'000	Fixtures and fittings £'000	Motor vehicles £'000	Total £'000
Cost					
At 1 April 2022	5,660	4,001	1,172	392	11,225
Additions	-	725	1,176	-	1,901
Disposals	(5,176)	(676)	(153)	(24)	(6,029)
At 31 March 2023	**484**	**4,050**	**2,195**	**368**	**7,097**
Accumulated depreciation					
At 1 April 2022	1,078	3,236	365	329	5,008
Depreciation charged in year	21	578	153	18	770
Eliminated in respect of disposals	(894)	(672)	(110)	(21)	(1,697)
At 31 March 2023	**205**	**3,142**	**408**	**326**	**4,081**
Net book value at 31 March 2023	**279**	**908**	**1,787**	**42**	**3,016**
At 31 March 2022	4,582	765	807	63	6,217

Notes to the financial statements

15. Investment properties non-social housing and commercial properties held for letting

	Group		Association	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
At 1 April	35,918	35,281	4,154	3,864
Additions	8	1,126	-	-
Properties for disposal	(128)	-	-	-
Increase (decrease) in value	116	(489)	(197)	290
Total	**35,914**	**35,918**	**3,957**	**4,154**

Investment properties consist of market rented housing properties, garages and commercial units. In accordance with the group accounting policy, investment properties have been included at their market value. The properties were valued as at 31 March 2023 by Jones Lang LaSalle Ltd, Chartered Surveyors. The valuation was undertaken on the basis of market value and in accordance with the Appraisal and Valuation Manual of the Royal Institute of Chartered Surveyors, the NHF financial reporting SORP and represents the aggregate of all the units, assuming phased disposal without deduction of costs or incentives. No allowances were made for the vendor's sale costs or for any tax liabilities, which may arise upon the property disposal.

In valuing investment properties, a discounted cash flow methodology was adopted with key assumptions:

	2023	2022
Discount rate	6.5%	6.5%
Exit yield	5.0%	5.0%
Annual rental growth (nominal)	2.5%	2.5%
Stamp Duty Land Tax	At the prevailing rates	At the prevailing rates

Underlying inflation was excluded from the cashflow model therefore the income and cost increases noted here are above inflation increases. This has been considered when selecting the appropriate discount rates.

16. Properties held for sale and stock

	Group		Association	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Van stock - materials	707	418	707	418
Completed properties held for sale				
Completed - First tranche shared ownership	4,742	4,281	4,742	4,281
Completed - Properties for market sale	8,382	2,456	-	-
Partially completed properties				
Partial - First tranche shared ownership	17,948	19,920	17,948	19,920
Partial - Properties for market sale	25,087	30,850	-	-
Properties for market rent	-	-	-	-
Total	**56,866**	**57,925**	**23,397**	**24,619**

Notes to the financial statements

17. Debtors

	Group		Association	
Due within one year	**2023 £'000**	**2022 £'000**	**2023 £'000**	**2022 £'000**
Arrears of rent and service charges	5,660	5,131	5,627	5,097
Provision for bad and doubtful debt	(2,043)	(1,759)	(2,012)	(1,730)
	3,617	**3,372**	**3,615**	**3,367**
Prepayments and accrued income	3,783	5,195	3,758	5,240
Other debtors	6,980	6,914	5,445	5,798
Loan to joint venture	1,360	460	-	-
Amounts owed by group undertakings	-	-	2,113	1,740
	15,740	**15,941**	**14,931**	**16,145**
Due after more than one year				
Debt service reserve fund cost	-	605	-	605
Increase in fair value	-	90	-	90
	-	**695**	**-**	**695**
Total	**15,740**	**16,636**	**14,931**	**16,840**

The debt service fund is nil as the Haven loan has been repaid.

18. Investments, cash and cash equivalents

Fixed asset investments: Association	**2023 £'000**	**2022 £'000**
Investment in group undertakings	900	900
Investment in group undertakings - preference shares	50,000	50,000
Investment in Yorkshire Transformation Holdings	553	553
Total	**51,453**	**51,453**

YHL owns 33% of Yorkshire Transformations Holdings ["YTH"] as at 31 March 2023. The Group financial statements do not recognise the value of the investment in YTH. As at 31 December 2023 YTL had net liabilities of £313k (2022: £3,248k). In accordance with FRS102 no investment has been recognised when the Group's share is in deficit.

In March 2017, Y H Residential Limited issued 32,000,000 £1 preference shares. The shares are non-voting redeemable preference shares of £1 each in the capital of Y H Residential designated as a Preference Share. The preference shares are redeemable at 5 days' notice at the behest of the parent company.

The preference shares are non-convertible and are a basic financial instrument measured at cost less impairment. There are no dividend or interest commitments in respect of these preference shares. There is no fixed maturity or redemption date. As at 31 March 2023, all 50,000,000 of these shares have been called up and fully paid (2022: 50,000,000 shares).

All investments consolidate out at the group level with the exclusion of the Forge New Homes investment. The investment at 31 March 2023 is £873k (2022: £841k).

Following the treatment required by FRS102 the investment has been adjusted at Group level to reflect the accumulated losses of £127k as at 31 March 2023.

The Board believe that the carrying value of the investments is supported by their underlying net assets.

Notes to the financial statements

18. Investments, cash and cash equivalents (continued)

	Group		Association	
Cash and cash equivalents	**2023 £'000**	**2022 £'000**	**2023 £'000**	**2022 £'000**
Cash deposits	10,354	24,271	10,354	24,271
Cash at bank	10,717	9,418	8,084	5,722
Total	**21,071**	**33,689**	**18,438**	**29,993**

The cash deposits are deposited with building societies and banks but are not available for immediate access.

19. Homebuy loans

Group and association	**2023 £'000**	**2022 £'000**
At 1 April	1,116	1,244
Redeemed in the year	(63)	(128)
At 31 March	**1,052**	**1,116**

No interest was payable or receivable on Homebuy loans in either financial year.

20. Creditors: amounts falling due within one year

	Group		Association	
Due within one year	**2023 £'000**	**2022 £'000**	**2023 £'000**	**2022 £'000**
Borrowings (Note 24) < 1 Yr	36,544	11,726	36,544	11,726
Bank loan interest	6,957	6,506	516	67
Trade creditors	6,695	4,057	6,681	4,028
Rent and service charges received in advance	6,982	6,976	6,692	6,702
Other taxation and social security costs	1,473	711	1,484	708
Accruals and deferred income	11,502	12,283	9,727	10,650
Amounts owed to group undertakings	-	-	4,820	4,737
Past service deficit contributions under SHPS	-	-	-	-
Deferred capital grants (Note 23)	4,704	5,830	4,704	5,830
Total	**74,857**	**48,089**	**71,168**	**44,448**

Notes to the financial statements

21. Creditors: amounts falling due after more than one year

	Group		Association	
Due after more than one year	**2023 £'000**	**2022 £'000**	**2023 £'000**	**2022 £'000**
Borrowings (Note 24) > 1 Yr	559,827	554,599	300,327	296,099
Amounts owed to group undertakings	-	-	255,000	255,000
Recycled capital grant fund (Note 22)	10,334	9,441	10,334	9,441
Held on behalf of leaseholders	1,781	1,192	1,782	1,194
Homebuy grant	1,052	1,116	1,052	1,116
Deferred capital grant (Note 23)	313,223	315,926	313,223	315,926
	886,217	**882,274**	**881,718**	**878,776**
Less bond issue costs, discount and premium on issue (Note 24)	20,714	22,353	(2,884)	(2,179)
Less issue costs owed to group undertakings	-	-	26,071	27,120
Total	**906,931**	**904,627**	**904,905**	**903,717**

The amounts owed to group undertakings of £255,000,000 represents the on lending of the Public Bond that was issued by Yorkshire Housing Finance Plc, a wholly owned subsidiary. Full details of the associated instrument are given in Note 24. Loans are secured against 12,910 properties, with a further 5,601 units available for security.

The bond issue costs disclosed above relate to the three bonds included within note 24.

22. Recycled Capital Grant Fund

Movements in the recycled capital grant fund were as follows:

	Group		Association	
Movements in the recycled capital grant fund were as follows:	**2023 £'000**	**2022 £'000**	**2023 £'000**	**2022 £'000**
Opening balance as at 1 April	9,441	8,261	9,441	8,261
Grants recycled	2,898	1,945	2,898	1,945
Homebuy grants recycled	72	136	72	136
Interest accrued	204	18	204	18
Withdrawals	(2,281)	(919)	(2,281)	(919)
Closing balance as at 31 March	**10,334**	**9,441**	**10,334**	**9,441**

Recycled grant is repayable to Homes England if not recycled within three years, but no repayments were required in the year (2022: £nil).

Notes to the financial statements

23. Deferred grant income

Group and association	2023 £'000	2022 £'000
Opening balance at 1 April	321,756	298,979
Grant received in year	955	29,162
Grant transferred from recycled capital grant fund	2,281	919
Released to income in year - Amortisation	(4,074)	(3,895)
Released to income in year - Disposal	(94)	(1,464)
Released to recycled capital grant fund	(2,897)	(1,945)
Closing balance as at 31 March	**317,927**	**321,756**
Amounts to be released within one year	4,704	5,830
Amounts to be released in more than one year	313,223	315,926
	317,927	**321,756**

Notes to the financial statements

24. Debt analysis

	Group		Association	
Borrowings	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Due within one year				
Bank Loans < 1 Yr	1,544	1,726	1,544	1,726
Other Loans < 1 Yr	35,000	10,000	35,000	10,000
Total due within 1 year	**36,544**	**11,726**	**36,544**	**11,726**
Due after more than one year				
Bank loans	254,706	214,478	250,206	210,978
Other loans	121	35,121	121	35,121
THFC bond	30,000	30,000	30,000	30,000
Public bond	255,000	255,000	-	-
AHF bond	20,000	20,000	20,000	20,000
Total due after more than one year	**559,827**	**554,599**	**300,327**	**296,099**
Total borrowings before costs, discount and premium on issue	**596,371**	**566,325**	**336,871**	**307,825**
Loan and bond costs, discount and premium on issue				
THFC bond 2	(2,428)	(2,552)	(2,428)	(2,552)
Public bond 2	23,601	24,580	-	-
AHF bond 2	1,646	1,707	1,646	1,707
Loan transaction costs	(2,105)	(1,382)	(2,102)	(1,334)
	20,714	**22,353**	**(2,884)**	**(2,179)**
Total borrowings	**617,085**	**588,678**	**333,987**	**305,646**

Terms of repayment and interest rates

Bank loans have various repayment profiles with the final maturity date of 2039. There are no plans to make early repayments on loans. The loans have fixed and variable interest rates ranging from 1.00% % to 11.30% and a weighted average rate of 3.52%. As at 31 March 2023 the group had undrawn loan facilities of £344.5m (2022: £196.5m).

The "other loans" are with eight Local Authorities, seven of these are held on an unsecured basis. There is an additional loan with Bradford Health Authority held on a secured basis. There is no interest payable; but on disposal of the properties the surplus realised is shared between the lender and Yorkshire Housing. There are six properties linked to the Bradford Health Authority Loan.

On 31 October 2014 Yorkshire Housing Finance Plc issued a secured bond for £200m at a coupon rate of 4.13% ("the bonds") due to mature 31 October 2044 which are guaranteed by defined assets within Yorkshire Housing Limited. In 2014 the Company placed £140m bonds at an issue price of 98.2% giving an effective yield of 4.23%. In 2020 the Company placed the remaining £60m bonds at an issue price of 126.5% giving an effective yield of 2.70%.

On 5th October Yorkshire Housing Finance Plc deferred the issue of a further £200 million secured bonds until a future date. On 6 January 2022 £55m of the £200 million issued on the 5 October were placed at an issue price of 127.9% giving an effective yield of 2.51%.

On 30th July 2008 Yorkshire Housing Limited issued a secured bond of £30m with The Housing Finance Corporation ("THFC") attracting 5.13% interest due to mature in 2035. On 28th March 2017 Yorkshire Housing Limited issued a guaranteed secured bond of £20m to the AHF attracting 2.89% interest and due to mature in 2043.

All loans are secured on housing stock, which covers the value of outstanding liabilities.

Notes to the financial statements

24. Debt analysis (continued)

Public bond	2023 £'000	2022 £'000
Public bond	255,000	255,000
Add: unamortised premium on issue	26,071	27,120
Total bond after premium on issue	281,071	282,120
Less: unamortised issue cost	(2,470)	(2,540)
Total	**278,601**	**279,580**

Housing loans are secured by fixed charges on 12,910 (2022: 14,421) of the group's housing properties and repayable at varying rates of interest and instalments.

The total net repayments in the year totalled £16.953m (2022: £18,533k). Total capital repayments were £92.453m, of which £75.5m was redrawn. This included repayment of a £25.5m facility with RBS which was restated as a NatWest facility of the same amount, £50m final repayment of a RCF with MUFG, which converted to a £50m private placement with BlackRock, early repayment of £5.415m in respect of a Haven bond, final repayment of a £10m Local Authority facility and contracted capital repayments of £1.539m.

	Group		Association	
Maturity of financial liabilities	2023 £'000	2022 £'000	2023 £'000	2022 £'000
In less than one year	36,544	11,726	36,544	11,726
In more than one year but less than two years	6,049	40,244	1,549	36,744
In more than two years but less than five years	37,933	35,353	37,933	35,353
In more than five years	515,845	479,002	260,845	224,002
Total	**596,371**	**566,325**	**336,871**	**307,825**

25. Share capital

Shares of £1 each, allotted and fully paid	2023 £	2022 £
As at 1 April	120	120
Net issues less retirements	(111)	0
As at 31 March	**9**	**120**

The shares are non-transferable, non-redeemable and carry no rights to receive either income or capital payments. 111 shares in Yorkshire Housing Limited have been cancelled following changes to Yorkshire Housing Rules to move to a closed shareholding.

Notes to the financial statements

26. Cash flow from operating activities

	2023 £'000	2022 £'000
Surplus/ (deficit) for the year	10,544	(30,489)
Depreciation of housing assets	19,203	17,673
Depreciation of other tangible fixed assets	768	728
Depreciation of intangible assets	2,460	1,638
Impairment of intangible assets	-	5,269
(Gain)/ loss on investment assets	(116)	489
(Gain)/ loss on Forge New Homes investment	(33)	159
Gain from sale of housing properties	(5,993)	(3,722)
(Gain)/ Loss on disposal of other fixed assets	(472)	298
Decrease in stock	1,059	265
Decrease/ (increase) in trade and other debtors	897	(4,158)
Increase in trade and other creditors	3,215	3,957
Pension costs	39	(37)
Pension contributions paid	(1,522)	(1,265)
Acquisition of capital grants	(4,169)	(4,297)
Interest charge	17,382	17,407
Interest received	(1,053)	(280)
Tax charge	-	-
Net cash generated from operating activities	**42,209**	**3,635**

27. Provision for liabilities – other provisions

Group deferred tax	2023 £'000	2022 £'000
Deferred tax (assets)/liabilities		
Provision at start of period	1,131	1,008
Adjustment in respect of prior years	-	-
Deferred tax charge to the SOCI for the period	64	123
Deferred charge to OCI for the period	-	-
Provision at end of period	**1,195**	**1,131**
Fixed assets timing difference	1,203	1,138
Short term timing difference	(8)	(7)
	1,195	**1,131**
Deferred tax (assets)		
Recoverable within 12 months	(8)	(7)
	(8)	**(7)**
Deferred tax liabilities		
Payable within 12 months	1,203	1,138
	1,203	**1,138**

The provision of deferred tax relates solely to the trading subsidiary.

Notes to the financial statements

28. Capital commitments

	Group		Association	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Capital expenditure contracted for less certified at the year end	158,379	157,261	158,379	156,921
Capital expenditure authorised by the board but not contracted at the year end	95,173	95,510	95,173	95,510
Total	**253,552**	**252,771**	**253,552**	**252,431**

It is proposed that the above commitment will be funded as follows (which covers a number of years):	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Borrowing and operating activities	236,126	236,253	236,126	235,913
Grant	17,426	16,518	17,426	16,518
Total	**253,552**	**252,771**	**253,552**	**252,431**

Our board approved development program takes us up to March 2030 is forecast as follows:	2023 £'000	2022 £'000
Units in the development pipeline	5,761 units	6,251 units
Projected pipeline cost	1,277,413	1,272,868
Projected source of funding:		
Social housing grants	195,633	230,917
Proceeds from sales	252,086	373,721
Surplus and borrowing	829,694	668,230
Total	**1,277,413**	**1,272,868**

The revised growth strategy of the Group is to March 2030, however, the development programme post 2026 remains aspirational and is not yet committed.

29. Contingent assets/liabilities

The group and association have no contingent liabilities.

Notes to the financial statements

30. Operating lease commitments

The Company was committed to making the following remaining lease payments under non-cancellable operating leases:

	Land and buildings		Equipment and vehicles	
Group	**2023 £'000**	**2022 £'000**	**2023 £'000**	**2022 £'000**
Operating leases which expire				
Within one year	826	750	662	728
Between two and five years	3,266	2,700	842	1,534
In over five years	2,975	2,711	-	-
	7,067	**6,161**	**1,504**	**2,262**

	Land and buildings		Equipment and vehicles	
Association	**2023 £'000**	**2022 £'000**	**2023 £'000**	**2022 £'000**
Operating leases which expire				
Within one year	826	750	662	728
Between two and five years	3,266	2,700	842	1,534
In over five years	2,975	2,711	-	-
	7,067	**6,161**	**1,504**	**2,262**

31. Pensions

The association participates in SHPS, a multi-employer pension scheme which provides benefits to non-associated participating employers. The scheme is classed as a defined benefit scheme in the UK. The scheme is classified as a last man standing' arrangement. Therefore, the association is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

On 1 April 2018, sufficient information was available for the association in respect of SHPS to account for its obligation on a defined benefit basis. This change on transition resulted in a re-measurement difference of £4,722k, which has been recognised at the relevant date of application, 1 April 2018, in other comprehensive income.

Notes to the financial statements

31. Pensions (continued)

Reconciliation of opening and closing balances of the present value of scheme liabilities	31 March 2023 £'000	31 March 2022 £'000
Opening scheme liabilities as at start of period	**52,574**	**54,178**
Current service cost	-	-
Expenses	40	37
Interest expense	1,449	1,172
Actuarial losses (gains)	(16,396)	(1,517)
Benefits paid and expenses	(1,259)	(1,296)
Defined benefit obligation at end of period	**36,408**	**52,574**

Reconciliation of opening and closing balances of the fair value of plan assets	31 March 2023 £'000	31 March 2022 £'000
Fair value of plan assets at start of period	46,185	42,978
Interest Income	1,291	940
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	(17,804)	2,298
Contributions by employer	1,522	1,265
Benefits paid and expenses	(1,259)	(1,296)
Fair value of plan assets at end of period	29,935	46,185
Pension liability	**(6,473)**	**(6,389)**

Amounts recognised in surplus or deficit	31 March 2023 £'000	31 March 2022 £'000
Current service cost	-	-
Expenses	39	37
Net interest expense	158	232
Defined benefit costs recognised in statement of comprehensive income (SOCI)	**197**	**269**

Defined benefit costs recognised in other comprehensive income	31 March 2023 £'000	31 March 2022 £'000
Experience on plan (excluding amounts included in net interest costs) - gain (loss)	(17,804)	2,298
Experience gain and (losses) arising on the plan liabilities	537	(3,486)
Effects of change in the demographic assumptions underlying the present value of the defined benefit obligations - gain (loss)	85	831
Effect of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	15,774	4,170
Total actuarial gain and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)	**(1,408)**	**3,813**
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost) - gain (loss)		
Total amount recognised in other comprehensive income	**(1,408)**	**3,813**

Notes to the financial statements

31. Pensions (continued)

Assets	31 March 2023 £'000	31 March 2023 %	31 March 2022 £'000	31 March 2022 %
Global equity	559	2%	8,863	19%
Absolute return	324	1%	1,853	4%
Distressed opportunities	906	3%	1,653	4%
Credit relative value	1,130	4%	1,535	3%
Alternative risk premium	56	0%	1,523	3%
Fund of hedge funds	-	0%	-	0%
Emerging markets debt	161	1%	1,344	3%
Risk sharing	2,204	7%	1,521	3%
Insurance linked securities	756	3%	1,077	2%
Property	1,288	4%	1,247	3%
Infrastructure	3,419	12%	3,290	7%
Private debt	1,332	4%	1,184	3%
Opportunistic Illiquid credit	1,281	4%	1,552	3%
High Yield	105	0%	398	1%
Opportunistic credit	2	0%	164	0%
Cash	216	1%	157	0%
Corporate bond fund	-	0%	3,081	7%
Liquid credit	-	0%	-	0%
Long lease property	903	3%	1,188	3%
Secured income	1,374	5%	1,721	4%
Liability driven investments	13,786	46%	12,887	28%
Currency hedging	57	0%	(181)	0%
Net current assets	76	0%	128	0%
Total assets	**29,935**	**100%**	**46,185**	**100%**

Key Assumptions	31 March 2023 % per annum	31 March 2022 % per annum
Discount rate	4.86	2.79
Inflation (RPI)	3.19	3.54
Inflation (CPI)	2.77	3.17
Salary growth	3.77	4.17
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2023 imply the following life expectancies:	Life expectancy at 65 (Years)
Male retiring in 2023	21.0
Female retiring in 2023	23.4
Male retiring in 2043	22.2
Female retiring in 2043	24.9

Notes to the financial statements

31. Pensions (continued)

We were notified in 2021 by the Trustee of the 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 uncertainty surrounding some of these changes. The Trustee is seeking clarification from the Court on these items, and this 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 value of the full Scheme liabilities by £155m. We note that 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.

32. Group undertakings and related parties

Company	Legal status	RSH Regulated		Basis of control
Yorkshire Housing Limited	Cooperative and Community Benefit Society Act 2014	Registered with RSH	Registered provider	Group company
Yorkshire Community Property Services Limited	Companies Act	Non RSH regulated	Non registered provider	100 per cent share
Y H Residential Limited	Companies Act	Non RSH regulated	Non registered provider	100 per cent share
Yorkshire Housing Finance PLC	Public Limited Company	Non RSH regulated	Non registered provider	100 per cent share
Yorkshire Transformations Holdings Limited	Companies Act	Non RSH regulated	Non registered provider	33 per cent share
Forge New Homes Limited	Companies Act	Non RSH Regulated	Non Registered Provider	20 per cent share

All subsidiaries are incorporated or registered in England and Wales.

Notes to the financial statements

32. Group undertakings and related parties (continued)

Yorkshire Housing Limited had the following transactions with unregistered related parties during the years:

Y H Residential Limited	2023 £'000	2022 £'000
Received from related group entities:		
Interest receivable	38	71
Management charge for central services	599	604
Rent and service charges	89	99
Gift Aid	4,775	7,299
	5,501	**8,073**
Paid to related group entities:		
Fee for managing group properties	-	-
Fee for selling group properties on the open market	380	381
Interest payable	-	-
	380	**381**

Y H Residential Limited owns and manages the market rented homes portfolio. Yorkshire Housing Limited calculates the Y H Residential management charge on a combination of FTE and turnover apportionment basis.

Yorkshire Housing Finance Plc	2023 £'000	2022 £'000
Paid to related group entities:		
Interest payable	9,539	7,931

Yorkshire Housing Finance PLC is a wholly owned subsidiary of Yorkshire Housing Limited providing long term finance through a bond issue.

Yorkshire Housing Finance Plc issued a £140m bond in October 2014 and two further issues of £60m in September 2020 and £55m in January 2022, the cash raised has been on lent to Yorkshire Housing Limited.

Yorkshire Community Property Services Limited	2023 £'000	2022 £'000
Paid to related group entities:		
Interest payable	13	-

Yorkshire Community Property Services Limited is currently not trading.

Notes to the financial statements

33. Related party transactions

Yorkshire Transformations Holdings Limited is a joint venture which undertakes the refurbishment, maintenance and financing of homes in the Swarcliffe area of Leeds under a Private Finance Initiative with BOS Infrastructure (No3) Limited and DIF Infra 3 Limited. Forge New Homes LLP ("FNH") is a Limited Liability Partnership which was formed to provide housing in the Sheffield city region and is a partnership between Cube Homes Ltd, Guiness Homes Ltd, Together Commercial Ltd, Syha Enterprises Ltd and YH Residential Ltd.

Related party transactions with Yorkshire Transformations Limited were as follows:

Related party transactions with Yorkshire Transformations Limited	2023 £'000	2022 £'000
Contractual income		
Income received 2022/23	4,773	4,434
Other income		
Directors fees	71	65
Subordinated debt interest	62	62
Loan interest	50	2
Dividend	370	142
Total income	**5,326**	**4,705**
Trading debtor at 31 March	**145**	**108**

Transactions with directors' related parties outside of the group		2023 Transactions £'000	2022 Transactions £'000	Year end debtor/ (creditor)
Joseph Rowntree Housing Trust	Andy Oldale is a non executive director and executive director of Yorkshire Housing	5	5	-
Together Housing Association	Adrian Gordon is a non executive director and non executive director of Yorkshire Housing	27	26	-
Confederation of British Industry	Nick Atkin is a board member of CBI Yorkshire & Humber and executive director of Yorkshire Housing	11	9	-
NCC Group Security Services	Andy Oldale's wife is an employee and he is an executive director of Yorkshire Housing	304	200	1

During the year Yorkshire Housing Limited transacted with its non-regulated subsidiaries, Y H Residential Limited and Yorkshire Community Property Services Limited. These transactions were conducted on an arm's length basis and were eliminated on consolidation within the group's financial statements.

Yorkshire Housing Finance Plc is a wholly owned subsidiary of Yorkshire Housing Limited providing long term finance through a bond issue. Yorkshire Transformations Holdings Limited is a joint venture which undertakes the refurbishment, maintenance and financing of homes in the Swarcliffe area of Leeds under a Private Finance Initiative with Leeds City Council.

Forge New Homes LLP is a joint venture by Y H Residential Limited for the development and sale of residential property in the Sheffield city region.

Yorkshire Community Property Services Limited owned the organisation's York office, Yorkshire House, which had been provided to Yorkshire Housing Limited until its disposal in 2013.

Further details of these transactions can be found within the financial statements of the subsidiary company.

Customer Board Members

A small number of committee members are customers of the group and reside in the group's property. The terms of the tenancy arrangements are consistent with those offered to other customers of the Group and they are not able to use their position to their advantage. Total rental income from these members is £nil, (2022: £61k), no balances were outstanding at the year end.

Notes to the financial statements

34. Financial assets and liabilities

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

Financial assets	2023 £'000	2022 £'000
Debtors at amortised cost	10,597	10,286
Debt service reserve investments at fair value	-	695
Derivative financial asset (Note 36)	3,889	989
Cash at amortised cost	21,071	33,689
	35,557	**45,659**

Financial liabilities	2023 £'000	2022 £'000
Trade and other creditors at amortised cost	26,935	24,038
Loans at amortised cost	596,371	566,325
	623,306	**590,363**

Financial assets: Financial assets are made up of short term debtors, such as trade debtors and other debtors, current investments at fair value and cash at amortised cost.

Financial liabilities: Financial liabilities consist of Trade and other creditors and include loans at amortised cost.

35. Post balance sheet events

There are no material post balance sheet events.

36. Hedged financial instruments

	Group		Association	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Derivative financial asset	3,889	989	3,889	989
Balance at end of period	**3,889**	**989**	**3,889**	**989**

The derivative financial asset relates to interest swaps hedged against a term loan of £40m maturing on the dates shown below. The swaps are not documented with a Credit Support Annex (CSA), which avoids the need to post any form of collateral in the future.

Date of maturity	£'000
06-Jan-25	12,500
06-Jan-27	12,500
06-Jan-29	15,000

Notes to the financial statements

37. Analysis of changes in net debt

	2022 £'000	Cashflows	Other non cash changes	2022 £'000
Cash deposits	24,271	(13,917)	-	10,354
Cash at bank	9,418	1,299	-	10,717
	33,689	**(12,618)**	**-**	**21,071**
Debt due within one year	(11,726)	(24,818)	-	(36,544)
Debt due after more than one year	(576,952)	(3,274)	(315)	(580,541)
	(588,678)	**(28,092)**	**(315)**	**(617,085)**
Total net debt	**(554,989)**	**(40,710)**	**(315)**	**(596,014)**

Section:

Company information...

Annual report and financial statements:

Company information

Registrations

Co-operative and Community Benefit Society registered number: 30443R

Regulator of Social Housing registered provider number: L4521

Secretary

Syka Sheikh

Registered office

The Place, 2 Central Place, Leeds LS10 1FB

Independent auditors

Beever and Struthers

One Express, 1 George Leigh Street, Manchester M4 5DL

Board

Ingrid Fife – *Chair*

Alison Hadden *(resigned 23 November 2022)*

Richard Flanagan *(resigned 14 September 2022)*

Isabel Hunt

Leann Hearne *(Vice Chair from 23 November 2022)*

Matthew Blake

Jacqueline Esimaje-Heath

Lisa Bradley *(appointed 23 Mar 2022)*

Eleanor Stead

Russell Galley

Ian Costigan

Executive Directors

Nick Atkin – *Chief Executive*

Andrew Gamble – *Executive Director Growth and Assets*

Andrew Oldale – *Executive Director Finance and Governance*

Suzanne Wicks – *Executive Director Customer Experience (appointed 19th September 2022, resigned 14th April 2023)*

Cath Owston – *Executive Director Customer Experience (resigned 19th September 2022)*

What we're all about:

Making it possible to have a place you're proud to call home...

Head office:
The Place
2 Central Place
Leeds
LS10 1FB

Telephone: 0345 366 4404
Email: enquiries@yorkshirehousing.co.uk
www.yorkshirehousing.co.uk

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