

Concept Housing Association CIC
AMENDED Report and Financial Statements
for the 7 month Period Ended 31 March 2024

Concept Housing Association CIC

Report and Financial Statements for the 7 month Period Ended 31 March 2024

Contents

Legal and Administrative Information	2
Director and Strategic Report	3
Independent Auditor’s Report to the Members of Concept Housing Association CIC.....	14
Statement of Comprehensive Income	18
Statement of Financial Position	19
Statement of Changes in Reserves.....	21
Statement of Cash Flows.....	22
Notes to the financial statements.....	23

Concept Housing Association CIC

Report and Financial Statements for the 7 month Period Ended 31 March 2024

Legal and Administrative Information

Board Members

Adrian Bland (Chair)
Abdus Samad
Akhlq Ahmed
David Sleath
Jean Jarvis
Julie Haywood
Ewelina Sorbjan
Ian Hughes
Rajesh Shroff
Safraz Hussain

Executive Directors

Chief Executive
Director of Resident Services & Partnerships

Director of Finance and Resources

Director of Health & Safety and Compliance
Company Secretary

David Fensome
Wayne Hainsworth (Interim: appointed 1 September 2023)
Stephen Duffill (retired 31 March 2024)
Gareth Harvey (appointed 1 July 2024)
Andrew Frankum
Catherine Rogerson

Registered Office

Trigate Business Centre
Hagley Road West
Oldbury
Birmingham B68 0NP

Registered Numbers

Registrar of Companies	06682644
Regulator of Social Housing	4780

External Auditors

Crowe U.K LLP
3rd Floor
St George's House
56 Peter Street
Manchester M2 3NQ

Internal Auditors

TIAA Ltd
Artillery House
Fort Fareham
Newgate Lane
Fareham PO14 1AH

Bankers

National Westminster Bank plc
30a Harborne Road
Edgbaston
Birmingham B15 3AA

Principal Solicitors

Devonshires Solicitors LLP
Somerset House
37 Temple Street
Birmingham B2 5DP

Concept Housing Association CIC

Report and Financial Statements for the 7 month Period Ended 31 March 2024

Director and Strategic Report

The Board presents its report and audited financial statements for the period ended 31 March 2024.

Legal Status

Concept Housing Association CIC (CHA) is a Community Interest Company registered under the Companies Act 2006 and is a Registered Provider.

Business Model and Principal Activities

CHA's principal activities are the provision of affordable homes and associated services in England for single people, couples and families. At 31 March 2024, CHA owned 4 general needs units in Bacup and managed a further 6,425 units in Birmingham, Bradford, Telford and London with the stock being held on short-term leases of between two and five years; the exception being several units in Bradford where CHA has entered into 10-year leases in furtherance of its strategy to move towards a more balanced portfolio of owned, short-term leased and long-term leased properties.

With the exception of the general needs and intermediate rent units in Bacup and London respectively (a total of 70; 2023: 86), the remainder of CHA's 6,115 units are classified as non-social supported housing because they do not meet the legal definition of social housing as set out in the Housing and Regeneration Act 2008.

CHA works closely with all its partner local authorities to provide high quality supported accommodation and associated services. In most cases, CHA's non-social housing residents are awarded license agreements. To minimise the risk to CHA, the majority of lease agreements with landlords require CHA to pay rent to the landlords only when rooms are occupied and in receipt of Housing Benefit from the relevant local authority.

In Birmingham and Telford, the properties are acquired from partner landlords on short-term 'occupancy only' leases, with intensive housing management and support being provided by those landlords on Concept's behalf. In Bradford the properties are acquired in a similar way, but CHA provides the intensive housing management and support to residents in accordance with the local authority's preferred way of working. CHA has an exclusive five-year Crisis to Permanent Accommodation contract with the local authority in Bradford and a 20-year nominations agreement for affordable housing.

Change in Accounting Reference Date

In September 2023 CHA's Board approved a change in accounting reference date, shortening it so as to end on 31 March 2024, a 7-month financial period. Comparative figures remain unaffected and reflect the 12-months ended 31 August 2023.

Review of the Year

CHA's financial performance has continued to meet expectations following increases in homes owned and managed with a turnover of £39.3M (2023: £58.3M) reflecting the shortened accounting period when compared to the comparative year.

CHA generated a deficit after tax of £0.4M for the period ended 31 March 2024, (surplus 2023: £0.3M). CHA's housing stock grew during the year from 6,201 units at 31 August 2023 to 6,495 at 31 March 2024, with additional units being acquired in Birmingham and Bradford.

As part of the year-end, it was identified that two contracts, located in Bradford and Birmingham, would result in losses, with no opportunity to mitigate the associated costs before their expiry in

Concept Housing Association CIC

Report and Financial Statements for the 7 month Period Ended 31 March 2024

2025. As a result, an onerous contracts provision of £1.57M has been recognised and adjusted for in the reporting period.

An internal forensic review of all material accruals and provisions was conducted, which identified errors in the methodology used to calculate accrued costs to providers. At the time of this review, it was identified that actual income relating to the year ending 31st August 2023 was understated when compared to the original accrual. This has since been corrected, resulting in a net prior year adjustment of £1.44M, impacting the opening position for the period ending 31st March 2024. Consequently, the 2023 Statement of Comprehensive Income, Balance Sheet, and related notes have been restated. This adjustment to the Surplus before Tax has also resulted in a tax refund of £334K, which has been recorded as a debtor in the Balance Sheet.

Following a period of review by the Regulator of Social Housing (RSH), disappointingly CHA received formal notice of non-compliance with elements of the Governance and Financial Viability Standard on the 23 July 2021. Although further information can be found in the governance section on page 10, CHA welcomes the opportunity to continue to work with the RSH to achieve compliance over the coming year.

Corporate Objectives and Future Developments

In September 2022, the Board committed to reviewing CHA's mission, vision and values, and the Corporate Plan 2020 – 2025 objectives, to ensure they aligned with activity planned in the delivery of the remaining actions in the Regulatory Improvement Plan. Subsequently, in September 2023, the Board approved a Corporate Plan 2023 – 2025 refresh.

The refreshed plan sets out CHA's values statement as:

'Our values are **to understand** because only by fully understanding can we help, **to give** everything we can to achieve the best possible outcome and above all **to care** about the person or people involved'

The plan outlines CHA's updated priorities over the next few years under four strategic objectives.

1. A growing business
 - a) Development and delivery of the Property Acquisition and Disposal Plan
 - b) Development of a strategy for move on accommodation
 - c) Develop and deliver an exit strategy for CHA's intermediate rent portfolio in London
 - d) Commence early dialogue with Bradford Council in respect of the retendering of the Crisis to Permanent Contract which is due to expire in 2025
 - e) More intelligent use of properties to maximize occupancy and reduce voids
 - f) Responsible growth in line with the risks identified by CHA's Board.
2. Support and independence for residents
 - a) Improve the data quality available across all stages of the resident journey
 - b) Delivery of the Resident Strategy
 - c) Working with residents to understand and develop an improvement plan arising from the results of our first independent resident satisfaction survey
 - d) Achievement of the BCC Quality Standards mark
 - e) Delivery of the Support Strategy

Concept Housing Association CIC

Report and Financial Statements for the 7 month Period Ended 31 March 2024

- f) Delivery of training and capacity building for residents
 - g) Enhance the digital resident experience.
3. Well governed, well run and financially strong
- a) Achieve regulatory compliance through the delivery of the remaining actions within the Regulatory Improvement Plan
 - b) Undertake regular financial reviews of providers to assure CHA's Board of the appropriate use of public funds
 - c) Ensure readiness for and compliance with the new Consumer Standards and the Supported Housing (Regulatory Oversight) Act
 - d) Roll out of new lease/SLA agreements and enhanced probity and due diligence checks on providers and their directors
 - e) To recruit a new Chair of the Board to replace the outgoing Chair.
4. Supporting Our Team
- a) Development of a People and Organizational Development Strategy to further build capacity
 - b) Develop a Pay and Reward Strategy aimed at attracting and retaining the best talent
 - c) Refresh and delivery of our IT Strategy and road map
 - d) Delivery of the first annual provider conference and capacity building support and resources to enable providers to build their skills and capacity, and supporting their journey towards excellence.

As set out elsewhere in this report, CHA's housing stock has grown rapidly over the last few years. The refreshed corporate plan approved by the Board anticipates that by the end of 2025 CHA would manage 7,200 homes. CHA's Board remains ambitious to grow its housing stock so that CHA can provide high quality accommodation and services to more people who are in the greatest housing need. However, CHA's Board decided to slow down its growth plans, to continue the work to consolidate its portfolio and to ensure that the organization's governance is appropriate to its size and ambitions for the future.

Internal Controls and Key Strategic Risks

Internal Controls

The Board has overall responsibility for establishing and maintaining the system of internal controls and reviewing its effectiveness.

The Board recognises that no system of internal control can provide absolute assurance or eliminate risk completely. The system of internal control is designed to manage risk and to provide reasonable assurance that key business objectives and expected outcomes will be achieved. It can also give reasonable assurance about the preparation and reliability of financial and operational information and about the safeguarding of the Association's assets and interests. In meeting its responsibilities, the Board has adopted a risk-based approach to internal control, which is embedded within normal management and governance processes. This approach includes the regular evaluation of the nature and extent of risks to which the Association is exposed.

The Board has three committees to ensure sufficient focus on specific areas of CHA's work: the Audit & Risk, Resident and People and Governance Committees.

Concept Housing Association CIC

Report and Financial Statements for the 7 month Period Ended 31 March 2024

TIAA, a leading provider of assurance services to the housing sector, provide internal audit services to CHA. The internal control framework and the risk management process are subject to regular review by our internal auditors, who are responsible for providing independent assurance to the Board via its Audit & Risk Committee. The Board approve an annual audit plan setting out the assurance reviews to be undertaken by TIAA. Four reviews and two follow up reports were completed during 2023-24, with a further six reviews (one of which is advisory) and two follow up reports to be undertaken in 2024-25.

Key elements of the system of internal control include:

- Formal strategies, policies and procedures including the Governance Framework, Matters Reserved for the Board, Risk Management Framework, Standing Orders, Financial Regulations and Scheme of Financial Delegations
- Arrangements for the identification and management of risk as set out in the Risk Management Framework . Risk registers are maintained and regularly reviewed to ensure the effective identification and management of risks at strategic, operational and project levels and
- Regular reporting of financial and operating performance to the Board, Audit & Risk Committee or the Resident Committee as appropriate.

The Board has reviewed the effectiveness of the system of internal financial controls in existence in CHA for the period ended 31 March 2024. The Board recognised that significant progress continues to have been made in the period, with the Annual Internal Audit Report for 2023-24 submitted by TIAA stating that 'Concept Housing Association CIC has reasonable and effective risk management, control and governance processes in place.' The Board further noted that no weaknesses were found in internal financial controls which could result in material losses, contingencies or uncertainties which require disclosure in the financial statements.

Strategic Risks

The current key strategic risks identified by CHA are summarised below:

1. Regulatory Failure: On-going non-compliance puts the organisation in a position which could lead to further regulatory intervention and risk to reputation.
2. Counter party risk: A reliance on third parties to deliver key services and help deliver value for money.
3. Value for money: The delivery of value for money in respect of third-party agreements, in particular demonstrating that CHA is not 'advancing the interests of third-parties'.
4. Delivering services to residents: The underperformance of service providers delivering key services to residents impacting upon service quality and potentially causing risk of harm.
5. Delivering against expectations: A breach of statutory health & safety or safeguarding legislation, or failures associated with CHA's counterparties, may diminish CHA's delivery against stakeholder expectations posing a corresponding reputational risk.
6. Risk of fraud: Ensuring CHA's internal control framework remains robust to mitigate the risk of fraud.
7. Data security and integrity: A failure to adequately manage and store sensitive confidential data, or poor quality management information and data, which impacts upon key service delivery and risks potential harm to CHA's residents.

Concept Housing Association CIC

Report and Financial Statements for the 7 month Period Ended 31 March 2024

8. Diversification: Effectively managing CHA's portfolio of exempt provision and diversifying into 'move on' accommodation to mitigate against any future loss of income or revenue streams following a change in circumstance, government policy, legislation, or regulation.
9. Access to labour and skills: A lack of skilled workers and organisational capacity to help deliver key services and manage organisational risks.

Uncertainties

There are several areas of uncertainty which could impact on the future financial performance of CHA. These include:

- Persistent economic pressures following the UK economies exposure to severe shocks over the last few years e.g., Covid-19, the global impact of war in Ukraine and cost of living crisis
- Changes in the new Government and their approach and policy toward exempt supported housing
- Changes in expectations in relation to building safety and energy efficiency
- Actions that Birmingham City Council (BCC) may implement to address the aims of its Supported Housing Strategy, and
- Potential reductions in government spending, including those in response to the fiscal impact of persistent economic pressures.

Value for Money

In December 2020 CHA's Board approved its Value for Money Strategy 2020 – 2023 and will be updating this during 2024. CHA defines Value for Money as the efficient use of CHA's available resources to achieve the organisation's objectives.

CHA considers its resources to consist of our homes, suppliers, people, offices and financial resources.

CHA considers the achievement of its objectives to include the maximisation of social value which is defined in the Public Services (Social Value) Act 2012 as "looking beyond the price of each individual contract and looking at the collective benefit to a community. Social value asks the question: If £1 is spent on the delivery of services, can that same £1 be used, to also produce a wider benefit to the community?". CHA seeks to maximise social value through:

- Procurement of goods and services
- Delivery of services
- Use of local labour and
- Understanding what residents want through the use of resident insight and intelligence.

In seeking to optimise the achievement of its objectives, CHA considers three specific aspects of Value for Money:

- **Economy**: the minimisation of the cost of inputs to activities whilst having regard to the quality of those inputs
- **Efficiency**: the relationship between the outputs derived from activities and the inputs used to produce those outputs and
- **Effectiveness**: the extent to which objectives are achieved and the relationship between intended and actual impacts.

Concept Housing Association CIC

Report and Financial Statements for the 7 month Period Ended 31 March 2024

In optimising the achievement of its objectives, CHA balances the interests of, and commitments to, a range of stakeholders including its residents, staff members, partner local authorities, partner landlords, funders, the communities in which CHA works and the Regulator.

CHA's over-riding strategic objective in relation to Value for Money is to optimise the achievement of its objectives from available resources. Additional strategic objectives relating to Value for Money are:

- To deliver efficient and effective services which meet the needs of residents
- To comply with the Regulator's Value for Money Standard and
- To embed Value for Money in CHA.

The Regulator's Value for Money Standard which was published in April 2018 requires registered providers to publish evidence in the statutory accounts to enable stakeholders to understand the provider's:

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

CHA's performance in relation to the metrics set out by the Regulator is shown in the table below. Given that several large prior year adjustments have been recorded which impact on the opening position of the period ended 31st March 2024, these have been ignored and the results reported on are the trading position.

Metric	Description	CHA target 2025	CHA actual 2024	CHA target 2024	CHA actual 2023 (as previously reported)	CHA target 2023	CHA actual 2022	Global Accounts 2023	Housemark 2023
1	Reinvestment %	2.2%	0.0%	1.0%	8.1%	2.3%	7.0%	3.1%	7.1%
2a.	New supply (social housing units) %	(1300.0%)	(22.9%)	0.0%	0.0%	(2050.0%)	(18.6%)	0.1%	1.3%
2b.	New supply (non-social housing units) %	4.8%	0.0%	(0.4%)	8.6%	7.1%	7.0%	0.0%	0.0%
3	Gearing %	(1101.8%)	(1020.0%)	(1127.9%)	(967.3%)	(930.7%)	(1028.2%)	17.1%	45.4%
4	EBITDA MRI Interest Cover %	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	174.1%	128.7%
5	Headline social housing cost per unit	£28,672	£5,503	£4,719	£8,942	£92,557	£10,266	£5,455	£4,061
6a.	Operating Margin (social housing) %	7.7%	(1.7%)	5.7%	(2.7%)	6.8%	(0.6%)	21.2%	20.0%
6b.	Operating Margin (Overall) %	1.1%	3.1%	1.5%	3.0%	1.5%	3.9%	2.9%	18.5%
7	Return on capital employed (ROCE) %	21.9%	22.0%	10.6%	38.1%	26.3%	63.9%	2.2%	2.8%

CHA has used publicly available benchmark data produced by Housemark (in conjunction with the National Housing Federation), and the Regulator of Social Housing respectively. Median values have been taken in respect of both data sets. Global accounts data has been filtered to include only those associations whose social housing stock is less than 1,200 units. It has not been possible to filter either data set to specifically include associations that operate a similar lease based operating model to CHA's or, have similar proportions of non-social housing stock.

CHA's targets for 2025 have been assessed using Board approved budgets for the year.

Metric 1 – Reinvestment %

This metric looks at the investment in properties (existing stock as well as new supply) as a percentage of total properties held. CHA owns four properties. Several of these owned assets underwent a programme of refurbishment in 2023 with little spend in period for 2024.

Reinvestment for 2024 is planned in accordance with Stock Condition Survey investment profiles.

Metric 2a/2b – New Supply

Concept Housing Association CIC

Report and Financial Statements for the 7 month Period Ended 31 March 2024

For the purposes of these measures, CHA owns property when it: (a) holds the freehold title or a leasehold interest in that property; and (b) is the body with a direct legal relationship with the occupants of the property (the landlord). This definition is consistent with that used for the Regulator's annual Statistical Data Return (SDR).

Metric 2a – New Supply (social housing units) %

The new supply metric sets out the number of new social housing units that have been acquired or developed in the period/year as a proportion of total social housing units owned at period/year-end.

CHA's Board took the decision to remove all intermediate rent properties from its portfolio by March 2025 and decreasing the total number of social housing units to four. The 2025 target reflected this aspiration. The Corporate Plan 2023 – 2025 refresh reaffirmed CHA's commitment to this strategy, CHA's intermediate rent units remained within the portfolio during 2024 at a reduced level.

Metric 2b – New Supply (non-social housing units) %

The new supply metric sets out the number of new non-social housing units that have been acquired or developed in the period/year as a proportion of total non-social housing units owned at period/year-end.

CHA's non-social housing stock remained flat during 2024 from 6115 at 31 August 2023 to 6,116 at 31 March 2024 following the acquisition of additional homes in Birmingham and Bradford.

Whilst CHA is addressing the regulatory issues set out in the Governance section of this report, the Board took the decision that 2023-24 would continue to be a period of consolidation, with limited growth expected in its housing portfolio. The exception being Bradford, where CHA is required to accommodate referrals made via its 'Crisis to Permanent' contract with the local authority.

Metric 3 – Gearing %

Gearing is the proportion of borrowing in relation to the size of the Association's asset base and assesses the degree of dependence on debt finance. Although reported this metric is not currently considered relevant since CHA does not have any debt finance or loan agreements in place. The movement in the reported gearing percentage reflects the movement in cash balances year on year.

Metric 4 – EBITDA MRI (Earnings Before Interest, Tax, Depreciation, Amortisation, Major Repairs Included) Interest Cover %

The EBITDA MRI interest cover measure is a key indicator for liquidity and investment capacity. It seeks to measure the level of surplus that a provider generates compared to interest payable. This measure works well for property-owning organisations who are borrowing monies to fund new developments rather than the lease model. This measure has no value for CHA. No debt financing was put in place during 2024, and there are no plans to introduce debt financing in 2025.

Metric 5 – Headline Social Housing Cost per Unit

The unit cost metric assesses the headline social housing cost per unit as defined by the Regulator. The principal cost driver for this metric for CHA is the level of lease rents payable to providers for its intermediate rent homes.

The 2024 target cost per unit reflects the impact of a planned decrease in intermediate rent units by period end (2024 target, metric 2a and narrative refers) v's the inclusion of lease costs incurred during the period when assessing total social housing costs.

The target for 2025 reflects the costs incurred during the full 12 month period.

Metric 6a – Operating Margin (social housing) %

Concept Housing Association CIC

Report and Financial Statements for the 7 month Period Ended 31 March 2024

The operating margin demonstrates the profitability of operating assets. CHA's operating margin (social housing) has decreased in 2024 following reinvestment in the portfolio. The target margin for 2025 increases as the level of expected reinvestment in the portfolio reduces to levels planned in the Stock Condition Survey investment profiles (Metric 1 refers).

Metric 6b – Operating Margin (overall) %

The operating margin demonstrates the overall profitability of operating assets. CHA has undertaken a significant recruitment programme during the years since 2021 to build capacity in its operational, administrative and governance structures

The target margin for 2025 reflects the full-year cost impact of this planned infrastructure development and structure changes.

Metric 7 – Return on Capital Employed (ROCE) %

This measure compares the operating surplus to total assets less current liabilities and is a common measure in the commercial sector to assess the efficient investment of capital resources. For CHA this metric is not particularly relevant given only four social housing units are owned and the absence of debt funding.

Looking Ahead

CHA's VFM (Value for Money) Strategy encourages the whole team to consider cost effectiveness and efficiency across operations and helps CHA to manage resources more effectively. CHA has made significant progress in improving efficiency throughout the organisation, although the Board and Executive are fully aware that there may be further improvements that could be achieved. The use of performance benchmarking against peer groups will be a key tool to help CHA identify areas of comparative under-performance. Although CHA has used both Housemark and RSH Global Accounts data to benchmark against, identifying peer groups that are comparable with CHA's lease-based business model remains a challenge.

CHA will also consider how it can improve resident engagement in the scrutiny of its VFM metrics in the future and review its Value for Money Strategy for subsequent Board approval.

Governance

In November 2020 CHA's Board adopted the National Housing Federation's Code of Governance 2020. Regular self-assessments have since been undertaken, currently CHA are non-compliant with the Code, full compliance will be achieved during 2025.

The reasons for non-compliance, how the relevant principle is currently being upheld and an outline of the plans for achievement are set out below.

Principle 1.3 Equality, Diversity & Inclusion:

- the board seeks regular assurance about how these commitments and objectives are being delivered in practice and tracks progress against the priorities it has set
- The organisation annually publishes information about its work to deliver these commitments and objectives and the progress it has made

Plan for achievement - an Equality, Diversity & Inclusion Policy is in place however a review of the policy will take place in 2024. The Board has planned to engage external expertise in assessing their role and the impact they have in driving diversity and inclusion within the organisation.

Principle 3.3 (4) There is a dedicated senior board member (normally a vice-chair or senior independent director) with duties that include appraisal of the chair and assisting to ensure the effectiveness of the board.

Concept Housing Association CIC

Report and Financial Statements for the 7 month Period Ended 31 March 2024

- Chair of Audit & Risk Committee currently stands in for the Chair should the Chair not be present, however the formal appointment of a vice chair or senior independent director will be considered once the new Chair is appointed.

Principle 4.3.4 the Board ensure that the organisation is resilient to the risks it may face, with appropriate mitigations and a suitably comprehensive, tested and up to date business continuity plan.

- Business continuity plan and policy under review by external consultants.

Partially compliance - Principle 2.1.2: the board give specific consideration in setting such plans to value for money, financial sustainability, carbon neutrality and environmental sustainability, and social sustainability.

- Environmental Policy to be reviewed and to be widened to include sustainability.

In February 2021 the Regulator placed CHA on its Gradings Under Review list. At the beginning of March 2021 CHA's Chair informed the Regulator that the findings of an internal audit review demonstrated that CHA was non-compliant with the Rent Standard and consequently also with the Governance and Financial Viability Standard.

Following further enquiries, in July 2021 the Regulator concluded that CHA was non-compliant with the governance and financial viability elements of the Governance and Financial Viability Standard. The full regulatory notice has been published by the Regulator (www.gov.uk).

CHA's Board is committed to addressing all the areas of regulatory non-compliance and working with the Regulator to move to compliance as quickly as practicable.

There has been excellent progress in addressing the actions set out in the plan with all actions substantively delivered. This has included:

- Board effectiveness review
- A refresh of the Corporate Plan
- Compliance with the Rent Standard
- Planning for the roll out of a new provider lease/SLA agreement along with enhanced due diligence and probity checks
- Self-assessments against the Regulator's economic and consumer standards
- Internal and external effectiveness reviews
- Implementation of a Stakeholder Engagement & Delivery Plan
- Development of a Provider Excellence Forum
- Implementation of a Quality Assurance Plan to provide Board assurance that the Regulatory Improvement Plan has addressed the points raised by the Regulator in the Regulatory Notice.

The Board has reviewed its compliance with the Governance and Financial Viability Standard and can confirm that it substantively complies with the requirements of the standard. Several further improvement actions have been identified by the management team which will be addressed during the year.

In September 2023 CHA looked at its current corporate structure and governance arrangements and considered whether adopting a new corporate form would better suit its activities and provide greater flexibility whilst remaining future proof. After considering several options and following

Concept Housing Association CIC

Report and Financial Statements for the 7 month Period Ended 31 March 2024

appropriate professional advice, in November 2023 CHA's Board approved in principle progressing conversion from its current form to a charitable Community Benefit Society (CBS). This would entail a two-stage process, converting first to a charitable Company Limited by Guarantee (CLG) and then to a charitable CBS. It is anticipated that the process to convert could take up to twelve months with a final decision on conversion being taken by the Board during the last quarter of the 2024-25 financial year.

Going Concern

The Board has considered the general and persistent economic pressures facing the UK economy after a sequence of severe shocks over the last few years, increased costs associated with attaining regulatory compliance and the general risks currently facing the association's operations and has concluded that there is a reasonable expectation that the association has adequate resources to continue in operational existence for the foreseeable future. No other significant concerns have been noted in the business plan. Therefore, the association's financial statements have been prepared on a going concern basis, which assumes an ability to continue operating for the foreseeable future.

Statement of the Board's Responsibilities in Respect of the Financial Statements

CHA's Board members are responsible for preparing the Board report and the financial statements in accordance with applicable law and regulations.

Company law and social housing legislation require the Board members to prepare financial statements for each financial year which give a true and fair view of the state of affairs of CHA and of the income and expenditure for the period of account.

In preparing these financial statements the Board is required to:

- Select suitable accounting policies and then apply them consistently
- Make judgements and estimates that are reasonable and prudent
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the organisation 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 organisation and enable it to ensure that the financial statements comply with the Companies Act 2006, the Housing and Regeneration Act 2008, the Housing SORP (Statement of Recommended Practice) 2018 and the Accounting Direction for Private Registered Providers of Social Housing 2022. It has general responsibility for taking reasonable steps to safeguard the assets of the organisation and to prevent and detect fraud and other irregularities.

Auditors

CHA's Board appointed Crowe UK LLP as independent auditors following a competitive tender process. The financial year 2023-24 will be the fourth year in which an external audit has been undertaken on the financial statements.

Information for Auditors

The Board members who held office at the date of approval of this Board report confirm that, so far as they are each aware, there is no relevant audit information of which CHA's auditors are unaware; and each Board member has taken all the steps that they ought to have taken as a Board member to

Concept Housing Association CIC

Report and Financial Statements for the 7 month Period Ended 31 March 2024

make themselves aware of any relevant audit information and to establish that CHA's auditors are aware of that information.

By Order of the Board:

Signed:

Date: 30th September 2024

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke, enclosed within a faint oval outline.

**Adrian Bland
Chair**

Concept Housing Association CIC

Report and Financial Statements for the 7 month Period Ended 31 March 2024

Independent Auditor's Report to the Members of Concept Housing Association CIC

Opinion

We have audited the financial statements of Concept Housing Association CIC (the "association") for the 7 month period ended 31 March 2024 which comprise Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Reserves, Statement of Cashflows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the association's affairs as at 31 March 2024 and of its income and expenditure for the 7 month period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006 the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing.

Basis for opinion

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

Emphasis of matter – adverse regulatory judgement

We draw your attention to note 2.14 in the accounts which explains that the Regulator of Social Housing issued an adverse regulatory judgement in July 2021 concluding that Concept Housing Association was non-compliant with the governance and financial viability elements of the Governance and Financial Viability Standard. This notice is still in place.

Our opinion is not modified in respect of this matter.

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 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.

Concept Housing Association CIC

Report and Financial Statements for the 7 month Period Ended 31 March 2024

Other information

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

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Board

As explained more fully in the Board's responsibilities statement set out on pages 8 and 9, 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 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 association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Concept Housing Association CIC

Report and Financial Statements for the 7 month Period Ended 31 March 2024

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the legal and regulatory frameworks within which the Association operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements such as the Housing and Regeneration Act 2008 and other laws and regulations application to a registered social housing provider in England. Our procedures include the consideration of compliance with the Governance and Financial Viability Standard. We also considered the risks of non-compliance with the other requirements imposed by the Regulator of Social Housing, and we considered the extent to which non-compliance might have a material effect on the financial statements.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of rental income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases and substantive testing of key income streams.

Owing 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. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

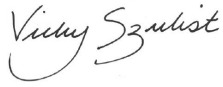
These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations. A further description of our responsibilities for the audit of the financial statements is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Concept Housing Association CIC

Report and Financial Statements for the 7 month Period Ended 31 March 2024



Vicky Szulist

Senior Statutory Auditor

For and on behalf of

Crowe U.K. LLP

Statutory Auditor

Manchester

30th September 2024

Concept Housing Association CIC

Report and Financial Statements for the 7 month Period Ended 31 March 2024

Statement of Comprehensive Income For the period ended 31st March 2024

	Notes	2024 7 Months £	Restated 2023 12 Months £
Turnover	3	39,285,016	58,328,562
Operating expenditure	3	(39,735,041)	(58,017,678)
Operating (Deficit) / Surplus	3	(450,025)	310,884
Interest receivable and other income	6	17,432	11,844
Interest payable and similar charges	7	(3,844)	(3,802)
(Deficit) / Surplus before taxation		(436,437)	318,926
Taxation	11	-	-
Total comprehensive income for the period/year		<u>(436,437)</u>	<u>318,926</u>

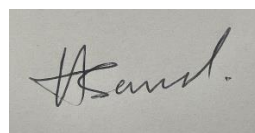
The Association's results relate wholly to continuing activities. The accompanying notes form part of these financial statements



Adrian Bland

Chair

30th September 2024



Abdus Samad

Chair Audit & Risk Committee

Company Registration No. 06682644

Concept Housing Association CIC

Report and Financial Statements for the 7 month Period Ended 31 March 2024

Statement of Financial Position

As at 31st March 2024

	Notes	March 2024 £	Restated August 2023 £
Fixed assets			
Tangible fixed assets			
Housing properties	12	350,000	350,000
Other fixed assets	12	128,581	141,448
Total fixed assets		478,581	491,448
Current assets			
Debtors	13	2,850,858	3,556,054
Cash and cash equivalents		3,570,111	3,385,654
		6,420,969	6,941,708
Less current liabilities			
Creditors - amounts falling due within one year	14	(2,247,645)	(3,945,341)
Net current assets/(liabilities)		4,173,324	2,996,367
Total assets less current liabilities		4,651,905	3,487,815
Creditors			
Amounts falling due after more than one year	15	(62,013)	(31,142)
Provision for liabilities			
Provisions	16	(1,569,659)	-
Total net assets		3,020,233	3,456,673
Capital and reserves			
Income and expenditure reserve		2,790,558	3,226,998
Revaluation reserve	17	229,675	229,675
Total reserves		3,020,233	3,456,673

Concept Housing Association CIC

Report and Financial Statements for the 7 month Period Ended 31 March 2024

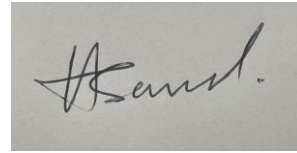
The accompanying notes form part of these financial statements.

The financial statements were authorised and approved by the Board on 30th September 2024.



Adrian Bland

Chair



Abdus Samad

Chair Audit & Risk Committee

Company Registration No. 06682644

Concept Housing Association CIC

Report and Financial Statements for the 7 month Period Ended 31 March 2024

Statement of Changes in Reserves

	Income and expenditure reserve £	Revaluation reserve £	Total £
Balance as at 31 August 2022	2,899,768	119,675	3,019,443
Prior year adjustment	8,302		8,302
Surplus for the year	1,424,051	-	1,424,051
Transfer to revaluation reserve from income and expenditure reserve	-	110,000	110,000
Balance as at 31 August 2023	4,332,121	229,675	4,561,796
Prior year adjustment	(1,105,126)	-	(1,105,126)
Balance as at 31 August 2023 (Restated)	3,226,995	229,675	3,456,670
Deficit for the year	(436,437)	-	(436,437)
Transfer from revaluation reserve to income and expenditure reserve	-	-	-
Balance as at 31 March 2024	2,790,558	229,675	3,020,233

The accompanying notes form part of these financial statements.

Concept Housing Association CIC

Report and Financial Statements for the 7 month Period Ended 31 March 2024

Statement of Cash Flows

	2024	Restated
	7 Months	12 Months
	£	£
Net cash flow from operating activities (see below)	174,647	995,313
Cash flow from investing activities		
Purchase of tangible fixed assets	(7,621)	(84,397)
Proceeds from disposal of tangible assets	-	-
Interest received	17,432	7,141
	9,811	(77,256)
Cash flow from financing activities		
Net change in cash and cash equivalents	184,458	918,057
Cash and cash equivalents at the beginning of the year	3,385,653	2,467,597
Cash and cash equivalents at the end of the year	3,570,111	3,385,653
Net cash flow from operating activities		
Surplus for the year	(436,437)	318,926
Adjustments for non-cash items:		
Depreciation of tangible fixed assets	20,488	24,969
Decrease/(increase) in trade and other debtors	582,624	(1,086,019)
Increase/(decrease) in trade and other creditors	(1,544,255)	1,772,049
Increase/(decrease) in provision for liabilities	1,569,659	(27,472)
Adjustments for investing or financing activities:		
Interest received	(17,432)	(7,140)
Net cash flow from operating activities	174,647	995,313

The accompanying notes form part of these financial statements.

Concept Housing Association CIC

Report and Financial Statements for the 7 month Period Ended 31 March 2024

Notes to the financial statements

1 Legal Status

Concept Housing Association (a Community Interest Company) is a private company limited by guarantee without share capital incorporated in England and Wales. The registered office is Trigate Business Centre, Hagley Road West, Oldbury, Birmingham B68 0NP. It is a Registered Provider of social housing.

2 Accounting policies

2.1 Accounting convention

The financial statements of the association are prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including Financial Reporting Standard 102 (FRS 102) and the Housing SORP 2018: Statement of Recommended Practice for Registered Social Housing Providers and comply with the Accounting Direction for Private Registered Providers of Social Housing 2019.

Concept is a public benefit entity in accordance with FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £1 unless otherwise stated.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

2.2 Turnover and revenue recognition

Turnover represents rental income receivable and other income. All incoming resources are included in the SOCI (Statement of Comprehensive Income) when the Association is legally entitled to the income and the amount can be quantified with reasonable accuracy.

2.3 Resources expended

Liabilities are recognised once there is a legal and constructive obligation that commits the Association to the obligation. Expenditure is recognised as goods and services are supplied. All resources are classified under activity headings that aggregate all costs related to the category.

2.4 Irrecoverable VAT (Value Added Tax)

Irrecoverable VAT is charged against the category of resources expended for which it was incurred.

2.5 Taxation

Concept Housing Association is a community interest company (CIC) limited by guarantee. It is a 'not for profit' company, this means that it does not operate for private profit.

Any profit generated is used to grow and develop its business which is benefiting an identified community, or goes directly to benefit that community.

A CIC is liable to corporation tax as a company. This applies to all its trading profits, investment income and any gains.

Concept Housing Association CIC

Report and Financial Statements for the 7 month Period Ended 31 March 2024

It is an asset locked body that must ensure any profits/assets are used for the benefit of the community.

Unlike a charity, a CIC is not entitled to any specific corporation tax exemption.

2.6 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

2.7 Retirement benefits

Concept operates the NEST defined contribution pension scheme. Contributions to the Association's defined contribution retirement benefit scheme are charged as an expense as they fall due.

2.8 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Housing properties

Freehold land and structure	Nil
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Other tangible fixed assets

Office fixtures and fittings	33% Reducing balance
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Computers	33% Reducing balance
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Office equipment	33% Reducing balance
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The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset and is credited or charged to surplus or deficit.

The policy is subject to further review for the year 2024-25 in respect of both property structure and components. Given the number of Concept's owned properties (4 units), any depreciation charge would not be deemed to be material in nature.

2.9 Impairment of fixed assets

At each reporting period end date, the Association reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Association estimates the recoverable amount of the cash-generating unit to which the

Concept Housing Association CIC

Report and Financial Statements for the 7 month Period Ended 31 March 2024

asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in surplus or deficit, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in surplus or deficit, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2.10 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Any bank overdrafts are shown within borrowings in current liabilities.

2.11 Provisions for liabilities

Provisions are recognized when the association has a present obligation (legal or constructive) as a result of a past event, it is probable that the association will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract, which is determined based on the incremental costs of fulfilling the obligations under the contract and an allocation of other costs directly related to fulfilling the contract.

2.12 Revaluation reserve

The difference on transition between the fair value of social housing properties and the historical cost carrying value is credited to the revaluation reserve. The difference between historical cost depreciation and depreciation charged on the fair value balance is transferred from the revaluation reserve to the income and expenditure reserve.

2.13 Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements,

Concept Housing Association CIC

Report and Financial Statements for the 7 month Period Ended 31 March 2024

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

Revaluation of social housing properties

The fair value of social housing properties is estimated by RICS qualified assessors using the 'comparable method'. This estimates the value of equivalent property on the open market based on a combination of the sales prices of similar properties in or near the same location, and the indexation of purchase values by the appropriate house indices as published by Land Registry.

Bad debt provision

A review of trade debtors is carried out on a periodic basis. A provision for the impairment of trade debtors is established when there is objective evidence that the Association will not be able to collect all amounts due. Whilst every attempt is made to ensure that the bad debt provisions are as accurate as possible, there remains a risk that the provisions do not match the level of debts which ultimately prove to be collectable.

2.14 Regulatory Judgement

The Regulator of Social Housing published an adverse regulatory judgement for CHA in July 2021. Further detail has been provided in the governance section on page 11 of the report.

Concept Housing Association CIC

Report and Financial Statements for the 7 month Period Ended 31 March 2024

3 Housing turnover and costs

	2024	2023
	7 Months	12 Months
	£	£
3a. Social housing turnover and costs		
Rent receivable excluding service charges	385,236	748,810
Service charges receivable	-	-
Other revenue	-	-
	385,236	748,810
Social housing expenditure	(391,789)	(769,040)
	(6,553)	(20,230)
Rent losses from voids	2,192	3,366
	2024	Restated
	7 Months	2023
	£	£
3b. Non-social housing turnover and costs		
Rent receivable for exempt supported housing	38,724,780	57,258,202
Other revenue	175,000	321,550
	38,899,780	57,579,752
Non-social housing expenditure	(39,343,252)	(57,248,638)
	(443,472)	331,114
Total income from lettings	39,285,016	58,328,562
Total housing expenditure	(39,735,041)	(58,017,678)
Surplus/(deficit) from housing activity	(450,025)	310,884

The nature of the agreements with providers in respect of CHA's leased intermediate rent units is that void losses remain a provider risk for the majority of contracts, with 21% remaining a risk for Concept. Void losses in the period were £XXX

Concept Housing Association CIC

Report and Financial Statements for the 7 month Period Ended 31 March 2024

4 Accommodation owned/managed

At the end of the year the accommodation in management for each class of accommodation was:

	2024 31 March 2024			2023 31 August 2023		
	Owned No.	Managed No.	Total No.	Owned No.	Managed No.	Total No.
Social housing						
General needs	4	-	4	4	-	4
Intermediate rent	-	66	66	-	82	82
Total social housing	4	66	70	4	82	86
Non-social housing						
Supported/temporary housing	-	6,425	6,116	-	6,115	6,115
Total non-social housing	-	6,425	6,116	-	6,115	6,115
Total accommodation owned and/or managed	4	6,491	6,495	4	6,197	6,201

The association defines managed accommodation as stock it holds on short-term leases of between two and five years; the exception being several properties in Bradford where CHA has entered into 10-year leases in furtherance of its strategy to move towards a more balanced portfolio of owned, short-term leased and long-term leased properties.

5 Surplus for the year

The operating surplus is arrived at after charging/(crediting):

	2024 7 Months £	2023 12 Months £
Is stated after charging:		
External Auditors remuneration		
In their capacity as auditors	24,800	25,136
In respect of other services	8,640	9,920
Operating lease payments		
Units managed	535,321	382,353
Other operating leases	83,907	74,490
Depreciation of fixed assets (Note 12)	20,488	24,969

The operating lease payments for units managed relate to a 10-year lease entered into with Bloom Social Housing for the provision of accommodation in Bradford in March 2021.

Concept Housing Association CIC

Report and Financial Statements for the 7 month Period Ended 31 March 2024

6 Interest receivable and other income

	2024	2023
	7 Months	12 Months
	£	£
Interest receivable on bank deposits	17,432	7,140
Other income	-	4,703
	<u>17,432</u>	<u>11,843</u>

7 Interest payable and similar charges

	2024	2023
	7 Months	12 months
	£	£
Bank charges	3,844	3,802
	<u>3,844</u>	<u>3,802</u>

8 Employees

	2024	2023
	7 Months	12 Months
	£	£
Wages and salaries	1,156,141	1,910,041
Social security costs	110,777	191,537
Other pension costs	26,437	37,063
	<u>1,293,355</u>	<u>2,138,641</u>

The average monthly full-time equivalents (including the CEO) employed during the year was:

	2024	2023
	No	No
	65	61

The full-time equivalent number of staff who received remuneration (including employer pension contributions) greater than £60,000 (including the executive team):

	2024	2023
	No	No
£60,000 - £70,000	1	1
£70,000 - £80,000	-	-
£80,000 - £90,000	-	1
£90,000 - £100,000	-	-
£100,000 - £110,000	-	1
£110,000 - £120,000	-	1

Concept Housing Association CIC

Report and Financial Statements for the 7 month Period Ended 31 March 2024

9 Key management personnel

Key management personnel are defined as the Executive Team, comprising CEO, Director of Finance, Director of Customer Services, Director of Health & Safety and Compliance, and Company Secretary. The aggregate remuneration charged in the year is:

	2024	2023
	7 Months	12 Months
	£	£
Basic salary	255,991	393,134
Benefits in kind	7,114	19,354
Employers NIC	24,340	50,216
Pension contributions	3,559	5,724
	<u>291,004</u>	<u>468,428</u>

The highest paid director is the Chief Executive who received remuneration of £70,102 in 2024 (2023: £114,975). The CEO is a member of the company pension scheme, no special or enhanced terms applied. The company made no further contributions to an individual pension arrangement.

During the year, the aggregate compensation for loss of office of key management personnel was £nil (2023: £nil).

10 Board and independent members

Members remuneration for the year was as follows:

	2024	2023
	7 Months	12 Months
	£	£
Remuneration	49,234	75,543
Expenses	1,413	1,007
	<u>50,647</u>	<u>76,550</u>

Payments to Board members is reviewed periodically and based on sector benchmarking data for comparable sized organisations.

11 Tax on surplus on ordinary activities

	2024	Restated
	7 Months	2023
	£	12 Months
	£	£
Taxable Surplus	<u>(436,437)</u>	<u>318,926</u>

Tax paid in 2023 is assumed to be recoverable following the prior year adjustment (see note 21). No tax is due for the current period due to the losses incurred.

An estimation of the tax charge has been made for 2023/24

Concept Housing Association CIC

Report and Financial Statements for the 7 month Period Ended 31 March 2024

12 Tangible fixed assets

	Social housing properties held for letting	Fixtures and fittings	Office equipment	Computer equipment	Total
	£	£	£	£	£
Cost					
As at 1 September 2023	350,000	63,535	48,480	97,415	559,430
Additions	-	-	2,193	5,428	7,621
Disposals	-	-	-	-	-
Revaluation gain/(loss)	-	-	-	-	-
As at 31 March 2024	350,000	63,535	50,673	102,843	567,051
Depreciation					
As at 1 September 2023	-	19,807	5,908	42,267	67,982
Charged in the year	-	3,853	6,038	10,597	20,488
Eliminated on disposal	-	-	-	-	-
As at 31 March 2024	-	23,660	11,946	52,864	88,470
Net book value					
As at 31 March 2024	350,000	39,875	38,727	49,979	478,581
As at 1 September 2023	350,000	43,728	42,572	55,148	491,448

The fair value of properties has been arrived at on the basis of a valuation carried out in 2023 by an appropriately qualified and competent building consultant. Research into the property values at 31 March 2024 was carried out by the Directors and was not judged to be materially different to their carrying value.

13 Debtors

	2024	Restated 2023
	£	£
Amounts falling due within one year:		
Trade debtors	451,137	91,321
Less: provision for bad and doubtful debts	(13,328)	(13,328)
Corporation Tax		334,037
Prepayments and accrued income	2,413,049	3,144,024
	<u>2,850,858</u>	<u>3,556,054</u>

14 Creditors – within one year

Concept Housing Association CIC

Report and Financial Statements for the 7 month Period Ended 31 March 2024

	2024	Restated 2023
	£	£
Trade creditors	126,107	144,620
Corporation tax	(23,413)	198,466
Other taxation and social security	-	-
Other creditors	65,626	7,461
Accruals and deferred income	2,079,325	3,594,795
	2,247,645	3,945,342

15 Creditors – more than one year

	2024	2023
	£	£
Bradford sinking fund	62,013	31,142
	62,013	31,142

The sinking fund has been set aside to cover maintenance costs associated with leased properties in Bradford.

16 Provision for liabilities

	2024	2023
	£	£
Social rents charged	-	-
Onerous lease contracts provisions	1,569,659	-
	1,569,659	-

Social rents charged

In March 2021 Concept informed the Regulator of Social Housing that the findings of an internal audit review demonstrated that the association was non-compliant with the Rent Standard. The provision of £27k represented the Associations best estimate of the value of rent refunds due. In the judgement of management all reasonable efforts were been made to contact former tenants to ensure appropriate refunds were given. The balance of the provision remaining was, therefore, written back to the Statement of Comprehensive Income in 2023.

Onerous lease contracts provisions

It was identified that two contracts, located in Bradford and Birmingham, would result in losses, with no opportunity to mitigate the associated costs before their expiry in 2025. As a result, an onerous contracts provision of £1.57M has been recognised and adjusted for in the reporting period.

17 Revaluation reserve

Concept Housing Association CIC

Report and Financial Statements for the 7 month Period Ended 31 March 2024

	2024	2023
	£	£
As at 1 September	229,675	119,675
Movement in the year	<u>-</u>	<u>110,000</u>
As at 31 March	<u>229,675</u>	<u>229,675</u>

18 Commitments under operating leases

	2024	2023
	£	£
The total of future minimum lease payments is:		
Within one year	617,295	487,917
Between two and five years	2,337,752	1,794,610
More than five years	<u>490,711</u>	<u>573,529</u>
	<u>3,445,758</u>	<u>2,856,056</u>

The leases relate to office space, office equipment, computers and vehicles, and a number of properties in Bradford leased under a non-cancellable operating lease for a 10-year period which commenced in March 2021.

19 Related party transactions

There were no related party transactions during the year (2023: none).

20 Member's Liability

The company is limited by guarantee, not having a share capital and consequently the liability of members is limited, subject to an undertaking by each member to contribute to the net assets or liabilities of the company on winding up such amounts as may be required not exceeding £1.

21 Prior Year Adjustments

As part of the review of the period end position, it was identified that accrued income had been understated by £101,701 and accrued expenses had been understated by £1,542,429 in prior periods.

A prior year adjustment has therefore been made to the closing position of 2023, increasing cost of sales and accruals by £1,542,429, and turnover and accrued income by £101,701. This adjustment has also impacted the Corporation Tax charge, previously recorded at £334,037. Following recalculation, no tax liability is due for that period, and a tax debtor has now been recognized on the balance sheet.

Due to the unavailability of comparable data prior to the 2023 financial year, it has not been

Concept Housing Association CIC

Report and Financial Statements for the 7 month Period Ended 31 March 2024

possible to analyse or restate the closing balances for the financial year ending 31st August 2022 or the opening balance of 2023.

Statement of Comprehensive Income	Reported 2023 12 Months £	Restatement 2023 12 Months £	Total 2023 12 Months £
Turnover	£58,226,891	£101,701	£58,328,592
Operating expenditure	(£56,476,844)	(£1,540,864)	(£58,017,708)
Operating surplus	<u>£1,750,047</u>	<u>(£1,439,163)</u>	<u>£310,884</u>
Interest receivable and other income	£11,844		£11,844
Interest payable and similar charges	(£3,802)		(£3,802)
Surplus before taxation	<u>£1,758,089</u>	<u>(£1,439,163)</u>	<u>£318,926</u>
Taxation	(£334,037)	£334,037	£0
Total comprehensive income for the period/year	<u><u>£1,424,052</u></u>	<u><u>(£1,105,126)</u></u>	<u><u>£318,926</u></u>

Concept Housing Association CIC

Report and Financial Statements for the 7 month Period Ended 31 March 2024

Statement of Financial Position	Reported August 2023 £	Restatement	Total
Fixed assets			
Tangible fixed assets			
Housing properties	£350,000		£350,000
Other fixed assets	£141,448		£141,448
Total fixed assets	<u>£491,448</u>	<u>£0</u>	<u>£491,448</u>
Current assets			
Debtors	£3,120,346	£435,708	£3,556,054
Cash and cash equivalents	£3,385,654		£3,385,654
	<u>£6,506,000</u>	<u>£435,708</u>	<u>£6,941,708</u>
Less current liabilities			
Creditors - amounts falling due within one year	(£2,404,508)	(£1,540,833)	(£3,945,341)
Net current assets/(liabilities)	<u>£4,101,492</u>	<u>(£1,105,125)</u>	<u>£2,996,367</u>
Total assets less current liabilities	<u>£4,592,940</u>	<u>(£1,105,125)</u>	<u>£3,487,815</u>
Creditors			
Amounts falling due after more than one year	(£31,142)		(£31,142)
Provision for liabilities			
Liabilities arising from a review of social rents	£0		£0
Total net assets	<u>£4,561,798</u>	<u>(£1,105,125)</u>	<u>£3,456,673</u>
Capital and reserves			
Income and expenditure reserve	£4,332,122	(£1,105,124)	£3,226,998
Revaluation reserve	£229,675		£229,675
Total reserves	<u>£4,561,797</u>	<u>(£1,105,124)</u>	<u>£3,456,673</u>