

PINE COURT HOUSING ASSOCIATION

Registered Social Housing Provider

Report and Financial Statements

Year ended 31 March 2024

Community Benefit Society
(FCA) number: 25192R

Regulator of Social Housing registration number: L3692

Pine Court Housing Association

Report and Financial Statements for the year ended 31 March 2024

Contents

Page(s):

3	Executives and Advisors
4	Chair's Statement
5 - 8	Report of the Board
9 - 24	Strategic Report
25 - 27	Independent Auditor's Report
28	Statement of Comprehensive Income
29	Statement of Financial Position
30	Statement of Changes in Equity
31 - 50	Notes Forming Part of the Financial Statements

Pine Court Housing Association

Executives and Advisors for the year ended 31 March 2024

Board of management

Stephen Gow	Non-executive (Chair)	
Michael Parkin	Non-executive	
Moirá Woo	Non-executive	(Resigned 25th September 2023)
Gillian Ditchburn	Non-executive	
James Currie	Non-executive	
Julia Emelogu	Non-executive	
Roy Williams	Executive	

Executive management

Ian Mitchell	Managing Director - Housing
David Brown	Operations Director - PCHA

Company secretary and registered office

Jennifer Cureton
Pine Court Housing Association
The Sovini Group
Unit 1
Heysham Road
Bootle
Liverpool
L30 6UR

Company numbers

Co-operative and Community Benefit Society (FCA) number	25192R
Regulator of Social Housing registered number	L3692

Auditors

BDO LLP
Eden Building
Irwell Street
Salford
Manchester
M3 5EN

Principal solicitors

Weightmans
100 Old Hall Street
Liverpool
L3 9QJ

Bankers

Royal Bank Of Scotland
Merseyside Cheshire & North Wales, Corporate Banking
1st Floor
2-8 Church Street
Liverpool
L1 3BG

Pine Court Housing Association

Chair's Statement for the year ended 31 March 2024

I am pleased to confirm that this year we achieved a surplus of £428k. These resources will be reinvested in the coming years to help us achieve our vision of "a better future".

2023/24 has continued to present a challenging operating environment for the Association, particularly so due to the continuing impacts of the cost-of-living crisis which, has directly affected our customers as well as supply chain disruption. I am therefore extremely pleased to be able to report a strong set of financial results based on sustained performance. This has included the delivery of the majority of our responsive repair, major improvement and fire safety priorities in collaboration with our principal contractor, Sovini Commercial Limited. During the year we have proactively contacted all our customers, requesting that they engage with us regarding any concerns they may have with damp, mould and condensation as part of our "find it / fix it" policy and have committed £0.3m to deliver our Net Zero Carbon priorities up to 2030. We also took ownership of 23 new affordable homes from Liverpool City Council as part of wider partnership development scheme and have funding in place to continue to progress our pipeline development programme.

These outcomes have enabled us to do more in all parts of our business, but in particular to increase the availability of affordable and low-cost home ownership housing for the BAME community in Merseyside. We are in discussions with Savills our Independent Treasury Advisors to evaluate our future funding options and the opportunities that are available to us, to extend our development aspirations and pipeline.

We continue to do all that we can to support our customers and their wellbeing, ensuring that we keep them safe. Equally we remain committed to the development of our employees, not just because it is the right thing to do, but because it is fundamental to our long-term success. We want to attract and retain the best people. We have an established an Equality, Diversity and Inclusion Steering Group and Forum and were recently recognised at the Northern Housing Awards 2023 for 'best approach to diversity and inclusion' and are a disability confident employer. We have also signed up to Navajo LGBTQI+ and Charter Mark, as well as being an accredited mindful employer, which recognises our commitment to better mental health at work.

In spite of the ongoing challenging operating environment, there have been many achievements to be proud of during 2023/24. I have no doubt, that this was driven by our strong sense of purpose and our ability to harness the benefits of the unique Sovini group structure. Our customer satisfaction with services score was 93.30% (compared to our 95% target), we collected over 100% of our rent and kept our occupancy rates high.

As we look ahead to the future, we continue to work with our customers and the Regulator of Social Housing (RSH), to improve and bespoke our services, respond to housing need and retaining strong financial resilience and headroom. We continue to be an ambitious housing provider who aspires to maximise our income, so that we may continue to deliver a sustainable development programme, whilst balancing our obligations to the ongoing investment in our existing homes. This includes doing all that we can to achieve the UK's net zero (2030 and 2050) targets. We recognise the contribution that we can make through the delivery of our housing services, to improve the quality of life of those customers living in our homes. Whether this be support and assistance with dealing with the impact of the cost of living, improving the energy efficiency of our homes and / or creating safe and secure communities for them to live and thrive. We also recognise the strategic role that we play as part of the wider Liverpool City Region Combined Authority, investing in our communities and making a meaningful difference to improve transport, employment opportunities, culture, our digital offer and housing across the Region. We have proactively responded to the Government's Housing White Paper and through compliance with the new Consumer Standards, remain committed to treating our customers with dignity and respect, whilst tackling and removing the stigma associated currently with aspects of social housing.

I believe we are in a strong position to continue to invest in our communities and support the provision of quality homes and services in the future.



Steve Gow (chair of the board)
30 August 2024

Pine Court Housing Association

Report of the Board for the year ended 31 March 2024

The board is pleased to present its report and audited financial statements for the year ended 31 March 2024.

Who are we?

Pine Court Housing Association is a community benefits society with charitable status and a registered provider administered by a board and regulated by the Regulator of Social Housing (RSH).

The association became a partner of the Sovini group (a non-registered, non asset holding community benefits society) on 1 December 2011.

Principal Activities

PCHA is administered by a board of directors. The association was established in 1986 to provide homes and housing services to customers mainly from the Chinese, South East Asian and wider BAME community in Merseyside. The association continues to fulfil this need and provides bilingual and other specialist housing services to these ethnic groups.

The association has a minority shareholding in the Sovini group undertaking, Sovini Developments Limited, whose financial results are reported as part of the Sovini group's financial statements.

As a specialist housing provider, we help to redress the disadvantage and discrimination suffered by some of our ethnic minority customers. We put our customers at the heart of everything that we do and focus on delivering what we say we will.

The Board and delegation

Board comprises of seven members, six are non-executive and remunerated (one vacancy) and one executive non remunerated member. Details of board remuneration can be found in note 10 of the financial statements.

Board membership is strong and drawn from a diverse range of skills, knowledge and experience. Some board members hold Sovini Limited board responsibilities, as well as Risk and Audit Committee roles.

Board membership and responsibilities are summarised in note 10 to the financial statements.

The board is responsible for the strategic planning and policy framework. Implementation of this framework and day to day management is delegated to the director of operations who regularly attends board meetings.

During the period, all board members were appraised and their training needs were identified. An ongoing board development programme is in place and specific training was provided to address any personal development needs.

Results

The surplus for the period, prior to taxation, amounted to £428k (2023: £583k).

Compliance with the 2020 NHF Code of Governance and RSH Regulatory Standards

A self-assessment of compliance in meeting the specific requirements of RSH regulatory framework and standards, including activity undertaken during 2023/24, has been undertaken and approved by board in July 2024.

Therefore, the board certify compliance with the Governance and Financial Viability Standard.

As part of the certification process the board has considered and approved its Value for Money (VFM) statement, which evidences the association's outcomes and best practice. The VFM statement is reported on pages 13 to 19 of the Strategic Report and a copy of the approved VFM statement can be obtained at: <https://www.pinecourt-housing.org.uk/about-us/our-performance/>.

The board formally adopted the 2020 NHF Code of Governance in April 2022. An annual self-assessment of compliance has been undertaken for 2023/24 and approved by board in July 2024. As a result, the board can confirm full compliance with the requirements of the 2020 NHF Code of Governance.

Pine Court Housing Association
Report of the Board
for the year ended 31 March 2024 (continued)

Board members' responsibilities

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

Co-operative and Community Benefit Society law and social housing legislation require the board members to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice: Accounting by registered social housing providers 2018 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 association will continue in business.

The board members are responsible for keeping adequate accounting records that are sufficient to show and explain the association's transactions and disclose with reasonable accuracy at any time the financial position of the association and enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022. They are 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 ensuring that the report of the board is prepared in accordance with the Statement of Recommended Practice: Accounting by registered social housing providers 2018.

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

Pine Court Housing Association
Report of the Board
for the year ended 31 March 2024 (continued)

Statement on internal control

The board acknowledges its responsibility for ensuring that an effective system of internal control is in place. The system of internal control is designed to manage corporate risks and provide reasonable assurance that planned business objectives are achieved.

It is the board's responsibility to establish and maintain systems of internal control. Such systems can only provide reasonable and not absolute assurance against material financial misstatement or loss. The board's approach to risk management includes regular evaluation of the nature and extent of the risks to which the association is exposed and is consistent with best practice principles. Key elements include:

Identification and evaluation of key risks

Management responsibility has been clearly defined for the identification, evaluation and control of significant risks. There is a formal and ongoing process of management review in each area of the association's activities. The board regularly considers and receives reports on the corporate risks facing the association.

Control environment

The board retains responsibility for a defined range of issues covering strategic, operational, financial and compliance including treasury strategy and new investments. Policies and procedures are in place and cover these issues, including delegated authority, segregation of duties, accounting policies, treasury management policy, health and safety policy, data and asset protection, fraud protection and detection, including whistleblowing. The Sovini risk and audit committee oversees the review of the control environment and the fraud register.

The controls environment is regularly reviewed by our internal auditor, Beever and Struthers, who report to the Sovini Risk and Audit Committee. An annual review of the internal controls environment is reported to the board and the Sovini group board to provide assurance of its ongoing effectiveness.

Information and financial reporting systems

Financial and performance reporting procedures include the preparation and stress testing of a 30-year business plan and an annual budget. Detailed management accounts are produced monthly and reported quarterly to the board, alongside a number of key performance indicators (balanced scorecard). Financial and organisational performance are reviewed by the executive management team monthly and improvement actions are implemented as necessary.

Liquidity and covenant compliance is monitored and reported monthly to the management team and quarterly to the board. This includes compliance with the information undertaking requirements of relevant loan agreements.

Employee involvement

The association employs seven staff (note 8) who are committed and motivated in the achievement of our objectives. The board is appreciative of the efforts of staff, particularly in improving the outcomes achieved by the association for customers and its wider reputation amongst the housing sector for innovation and improvement. The association is committed to a policy of recruitment and promotion on the basis of aptitude and ability without discrimination of any kind. Particular attention is given to the training and promotion of disabled employees to ensure that their career development is not unfairly restricted by their disability or perceptions of it.

The association maintains a human resources intranet site that provides employees with information on matters of concern to them as employees, including the financial and economic factors affecting performance. This includes opportunities for employees to express their views on matters that affect them. The association also undertakes an annual staff survey to canvas views on significant matters.

Customer voice and involvement

Engaging, listening and working with customers remains central to our mission of being "creating opportunities and changing lives". It is a fundamental element in achieving excellence and providing a valued customer experience. To do this we need to understand more about our current and future customers' expectations of the services we deliver and utilise our customer intelligence to improve our services and allocate our resources. We recognise the important role that our customers play in scrutinising our services and helping us to improve them. This is achieved through the active shaping and challenging of our policies and assisting us to re-design our services to improve their customer journey and experience and to prioritise our scarce resources.

Pine Court Housing Association
Report of the Board
for the year ended 31 March 2024 (continued)

Political and charitable donations

During the year, we made no political donations (2023: £nil) and funded £10k (2023: £11k) of community activities and events.

Likely future developments in the business of the association

Information on likely future developments in the association has been included in the Strategic Report on pages 9 to 24.

Qualifying third party indemnity provisions

The association has third party indemnity provisions in place for the board and directors.

Going concern

The board reviewed the association's financial plans in February 2024 and were satisfied that these plans were affordable and that the accounts should be prepared on a going concern basis. They also approved, stress tested and updated the business plan in June 2024, to understand the level of covenant headroom and the adverse impact of single, multi variance and the perfect storm scenarios under a stretching set of challenging circumstances.

The executive management team and board have reviewed the financial forecasts to reflect any ongoing risks and financial impacts as relevant and proportionate to our business. This included an assessment of the year-end financial outturn position, underlying rent collection and letting performance (which exceeded forecasts), any immediate impact on the delivery of the improvement and development programmes and the potential impact of future economic recovery forecasts.

This was to ensure that the association can continue its business-critical activities, remain compliant with regulatory and funder requirements (including Covenant tests) and remain a going concern. As a consequence of this our surplus in 2023/24 was £428k, we sustained our rent collection performance at over 100%, re-let our homes within an average 1.2 days (against a stretching target of 5 days), and our interest cover and our gearing covenants have been comfortably met, further evidencing our financial strength and resilience.

As a key provider of affordable housing, we aim to deliver, via the Sovini group, an increasing proportion of our development programme. During the year we completed the handover and first time let of 23 rent to buy homes which are located in our heartlands, Tunstall Street Liverpool. We also have pipeline funding in place to build a further 14 new homes, which includes the further completion of 5 rent to buy homes at our Tunstall Street site, 4 shared ownership and a further 5 unit affordable home scheme currently being sourced.

In light of recent economic volatility, we continue to monitor the horizon and deploy effective controls to minimise any impact on our operations where at all possible. This includes the deployment of daily processes to manage/monitor our cash flow and any adverse impact on our future financial viability. This includes a future funding options review in conjunction with Savills (our independent Treasury Advisor).

Given the strength of our balance sheet, forecast surplus and availability and liquidity of undrawn loan facilities, totalling £3m, the board believe that, whilst uncertainty exists, this does not pose a material uncertainty that would cast doubt on the association's ability to continue as a going concern. The board therefore, consider it appropriate for the accounts to be prepared on a going concern basis.

Auditors

All of the current board members have taken all the steps that they ought to have taken to make themselves aware of any information needed by the auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which, the auditors are unaware.

BDO LLP have expressed their willingness to continue. A resolution for the re-appointment of BDO LLP as auditors of the association will be proposed at the forthcoming Annual General Meeting.

Approval

The Report of the Board was approved on and signed on its behalf by:



Steven Gow (chair of the board)
30 August 2024



Michael Parkin (chair of RAC)
30 August 2024



Jennifer Cureton (company secretary)
30 August 2024

Pine Court Housing Association

Strategic Report for the year ended 31 March 2024

The board is pleased to present its Strategic Report and audited financial statements for the year ended 31 March 2024.

Business overview

Pine Court Housing Association is a leading provider of specialist BAME housing in Liverpool, managing 543 homes throughout Merseyside.

As a charitable community benefits society, we reinvest our surpluses to improve our services and extend the provision of affordable and low cost home ownership housing for our customers.

We provide an extensive range of accessible (bi-lingual) housing and community-based services to our customers which, have helped to redress the disadvantages suffered by racial minority communities. Our presence in Merseyside has assisted to integrate and reduce the incidence of discrimination and exclusion previously experienced by our Chinese speaking customers.

We are proud to support and forge proactive relationships with a number of Merseyside-based community and third sector organisations. In particular, the work of Chinese Wellbeing, Pagoda Arts, the Wirral Multi-Cultural Centre (WMC) and the Florrie.

We currently operate solely within the Merseyside area (Liverpool and Wirral). We accept and acknowledge our corporate social responsibilities and are committed to making a positive contribution to a number of local and regional strategies aimed specifically at the environment, social and economic regeneration and sustainability via the Liverpool City Region Combined Authority.

We recognise our obligations to maximise the use of our resources and to evidence compliance with the Value For Money (VFM) Standard. A copy of our VFM self assessment is available at: <http://www.pinecourt-housing.org.uk/about-us/our-performance/>. Further details of our VFM compliance can be found on pages 13 to 21 of this Strategic Report.

We also recognise our obligations to assist our partners to meet their objectives, which we believe will result in safer, more inclusive and healthier communities for our customers and wider residents.

Objective and strategy

The continuing acute shortage of affordable and low cost home ownership housing remains evident, as such, the requirement for the association to generate financial and operational capacity has never been greater. We have responded strongly to these challenges by outperforming our budget and business plan targets and, generating additional surpluses which, we have utilised to build new homes, increasing our stock by 19.6% since we joined the Sovini group, with a 5.1% growth in this year alone. We remain an ambitious organisation who aspire to have a sustainable development programme with a healthy pipeline of schemes. To support this vision we have embarked on a funding options review in conjunction with Savills our Independent Treasury Advisors, to understand our future headroom and funding options. Early indications from this work, is that we have the potential to secure a further £10m of funding. With grant assistance from Homes England, we aim to harness this funding and increase our offer to our customers to include a range of products.

Our strategic plan for 2024 to 2029 sets out how our vision "a better future" and mission "creating opportunities, changing lives" will be achieved through pursuance of the following key aims:

- Deliver specialist housing services;
- Deliver strong performance and financial viability;
- Continued development and growth; and
- Seek new and improved partnership opportunities.

Delivery of our strategic plan will achieve the following key priorities that have been informed by the results of our survey of tenants and residents.

- Understanding our local demand issues.
- Continuing to improve the homes we manage, by making intelligent investment decisions and deploying active asset management techniques. Provide the right resources and infrastructure to deliver business success.
- Retaining all quality management standards, maximising our income and delivering strong financial performance. This includes the promotion of our Customer Empowerment Panel.
- Make an active contribution to local cultural events including seeking new and improved partnership opportunities by taking an active part in community activities, and providing a gateway to wider community services through our other strategic partnerships.
- Continuing to recruit and retain skilled staff, to ensure that we continue to meet our customer needs.

Pine Court Housing Association
Strategic Report
for the year ended 31 March 2024 (continued)

Strong and accountable governance and scrutiny arrangements

We have reviewed our corporate governance framework and maintained our diverse board membership, at its current composition of seven, including one vacant post, independent board members. We have also retained the TPAS landlord accreditation and embedded our scrutiny processes via our dedicated tenants panel to help us to improve and streamline service delivery.

We continue to face a period of unprecedented change and further uncertainty in the housing sector as a consequence of the ongoing impacts of the cost of living crisis, supply chain risks, and other non controllable macro economic factors which, bring future challenges to our operating environment. Our strategic plan considers and reflects this backdrop.

Review of the year

In light of the cost of living crisis, 2023/24 has been a challenging year for the association and our customers. However, in spite of this we were able to generate a surplus of £428k (2023: £583k) and collected over 100% of our rental income. Turnover for the year was made up of rent and service charge income and amortised grant of £3,561k (2023: £3,180k). Operating costs for the year were £2,751k (2023: £2,325k) with management costs decreasing to £471k (2023: £485k) as a result of active financial management, critical re-procurement of utilities contracts and despite rising inflation.

Our operating costs reflect that during the period we invested £1,205k (2023: £783k) improving our existing homes and completing our fire safety and damp, mould and condensation priorities and this enabled 100% (2023: 100%) of our homes to meet our property standard. We have also retained access to a £3.0m undrawn loan facility with NatWest which, we plan to use to fund our committed and pipeline development programme of 14 homes. This will increase our homes to 557.

Our housing assets at 31 March 2024 had a net book value of £29.9m (2023: £27.1m) reflecting our 23 newly aquired affordable homes, and our continued drive to maintain and improve the standard of all of our housing stock.

Throughout the year we incurred £382k (2023: £272k) in net financing costs servicing our £4.6m drawn loans (2023: £1.9m), £3.5m intergroup loan (2023: £3.5m) and £3.0m undrawn loans (2023: £6.0m).

During the year we continued to support and service our customer needs and our bilingual speaking staff also continued to provide translation and interpretation services as required.

Our key achievements

- During 2024, we continued to deliver outcomes against our Community Development Strategy, allocating £10k (2023: £11k) to support local groups, cultural projects and youth engagement activities.
- We continued to promote our brand and increased our presence at BAME representation forums throughout the Liverpool City Region.
- We continued our fire safety programme, replacing fire doors and accelerating fire compartmentation works at our supported housing scheme Chung Hok House.
- Many of our KPIs are achieved top quartile performance (performance indicator table as shown on page 19).
- Achieved a zero staff absence level for the year, and
- Progressed our Funding Options Review, which is aimed at assessing our future headroom and funding options, to further our Development aspirations and increase the availability of affordable and low cost home ownership housing for our BAME customers.

Pine Court Housing Association
Strategic Report
for the year ended 31 March 2024 (continued)

How we performed

Financial performance in the year	2024	2023
Turnover	3,561	3,180
Operating costs (including surplus on disposal of fixed assets)	(2,751)	(2,325)
Operating surplus	810	855
Net financing costs	(382)	(272)
Surplus for financial year (before tax)	428	583

Statement of financial position	2024	2023
Property, Plant and Equipment	29,902	27,087
Other fixed assets	44	47
	29,946	27,134
Net current assets	839	780
Creditors greater than one year	(17,808)	(15,323)
Pensions liability	(232)	(227)
Reserves	12,745	12,364

Margins and performance	2024	2023
Operating costs as a % of turnover	77.25%	73.11%
Gross margin	22.75%	26.89%
Net margin (excluding gift aid)	12.02%	18.33%

Units in management	2024	2023
General needs housing	482	482
Supported housing	38	38
Intermediate	23	-
Total	543	520

Key performance	2024 Target	2024 Actual	2023 Actual
Rent collected as a percentage of rent available (excluding arrears b/fwd.)	100.20%	100.67%	100.06%
Rent arrears of current tenants as a proportion of the rent roll	0.50%	0.40%	0.05%
% rent lost due to empty homes	0.08%	0.02%	0.01%
Void re-let average days	5 days	1.2 days	0.5 days
% homes let to ethnic minority customers	50%	82%	77%
Average days to complete a repair	6.6 days	8.03 days	8.72 days
% of our homes with a valid gas safety certificate	100%	100%	100%
Sickness Levels	2.00%	0.00%	0.00%
Customer satisfaction with our services	95.00%	99.30%	99.53%
% dwellings that meet the decent homes standard	100%	100%	100%

Pine Court Housing Association
Strategic Report
for the year ended 31 March 2024 (continued)

Value for money

Introduction from the Chair of the Board and Chief Executive

At Pine Court Housing Association (PCHA), Value for Money (VFM) sits very much at the heart of our activities, to ensure we continue to deliver quality and efficient services to the communities we serve. We are a leading BAME registered provider and create value for our customers, primarily to the Chinese and South-East Asian communities across Merseyside.

Since joining the Sovini group we have developed and deployed a robust and challenging approach to the pursuit of value for money, with £6.93m in total of efficiency savings realised at 31st March 2024 (£130k during 2023/24). This is in addition to the broader society outcomes achieved through our financial inclusion, employment and community development activities.

Given the current economic climate and higher than expected rates of inflation, the government made the decision to limit annual rent increases in the social housing sector up to a maximum of 7% (exclusive of supported housing / independent living) for the rent period 2023-24. This required us to drive efficiency measures and identify areas where we can delay or make savings to planned expenditure, until more favourable economic conditions return. Decisions and trade-offs will be made over the course of the associations five-year Strategic Plan (2024-29) to drive efficiency measures and identify areas where we can make savings to planned expenditure. This will be managed through sound financial practices and comprehensive approach to risk management, to achieve this with little or no disruption to front line services and ensuring we continue to meet customer expectations / priorities.

Despite the pressures and challenges that we face as a housing provider, there are some areas that we will absolutely refuse to compromise on including our approach to all aspects of buildings safety / compliance, retrofitting our homes to improve energy efficiency / work towards net zero carbon emissions and continuing to provide new housing opportunities through our development programme, all whilst achieving VFM.

We ensure that with our strategic approach to VFM planning and reporting of VFM achievements, that PCHA is compliant, and will continue to be compliant, with the Regulator of Social Housing's (RSH) VFM Standard.

We believe that this self-assessment demonstrates not only our compliance with the RSH VFM Standard, but even more evidences our embedded culture and approach to VFM which we consider vital to remain a successful and high performing organisation.

What is Value for Money (VFM) at Pine Court Housing Association?

PCHA endorse the Sovini group VFM strategy, the VFM objectives have been reviewed and new aims have been implemented which will now be embedded going forward. In addition, each objective will have a several key performance measures that will be updated and assessed each month.



Due to our clear strategic approach to VFM planning and transparency in reporting VFM to key internal and external stakeholders, we are assured that the association is compliant with the VFM standard.

The aims of PCHA provide clear strategic direction for the organisation to achieve its goals.

Pine Court Housing Association
Strategic Report
for the year ended 31 March 2024 (continued)

Value for money (continued)

What is our Vision, Mission and Values?

Our Vision: A better future

Our Mission: Creating opportunities, changing lives

Our Values:

- **Success** – we will be the best
- **Passion** – we love what we do
- **Authenticity** – we do what we say we will do
- **Courage** – we dare to be different
- **Enterprise** – we never stand still

The Sovini group's VFM objectives are specifically linked to delivering PCHA's overall strategic aims:

- Delivering specialist housing services
- Delivering strong performance and financial viability
- Continued development and growth
- Seeking new and improved partnership opportunities

The association delivers services efficiently and effectively and this is monitored through our Performance Management Framework which, details how we review performance, costs and outcomes for our customers. We continue to regularly review our risk appetite and undertake single, multi variant and destruction stress testing on our Business Plan and its underlying assumptions. We use our Risk Management Framework (RMF) to assess and where possible mitigate any risks that occur or are expected.

Our Board

The board have a strong emphasis and understanding of VFM. Through the business planning process they establish a budget and through regular review and scrutiny throughout the year, they assess the quality of service and the performance against budget. The Board consider and make business decisions with VFM in mind, with a full understanding of how this contributes to the achievement of the strategic aims of the association.

Our vision of 'a better future' is delivered through sustainable neighbourhoods, supported by quality services which meet the needs of our customers'. The Board regularly receive business intelligence and assurance which, allows them to understand and deliver these needs, ensuring that sustainability is maximised where possible and the association can respond (as necessary) to changes in a timely and effective way.

The 2023/24 base budget set more stretching financial performance targets than the approved business plan. This is produced using zero based budgeting to ensure that our core operating costs are affordable and to determine what additional resources are available for growth and service improvement priorities as identified in our service delivery plans.

It was agreed with the Sovini group board in May 2024 that a review is required of the VFM Strategy to reflect the group's new vision and mission and recognise the switch in focus of service provision of improving customer outcomes, modernising services and being flexible and responsive to individual customer needs and aspirations. VFM is the golden thread within our association to ensure we achieve PCHA's strategic aims whilst providing VFM.

The VFM Strategy (2024-29) has been presented and approved by the Sovini board in July 2024 for review and approval; following this the VFM Strategy will then be reviewed on an annual basis and presented to the board. In addition a six monthly VFM update report is produced to update on progress to the Risk and Audit Committee. These both provide the board with assurance that we continue to achieve our VFM objectives and aims.

VFM Objective One – Maximising Social Value

PCHA measures its impact on society and the social value it has generated via the HACT social value calculator. This information is reported to board in detail and certified on an annual basis.

Pine Court Housing Association

Strategic Report
for the year ended 31 March 2024 (continued)

Value for money (continued)

VFM Objective One – Maximising Social Value (continued)

Due to the introduction of the VFM Officer role, they have been working closely with HACT to ensure the social value outcomes are captured and the most appropriate outcome targets are applied. HACT continue to develop their portal including outcome targets which has meant we have been able to report on social value that we previously couldn't and allocate more suitable outcomes. In addition, Social Value Champions have been implemented across the whole of the Sovini group, internal reporting processes have been embedded and increased emphasis on social value has resulted in an increased social value outcome for PCHA.

The HACT certification below, confirms that the association has generated in 2023/24:

- Actual Social Value Activity: **£324,319.87** (Social Return on Investment £1:£9.12)
- Indicative Social Value Activity: **£6,444,162.69** (Social Return on Investment £1:£3,304.20)
- **Total Social Value: £6,768,482.56**

A summary of the relevant activities can be found in the below table:

Actual Social Value Activity (HACT definition) 2023/24:

Programme	Total Social Value
Apprenticeships	£23,927.68
Customer Empowerment Panel	£11,868.12
Chung Hok House Residents Engagement Programme	£65,233.08
Employee Training (PCHA)	£30,349.44
PCHA Decoration Paint Packs	£65,445.12
PCHA Clear Rent Accounts	£127,496.43

Indicative Social Value Activity (HACT definition) 2023/24:

Programme	Total Social Value
Food/Hygiene Pallets – PCHA Donation	£6,200,995.50
Guidance Videos - Repairs & Maintenance	£83,273.19
Chinese New Year Event	£159,894.00

VFM Objective Two – Best Use of Our Assets and Resources

PCHA have developed a sustainability index to inform future asset management priorities and decisions. This allows us to routinely assess the long-term viability of our assets and full consideration of exceptional repairs expenditure or emerging neighbourhood management issues call the sustainability of the asset into question. An appraisal is carried out that combines both financial and non-financial information on a range of options; typically retention, demolition and disposal.

The appraisal includes:

- A 30-year Net Present Value (NPV) and discounted payback period assessment.
- Performance information (e.g. void turnover, rent arrears).
- Feedback from asset management and housing staff and other front-line officers.

This is the fundamental basis of the way we manage our assets.

We have developed a sustainability index to inform future asset management priorities and decisions. This allows us to routinely assess the long term viability of our assets and full consideration of exceptional repairs expenditure or emerging neighbourhood management issues call the sustainability of the asset into question. An appraisal is carried out that combines both financial and non-financial information on a range of options; typically retention, demolition and disposal.

The sustainability index currently contains 520 properties with an average NPV of £58k. The majority of properties (97.6%) have an NPV of above £10K, 0.38% have an NPV of between +£10K and -£10K. The remaining 1.92% (10 properties) have an NPV of between -£10K and -£40k and these have been appraised during 2023/24 to review their longer term viability. Following this review process we are happy that their financial performance will improve, and they will be monitored throughout the course of 2024/25.

Pine Court Housing Association
Strategic Report
for the year ended 31 March 2024 (continued)

Value for money (continued)

VFM Objective Two – Best Use of Our Assets and Resources (continued)

The Asset Management Strategy (2023-28) sets out our approach taken to maximise the long-term sustainability of the housing stock, focusing particularly on the financial and social returns they generate now and in the future. The sustainability index is fundamental to active asset management, in that it facilitates financial evaluation of the housing stock at an individual property level. It enables us to monitor the long-term performance of each home by establishing a 30 year NPV of the income and expenditure derived from each home.

The Sustainability Index currently shows the associations stock of properties have an average NPV of £60k. 98.8% of properties have a positive NPV, leaving 152 properties (1.2% of all homes) that have a negative NPV.

This process of information based appraisal and review is key to understanding our stock base and making sure it is sustainable over the next 30 years. The sustainability index has been fully reviewed throughout 2023/24 by officers and an independent audit has been completed by Savills. No significant deficiencies were identified, and all recommendations have been considered and where appropriate implemented. Ongoing analysis and assessment of the process will continue as standard practice with a dedicated working party that feed directly into our Asset Management Steering Group.

The association has strived to maximise its stock occupancy during 2023/24 with void loss (routine and long term) at 0.02% (£548). The reletting of properties that became void during the year was completed, on average, in 1.2 days (top quartile performance).

The association continues to maximise its income and manage its resources effectively through improved operational performance and proactive budget management and review throughout the year. Continued emphasis on maximising income through embedding arrears prevention and tenancy sustainability, remains to be a key priority. Rent collection performance was 100.67% at March 2024 and this was 0.47% higher than the year-end target. This compares to 100.60% at March 2023. The business plan prudently reflects 98.75% (1.25% bad debts). The association will continue to strive to maximise income collection and reduce arrears/bad debt. This has been demonstrated by a rent collection target of 100.34% being set by the board for 2024/25.

Our Savings

The association considers and approves an annual budget within the context of a 30 year business plan. Actual performance is tracked and monitored against the budget and business plan during the year to quantify and report the additional financial capacity generated and any adverse financial impacts.

At the end of the year, an efficiency statement is produced which quantifies the financial capacity generated based on outperformance of key targets and assumptions.

The table overleaf summarises the service areas in which the improved performance has arisen, the additional financial capacity (cash generated), and how this was achieved.

In 2023/24, the Association generated £130k of additional financial capacity by collecting more income, re-procuring major contracts to obtain better rates and minimise overhead/management cost increases in a time of economic uncertainty, lower net interest through active treasury management and hardship fund savings through active tenancy management and support.

There were no grant receipts in the current year.

Pine Court Housing Association
Strategic Report
for the year ended 31 March 2024 (continued)

Value for money (continued)

Our Savings (continued)

Performance Indicator	How achieved	Cash Releasing £'000	Non Cash £'000	Total AES £'000
Rent and service charge income	Improved rent collection and lower bad debt and void loss in year compared to business plan	31	-	31
Management Cost	Lower overhead costs and lower salary costs	91	-	91
Other activities	Lower customer financial assistance costs (linked to higher in year rent collection) and interest savings	8	-	8
Total 2023/24 AES Gains	All activities	130	-	130

This additional financial capacity has been reinvested by the association to improve services and build new homes. These additional resources will assist the association to improve the return on assets and will also be reinvented as part of our planned sustainable development programme.

The group's procurement team developed a VFM Tracker to record financial, non-financial savings (including efficiencies) and cost avoidances that are not projected and not included in the compliance statement. We are currently embedding the culture for colleagues across the group to report back any financial and non-financial savings that are not expected including successful funding opportunities, negotiation savings, environmental upskilling of staff and so on. In May 2024, the Risk and Audit Committee were advised a total of £217,460 spend was saved and a total of £199,947 costs was avoided across the group that will positively impact PCHA and other parts of the wider group as a whole.

VFM Objective Three – Customer Voice

Although our stock numbers mean we have different reporting requirements than larger providers for the standardised Tenant Satisfaction Measures (TSMs), we have as a matter of good practice, been collecting performance information against these measures from April 2023. The table overleaf shows how PCHA compares against the top performing organisations:

Pine Court Housing Association
Strategic Report
for the year ended 31 March 2024 (continued)

Value for money (continued)

VFM Objective Three – Customer Voice (continued)

Question	22/23	23/24	Target	Trend	TOP quartile
How satisfied are you with the service provided by the Pine Court?	92.30%	90.10%	85.00%	↓	85.00%
How satisfied are you with the overall repairs service from Pine Court over the last 12 months?	88.60%	91.50%	84.90%	↑	91.50%
How satisfied are you with the time taken to complete your most recent repair after you reported it?	86.10%	93.30%	80.20%	↑	87.00%
How satisfied are you that Pine Court provides a home that is maintained?	92.50%	92.40%	76.60%	↓	92.40%
Thinking about the condition of the property or building you live in how satisfied are you that Pine Court provides a home that is safe?	93.30%	91.60%	87.30%	↓	91.60%
How satisfied are you that Pine Court listens to your views and acts upon them?	83.50%	81.90%	72.30%	↓	81.90%
How satisfied are you that Pine Court keeps you informed about things which matter to you?	85.50%	87.60%	81.40%	↑	87.60%
To what extent do you agree or disagree with the following: Pine Court treats me fairly with respect?	88.60%	91.60%	85.20%	↑	91.00%
How satisfied are you with Pine Court's approach to complaint handling?	47.40%	62.50%	61.30%	↑	42.00%
How satisfied are you that Pine Court keeps communal areas clean and well maintained?	86.70%	86.50%	75.30%	↓	83.30%
How satisfied are you that Pine Court makes a positive contribution to your neighbourhood?	83.70%	87.80%	75.30%	↑	79.70%
How satisfied are you with Pine Court's approach to handling anti-social behaviour?	80.60%	82.00%	64.80%	↑	82.00%

We will also be working with our involved customers via our Customer Empowerment Panel to analyse performance across the measures and will put action plans in place, where possible, to address any areas they identify for improvement or where there are differentials in satisfaction for particular groups. This has required a concerted effort to ensure our large number of customers who do not speak English as a first language have been able to complete surveys when they have been randomly selected.

Our established team provides continuity of service to our customer base, including translation services in Mandarin, Cantonese, Shanghaiese, Hakka and regional dialect Chichau but we will continue to keep our staffing levels under review as our stock numbers grow and our housing offer diversifies.

In line with the ethos of the revised Consumer Standards and as part of our succession planning, we will review our Board membership and ensure we have a conduit of influence, accountability and transparency between the Board and our Customer Empowerment Panel.

VFM Objective Four – Governance, Risk and Compliance

PCHA are not subject to the same level of regulatory scrutiny as the larger providers with over 1,000 properties in management, we believe it is important to adopt the principles outlined in the Social Housing (Regulation) Act and put our customers at the heart of everything we do.

The Board have reviewed a self-assessment of compliance with the regulatory standards, ahead of certifying compliance in the 2023/24 financial statements. Evidence compiled during 2023/24 indicates that compliance with the regulatory standards (including with the 2018 VFM standard) is being maintained by PCHA.

A Housing White Paper Steering Group and action plan is in place that has been implemented throughout 2023/24, to ensure that the requirements of the white paper, better social housing review and regulatory reforms are met. This includes actions designed to continue to meet the Government's agenda relating to strengthening the 'Customers Voice'. To support this, PCHA have a Customer Empowerment Panel who will analyse our performance across the TSMs and will implement robust action plans to address any areas of improvement or where there are differentials in satisfaction for particular groups.

Pine Court Housing Association

Strategic Report
for the year ended 31 March 2024 (continued)

Value for money (continued)

VFM Objective Four – Governance, Risk and Compliance (continued)

We have a strong and effective Board structure, our members are focussed on strategic objectives and risk management. Our Board regularly review our risk appetite and undertake single, multi variant and destruction stress testing on our Business Plan and its underlying assumptions to ensure we understand and quantify the impact our key risks on our business.

Ultimate accountability for the control and management of risk rests with the Board, who throughout 2023/24 have ensured that an appropriate, robust, and prudent business planning, risk and control framework is in place and operating effectively and will continue to do so. In addition to the Board the Risk and Audit Committee have assisted the Board in matters relating to risk and audit.

We continue to work in partnership with our internal and external auditors to gain independent assurance on effective risk management, governance and internal control processes and implement recommendations should they arise.

VFM Objective Five – Maximising Opportunities Through Procurement

The below table details the procurement activity savings achieved by the Sovini Group during 2023/24 which will have a positive impact on PCHA. These have been generated from procurement exercises, Dynamic Purchasing System (DPS) and Framework Mini Competitions. This has resulted in £398k of savings.

Parent	Project Description	Overall Savings (NET)
Sovini	VIPRE Web Security – Advanced - Addon & Guest Wi-Fi Security x 1	£5,776.79
Sovini	Leasing of MFDs	£25,981.45
Sovini	Provision of a Performance Management Software System	£108,028.10
Sovini	All Group Stationery	£3,034.26
Sovini	1 x Confidential Waste Bin Containers & Monthly Collection at Heysham Road	£78.00
Sovini	Cisco Flexpod NetApp Hardware Support	£6,792.44
Sovini	Group SharePoint Consultancy	£47,530.00
Sovini	Mobile Voice & Data	£200,855.00
Total savings		£398,076.04

VFM Objective Six – Cooperation and Collaboration Through Self-Delivery

The association continue to have a Term Partnering Agreement (TPA) with Sovini Commercial for works comprising of responsive repairs, planned maintenance, voids works, other services and new build development. Having this TPA in place allows for closer collaboration working with other entities within the Sovini Group to deliver VFM services through:

- Greater visibility (interfacing systems and real time reporting).
- More flexibility (access to a wider supply chain network).
- Greater certainty leading to improved customer service & life cycle costs.
- Better emergency and demand planning (rapid mobilisation and resumption of services post lockdown).
- Reduced theft / fraud (normally built into contract price “risk” by external contractors).
- Control of asset management specification / standardisation, which will reduce future repairs and maintenance costs.
- Continuity of supply in the unstable operating environment (highened supply chain risks (subcontractor administration, world affairs and macro economic risks)).
- Added value through collaboration leading to innovative system development (Bistrak), local labour, reduced carbon footprint, social value pledges to local communities.

The TPA arrangements were reviewed by the Board in July 2023 and extended to 2033 to ensure they continue to meet the long term requirements of the association and deliver value for money.

In addition to reporting to the Board, the performance of the TPA is monitored by Officers via the monthly Term Partnering Agreement Meetings. The association continue to benchmark performance through HouseMark, Vantage, HQN and Liverpool City Region Benchmarking group to ensure it continues to deliver VFM for the association.

Pine Court Housing Association
Strategic Report
for the year ended 31 March 2024 (continued)

Value for money (continued)

VFM Objective Six – Cooperation and Collaboration Through Self-Delivery (continued)

The TPA also evidences VFM through the following:

- Recently major works have been approved on the basis that PCHA are achieving Value for Money.
- Greater certainty leading to improved customer service and life cycle costs.
- The contractors are within the same VAT group, and
- The contractors have their own set of financial regulations to adhere to when sub-contracting works outlining VFM and transparency through the supply chain, which again procurement can access all information.

VFM Objective Seven – Excellent Performance and Customer Satisfaction

At year end, seven out of the reported eight KPI's below have met or exceeded their target. We have benchmarked five of the KPI's, and the association is performing within the top quartile for four of these indicators. This has evidenced that when compared with our peers, the association is a top performing organisation across all of the benchmarked KPI's. Those without formal benchmarking, we are confident the strong performance means we perform strongly in these areas. Due to regional population in the area of our previous years development scheme we experienced difficulties in achieving the KPI of letting to ethnic minority tenants, but this is something we remain committed to where possible.

Performance Indicator	Year-end 2023/24			Housemark Quartile	2022/23	Trend
	Value	Target	Status		Value	
Rent collected as a proportion of rent available (exc. arrears b/f)	100.67%	100.20%	✓	1	100.06%	↑
Average number of days to re-let a void property	1.2	5	✓	1	0.5	↓
Rent arrears of current tenants as a proportion of the rent roll	0.40%	0.50%	✓	1	0.05%	↓
% of rent lost due to void properties	0.02%	0.08%	✓	1	0.01%	↓
Customer satisfaction with services (cumulative)	99.30%	95.00%	✓	No data	99.53%	↓
% of dwellings meeting the Decent Homes Standard	100.00%	100.00%	✓	No data	100.00%	—
Property Compliance	100.00%	100.00%	✓	1	100.00%	—
% of lettings to ethnic minority tenants	82.00%	50.00%	✓	No data	77.00%	↑

*VUN's - Unavailable void units which are any properties which are identified as requiring major repair works to be completed before they can be re-let.

Key:

- ✓ Target achieved
- Target not achieved

Source: PCHA Performance Report (2023/24)

The board have approved the development of our VFM Metrics Scorecard. The submission of the scorecard outcomes and narrative to the RSH as part of the statutory accounts will ensure that the association continues to meet the requirements of the RSH VFM Standard published in April 2018.

Our 2023/24 VFM performance is summarised below in **Table Four**. This compares current year performance against our initial forecast and also against our performance in 2022/23 (against the National Median) and our forecast performance during 2024/25.

Pine Court Housing Association

Strategic Report
for the year ended 31 March 2024 (continued)

Value for money (continued)

VFM Objective Seven – Excellent Performance and Customer Satisfaction (continued)

Indicator	Prior year Actual 2022-23	National Top Quartile 2022-23	Current year forecast 2023-24	Current year actual 2023-24	Next year Forecast 2024-25
-----------	---------------------------------	-------------------------------------	-------------------------------------	-----------------------------------	----------------------------------

Regulator for Social Housing Value for Money Metrics

1	Reinvestment %	1.16%	9.40%	12.18%	11.69%	2.02%
2	Operating margin	26.67%	23.00%	15.83%	22.89%	17.94%
3	EBITDA MRI (as a percentage of interest)	359.00%	169.00%	201.64%	265.17%	204.68%
4	Units developed (as a percentage of units owed)	0.00%	2.20%	4.24%	4.24%	0.00%
5	Gearing	13.56%	53.70%	23.21%	21.96%	26.78%
6	Return on capital employed (ROCE)	2.97%	3.60%	1.81%	2.60%	2.23%
7	Headline social housing cost per unit	3,741	£5,847	4,506.45	4,045	4,908
8	Management cost per unit	929	N/A	1033	866	1,220
9	Service charge cost per unit	708	N/A	715	716	755
10	Maintenance cost per unit	1,082	N/A	1295	1145	1,349
11	Major repairs cost per unit	1,004	N/A	1435	1330	1,551
12	Other cost per unit	19	N/A	29	-11	33

Additional Value for Money Metrics

13	Operating Margin (Social Housing Lettings)	26.67%	25.50%	15.83%	22.89%	17.94%
14	Units developed (Social Housing units)	0	0	23	23	14
15	Customers satisfied that their rent provides value for money	88.70%	N/A	90.80%	90.80%	90.00%
16	Ratio of responsive repairs to planned maintenance spend	0.40	N/A	0.34	0.29	0.32
17	Rent collected	100.06%	N/A	100.20%	100.67%	100.34%

Pine Court Housing Association

Strategic Report
for the year ended 31 March 2024 (continued)

Value for money (continued)

How We Perform and Compare (Continued)

The following is an analysis of the 2023/24 outputs in relation to each of the metrics, with reference to prior year's performance and forecasts for 2024/25. This information was been reported to the risk and audit committee for scrutiny as part of the VFM update report in May 2024 and also to the board in July 2024.

- 1** Reinvestment reflects the improvements made to existing homes as part of the investment programme, as well as new homes built as part of the approved development programme. The lower reinvestment against budget is largely due to the investment programme capital spend being £61k lower, this relates to flat doors and roofing due to access issues hindered the programme this spend will be carried forward. The development programme spent £3.35m with 23 units handed over in 23/24 and fully let.
- 2 & 13** Operating surplus (22.89%) is £252k higher than forecast. This is made up of £90k management costs savings partly due to new utilities contract causing a decrease in costs. £82k underspend in routine and planned maintenance costs due to lower void repair costs and volumes, £66k lower costs for depreciation.
- 3** EBITDA MRI is higher than forecast due to the higher operating margin as explained within point 2 , also lower interest costs within the year. Investment programme not fully achieved due to delays and hindering access, proposed to be rolled forward and completion in 2024/25.
- 4 & 14** 23 units have been developed at Tunstall Street and all units have been full let.
- 5** Slightly Lower gearing ratio than forecast due to a lower value of intercompany balances outstanding at year end. Forecast figures included lower cash available as well at year end.
- 6** 2.60% reflects £815k operating surplus over a capital employed of £31.4m (Increase of £3.5m from 2022/23), Total assets less current liabilities.
- 7** The Headline CPU is reporting £402 per unit lower than forecast mainly due to lower levels of component replacement and major works costs for the year of £57k, lower maintenance costs of £150k and £187k lower management costs mainly staffing and decreases in utility contract costs.
- 8** Management CPU is lower than forecast by £187k as quoted above mainly staffing costs and decrease in utilities contract costs.
- 9** Service Charge CPU is reporting in line with budget for the year as none of the utility cost increases have been relayed to our tenants. Affordability assessments have been completed which have enabled us to pass on most of our anticipated costs in 2023/24.
- 10** Maintenance CPU is showing £150k lower than budget due to lower void repair costs and volumes, Average job value is £29 lower than anticipated budget value.
- 11** Major repairs CPU is reporting £57k lower than forecast and £61k lower capitalised components to date. Less spend on flat doors and roofing proposed to roll forward in 2024/25.
- 12** Other CPU is a gain per unit in the current year due to £14k of write back of former tenant rechargable repairs, which was not included in the forecast figures, offset by £8k of other bad debt.
- 15** STAR survey was completed in 2022/23 and is due to be completed again in 2024/25 However due to the introduction of the TSMs, a STAR survey including TSM questions will be carried out in 2023/24.
- 16** Responsive repairs as a ratio of Planned Preventative Maintenance spend reporting £21k higher for the year as a result of our proactive response to tackle DMC repairs (£30k) whilst improvement programme works are lower overall by £11k due to slippage on the component replacement aspect of the programme. Which has created an increased weighting towards responsive rather than planned works in year.
- 17** Rent collection performance for year end is 100.67%, this is 0.47% higher than the 100.20% target and reflects top quartile performance.

We continue to maximise VFM opportunities and work collaboratively with our Sovini Group partners, Board members, the RSH, our funders and integrated supply chain to achieve PCHA's VFM objectives and aims.

Pine Court Housing Association

Strategic Report
for the year ended 31 March 2024 (continued)

How We Perform and Compare (Continued)

The Board will continue to prioritise the services that matter most to our customers, whilst ensuring that as an organisation we continue to manage our income and investment to ensure we remain a viable and a well governed organisation.

The content of this VFM self-assessment statement is aligned and assessed against the RSH VFM standard and the board have certified compliance with the VFM standard at the July 2024 board meeting.

Looking ahead

Treasury strategy and treasury management policy

We commissioned and approved our annual independent treasury strategy and treasury management policy in February 2024. We procure group treasury management functions from the Sovini group and received assurance during the year that our treasury activities are being managed effectively within our strategic policy directions. We continue to meet the regulator's liquidity requirements without the need to secure additional funding.

Financial instruments

Loan structure

At 31 March 2024, we had loans, including group balances, totalling £8.13m (2023: £5.48m) and £3.00m (2023: £6.00m) unutilised loan facilities. Fixed rate loans were £5.04m (62%) and variable rate loans were £3.16m (38%) with loan fees of (£0.07m). This is within the thresholds of our treasury management policy.

Funder	Type	Drawdown Date	Maturity Date	Amount £m	Interest Rate %
Orchardbrook	Fixed	15/12/2009	30/09/2047	0.18	9.92%
NatWest A	Fixed	06/12/2006	06/12/2031	0.16	6.17%
NatWest B	Fixed	31/10/2019	06/12/2031	1.20	3.15%
Natwest Variable - C	Variable	30/12/2023	30/03/2024	3.00	7.38%
NatWest A	Variable	06/12/2006	06/12/2031	0.16	2.88%
One Vision Housing	Fixed	15/03/2019	17/09/2028	3.50	3.71%
Loan fees				(0.07)	
Total				8.13	

Debt repayment profile

The value and duration of our loans (excluding loan fees) is summarised below. The weighted average cost of debt was 5.31% at 31 March 2024 and 57% of the debt relates to bank loan financing with 43% relating to intra-group financing.

Repayment Profile	RBS A £'000	RBS B £'000	RBS C £'000	Orchardbrook £'000	One Vision £'000	Total £'000
< 1 yr	318	-	-	2	-	320
1-2 yrs	-	-	-	2	-	2
2-5 yrs	-	-	-	8	3,500	3,508
> 5 yrs	-	1,205	3,000	163	-	4,368
Total	318	1,205	3,000	175	3,500	8,198

Credit risk

Credit risk is the risk of financial loss to the association if a customer or counterparty to a financial instrument fails to meet it's contractual obligations. The association is mainly exposed to credit risk from the non receipt of rent and service charge payments. Each new customer is risk assessed to ensure that they are able to sustain the tenancy. Rent and service charge arrears are monitored and court pursuance actioned in accordance with policy and procedures. In certain circumstances, customers will be evicted and former tenant arrears recovered where possible.

Pine Court Housing Association
Strategic Report
for the year ended 31 March 2024 (continued)

Credit risk (continued)

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. The following financial institutions were used and the credit ratings were acceptable to the board.

	Rating at 31 March 2024	Balance at 31 March 2024	Rating at 31 March 2023	Balance at 31 March 2023
		£'000		£'000
RBS	P-1/A-1/F1	690	P-1/A-1/F1	795
Santander	P-1/A-1/F1	316	P-1/A-1/F1	307
Nationwide	P-1/A-1/F1	722	P-1/A-1/F1	709
Total		1,728		1,811

Cash flow and liquidity risk

Liquidity risk arises from the association's management of working capital and any finance charges and principal repayments on debt instruments. It is the risk that the association will encounter difficulty in meeting its financial obligations as they fall due.

Rolling cash flow projections are prepared and cash balances are monitored regularly, together with the value of the association's cash investments. At the end of the financial year, these projections indicated that the association expects to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances and do not need additional financing. The association has also reduced liquidity risk by fixing interest rates on 98% of its long-term borrowings.

Loan covenant compliance

Our primary loan covenants are: interest cover, gearing, and asset cover ratios, with the latter based on the value of our social housing assets. Each covenant is monitored monthly and reported to the management team and board via a key performance indicator. All covenants were comfortably met during the reporting period and are forecast to continue throughout the life of the association's business plan.

Future prospects

Whilst as a sector our operating environment remains to be challenging, we continue to review and mitigate where at all possible our key risks, putting in place effective mitigation strategies to assist us to minimise the impact on our business and our customers. Due to our membership of the Sovini group, we remain to be placed in a strong position where we can minimise the adverse impact of the national material availability and price increases, coupled with the lack of availability of skilled and professional operatives and sub contractors. Our Term Partnering Agreement which, is in place with Sovini Commercial Limited, provides access to a unique "end to end" supply chain solution. This comprises of the direct provision of material supplies via Sovini Trade Supplies, repairs and maintenance services (including specialist mechanical and engineering) from Sovini Property Services, as well as housebuilding capability via Sovini Construction Limited. These services are supported by "in house" scaffold, asbestos and waste management solutions. This affords additional assurance which, continues to help us to reduce the impact of the current macro economic and sector wide risks upon our business, including construction failure.

We have reviewed our business plan assumptions and continue to proportionally stress test this plan to understand the impact and significance of our risks and the wider economic impact on our viability. We continue to maximise our income through a sustained focus on performance and the control of our costs. We are currently overhauling and replacing our IT systems with modern, innovative and automated solutions. We remain therefore, optimistic about the future, believing that our strong operating margins and our low cost base will enable us to continue to balance our investment in our existing and new homes, whilst freeing up any additional financial capacity to reinvest in the achievement of our Net Zero Carbon(NZC) priorities which are funded in our business plan until 2030. We await the outcome of our full NZC baseline assessment, before reflecting in our cash flows and reviewing any funding impacts, including the availability of future housing decarbonisation grant funding which, we consider to be essential to the future delivery of these additional obligations. Despite these very considerable challenges, we continue to embrace the coming years with optimism and from a position of strength.

Pine Court Housing Association
Strategic Report
for the year ended 31 March 2024 (continued)

Future prospects

As a small housing association and member of the Sovini group, we continue to be resilient and adaptive to changes in housing policy, legislation and macro economic instability. Our priority remains to be able to meet all of our commitments and contractual liabilities as they fall due, to engage, listen and protect our customers by investing in our existing homes/communities and providing excellent housing management and support services which, are valued and impactful on our customers lives. We continue to prioritise the identification of future pipeline development sites, which will assist us to offer more alternative housing choices to our customers such as, shared ownership. After this, our strategy is to sustain our organic growth within our risk appetite. We will continue to identify and achieve savings and value for money in the delivery of our operations, in order to create capacity to achieve our growth aspirations, preserving prudent margins to cope with the inevitable risks and uncertainties inherent in our business.

Risk and uncertainty

The board regularly reviews the risks faced by the association and monitors the top risks at each meeting. It is the board's opinion that the following corporate risks are the most likely to affect our future performance and ability to achieve our corporate objectives.

Future rent setting policy and collection performance

We have reflected prudent rent increases and void and bad debt allowances within our business plan and understand the significant impact on our financial viability that future government rent policy and non collection as a result of customer affordability could have on our business. We also understand that high levels of CPI, if reflected in future rent increases could be reputationally damaging for the association and wider housing sector. Being a member of the Sovini group affords us some protection to manage and mitigate this risk.

Supply Chain Risks (build cost increases, contractor failure and economic uncertainty)

We have reviewed our income forecasts and understand the impact that lower rent collection could have on our headroom and liquidity. Coupled with this, we have previously reviewed and approved the extension of our Term Partnering Agreement (Sovini Commercial Limited) for a further five years to 21st June 2033, to mitigate against widespread construction failure / insolvency risk, ensuring that we are strongly placed from a business continuity and supply chain risk perspective to be able to continue to complete all necessary statutory compliance works, repair and improvement to existing homes, with direct access to materials supply and National Buying Group procurement benefits. Whilst the impact of high inflation rates and interest rate rises remains to be macro economic risks, the government particularly via the Bank of England interventions, continue to attempt to stimulate the economy and avoid a potential recession. These risks remain outside of our direct control, however, we believe our strong financial position and covenant headroom will allow sufficient flexibility to be able to navigate the potential storm that lies ahead.

Future funding (including zero carbon and development growth)

As at March 2024, we have £3m of undrawn loan facilities and significant unencumbered security to arrange future new loans to deliver a sustainable development programme, with grant support fulfil our zero carbon responsibilities. We intensively manage our loan portfolio and invest any surplus cash in accordance with our treasury policy. We will continue to complete an annual independent treasury strategy review to ensure that we manage and mitigate our refinancing and treasury risks. The future available of Government grant remains a key prerequisite to the delivery of these aims.

Accounting policies

We have reviewed our accounting policies and these are detailed in note 2 of the financial statements.

Statement of compliance

This Strategic Report has been prepared in accordance with the principles of the Statement of Recommended Practice (SORP) for Registered Social Housing Providers 2018.

Approval

This Strategic Report was approved by the board on 30 August 2024.



Steven Gow (chair of the board)
30 August 2024



Michael Parkin (chair of RAC)
30 August 2024



Jennifer Cureton (company secretary)
30 August 2024

Pine Court Housing Association

Independent Auditor's Report to the Members of Pine Court Housing Association for the year ended 31 March 2024

Opinion on the financial statements

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 the Association's surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

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

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

Other information

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

We have nothing to report in this regard.

Pine Court Housing Association

Independent Auditor's Report to the Members of Pine Court Housing Association for the year ended 31 March 2024

Matters on which we are required to report by exception

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

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

Responsibilities of the board

As explained more fully in the Board members responsibilities statement, the board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the board members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the board are responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

Non-compliance with laws and regulations

Based on:

- Our understanding of the Association and the industry in which it operates;
- Discussion with management and those charged with governance, including the Risk and Audit Committee; and
- Obtaining and understanding of the Association's policies and procedures regarding compliance with laws and regulations.

We considered the significant laws and regulations to be the Statement of Recommended Practice for registered social housing providers (SORP), the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2022 and Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

The Association is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be the health and safety legislation and registration with the Regulator of Social Housing.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation;
- Involvement of tax specialists in the audit; and
- Review of legal expenditure accounts to understand the nature of expenditure incurred.

Pine Court Housing Association

Independent Auditor's Report to the Members of Pine Court Housing Association for the year ended 31 March 2024

Auditor's responsibilities for the audit of the financial statements (continued)

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance, including the Risk and Audit Committee, regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Association's policies and procedures relating to:
 - Detecting and responding to the risks of fraud; and
 - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements; and
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

Based on our risk assessment, we considered the areas most susceptible to fraud to be management override of controls.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation; and
- Testing a sample of income recognised around the year end; and
- Assessing significant estimates made by management for bias, such as valuation of tangible fixed assets, net realisable value of properties developed for sale, classification of leases, impairment indicators, valuation of defined benefit scheme assets and liabilities, allocation of costs for mixed tenure developments, categorisation of assets, useful lives of tangible assets, recoverability of rental and other trade receivables and capitalised overhead on developments.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

Use of our report

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

DocuSigned by:

E0F3B7FD4B7D474...
BDO LLP
Statutory Auditor
Manchester, UK
Date: 30 August 2024

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

Pine Court Housing Association

Statement of Comprehensive Income for the year ended 31 March 2024

	Note	2024 £'000	2023 £'000
Turnover	4	3,561	3,180
Operating costs	4	(2,751)	(2,325)
Operating surplus	4, 7	810	855
Other interest receivable and similar income	11	41	10
Interest and financing costs	12	(423)	(282)
Surplus before taxation		428	583
Taxation on surplus	13	-	-
Surplus for the financial year		428	583
Actuarial loss on defined benefit pension scheme	22	(47)	(24)
Total comprehensive income for year		381	559

The notes on pages 31 to 50 form part of these financial statements.

The financial statements were approved by the board of directors and authorised for issue on 30 August 2024.



Steven Gow (chair of the board)
30 August 2024



Michael Parkin (chair of RAC)
30 August 2024



Jennifer Cureton (company secretary)
30 August 2024

Pine Court Housing Association

Statement of Financial Position as at 31 March 2024

Company number: 25192R

	Note	2024 £'000	2023 £'000
Fixed assets			
Tangible fixed assets - housing properties	14	29,902	27,087
Tangible fixed assets - other	15	44	47
		29,946	27,134
Current assets			
Debtors – receivable within one year	17	275	158
Cash and cash equivalents		1,728	1,811
		2,003	1,969
Creditors: amounts falling due within one year	18	(1,164)	(1,189)
Net current assets		839	780
Total assets less current liabilities		30,785	27,914
Creditors: amounts falling due after more than one year	19	(17,808)	(15,323)
Pension liabilities	22	(232)	(227)
Net assets		12,745	12,364
Capital and reserves			
Non-equity share capital	24	-	-
Income and expenditure reserve		12,745	12,364
Total Reserves		12,745	12,364

The notes on pages 31 to 50 form part of these financial statements.

The financial statements were approved by the board of directors and authorised for issue on 30 August 2024.



Steven Gow (chair of the board)
30 August 2024



Michael Parkin (chair of RAC)
30 August 2024



Jennifer Cureton (company secretary)
30 August 2024

Pine Court Housing Association

Statement of Changes in Equity for the year ended 31 March 2024

	Share capital	Income and expenditure reserve	Total equity
	£'000	£'000	£'000
Balance at 1 April 2023	-	12,364	12,364
Surplus for the year	-	428	428
Actuarial loss on defined benefit pension scheme (note 22)	-	(47)	(47)
Other comprehensive loss for the year	-	(47)	(47)
Balance at 31 March 2024	-	12,745	12,745

Statement of Changes in Equity for the year ended 31 March 2023

	Share capital	Income and expenditure reserve	Total equity
	£'000	£'000	£'000
Balance at 1 April 2022	-	11,805	11,805
Surplus for the year	-	583	583
Actuarial loss on defined benefit pension scheme (note 22)	-	(24)	(24)
Other comprehensive loss for the year	-	(24)	(24)
Balance at 31 March 2023	-	12,364	12,364

The notes on pages 31 to 50 form part of these financial statements.

Pine Court Housing Association

Notes Forming Part of the Financial Statements for the year ended 31 March 2024

INDEX OF NOTES

General notes

- 1 Legal status
- 2 Accounting policies
- 3 Judgements in applying accounting policies and key sources of estimation uncertainty

Statement of Comprehensive Income related notes

- 4 Particulars of turnover, cost of sales, operating costs and operating surplus
- 5 Income and expenditure from social housing lettings
- 6 Units of housing stock
- 7 Operating surplus
- 8 Employees
- 9 Directors' remuneration
- 10 Board members
- 11 Interest receivable and income from investments
- 12 Interest payable and similar charges
- 13 Taxation

Statement of Financial Position related notes

- 14 Tangible fixed assets – housing properties
- 15 Other tangible fixed assets
- 16 Fixed asset investments
- 17 Debtors
- 18 Creditors: amounts falling due within one year
- 19 Creditors: amounts falling due after more than one year
- 20 Deferred capital grant
- 21 Loans and borrowings
- 22 Pension deficit liability
- 23 Pensions
- 24 Non-equity share capital
- 25 Capital commitments
- 26 Related party disclosures

Pine Court Housing Association

Notes Forming Part of the Financial Statements for the year ended 31 March 2024 (continued)

1 Legal status

The association is registered with the Financial Conduct Authority under the Co-operative and Community Benefits Societies Act 2014 and is registered with the Regulator of Social Housing as a social housing provider with charitable objects.

2 Accounting policies

The financial statements have been prepared in accordance with applicable law and UK accounting standards (United Kingdom Generally Accepted Accounting Practice) which for Pine Court Housing Association (PCHA) includes the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008, FRS 102 "the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" the Statement of Recommended Practice (SORP) for Registered Social Housing Providers 2018 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the accounting policies. Pine Court Housing Association Limited is a Public Benefit Entity (PBE) and has applied the provisions of FRS 102 specifically applicable to PBEs.

Financial reporting standard 102 - reduced disclosure exemptions

The association has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Basic Financial Instruments; and
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Sovini Limited as at 31 March 2024 and these financial statements may be obtained from their registered office at Unit 1, Heysham Road, Liverpool, L30 6UR.

The following principal accounting policies have been applied:

Going concern

The board reviewed the association's financial plans in February 2024 and were satisfied that these plans were affordable and that the accounts should be prepared on a going concern basis. They also approved, stress tested and updated the business plan in June 2024, to understand the level of covenant headroom and the adverse impact of single, multi variance and the perfect storm scenarios under a stretching set of challenging circumstances.

The executive management team and board have reviewed the financial forecasts to reflect any ongoing risks and financial impacts as relevant and proportionate to our business. This included an assessment of the year-end financial outturn position, underlying rent collection and letting performance (which exceeded forecasts), any immediate impact on the delivery of the improvement and development programmes and the potential impact of future economic recovery forecasts.

This was to ensure that the association can continue its business-critical activities, remain compliant with regulatory and funder requirements (including Covenant tests) and remain a going concern. As a consequence of this our surplus in 2023/24 was £428k, we sustained our rent collection performance at over 100%, re-let our homes within an average 1.2 days (against a stretching target of 5 days), and our interest cover and our gearing covenants have been comfortably met, further evidencing our financial strength and resilience.

As a key provider of affordable housing, we aim to deliver, via the Sovini group, an increasing proportion of our development programme. During the year we completed the handover and first time let of 23 rent to buy homes which are located in our heartlands, Tunstall Street Liverpool. We also have pipeline funding in place to build a further 14 new homes, which includes the further completion of 5 rent to buy homes at our Tunstall Street site, 4 shared ownership and a further 5 unit affordable home scheme currently being sourced.

In light of recent economic volatility, we continue to monitor the horizon and deploy effective controls to minimise any impact on our operations where at all possible. This includes the deployment of daily processes to manage/monitor our cash flow and any adverse impact on our future financial viability. This includes a future funding options review in conjunction with Savills (our independent Treasury Advisor).

Pine Court Housing Association

Notes Forming Part of the Financial Statements for the year ended 31 March 2024 (continued)

2 Accounting policies (continued)

Going concern (continued)

Given the strength of our balance sheet, forecast surplus and availability and liquidity of undrawn loan facilities, totalling £3m, the board believe that, whilst uncertainty exists, this does not pose a material uncertainty that would cast doubt on the association's ability to continue as a going concern. The board therefore, consider it appropriate for the accounts to be prepared on a going concern basis.

Income

Income will be recognised and measured in the financial statements at the fair value i.e. the point at which it is received or receivable. The association generates the following material income streams:

- Rental income receivable (after deducting lost rent from void properties available for letting);
- Service charges receivable;
- Revenue grants and proceeds from the sale of land and property; and
- Any other income generated in the period.

Rental income is recognised from the point when properties under development reach practical completion and are formally let.

Service charges

The association adopts the variable method for calculating and charging service charges to its tenants. Expenditure is recorded when a service is provided and charged to the relevant service charge account. Income is recorded based on the estimated amounts chargeable.

Current and deferred taxation

Pine Court Housing Association is a Community Benefit Society, registered with the Regulator of Social Housing and has charitable status for tax purposes and is therefore exempt from Corporation Tax in respect of income under Section 505 ICTA 1988.

Value added tax

The association 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 association and not recoverable from HM Revenue and Customs. Recoverable VAT arises from partially exempt activities and is credited to the Statement of Comprehensive Income.

Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest rate method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Pension costs

Contributions to the Sovini group's defined contribution pension scheme are charged to profit or loss in the year in which they become payable.

Under defined benefit accounting the Scheme assets are measured at fair value. Scheme liabilities are measured on an actuarial basis using the projected unit credit method and are discounted at appropriate high quality corporate bond rates. The net surplus or deficit is presented separately from other net assets on the Statement of Financial Position. The current service cost and costs from settlements and curtailments are charged to operating surplus. Past service costs are recognised in the current reporting period. Interest is calculated on the net defined benefit liability. Re-measurements are reported in other comprehensive income.

Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the statement of financial position date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the statement of financial position date.

Pine Court Housing Association

Notes Forming Part of the Financial Statements for the year ended 31 March 2024 (continued)

2 Accounting policies (continued)

Tangible fixed assets – Housing Properties

Housing properties constructed or acquired (including land) on the open market are stated at cost less depreciation and impairment (where applicable). The cost of housing land and property represents their purchase price and any directly attributable costs of acquisition which may include an appropriate amount for staff costs and other costs of managing development.

Directly attributable administration costs include capitalised interest calculated, on a proportional basis, using finance costs on borrowing which has been drawn in order to finance the relevant construction or acquisition. Where housing properties are in the course of construction, finance costs are only capitalised where construction is on-going and has not been interrupted or terminated.

Expenditure on major refurbishment to properties is capitalised where the works increase the net rental stream over the life of the property. An increase in the net rental stream may arise through an increase in the net rental income, a reduction in future maintenance costs, or a subsequent extension in the life of the property. All other repair and replacement expenditure is charged to the Statement of Comprehensive Income.

Mixed developments are held within PPE and accounted for at cost less depreciation. Housing properties in the course of construction are included in PPE and held at cost less any impairment, and are transferred to completed properties when ready for letting.

Depreciation of housing property

Housing land and property is split between land, structure and other major components that are expected to require replacement over time. Land is not depreciated on account of its indefinite useful economic life.

Assets in the course of construction are not depreciated until they are completed and ready for use to ensure that they are depreciated only in periods in which economic benefits are expected to be consumed.

Description	Economic useful life (years)
Structure	60
Kitchen	25
Bathroom	35
Roofs	60
Boiler installations	20
Central heating	20
External windows	40
Communal	15 to 30
External cladding	50
Lifts	25
Sprinkler systems	7
Fire doors	7

Tangible fixed assets – Other

Other tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The association adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the association. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Pine Court Housing Association

Notes Forming Part of the Financial Statements for the year ended 31 March 2024 (continued)

2 Accounting policies (continued)

Depreciation of other tangible fixed assets

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

Description	Economic useful life (years)
Freehold buildings	50
Plant, machinery and vehicles	5 to 15
Fixtures, fittings, tools and equipment	4
Computers	3

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted respectively as appropriate, if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the Statement of Comprehensive Income.

Government grants

Grant received in relation to newly acquired or existing housing properties is accounted for using the accrual model set out in FRS 102 and the Housing SORP 2018. Grant is carried as deferred income in the Statement of Financial Position and released to the Statement of Comprehensive Income on a systematic basis over the useful economic lives of the asset for which it was received. In accordance with Housing SORP 2018 the useful economic life of the housing property structure has been selected (see table of useful economic lives above).

Where social housing grant (SHG) funded property is sold, the grant becomes recyclable and is transferred to a recycled capital grant fund until it is reinvested in a replacement property. If there is no requirement to recycle or repay the grant on disposal of the assets any unamortised grant remaining within creditors is released and recognised as income within the Statement of Comprehensive Income.

Grants relating to revenue are recognised in income and expenditure over the same period as the expenditure to which they relate once performance related conditions have been met.

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

Impairment of fixed assets

The housing property portfolio for the association is assessed for indicators of impairment at each Statement of Financial Position date. Where indicators are identified then a detailed assessment is undertaken to compare the carrying amount of assets or cash generating units for which impairment is indicated to their recoverable amounts. An option appraisal is carried out to determine the option which produces the highest net realisable value. Valuations on rental return or potential sale proceeds are obtained and used to inform the options.

The association looks at the net realisable value, under the options available, when considering the recoverable amount for the purposes of impairment assessment. The recoverable amount is taken to be the higher of the fair value less costs to sell or value in use of an asset or cash generating unit. The assessment of value in use may involve considerations of the service potential of the assets or cash generating units concerned or the present value of future cash flows to be derived from them appropriately adjusted to account for any restrictions on their use.

The association defines cash generating units as schemes except where its schemes are not sufficiently large enough in size or where it is geographically sensible to group schemes into larger cash generating units. Where the recoverable amount of an asset or cash generating unit is lower than its carrying value an impairment is recorded through a charge to income and expenditure.

Pine Court Housing Association

Notes Forming Part of the Financial Statements for the year ended 31 March 2024 (continued)

2 Accounting policies (continued)

Financial instruments

Debtors and creditors

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

Recoverable amount of rental and other trade receivables

The association estimates the recoverable value of rental and other receivables and impairs the debtor by appropriate amounts. When assessing the amount to impair it reviews the age profile of the debt, historical collection rates and the class of debt.

Rent and service charge agreements

The association has made arrangement with individuals and households for arrears payments of rent and service charges. These arrangements are effectively loans granted at nil interest rate.

Loans, Investments and short term deposits

All loans, investments and short term deposits held by the association are classified as basic financial instruments in accordance with FRS 102. These instruments are initially recorded at the transaction price less any transaction costs (historical cost), FRS 102 requires that basic financial instruments are subsequently measured at amortised cost, however the association has calculated that the difference between the historical cost and amortised cost basis is not material and so these financial instruments are stated on the Statement of Financial Position at historical cost. Loans and investments that are payable or receivable within one year are not discounted.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations rather than the financial instrument's legal form.

Cash and cash equivalents

Cash and cash equivalents in the association's Statement of Financial Position consists of cash at bank, in hand, deposits and short term investments with an original maturity of three months or less.

Leased assets: lessee

Where assets are financed by leasing agreements that give rights approximately to ownership (finance leases), the assets are treated as if they has been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to profit or loss over the shorter of estimated useful economic life and the term of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to profit or loss over the term of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to profit or loss on a straight-line basis over the term of the lease.

Pine Court Housing Association

Notes Forming Part of the Financial Statements for the year ended 31 March 2024 (continued)

3 Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing the financial statements, key judgements have been made in respect of the following:

- Whether there are indicators of impairment of the association's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit. The board have considered the measurement basis to determine the recoverable amount of assets where there are indicators of impairment based on Existing Use Value – Social Housing (EUV-SH) or depreciated replacement cost. The board have also considered impairment based on their assumptions to define cash or asset generating units.
- The anticipated costs to complete on a development scheme based on anticipated construction cost, legal costs and other costs. Based on the costs to complete, they then determine the recoverability of the cost of properties developed for outright sale and/or land held for sale. This judgement is also based on the board's best estimate of sales value based on economic conditions within the area of development.
- Whether leases entered into by the association either as a lessor or a lessee are operating or lease or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- What constitutes a cash generating unit when indicators of impairment require there to be an impairment review.
- Pension figures in these accounts are prepared by independent actuaries. In preparing the figures the actuaries use a number of judgements based on information provided to them by the Institute and Faculty of Actuaries.

Other key sources of estimation uncertainty

- Tangible fixed assets

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

For housing property assets, the assets are broken down into components based on management's assessment of the properties. Individual useful economic lives are assigned to these components.

Though these estimates are subject to fluctuations in the life of asset, sensitivity testing shown below indicates no material impact on the charge that would be recognised in the Statement of Comprehensive Income.

Statement of Comprehensive Income Charge Adjustment	Current useful expected life (years)	Sensitivity: 10% increase in UEL £'000	Sensitivity: 10% reduction in UEL £'000
Bathroom	35	3	(3)
Boilers / Heating	20	8	(8)
Kitchen	25	8	(8)
Lift	25	1	(1)
Roofs	60	3	(3)
Structure	60	33	(33)
Windows / External doors	40	5	(5)
Fire doors	7	5	(5)
		66	(66)
		Charge	Credit

- Rental and other trade receivables (debtors)
The estimate for receivables relates to the recoverability of the balances outstanding at year end. A review is performed on an individual debtor basis to consider whether each debt is recoverable.

Pine Court Housing Association

Notes Forming Part of the Financial Statements for the year ended 31 March 2024 (continued)

3 Judgements in applying accounting policies and key sources of estimation uncertainty (continued)

Other key sources of estimation uncertainty (continued)

In preparing the financial statements, key judgements have been made in respect of the following:

- Capitalised overhead on developments
Overheads are capitalised up to maximum of 3% of works and acquisitions costs of 100% of development salaries and related overheads.

4 Particulars of turnover, cost of sales, operating costs and operating surplus

	Turnover	Cost of sales	Operating costs	Operating surplus
	2024	2024	2024	2024
	£'000	£'000	£'000	£'000
Social housing lettings (note 5)	3,561	-	(2,751)	810
	3,561	-	(2,751)	810

	Turnover	Cost of sales	Operating costs	Operating surplus
	2023	2023	2023	2023
	£'000	£'000	£'000	£'000
Social housing lettings (note 5)	3,180	-	(2,325)	855
	3,180	-	(2,325)	855

Pine Court Housing Association

Notes Forming Part of the Financial Statements for the year ended 31 March 2024 (continued)

5 Income and expenditure from social housing lettings

	General needs	Supported housing	Total	Total
	2024	2024	2024	2023
	£'000	£'000	£'000	£'000
Income				
Rents net of identifiable service charges	2,637	202	2,839	2,518
Service charge income	199	193	392	372
Amortised government grants	252	25	277	277
Net rental income	3,088	420	3,508	3,167
Other grants	53	-	53	13
Turnover from social housing lettings	3,141	420	3,561	3,180
Expenditure				
Management	(408)	(63)	(471)	(485)
Service charge costs	(199)	(193)	(392)	(372)
Routine maintenance & planned maintenance	(580)	(46)	(626)	(562)
Development programme	(3)	-	(3)	-
Major repairs expenditure	(279)	(300)	(579)	(221)
Bad debts	6		6	2
Depreciation of housing properties				
annual charge	(625)	(35)	(660)	(646)
accelerated on disposal of components	(23)	-	(23)	(32)
Depreciation of other tangible fixed assets	(3)	-	(3)	(4)
Other expenses	-		-	(5)
Operating expenditure on social housing lettings	(2,114)	(637)	(2,751)	(2,325)
Operating surplus/(deficit) on social housing lettings	1,027	(217)	810	855
Void losses	-	-	-	-

6 Units of housing stock

	2024	2023
	Number	Number
General needs social housing:		
social	415	415
affordable	67	67
Supported housing	38	38
Intermediate	23	-
Total social housing units	543	520
Total managed accommodation	543	520
Total owned and managed accommodation	543	520
Units under construction	-	30

Pine Court Housing Association

Notes Forming Part of the Financial Statements for the year ended 31 March 2024 (continued)

6 Units of housing stock (continued)

Reconciliation of unit numbers:	Supported Housing	General Needs Social Rent	General Needs Affordable Rent	Intermediate	Total
Opening unit numbers	38	415	67	-	520
New stock acquired/developed	-	-	-	23	23
Unit numbers as at 31 March 2024	38	415	67	23	543

7 Operating surplus

	2024 £'000	2023 £'000
This is arrived at after charging:		
Depreciation of housing properties		
annual charge	660	646
accelerated depreciation on replaced components	23	32
Depreciation of other tangible fixed assets	3	4
Auditors' remuneration (excluding VAT)		
fees payable to the auditor for the audit of the company's annual	15	14
fees for audit related assurance	2	4

8 Employees

	2024 £'000	2023 £'000
Staff costs (including management team) consist of:		
Wages and salaries	241	245
Social security costs	23	22
Pension costs (note 23)	14	17
	278	284

The average number of employees (including management team) expressed as full time equivalents (calculated based on a standard working week of 36 hours) during the year was as follows:

	2024 No.	2023 No.
Customers and neighbourhoods	7	8

Pine Court Housing Limited employees have access to a defined contribution pension scheme, which is operated by the Sovini group on behalf of all group entities. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension charge represents contributions payable by the group to the fund and amounted to £14k (2023: £17k).

Pine Court Housing Association

Notes Forming Part of the Financial Statements for the year ended 31 March 2024 (continued)

9 Directors' remuneration

The directors are defined as the non-executive directors (disclosed in note 10) and the executive directors.

	2024 £'000	2023 £'000
Directors' emoluments	78	72
Amounts receivable under long-term incentive schemes	-	2
Company contributions to money purchase pension schemes	6	6
Total	84	80

The total amount payable to the highest paid director in respect of emoluments was £63k (2023: £63k). Pension contributions of £6k (2023: £6k) were made to a money purchase scheme on their behalf.

The remuneration paid to staff (including management team) earning over £60,000 upwards:

	2024 Number	2023 Number
£60,000 - £69,999	1	1

10 Board members

Total remuneration paid to seven (2023: seven) board members in the year was £16k (2023: £17k).

11 Interest receivable and income from investments

	2024 £'000	2023 £'000
Interest receivable and similar income	41	10

12 Interest payable and similar charges

	2024 £'000	2023 £'000
Bank loans	423	282

Pine Court Housing Association

Notes Forming Part of the Financial Statements for the year ended 31 March 2024 (continued)

13 Taxation

Pine Court Housing Association is a community benefit society with charitable status and is therefore exempt from corporation tax in respect of income under section 505 ICTA 1988.

14 Tangible fixed assets – housing properties

	Supported housing completed £'000	General needs completed £'000	General needs under construction £'000	Total £'000
Cost or valuation				
At 1 April 2023	2,065	34,137	20	36,222
Additions				
construction costs	-	-	3,353	3,353
replaced components	-	145	-	145
Completed schemes	-	3,373	(3,373)	-
Disposals				
replaced components	-	(55)	-	(55)
At 31 March 2024	2,065	37,600	-	39,665
Depreciation				
At 1 April 2023	(810)	(8,325)	-	(9,135)
Charge for the year	(35)	(625)	-	(660)
Eliminated on disposals				
replaced components	-	32	-	32
At 31 March 2024	(845)	(8,918)	-	(9,763)
Net book value at 31 March 2024	1,220	28,682	-	29,902
Net book value at 31 March 2023	1,255	25,812	20	27,087
			2024 £'000	2023 £'000
Works to properties				
Improvements to existing properties capitalised			145	301
Major repairs expenditure to income and expenditure account			579	221
			724	522
Total social housing grant received or receivable to date is as follows:				
Capital grant – housing properties			17,438	17,438
			17,438	17,438

Pine Court Housing Association

Notes Forming Part of the Financial Statements for the year ended 31 March 2024 (continued)

15 Other tangible fixed assets

	Long leasehold land and buildings £'000	Other £'000	Total £'000
Cost or valuation			
At 1 April 2023 and as at 31 March 2023	96	8	104
Depreciation			
At 1 April 2023	(49)	(8)	(57)
Charge for year	(3)	-	(3)
At 31 March 2024	(52)	(8)	(60)
Net book value			
At 31 March 2024	44	-	44
At 31 March 2023	47	-	47

16 Fixed asset investments

Details of investments in group undertakings

The principal undertakings in which the association has an interest in are as follows:

Name	Country of incorporation or registration	Proportion of voting rights / ordinary share capital held	Nature of business	Nature of entity
Sovini Environmental Limited	England	0.65% £1 Ord Share	Dormant company	Incorporated company
Sovini Developments Limited	England	0.65% £1 Ord Share	Provision of design and build services	Incorporated company

Investments are held at cost of £2 in total (2023: £2).

Gift aid of £nil for the year was received from Sovini Developments Limited (2023: £nil).

Pine Court Housing Association

Notes Forming Part of the Financial Statements for the year ended 31 March 2024 (continued)

17 Debtors

	2024	2023
	£'000	£'000
Due within one year		
Rent and service charge arrears	31	21
Less: Provision for doubtful debts	(22)	(15)
	9	6
Trade receivables	144	69
Other debtors	57	22
Prepayments and accrued income	65	61
	275	158

All amounts owed by group undertakings are interest free and repayable on demand.

18 Creditors: amounts falling due within one year

	2024	2023
	£'000	£'000
Loans and borrowings (note 21)	308	342
Trade creditors	18	9
Rent and service charges received in advance	182	157
Amounts owed to group undertakings	151	257
Taxation and social security	15	20
Other creditors	37	38
Deferred capital grant (note 20)	277	277
Accruals and deferred income	176	89
	1,164	1,189

All amounts owed to group undertakings are interest free and repayable on demand.

19 Creditors: amounts falling due after more than one year

	2024	2023
	£'000	£'000
Loans and borrowings (note 21)	4,323	1,561
Deferred capital grant (note 20)	9,985	10,262
Amounts owed to group undertakings	3,500	3,500
	17,808	15,323

Included within amounts owed to group undertakings is a £3.5m 10 year term loan (expiring September 2028) at 3.71%, from One Vision Housing Limited, a subsidiary of the Sovini Limited.

Pine Court Housing Association

Notes Forming Part of the Financial Statements for the year ended 31 March 2024 (continued)

20 Deferred capital grant

	2024 £'000	2023 £'000
At 1 April	10,539	10,816
Released from income during the year	(277)	(277)
At 31 March	10,262	10,539

	2024 £'000	2023 £'000
Due in one year or less	277	277
Due In more than one year	9,985	10,262
	10,262	10,539

21 Loans and borrowings

Maturity of debt:

	Bank loans 2024 £'000	Bank loans 2023 £'000
In one year or less, or on demand	308	342
In more than one year but not more than two years	(8)	360
In more than two years but not more than five years	(24)	384
In more than five years	4,355	817
	4,631	1,903

Loans are secured by specific charges on the housing properties of the association.

At 31 March 2024 the Association had £3m undrawn loan facilities (2023: £6m).

Funder	Type	Drawdown Date	Maturity Date	Amount £m	Interest Rate %
Orchardbrook	Fixed	15/12/2009	30/09/2047	0.18	9.92
NatWest A	Fixed	06/12/2006	06/12/2031	0.16	6.82
NatWest B	Fixed	31/10/2019	06/12/2031	1.20	3.15
NatWest Variable - C	Variable	30/12/2023	30/03/2024	3.00	7.38
NatWest A	Variable	06/12/2006	06/12/2031	0.16	5.99
Loan fees				(0.07)	
Total				4.63	

Pine Court Housing Association

Notes Forming Part of the Financial Statements for the year ended 31 March 2024 (continued)

22 Pension deficit liability

Present values of defined benefit obligation, fair value of assets and defined benefit liability	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
Fair value of plan assets	984	989
Present value of defined benefit obligation	(1,216)	(1,216)
Net defined benefit liability to be recognised	(232)	(227)

Reconciliation of opening and closing balances of the fair value of defined benefit obligation	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
Defined benefit obligation at start of period	1,216	1,763
Current service cost	-	-
Expenses	3	3
Interest expense	58	49
Contributions by plan participants	-	-
Actuarial losses/(gains) due to scheme experience	8	(76)
Actuarial (losses)/gains due to changes in demographic assumptions	(14)	(3)
Actuarial gains due to changes in financial assumptions	1	(473)
Benefits paid and expenses	(56)	(47)
Defined benefit obligation at end of period	1,216	1,216

Reconciliation of opening and closing balances of the defined benefit assets	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
Fair value of plan assets at start of period	989	1,518
Interest income	48	42
Experience on plan assets (excluding amounts included in interest income) - loss	(52)	(576)
Contributions by employer	55	52
Contributions by plan participants	-	-
Benefits paid and expenses	(56)	(47)
Fair value of plan assets at end of period	984	989

The actual return on plan assets (including any changes in share of assets) over the period from 31 March 2023 to 31 March 2024 was £5k.

Defined benefit costs recognised in statement of comprehensive income (SOCl)	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
Current service costs	-	-
Expenses	3	3
Net interest expense	10	7
Defined benefit costs recognised in statement of comprehensive income (SOCl)	13	10

Pine Court Housing Association

Notes Forming Part of the Financial Statements for the year ended 31 March 2024 (continued)

22 Pension deficit liability (continued)

Assets	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
Global equity	98	18
Absolute return	38	11
Distressed opportunities	35	30
Credit relative value	32	37
Alternative risk premium	31	2
Emerging market debt	58	5
Risk sharing	5	73
insurance - linked securities	40	25
Property	99	43
Infrastructure	1	113
Private debt	39	44
Opportunistic illiquid credit	38	42
High Yield	-	3
Cash	19	7
Long lease property	6	30
Secure income	29	45
Liability driven investment	401	456
Currency Hedging	-	2
Net current assets	2	3
Total assets	984	989

None of the fair values of the assets shown above include any direct investments in the employer's own financial instruments or any property occupied by, or other assets used by, the employer.

Defined benefit costs recognised in other comprehensive income	Year ended 31 March 2024	Year ended 31 March 2023
Experience on plan assets (excluding amounts included in interest income) - loss	(52)	(576)
Experience gains and losses arising on the plan liabilities - (loss)/gain	(8)	76
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain	14	3
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - (loss)/gain	(1)	473
Total amount recognised in other comprehensive income - loss	(47)	(24)

Key assumptions	Year ended 31 March 2024 % per annum	Year ended 31 March 2023 % per annum
Discount rate	4.89%	4.88%
Inflation (RPI)	3.17%	3.20%
Inflation (CPI)	2.77%	2.74%
Salary growth	3.77%	3.74%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

Pine Court Housing Association

Notes Forming Part of the Financial Statements for the year ended 31 March 2024 (continued)

22 Pension deficit liability (continued)

The mortality assumptions adopted at 31 March 2024 imply the following life expectancies:

	Life Expectancy at age 65 (Years)
Male retiring in 2024	20.5
Female retiring in 2024	23
Male retiring in 2044	21.8
Female retiring in 2044	24.4

Active Members	Number	Total earnings (£'000 p.a)	Average age (unweighted) (Years)
Males	2	93	57
Females	1	29	50
Total	3	122	54

Deferred members	Number	Total earnings (£'000 p.a)	Average age (unweighted) (Years)
Males	1	1	58
Females	6	11	53
Total	7	12	54

Pensioners	Number	Total earnings (£'000 p.a)	Average age (unweighted) (Years)
Males	5	34	68
Females	1	7	66
Total	6	41	68

23 Pensions

PCHA has two pension schemes within the Social Housing Pension Scheme (SHPS). A defined benefit pension scheme is operated for existing members of staff and contributions of £nil (2023: £nil) were paid in the year (scheme is closed to new staff). Also, a defined contributions scheme is in place for new staff and auto enrolment. In the year, contributions of £14k (2023: £17k) were made to this scheme.

We have been notified by the Trustee of the Social Housing Pension Scheme that a Scheme Benefits Review has been completed and as a result there is some uncertainty around how these changes have been made and clarification is being sought via a Court Case. This process is ongoing and remains unlikely to be resolved before the end of 2024. It is recognised that this could potentially impact on the value of Scheme liabilities, but Court deliberations are still ongoing. Board have assessed the information available relating to the claim and have made the decision not to progress with the legal claim. No adjustment has therefore, been made in these financial statements in respect of this potential issue.

Pine Court Housing Association

Notes Forming Part of the Financial Statements for the year ended 31 March 2024 (continued)

24 Non-equity share capital

	2024 £	2023 £
At 1 April	15	15
Shares issued in the year	-	-
Shares cancelled in the year	-	-
At 31 March	15	15

The share capital of the association consists of shares with a nominal value of £1 each, which carry no rights to dividends or other income. Shares in issue are not capable of being repaid or transferred. When a shareholder ceases to be a member, that share is cancelled and the amount paid thereon becomes the property of the association. Therefore, all shareholdings relate to non-equity interests.

25 Capital commitments

As at 31 March 2024 capital commitments were £nil (2023: £5.19m).

26 Related party disclosures

Related party transactions with subsidiaries

The ultimate controlling party of the Sovini group is Sovini Limited, a community benefit society. Control is held by being the parent shareholder with ultimate approval of Pine Court Housing Associations business objectives, strategic planning and board membership.

• **Sovini Limited**

During the year Pine Court Housing Association had transactions with its parent entity Sovini Limited. Pine Court Housing Association incurred recharges of £29k (2023: £22k) and SLA charges of £196k (2023: £173k) which have been expensed to the statement of comprehensive income. The SLA charges incurred are shown below.

	2024 £'000	2023 £'000
Core service costs – finance, IT support, legal services etc.	171	153
Strategic management, governance and health and safety management	19	14
Additional services	6	6
	196	173

Included within creditors are amounts owed to Sovini Limited of £0.3k (2023: £nil) and within debtors are amounts owed from Sovini Limited of £nil (2023: £1k).

• **One Vision Housing Association**

During the year Pine Court Housing Association had transactions with One Vision Housing Association, a fellow subsidiary in the Sovini group. Pine Court Housing Association incurred recharges of £104k (2023: £111k) and SLA charges of £143k (2023: £68k) which have been expensed to the income and expenditure statement.

Included within creditors are amounts owed to One Vision Housing Association of £3,584k (2023: £3,501k), of which £3,500k relates to an intercompany loan and within creditors are amounts owed to Pine Court Housing Association of £nil (2023: £nil).

Pine Court Housing Association

Notes Forming Part of the Financial Statements for the year ended 31 March 2024 (continued)

26 Related party disclosures (continued)

- ***Sovini Property Services Limited***

During the year, Pine Court Housing Association had transactions with Sovini Property Services Limited, a fellow subsidiary in the Sovini group. Pine Court Housing Association made purchases of £875k (2023: £971k). £188k (2023: £351k) has been capitalised within tangible fixed assets and £687k (2023: £620k) has been expensed to the income and expenditure account as responsive, planned and cyclical repairs and investment programme expenses.

Included within creditors are amounts owed to Sovini Property Services Limited of £13k (2023: £195k) and within debtors are amounts owed from Sovini Property Services Limited of £nil (2023: £nil).

- ***Amianto Services Limited***

During the year, Pine Court Housing Association had transactions with Amianto Services Limited, a fellow subsidiary in the Sovini group. Pine Court Housing Association made purchases of £256k (2023: £60k), which has been expensed to the income and expenditure account as responsive, planned and cyclical repairs. Included within creditors are amounts owed to Amianto Services Limited of £nil (2023: £60k).

- ***Sovini Trade Supplies Limited***

During the year, Pine Court Housing Association had transactions with Sovini Trade Supplies Limited, a fellow subsidiary in the Sovini group. Pine Court Housing Association made purchases £1k (2023: £1k), which has been charged to the income and expenditure account within management costs.

- ***Sovini Developments Limited***

During the year, Pine Court Housing Association had transactions with Sovini Developments Limited, a fellow subsidiary in the Sovini group. Pine Court Housing Association made purchases of £6k (2023: £6k), which has been capitalised within tangible fixed assets.

Included within creditors are amounts owed to Sovini Developments Limited of £nil (2023: £nil).

Related party transactions with board members

Some Pine Court Housing Association Board members are also board members of Sovini Limited Board or Sovini Risk and Audit Committee (RAC).

None of the Pine Court Housing Association Board members are also tenants of Pine Court Housing Association.