Westmoreland Supported Housing Limited

REPORT AND FINANCIAL STATEMENTS

For the period ended 31 March 2023

Community Benefit Society Number: RS008610

A Registered Provider of Social Housing

First Floor, 56 Radcliffe Road, West Bridgford, Nottingham, NG2 5HH

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REPORT AND FINANCIAL STATEMENTS

Contents

1 BOARD MEMBERS, ADVISORS AND BANKERS

Board of Directors

The Directors of Westmoreland Supported Housing Limited are:

- Susan Hickey (Chair, resigned 25th March 2022)
- Jayne Francis-Ward (Chair from 25th March 2022)
- Andrew Stafford (Vice Chair)
- Lynn Clayton (resigned 25th March 2022)
- Neil Timms
- Lee Sugden (resigned 28th February 2022)
- Vivien Cross (appointed 1st February 2022)
- Cherry Dunk (appointed 1st April 2022)
- Alasdair Macarthur (appointed 2nd May 2022)
- Susan Smyth (Customer Representative, appointed 13th May 2023)
- Stephen Fensom (Executive Director & CEO)

Directors are appointed by Westmoreland Board members for an initial two-year term.

Society Information

Society Secretary: Adam Reece

Registered Office: First Floor, 56 Radcliffe Road, West Bridgford, Nottingham, NG2 5HH

The Society was formed as a Company limited by guarantee on 1 August 2002, and converted to a Community Benefit Society, no. RS008610, on 20 April 2021.

Westmoreland Supported Housing Limited is established as a registered provider of social housing with the Regulator of Social Housing ("RSH") under the Housing and Regeneration Act 2008. Regulator of Social Housing Registration Number: 4772.

Advisors and Bankers

Auditors:	Crowe U.K. LLP The Lexicon Mount Street Manchester M2 5NT
Bankers:	Lloyds Bank PLC 25 Gresham Street London EC2V 7HN

2 STRATEGIC REPORT

The Directors present their Annual Report and Financial Statements for the period ended 31 March 2023 for Westmoreland Supported Housing Limited ("the Society", "Westmoreland").

2.1 Purpose and Principal Activities

Westmoreland provides supported living accommodation in England and Wales to meet the individual and unique needs of adults with learning disability, mental ill-health, acquired brain injury, physical or sensory disability, diagnosed long term conditions such as dementia or who may, for a multitude of reasons, require care and support. Westmoreland partners with local authorities who establish the care needs of our residents and a range of care provider organisations who provide the long-term care to enable our customers to thrive in their own homes. Westmoreland provides the appropriate homes and intensive housing management services to ensure the home continues to meet our customers' needs over the long term.

2.2 Vision & Strategic Priorities

Westmoreland's vision is to be a high-quality provider of long-term specialist supported housing to some of the most vulnerable people in society. We seek to be an active contributor to the development and improvement of services and solutions that lead to better life outcomes for our customers.

2.3 Status of the Business

During the September 2020-21 financial year, Westmoreland made further considerable steps towards achieving a full business recovery. During the latter part of the 2020-2021 financial year and the early months of this period, Westmoreland undertook a detailed strategic review over several months. Following strong progress in both prior years and confidence in forward planning, the Board elected to remain as a stand-alone entity and to agree its first three-year business plan covering the period October 2021 to September 2024, establishing the first cohesive set of three-year corporate objectives targeted at furthering Westmoreland's stated Purpose as a stand-alone entity. During the period, the Board agreed to change the Society's financial year end to better align Westmoreland's financial year with the 'social housing year'. Hence, this report covers the period from October 2021 to March 2023 – eighteen months – and the business plan now covers a three-and-a-half-year period from October 2021 to March 2025.

This eighteen-month period has been challenging for the economy, for business in general and for the social housing sector in particular, with a significant portion of the financial period operating in shadow of lockdown as a result of the Covid-19 pandemic, and the latter part impacted by heavy cost inflation and the UK's cost of living crisis. The Society responded well to the restrictions imposed by Covid-19, maintaining services and health and safety standards throughout the period, even with staff operating remotely for significant periods.

The inflationary period saw Westmoreland's repair and maintenance unit costs increase by 14%, with other operating costs inflating by an average of 9% across all heads of cost. Notwithstanding, Westmoreland has performed strongly, with all service standards maintained or improved across the period, all committed investment delivered, controlled growth achieved and finally exceeding Board expectations for the financial outturn of the period.

The principal highlights include:

- Westmoreland has issued a three-year business plan with six key objectives and has delivered against the expectations of year one of the plan

- The Board and staff worked together to develop a new set of Organisational Values that are now embedded in Westmoreland's business and decision-making

- Between 2019 and 2021, Westmoreland eschewed growth opportunities to focus upon a deep business recovery. During the period to 31 March 2023, the Board agreed to accept controlled growth that aligns with the business plan. We have delivered growth to expectations

- Westmoreland partnered with a major landlord operating this sector to agree a plan to transfer a failing portfolio of specialist supported homes, with the objective of Westmoreland resolving all operating issues and improving service quality for the residents. We delivered a significant level of property investment, brought all properties to compliance, resolved rent challenges and brought the portfolio into payment.

Through the period, Westmoreland has delivered to its business plan and made significant improvements in all areas of its governance, operation and resilience, but it remains non-compliant with the Governance and Financial Viability standard issued by the Regulator of Social Housing, as it remains vulnerable to the materialisation of significant sector risks. We remain in close contact with the Regulator on plans and progress.

2.4 Our Values

Value	Key Words	Description
We do the right thing	Honesty and Integrity	We are honest and transparent with ourselves, our colleagues, our beneficiaries, partners and other stakeholders. We choose to act with a consistent and uncompromising adherence to strong moral and ethical principles
We deliver	Professionalism and Accountability	We consider that we have an obligation to our beneficiaries to act in their best interests at all times. We make decisions and complete activities for the benefit of our beneficiaries before any other stakeholders. We hold ourselves and each other responsible for our decisions, actions, or lack of actions. We continuously apply and seek to improve our technical and professional skill sets to maximise the benefits and Value for Money we can deliver.
We use New Thinking	Innovation and problem solving	We challenge ourselves to introduce new ideas or technologies to provide better ways of delivering a service that benefits our service users. We operate in a sector that requires broad-based improvement to improve Value for Money and customer outcomes; we actively seek to contribute to development of the sector overall.
We are one team	Collaboration and Inclusivity	We share knowledge, information and work together within and across organisational boundaries to deliver improved outcomes for our beneficiaries and to develop a stronger, more united voice. We have respect for the individual and aim to provide equal access to opportunities and resources for people who might otherwise be excluded or marginalised. All of our interactions are undertaken with due regard for the dignity, feelings, wishes, or rights of others irrespective of age, disability, gender, racial origin, religion, belief, sexual orientation, language, perspectives or opinions.
We are a learning organisation	Understanding and Curiosity	We use our interest in and empathy with those around us, our beneficiaries and other stakeholders to improve our understanding and learn better ways of meeting changing needs. We always seek to do better.

2.5 Business Plan for 2023-2025

The scope of the business plan seeks to deliver against the remaining areas of Westmoreland's non-compliance, capability and organisational development and growth. The plan encompasses six key corporate objectives:

1. Governance and Compliance

At the end of year 3, Westmoreland views itself as a compliant business

At the centre of Westmoreland's plan is to regain compliant status with the Regulator of Social Housing. Significant progress has made since business recovery commenced in 2020. The focus is to continue to build organisational strength and seek regulatory reassessment by the end of the plan period.

2. Capability

At the end of year 3, Westmoreland is a systems- and data-led business, with fit-for-purpose capabilities, scalable beyond 1,000 units

To date, Westmoreland has reviewed and refreshed all operating processes and systems of internal control. This plan period has seen Westmoreland commission a deep systems and data review and commence work on a strategic systems plan to better enable the Society to streamline processes, reduce manual data handling and place effective data analytics at the centre of decision-making. The plan will deliver improved operational resilience and internal controls in preparation for future expansion.

3. Customer Engagement & Involvement

At the end of year 3, Westmoreland is providing an effortless customer experience for a defined service scope that responds to customer needs

Whilst Westmoreland has significantly developed its delivery to customers in the past two years, the Board has recognised the need to further widen channels of customer engagement, improve customer involvement in strategic decision-making and broaden service offerings, where appropriate, to help our customers enjoy successful long-term tenancies. The early part of 2023 has seen a number of positive developments with the appointment of a customer representative onto the Board, improved data on customer demographics and views, and commencing the development of a new customer strategy.

4. People

At the end of year 3, Westmoreland is an employer of choice for this sub-sector, with members who understand and have a direct connection with our Purpose

The Board believes that the value delivered by Westmoreland is centred upon our staff; our ability to deliver and maintain high quality properties, appropriate and effective services, to be able to engage effectively with customers and collaborate with partners. As such, our aim is to attract, secure and retain competent and committed staff, to invest in their skills and development and to foster a deep connection with our purpose. The period since October 2021 has seen Westmoreland strengthen our team with new recruits – including at Board level, improve our employment terms and conditions and support new professional qualifications for a number of the team.

5. Growth

At the end of year 3, Westmoreland will have scaled to 800 units of compliant and effective stock located in chosen geographies

Controlled and effective growth is a key plank of the Boards strategy to deliver to Westmoreland's purpose and to develop long term scale, strength and resilience. This period, (our first period accepting growth for four years) has seen 41 units of committed high quality new-to-market growth and a transfer of 81 units from a failing provider to Westmoreland.

6. Contribution to the SSH Sector

At the end of year 3, Westmoreland will be known as a positive 'force for good' in the SSH Sector

Westmoreland will work with peer companies, funders, care providers and other stakeholders to the provision and management of SSH to seek to improve standards in key areas and to help in developing and delivering stronger, better risk-balanced and cost-effective solutions for our customer cohort. 2022 saw the formalisation of the SSH Network, a group of peer company CEOs established by Westmoreland to work together to support its members and the wider vulnerable adults housing sector in improving the quality and sustainability of housing provision. The group has been particularly active in the past twelve months in sharing experiences, developing good practice, engaging with the regulator, superior landlords and other stakeholders.

In the eighteen-month period ended March 2023, Westmoreland delivered a small operating margin, similar to the 2021 financial year, and ahead of forecasted performance. This margin has been made notwithstanding the significant headwinds caused by un-forecasted high levels of inflation across all operating cost lines. This result represents a further significant step forward in the Society's recent performance.

To the date of issue of this report, highlights of activity *subsequent to* the end of the 2021-2023 financial period include:

- A material improvement in regulatory position. In July 2003, the Regulator of Social Housing agreed that the issues giving rise to Westmoreland's non-compliance with the Consumer Standards have been resolved and the Regulatory Notice has therefore been removed.

- A further improvement in operating performance with increases in occupancy and new business secured.

- Entering into a new long-term arrangement for provision of repairs and maintenance services, offering improved quality and value for money
- Implementing a new gardening service and cleaning service across the country.

2.6 Regulatory Engagement

It is important to note that Westmoreland remains non-compliant with certain areas of the Regulator of Social Housing Standards; specifically, the business resilience requirements under the Governance and Financial Viability Standards. While we continue to strengthen our business in all respects, mitigation of the risk profile for registered providers that utilise long-term index-linked leases remains a challenge for us, as it does for a large proportion of Specialist Supported Housing providers using this business model. Westmoreland, in conjunction with other members of the SSH Network, continue negotiations with our partners to improve this position both in respect of currently managed portfolios and potential growth. Westmoreland is seeing greater understanding of the inequity of risk share in the model across the major investors into this market and a willingness to engage in dialogue to improve the position.

Throughout the period, the Board has engaged openly and worked closely with the Regulator of Social Housing to share Westmoreland's journey and progress.

The Board has restated the commitment to the Regulator that achieving regulatory compliance remains a critical priority for Westmoreland.

2.7 Objectives and Going Concern

The objectives of the Society during the period have been to ensure the safety of residents, manage compliance and availability of properties and to deliver the first year of Westmoreland's three-year business plan. The work completed in our 2023 financial period has delivered to expectations.

The Board has adopted the going concern basis in the financial statements.

Whilst the Board believes the adoption of the going concern basis is appropriate, they also note the lack of free reserves and the resultant limited resilience Westmoreland has achieved to date. Throughout the remainder of the business plan period, the Society will focus on improving long-term resilience, driving operational improvements, achieving regulatory compliance and controlled growth. The business plan forecasts the elimination of Westmoreland's deficit in reserves by March 2025.

3 BUSINESS PERFORMANCE

During the period Westmoreland has worked with a total of 40 Care and Support partner organisations delivering services to approximately 530 tenants living in 133 supported housing schemes located across England and Wales.

Westmoreland's teams have focused on continued improvement in service delivery to customers, effectiveness and efficiency in operations and resolution of historic poor performance in assisting customers with rent, repairs and maintenance. There has been further significant activity in analysing and resolving historic debt.

3.1 Key Operating metrics

Westmoreland's key operating metrics for the period are given below. Performance of the main portfolio has been separated from the transferred in portfolio to allow direct period-on-period comparison.

	Metric (as at period end)	Sep 2020	Sep 2021	Mar 2023	
				Core	Transferred In
Housing Management	Number of Units	590	550	545	81
Housing Management	Occupancy - Gross (%)	83%	87%	87%	62%
Housing Management	Occupancy - of Lettable (%)	75%	90%	89%	62%
Housing Management	Number of Voids	103	71	69	31
Housing Management	Number of unlettable Voids	47	18	10	0
Housing Management	Collections - Housing Benefit (%)	98.50%	99.80%	98.10%	67.70%
Housing Management	Collections - Self Payer (%)	86%	95.50%	107.00%	95.20%
Housing Management	Overall Income Collected (%)	98%	99.20%	98.80%	71.00%
Housing Management	Current and Former Tenant Arrears	£4,074k	£3,977k	£1,893k	£264k
Housing Management	Care Provider Debt	£1,462k	£872k	£306k	£0k
Asset Management	Repair Volume Per Annum	1,872	3,562	2,670	470
Asset Management	Cyclical Schedule Adherence	83%	96%	91%	100%
Asset Management	Compliance - Gas	100%	100%	100%	100%
Asset Management	Compliance FRA	100%	100%	100%	100%
Asset Management	Compliance - Elec	100%	100%	100%	100%
Asset Management	Compliance - Asbestos	100%	100%	100%	100%
Asset Management	Compliance - Water	96%	100%	100%	100%
Asset Management	Compliance - Legionella	92%	100%	100%	100%
Asset Management	Planned investment (£ Delivered in Period)	£366k	£566k	£1,449k	£40k
Asset Management	Planned investment (£ Forecast next period)	£616k	£1,490k	£233k	£110k
Employee	Employee Numbers (FTE)	21	17	21	
Employee	Staff Turnover	+8	-4	+4	
Employee	Average Sick Days	<3%	<3%	<3%	

**Note: Certain figures 2020 and 2021 have been restated to ensure consistency in calculations across all periods.*

Overall, Westmoreland has maintained strong operating performance throughout the period and made further incremental gains in key areas.

During the period, Westmoreland handed several poor performing properties to landlords and replaced these with new growth of an improved standard.

Occupancy and Collections performed well throughout, achieving our combined target across the majority of properties, although Westmoreland continues to target occupancy of 92%, something not yet achieved. This will be aided by agreed plans to invest further in three long-term underperforming assets in 2024.

Throughout the period, Westmoreland has maintained effective engagement with Housing Benefit teams across our geography, ensuring a high level of rent collection. Further work has been done to clear historic accounts.

Joint work from our assets team, landlords and our partners has reduced our unlettable units from a starting point of 194 in October 2019 to 3 units at the end of the financial period through portfolio rationalisation, remedial and investment works and improved engagement with all parties. The remaining 3 units have plans in flight to resolve during 2024.

Repairs, maintenance and investment performance remained strong in 2023. Whilst compliance-related activities reduced through the period, as expected, responsive repairs remained high and above expected budget throughout.

The significant investment deployed (£1,489k, including £40k investment deployed for the transferred in portfolio) reflects a combination of completion of the last works to remediate historic under investment and deployment of the first full year of the re-baselined 30-year investment plan. The combined programme was delivered to time and within £30,000 of allocated budget.

The poor adherence noted in cyclical works was driven by an underperformance in gardening services that increased through the period. Engagement with staff, care provider partners and customers confirmed a level of dissatisfaction with both adherence and service quality. In the latter part of the period, Westmoreland terminated our relationship with incumbent provider and developed a new service for implementation at the beginning of the 2024 financial year that provides a higher level of service. Feedback from all stakeholders to date has been strongly positive on both adherence and quality.

At the point the distressed portfolio previously managed by Larch Housing Association was transferred to Westmoreland, no rents were in payment following significant dispute. In addition, there were significant shortfalls in health and safety compliance, repairs and investment work, and customers and partners were disengaged from their landlord.

Following significant work from our teams, landlord and partners, outcomes for customers are transformed. Investment and compliance programmes have brought properties back to standard and the implementation of Westmoreland's repairs and cyclical programmes and customer engagement has both improved satisfaction and increased expectation. Whilst the portfolio underperforms against Westmoreland's main portfolio, the gap is significantly reduced and will be closed during the 2024 financial year.

Whilst Westmoreland's focus is upon bringing new capacity to the sector, the Board believes that assuming responsibility for the portfolio was in the best interests of the residents, and improving such failing projects aligns strongly with Westmoreland's values to do the right thing and our objective to be a contributor to this sector.

As reported in 2021, Westmoreland consulted with all customers to move from the historic fixed service charge to a variable service charge from the end of the 2021 financial year. The consultation was completed through February and March 2021 and migration completed effective April 2021. 2023 is the first year of full reconciliation of customer accounts, to be completed by September 2023.

Throughout this period of change and renewal, we are pleased to report retention of the majority of staff and ongoing improvement in engagement. In 2023, the Society has further improved its employee offer to existing and new staff and has attracted new, capable staff to join the team. This will be further developed in the next business plan period.

3.2 Customer and Care Provider Engagement

The beginning of the 2021-2023 financial period saw the end of formal Covid-19 lockdown and allowed organisations to recommence usual operations. During the lockdown period, staff movement was limited, with visits to properties largely ceasing for the duration and all service quality and satisfaction data being gathered remotely. During this period Westmoreland sought to maintain services that were required for customers' health and safety and other services to the extent that it was safe and appropriate to do so. Whilst repair services were limited in scope, we delivered 100% of safety-related works throughout. Gardening and other cyclical services were delivered as and when it was deemed safe to do so by all parties concerned.

As lockdown lifted fully, direct site visits increased and services fully resumed.

Care Provider feedback on core services was as follows:

Rating	CP Feedback on Service Charge Cyclical Work		CP Feedback on Repairs	
	As at Sep 2021	As at Mar 2023	As at Sep 2021	As at Mar 2023
Excellent	40%	35%	80%	80%
Good	26%	18%	16%	16%
Fair	26%	32%	4%	4%
Poor	8%	15%	0%	0%

The deterioration in feedback for cyclical works was driven by the under-performing gardening service described above, which has been replaced at the end of the financial period with a new service. The feedback on the repairs service has remained unchanged and strongly positive.

During this period, we focused our customer engagement upon ensuring the continued safety and wellbeing of customers and care provider staff. The core areas of focus were:

Question	As at Sep 2021	As at Mar 2023
Is the customer's care plan in place and adhered to for each resident	99% Yes (1% in hospital and new care plan to be agreed)	100%
Have staffing levels remained sufficient for customer support?	100% Yes	80% Yes - recruitment remains difficult in the sector but is improving – temporary staff hours have reduced by over 50%
Are Fire Evacuation plans in place and current?	100% Yes	100% Yes
Are lift and hoist checks all current?	100% Yes	100% Yes
Are COSH records known and current	100% Yes	100% Yes
Is confidentiality being maintained for customer records?	100% Yes	100% Yes

There was a notable increase in staffing concerns for Westmoreland's care provider partners in the period during and following the Covid-19 pandemic. This created an adverse impact to Westmoreland's occupancy, peaking at the unavailability of 13 units (in 9 properties) due to insufficient number of available care staff. The situation had markedly improved by the period end and has improved further since.

As the post lockdown impacts receded, Westmoreland commenced a refresh of all customer data held by us, combined with a discussion with customers in respect of their overall satisfaction with our service. Towards the end of the period, the Board agreed to combine this exercise with the roll-out of the Tenant Satisfaction Measures (TSMs). At the end of the period, this activity was ongoing, to be reported in the 2024 financial year.

Westmoreland is collecting TSM data through a combination of face-to-face meetings with customers and their representatives and remote surveys.

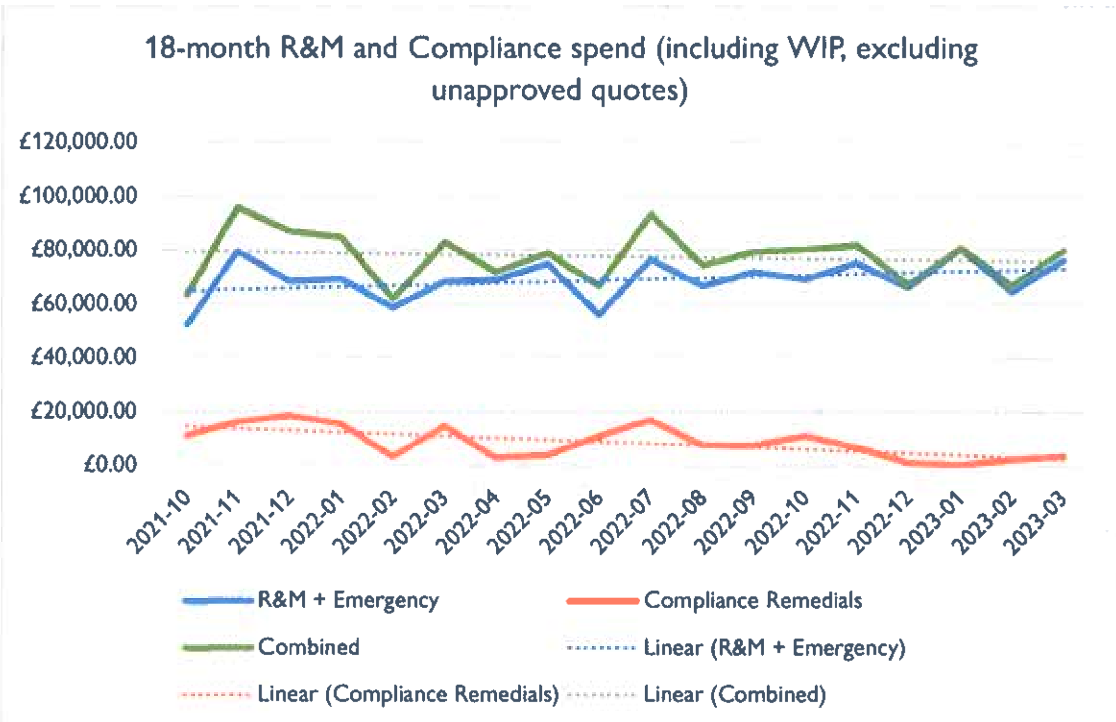
Westmoreland adopts the Housing Ombudsman's Complaint Handling Code. In the period, four complaints were received, three of which were upheld and one partially upheld. Three were concluded as a 'Stage 1' complaint and the fourth at 'Stage 2'. Three are related to speed and accuracy of response and information sharing that have helped us learn and improve our customer service. The final complaint was in respect of an overpayment by Housing Benefit in 2018. This issue could not re-occur as a result of wholesale changes to Westmoreland's internal controls in 2020.

2024 will see Westmoreland conclude the Board's work on developing a new customer strategy, completion of the full customer data refresh and further development on widening customer engagement channels.

3.3 Asset Management

Health and Safety Compliance across all key measures (including the "big six") has been at 100% throughout the 18-month period. 216 compliance remedials jobs have been completed during that time. At the end of March 2023, there were 77 Legionella and Fire Risk Assessment remedial works outstanding that were completed by the end of June 2023.

In that time 4004 reactive maintenance jobs were completed at a cost of £1.196 million and 87 void jobs at £183k (total £1.379m). On average, there have been 222 completed jobs per month, but this has been on an upward trend from circa 210 per month in September 21 to 240 in March 23. Repair numbers in the first quarter of 2024 financial year have fallen back to an average of 223.



Repair performance has been strong with 97.5% of priority repairs completed within timescale, average repair time at 7.5 days and fix first time measures in excess of 90% for the period. Our void turnaround time averaged 10.73 days.

Westmoreland delivered a total of 149 investment projects throughout the 18-month period. 66 of these were remedial works following historic under investment, the remaining 83 comprised the first-year delivery of Westmoreland's forward investment plans. Overall, delivery of the combined programme was to time and with a small negative variance on budget (£34k, 2%).

Through the period, there were five cases of damp and mould identified, four of which have been addressed and one with repairs underway.

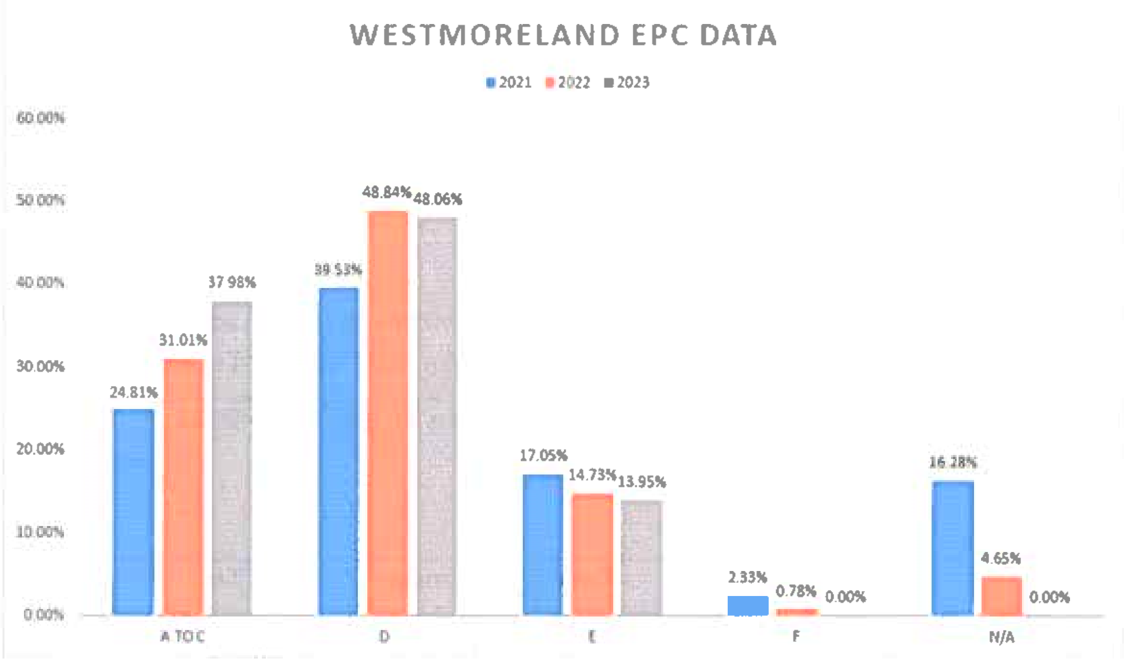
There has been one case of a property not meeting decent homes standard, due to poor thermal properties. Westmoreland are in negotiations with the landlord for remediations. There have been no other cases of disrepair.

Westmoreland partners with a specialist company to provide our repairs service. Whilst the delivery service is contracted, Westmoreland retains responsibility for performance, quality and value for money, and directly provides all planning and quality assurance services for work delivered, health and safety compliance management and direct management of cyclical services, such as gardening and cleaning. Through the business recovery period (2020-2023), Westmoreland procured services via 12-month contract awards. Progress to full business recovery has been sufficient for Westmoreland to undertake a full tender during the latter half of 2023 for implementation at the beginning of the 2024 financial year. The tender attracted significant interest and was successfully awarded on a three- plus two-year basis in February 2023. The new contract offers further improvements in delivery service and commercial efficiencies.

The 2024 financial year will see the roll out of year two of the investment programme and the new gardening and cleaning services. As issues with historic underinvestment have largely been completed, investment spend is expected to be significantly less in this period.

3.4 Energy Performance

Westmoreland and our landlords undertook five projects during 2023 financial period targeted at improvement in energy performance. Whilst progress has been made in improving the quality of the portfolio, the Board recognises that there is some distance yet to travel to achieve A-C ratings by 2030.



During 2024, we will further close the gap and will conclude negotiations with landlords on how to work together to deliver the required improvements.

4 FINANCIAL REVIEW

The results for the eighteen months ended 31 March 2023 are not immediately comparable with those of the prior period, firstly as a result of the extended period length and secondly because of substantial growth in the number of units under management from June 2022 onwards.

Results for the current and comparative periods are summarised in the tables below, with the effect of the new units acquired in June 2022 shown separately, under "Transfers":

Statement of Comprehensive Income	**Eighteen months to 31 March 2023**			Twelve months to 30 September 2021
	Core **£**	**Transfers** **£**	**Total** **£**	Total £
Rent and other income	**17,934,445**	**1,645,829**	**19,580,274**	10,800,267
Non-payment of Housing Benefit/rent	**(88,696)**	**(238,174)**	**(326,870)**	511,641
Lease rentals	**(10,387,206)**	**(587,860)**	**(10,975,066)**	(6,805,730)
Other direct costs	**(5,248,163)**	**(600,860)**	**(5,849,023)**	(2,680,523)
Gross profit/(loss)	**2,210,380**	**218,935**	**2,429,315**	1,825,655
Overheads	**(2,206,388)**	**(166,749)**	**(2,373,137)**	(1,760,969)
Interest receivable	**1,064**	**-**	**1,064**	-
Gain on loan written off	**-**	**-**	**-**	4,000,000
Net profit/(loss)	**5,056**	**52,186**	**57,242**	4,064,686

Statement of Financial Position	**As at 31 March 2023 £**	As at 30 September 2021 £
Fixed assets	**175,860**	181,402
Net current liabilities	**(599,454)**	(347,244)
Long term liabilities	**(245,000)**	(560,000)
Deficit in reserves	**(668,594)**	(725,842)

Comparing like with like, the main variances between the current and prior period are attributable to growth in rent and other income (as a result of the annual rent increase in April 2022) and a significant growth in other direct costs. The bulk of this increase is attributable to increased repairs and maintenance expenditure, both planned and unplanned, from £1,537k in the twelve months ended 30 September 2021 to £3,358k in the eighteen months ended 31 March 2023. As with other providers, Westmoreland also incurred a significant increase in utility costs, rising 76% across the period.

This change reflects increased investment by Westmoreland into its housing stock, as well as a rise in the number of repairs and compliance jobs undertaken.

FINANCIAL REVIEW (continued)

However, Westmoreland has delivered good budgetary control in respect of its overhead base, which have actually decreased from the twelve months ended 30 September 2021 on a like-for-like basis.

The provision for non-payment of Housing Benefit/rent was negative in the year ended 30 September 2021 as a substantial number of legacy Housing Benefit restrictions and shortfalls were resolved in Westmoreland's favour, resulting in the collection of arrears that were previously fully provided for. Westmoreland's exceptional performance in collections is evident in the low non-payment provision recognised in the eighteen months ended 31 March 2023, at less than 0.5% of total income.

At the end of the period, Westmoreland's deficit in reserves had reduced by £57k from the previous period end, ahead of budget which had assumed a breakeven position.

4.1 Value for Money

Westmoreland is required to comply with the regulatory framework for the sector as issued by the Regulator of Social Housing. The regulatory framework contains a specific standard for Value for Money (VfM) and how registered providers are expected to address this issue.

Under the Value for Money Standard, the Regulator for Social Housing detailed seven financial metrics to be measured and reported. The first table below records Westmoreland's performance against the Regulator's calculations as required by the Standard, while the second table shows alternative calculations that are more relevant to the lease-based sector in which Westmoreland operates.

As required by the Standard, Westmoreland has included data for peers, using data collated by the Regulator in its 2022 Global Accounts reporting to show the upper quartile (UQ), median and lower quartile (LQ) figures for each of the seven metrics as a benchmark. However, as stated above these metrics are not ideally suited to Westmoreland's business, and so some results are significantly out of step with these benchmark figures.

RSH VfM Metric	12 months to 30 September 2021	18 months to 31 March 2023	+ve or -ve change	Sector Upper Quartile	Sector Medium Quartile	Sector Lower Quartile
1. Reinvestment %	326.7%	581.9%	↑	8.6%	6.5%	4.7%
2. New supply delivered	0%	0%	↔	2.1%	1.4%	0.7%
3. Gearing %	-338.5%	-335.4%	↓	53.1%	44.1%	32.1%
4. EBITDA MRI interest cover	N/A	N/A	↔	198%	146%	107%
5. Headline social housing cost per unit	£19,343	£20,158	↓	£5,180	£4,150	£3,700
6. Operating margin %	0.6%	0.3%	↓	25.4%	20.5%	14.3%
7. Return on capital employed	-39.0%	-13.3%	↓	3.9%	3.2%	2.4%

FINANCIAL REVIEW (continued)

WSHL VfM Metric	12 months to 30 September 2021	18 months to 31 March 2023	+ve or -ve change
1. Reinvestment as % of total lease liability/ Reinvestment as % of lease liability within one year	0.3%/ 8.3%	0.5%/ 13.7%	↑
2. New supply delivered including leased stock	0%/0%	0%/1.8%	↑
3. Gearing recognising substance of financing%	100%	100%	↔
4. Operating surplus ex. Lease costs as % lease costs	100.9%	100.5%	↓
5. Headline social housing cost per unit excluding lease rent	£7,080	£8,470	↓

Metric 1 - % reinvestment

This metric looks at the investment in properties (existing stock as well as new supply) as a percentage of total properties owned. As a lease-based provider, Westmoreland's equivalent metric looks at reinvestment as a % of lease liability.

Westmoreland only owns one tangible fixed asset, which is a housing property held at historic cost. While there has not been any investment into this asset in the year, the RSH metric requires the Westmoreland's entire reinvestment spend to be assessed against the value of this one property, which results in an unreasonably high reinvestment spend %. The alternative metric that Westmoreland calculates is a much fairer representation of the reinvestment.

Westmoreland's performance against both the RSH's metric and its own calculations show an improvement in the current period, reflecting the enhanced maintenance and improvement programme that was undertaken in this time.

Metric 2 – New Supply Delivered

This metric looks at the units acquired or developed in the period as a proportion of existing stock. Westmoreland has added new stock during the period but the units were leased and not owned outright. This new supply is excluded from the RSH's metrics whereas Westmoreland's alternative metric shows improved performance in this area.

Metric 3 – Gearing

This metric is more pertinent for Associations that develop and have larger asset bases than Westmoreland. Under the RSH's prescribed calculations, WSHL has a high, negative value for gearing as it only owns one property and holds very little long-term debt. However, as a leased-based provider, Westmoreland is effectively operating at 100% gearing. We have used this in addition to the traditional metric as it more accurately reflects the substance of the financing arrangements for the leased properties.

FINANCIAL REVIEW (continued)

Metric 4 – Operating lease surplus ex. Lease costs as % Lease costs

In a traditional organisation the EBITDA-MRI metric would be used as is a key indicator for liquidity and investment capacity. It seeks to measure the level of surplus that a registered provider generates compared to interest payable.

As Westmoreland does not pay any interest on loans, the metric in this format is not relevant for it. Therefore, Westmoreland has calculated the Operating Surplus excluding lease costs as a % of lease costs. The loan waiver of £4.0m in the 2021 figures have been excluded from this calculation to get a clear picture of progress on this metric.

Metric 5 – Headline social housing cost per unit

The unit cost metric assesses the headline social housing cost per unit as defined by the regulator. As the principal cost driver for this metric for Westmoreland is the level of lease rents payable, an alternative calculation that excludes lease costs is also shown. The increased spend on general maintenance and reinvestment has resulted in a small deterioration against both metrics in 2021-23.

Metric 6 – Operating Margin

The operating margin demonstrates the profitability of operating assets. Increasing margins are one way to improve the financial efficiency of the business. In assessing this ratio, it is important that consideration is given to registered providers' purpose and objectives. Westmoreland's operating margin has dropped slightly but has remained positive despite significant investment in its properties and increased utility costs.

Metric 7 – Return on Capital Employed

This metric compares the operating surplus to total assets less current liabilities and is a common measure in the commercial sector to assess the efficient investment of capital resources. For Westmoreland this metric is not particularly relevant as there is only one social housing property owned. The negative ROCE figure is as a result of having a deficiency of assets (i.e., negative capital employed) and performance has declined in the current period as the operating surplus was lower than in 2021.

VfM Targets for 2023-24

Westmoreland recognises its responsibility to set targets, deliver and report performance in line with the VfM Standard. 2023 saw a deterioration in Westmoreland's VfM performance as a result of two key factors. Firstly, Westmoreland undertook its largest ever investment programme in existing property, and secondly it incurred a significant unbudgeted 14% increase in repair and maintenance costs, driven by exceptional inflationary pressures.

FINANCIAL REVIEW (continued)

The 2024 financial year is the second year of Westmoreland's three-year business plan. It will see a lower level of per-unit investment, as the significant majority of remedial works were completed in 2023. Westmoreland will also implement a new long-term repairs and maintenance contract, targeted at improved efficiency and quality of delivery.

Westmoreland's focus on Value for Money aims to achieve improved value of better outcomes for residents, increased economic activity (focus on costs) and savings to local and national governments as a result of services that are no longer needed as Westmoreland are supplying that service.

5 MANAGEMENT OF RISK

The Board is responsible for managing risk and has implemented a management framework for the identification, measurement and management of key risks arising in the course of our business and that takes account of the Regulator of Social Housing's 'Addendum to the Sector Risk Profile 2018' issued in April 2019 (and subsequently referenced in March 2020 and October 2021).

The Board recognises the key risks faced by small specialist supported housing providers in the current economic climate. The resulting risk register identifies mitigations against financial, regulatory, external economic and environmental risks, is managed by the Executive team and reviewed by the Board at each meeting.

Underpinning our management of risk are core business assumptions and ongoing requirements, that we will:

- Continue to deliver Westmoreland homes and services to a compliant standard and deliver any necessary additional services to support our customers, thereby supporting a positive reputation for this sector.
- Develop and hold sufficient cash and reserves to deliver services during materialisation of any risk or adjustment of market approach.
- Seek to minimise the risk of service interruption to our customers, through working closely with our landlords, managing and balancing counterparty risk.
- Continually seek a timely route to achieve compliance with the Regulator of Social Housing Standards.

MANAGEMENT OF RISK (continued)

Key risks to the Society include:

KEY RISK	RISK DESCRIPTION	KEY MITIGATIONS AND CONTROLS	SOURCES OF ASSURANCE
Business viability and resilience	Westmoreland is unable to build sufficient resilience to be able to effectively respond to materialisation of market risks and of change in legal and regulatory frameworks, impacting the security of our customers' homes.	Deliver consistently high performance and the remainder of the 2023-25 business plan to drive margin and further efficiencies.	• Performance against plan • Monthly Management Accounts, Cashflow forecasts • Operating and performance reporting • Board Minutes
Long term business model viability	Long term demand for the type of accommodation Westmoreland provides, or the business model used, wanes over time. This could be from a change in government policy, regulatory regime or preferred delivery models. The impact could include inability to secure occupancy for our properties, or an inability to secure growth	Westmoreland's key near term mitigation is to deliver consistent high performance and Value for Money to demonstrate the value of our service. In the medium- to long-term to diversify Westmoreland's holdings and scope to include other service users' needs	• Maintenance of positive relationships with key sector influencers and continual long-term 'horizon scanning'. • Tracking performance of occupancy, satisfaction and managing near- and medium-term demand with partners
Counter Party risk with Care Providers (CPs) and Landlords	Near and long term economic and / or regulatory pressures result in interruption to supply or service, or not sustained at the appropriate quality, resulting in inappropriate care and / or destabilising our customers' homes	Close relationship and performance management with Landlords and Care Providers. Active management of contract periods Joint succession planning with commissioning authorities.	• Maintenance of positive relationships with key sector influencers and continual long-term 'horizon scanning'. • Resident feedback, site visits, regular and ad-hoc review meetings with CP/Local Authorities • Financial and performance tracking of CPs, • CQC published judgement register
Inability to deliver and sustain top-quartile operating targets.	Inadequate performance impacts negatively on future Superior Landlord support and prevents Westmoreland from generating sufficient surplus to improve resilience, resulting in longer non-compliance and regulator intervention	Ongoing focus upon asset quality and management, occupancy and debt collections. Ongoing close operating dialogue with all key stakeholders. Open and transparent Regulator engagement	• Detailed Operations and Asset Management performance reporting • Board scrutiny
Inability to deliver a clear road map to Regulatory Compliance	Inability to assure compliance with Specialist Supported Housing standards, and / or to achieve a clear, timely route to compliance with the Governance and Viability Standard may result in further intervention from RSH	Deliver against 2023-25 business plan Open and transparent ongoing Regulator engagement.	• Performance against plan • Internal and independent assessments of compliance • Board scrutiny
Ensuring residents remain safe in their homes	Risk of serious injury/fatality/reputational damage due to insufficient management of Health and Safety	Cyclical programme of inspections and works. Compliance checks and Inspection visits by relevant staff.	• Health and Safety compliance reporting monthly cycle. • Scheduled and ad-hoc review meetings with Care Providers. • Monthly review with contract partner.

MANAGEMENT OF RISK (continued)

5.1 Financial Risk Management

Risk management objectives and policies

The Board govern the treasury activities of the Society. The Executive Team is responsible for the management of funds and control of associated risks, with responsibility for the management of liquidity, interest rate and counterparty risk. The strategy has an overriding objective of the avoidance of unacceptable risk, with surplus cash being invested with approved counterparties (banks and money market funds) in line with Treasury Management Policy that defines credit quality criteria and maximum exposure limits.

The main risk facing the Society is that it will be unable to make its lease liability payments when they fall due. This risk is through long-term leases being agreed, with lease terms of 20-40 years. There is no security against any of the Society's assets.

Counterparty risk

The Society has a counterparty risk in respect of those institutions where surplus funds may be deposited. Deposits are made either in call accounts, or where the notice period is no more than one year. As part of the risk management process, the credit ratings of these institutions are regularly reviewed and form part of any investment decision.

It is recognised that the current economic uncertainties driven by Covid-19 and Brexit could put financial institutions under increased stress due to a prolonged period of loan defaults. The failure of a counterparty is deemed a low risk but the Executive Team will continue to monitor these institutions and, if deemed necessary, take action to spread cash balances over several counterparties.

Interest rate risk

The Society has no exposure to interest rate risk as it has no borrowings.

Liquidity risk

Liquidity is a key risk which is managed using well-established cash forecasting and business planning processes which are regularly stress tested. The Society's operations are entirely financed through cash flows generated from the collection of rent.

It is considered that the Society has sufficient financial resources to make all scheduled lease payments, and therefore the risk of being unable to meet its financial obligations to the landlords is considered to be low.

MANAGEMENT OF RISK (continued)

Credit risk

The Society's principal credit risk relates to tenant arrears. This risk is managed by having a very high percentage of tenants who are in receipt of 100% Housing Benefit, with the Housing Benefit paid directly to Westmoreland. The arrears of any self-funding tenants are closely monitored and managed.

Market risk

The Society's exposure to market risk limited to changes in inflation, which has the effect of eroding the purchasing power of any funds held.

Given the need to maintain liquidity and the historically low interest rates on offer across the banking sector, Westmoreland accepts this market risk as a reasonable cost of maintaining the relatively high degree of security provided by using a bank with a strong credit rating.

However, this risk has increased considerably in the past twelve months or so given the current rate of inflation. The declining buying power of Westmoreland's funds is particularly relevant in respect of future planned maintenance sinking fund needs, as the cost of the works could increase by more than the investment growth Westmoreland is able to achieve. However, inflation is forecasted to fall during 2023, which will reduce the impact of this. In addition, some funds have been placed on deposit at higher interest rates, which has helped to partially close the inflation gap in the meantime.

6 CORPORATE GOVERNANCE

As at 1st October 2021, the Board had six non-executive members and one executive member. During the current financial period, two members resigned their positions. The Board elected to reconsider its size and make-up during 2022, in concert with finalisation of Westmoreland's long-term strategy and the resignations of three further members. At the time of signing, one new member has joined in 2023.

Board members are drawn from diverse backgrounds, bringing together professionals with a range of perspectives. The Board also obtains external specialist advice as necessary. All business is transacted by the Board with no formal Committees. The Board was remunerated during the period as shown below:

Board Member	Appointed	Paid
Susan Hickey (Chair; resigned 25th March 2022)	10/09/2019	£5,824
Jayne Francis-Ward (Chair, from 25th March 2022)	06/06/2019	£15,126
Andrew Stafford	29/01/2019	£10,500
Lyn Clayton (Resigned 25th March 2022)	06/06/2019	£3,000
Neil Timms	06/06/2019	£9,000
Lee Sugden (Resigned 28th February 2022)	10/09/2019	£2,500
Vivien Cross	01/02/2022	£7,000
Cherry Dunk	01/04/2022	£6,000
Alasdair Macarthur	02/05/2022	£5,484
Susan Smyth (customer representative)	13/05/2023	£0
Stephen Fensom (as board member) *	13/07/2020	£0

* Stephen Fensom received remuneration of £190,833 in his capacity as CEO.

The figures above cover the entire eighteen-month period and so are not representative of annualised salary amounts.

The appointments of Susan Hickey and Lee Sugden was originally made by the Regulator of Social Housing (RSH) as part of its engagement with Westmoreland. The appointment was concluded by RSH at the end of September 2021. Both Members elected to remain with us for a further period to provide continuity and support and resigned at the point they believed their role was fulfilled. Lynn Clayton resigned to pursue other opportunities.

The Board and staff of Westmoreland would like to thank these Members for their invaluable contributions made at the most challenging time for the business.

CORPORATE GOVERNANCE (continued)

The Society remained in a period of intense oversight and control during delivery of the business recovery plan. Whilst the significant majority of recovery activities were completed by the early part of this period, the Board of Directors elected to continue a keen focus upon progress. The Board met fourteen times between October 2021 and March 2023 to set strategic direction, consider risk and review operations. All but five of these meetings were face-to-face. Member attendance was 92% across the period.

Officers have been granted a range of delegated authorities by the Board to facilitate the efficient running of operations.

Senior executive pay is based on independent professional advice and sector benchmarks, considering the need to attract people qualified to lead an organisation of this type, during such a period of fundamental change. The CEO became a member of the Board on 13 July 2020.

6.1 Compliance with the Regulator of Social Housing's Standards

Over the period since 2018, the Regulator of Social Housing has, at different times, formally considered Westmoreland in Breach of five of the seven regulatory standards. Since commencing the recovery plan, the Society has completed a series of activities to remediate the identified breaches.

On 4th February 2022, Westmoreland formally advised the Regulator of Social Housing that Members of the Board hold that all identified breaches had been resolved for four of the five standards. This position was reiterated on 11th January 2023.

In respect of the Governance and Financial Viability Standard, the Society holds that it meets the standard expected in respect of systems of governance and internal control. However, the Board accepts that Westmoreland remains non-compliant with the standard overall, due to current insufficient financial resilience to withstand materialisation of major risks over the long term. Whist this issue is symptomatic for Registered Providers offering the majority of their homes using long-term index-linked leases, managing this risk - and therefore closing the gap to regulatory compliance - is a central objective of the remainder of the 2023-25 business plan.

Managing this risk requires focus in two areas. Firstly, Westmoreland is working with other members of the SSH Network and superior landlords to target clarification and mitigation of lease responsibilities should a significant risk materialise that may expose our business and therefore our customers' homes. Secondly, Westmoreland must continue to improve operating performance and efficiency and undertake controlled growth.

CORPORATE GOVERNANCE (continued)

On 5th July 2023, the regulator removed Westmoreland's Regulatory Notice in respect of no-compliance with the Consumer Standards, commenting that, 'The issues giving rise to this Regulatory Notice have been resolved'. Whilst the Board recognise that the Society has further work to do to regain compliant status, this positive milestone is recognition of the progress made to date.

6.2 Financial Statement Preparation

The financial statements are prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including Financial Reporting Standard 102 (FRS 102) and the Housing SORP 2018: Statement of Recommended Practice for Registered Social Housing Providers and comply with the Accounting Direction for Private Registered Providers of Social Housing 2022.

6.3 Directors and Officers Indemnity Insurance

Policy cover is in place that protects the personal assets of corporate directors and officers, and their spouses, in the event they are personally sued by employees, vendors, competitors, investors, residents, or other parties, for actual or alleged wrongful acts in managing a company up to a limit of £5m.

6.4 Regulatory Compliance - NHF Code of Governance 2020

The Board has adopted the NHF Code of Governance. Westmoreland confirms that it is fully compliant following a review in July 2023.

6.5 Employees

On 31st March 2023, Westmoreland employed twenty-one full time employees. All employees are actively involved in the operational management of Westmoreland and are supported with personal development opportunities. Westmoreland does not discriminate on the grounds of disability, gender or ethnicity and has an equal opportunities recruitment policy.

6.6 SSH Property Compliance - Funding

None of the properties owned or leased by Westmoreland have any public subsidy or grant funding attached to them.

CORPORATE GOVERNANCE (continued)

6.7 Internal Controls Assurance

The Board acknowledges its ultimate responsibility for ensuring that the Society has in place a system of internal control that is appropriate to the business environment in which it operates.

The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and to provide reasonable (and not absolute) assurance against material misstatement or loss, in line with the Board's view that risks should be controlled and managed.

The Board is satisfied that the major risks to which the Society is exposed are understood, well documented and that appropriate action plans are in place to mitigate these risks. The Board acknowledges that there has been significant investment in improving the control framework since September 2019, in particular: a comprehensive risk register, a self-improvement plan, compliance with health & safety legislation, improvements to tenancy management and consultation, a new robust financial authorisation framework, a new Board review framework, improvements in Board reporting, a range of policies and procedures, and a new comprehensive financial business plan model.

The work of the external auditor provides further independent assurance on the control environment, advising the Board of any weaknesses identified along with recommendations for improvement.

6.8 Statement of Board's responsibilities for the annual report and financial statements

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the financial statements are prepared for each financial year in accordance with the United Kingdom Generally Accepted Accounting Practice (United Kingdom

Accounting Standards) and applicable law including FRS102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

The financial statements are required by law to give a true and fair view of the state of affairs and profit or loss of the Society for that period.

CORPORATE GOVERNANCE (continued)

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

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Society's transactions and disclose with reasonable accuracy at any time the financial position of the Society and enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014. They are also responsible for safeguarding the assets of the Society and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that:

- So far as each Director is aware, there is no relevant audit information of which the Society's auditor is unaware and;
- The Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Society's auditors are aware of that information.

By order of the Board:

Jayne Francis-Ward

Jayne Francis-Ward
Chair

25 September 2023

7 INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WESTMORELAND SUPPORTED HOUSING LIMITED

Opinion

We have audited the financial statements of Westmoreland Supported Housing Limited (the "Society") for the period ended 31 March 2023 which comprise the Statements of Comprehensive Income, the Statement of Changes in Reserves, Statement of Financial Position, the Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state Society's affairs as at 31 March 2023 and of its income and expenditure for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the 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.

Basis for opinion

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Society'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.

INDEPENDENT AUDITOR'S REPORT (continued)

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

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

- the information given in the Report of the Board for the financial period for which the financial statements are prepared is not consistent with the financial statements; or
- adequate accounting records have not been kept by the Society; or
- a satisfactory system of controls over transactions has not been maintained; or
- the Society financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Board

As explained more fully in the Board's responsibilities statement set out on pages 30 to 31, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

INDEPENDENT AUDITOR'S REPORT (continued)

In preparing the financial statements, the Board is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intends to liquidate the Society 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.

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

We obtained an understanding of the legal and regulatory frameworks within which the Society operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements such as the Co-operative and Community Benefit Societies Act 2014 (and related Directions and regulations), the Housing and Regeneration Act 2008 and other laws and regulations application to a registered social housing provider in England. We also considered the risks of non-compliance with the other requirements imposed by the Regulator of Social Housing, and we considered the extent to which non-compliance might have a material effect on the financial statements.

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

INDEPENDENT AUDITOR'S REPORT (continued)

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

A further description of our responsibilities for the audit of the financial statements is 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 Society's members as a body in accordance with the Co-operative and Community Benefit Societies Act 2014 and the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the Society'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 Society and the Society's members as a body, for our audit work, for this report, or for the opinions we have formed.

Crowe UK LLP

Crowe U.K. LLP
Statutory Auditor
The Lexicon
Mount Street
Manchester
M2 5NT

28th September 2023

8 FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2023

	Note	**Eighteen months to 31 March 2023**	Twelve months to 30 September 2021
		£	£
Turnover	4	**19,580,274**	10,800,267
Operating expenditure	4	**(19,524,096)**	(6,735,581)
Operating surplus		**56,178**	4,064,686
Interest receivable		**1,064**	-
Surplus before tax		**57,242**	4,064,686
Tax on surplus on ordinary activities	7	**-**	-
Surplus for the period after tax		**57,242**	4,064,686
Total comprehensive income for the period		**57,242**	4,064,686

The results relate wholly to continuing activities.

The financial statements were approved and authorised for issue by the Board on 25 September 2023 and were signed on its behalf by:

Jayne Francis-Ward

Jayne Francis-Ward
Chair

Stephen Fensom
Board Member

Adam Reece
Secretary

The notes on pages 40 to 56 form an integral part of these financial statements

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2023

	Note	31 March 2023 £	30 September 2021 £
Fixed assets			
Tangible fixed assets – housing properties	8	**170,614**	173,358
Other tangible fixed assets	8	**5,246**	8,044
		175,860	181,402
Current assets			
Trade and other debtors	9	**1,934,113**	1,191,172
Cash and cash equivalents	10	**1,027,246**	1,336,791
		2,961,359	2,527,963
Current liabilities			
Creditors: amounts falling due within one year	11	**(3,560,813)**	(2,875,207)
Net current liabilities		**(599,454)**	(347,244)
Total assets less current liabilities		**(423,594)**	(165,842)
Non-current liabilities			
Creditors: amounts falling due after more than one year	12	**(245,000)**	(560,000)
Total net liabilities		**(668,594)**	(725,842)
Reserves			
Share capital	13	**6**	-
Income and expenditure reserve	14	**(668,600)**	(725,842)
Total reserves		**(668,594)**	(725,842)

The financial statements were approved and authorised for issue by the Board on 25 September 2023 and were signed on its behalf by:

Jayne Francis-Ward

Jayne Francis-Ward
Chair

Stephen Fensom
Board Member

Adam Reece
Secretary

The notes on pages 40 to 56 form an integral part of these financial statements

STATEMENT OF CHANGES IN RESERVES
FOR THE PERIOD ENDED 31 MARCH 2023

	Income and expenditure reserve	Total
	£	£
Balance at 1 October 2020	**(4,790,528)**	**(4,790,528)**
Surplus from Statement of Comprehensive Income	**4,064,686**	**4,064,686**
Balance at 30 September 2021	**(725,842)**	**(725,842)**
Surplus from Statement of Comprehensive Income	**57,242**	**57,242**
Balance at 31 March 2023	**(668,600)**	**(668,600)**

The notes on pages 40 to 56 form an integral part of these financial statements

STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2023

	Eighteen months to 31 March 2023 £	Twelve months to 30 September 2021 £
Cash flow from operating activities		
Surplus before taxation	**57,242**	4,064,686
Adjustments for non-cash items:		
Depreciation	**5,542**	4,565
Gain on loan written off	**-**	(4,000,000)
(Increase)/decrease in trade and other debtors	**(742,941)**	763,903
Increase/(decrease) in trade and other creditors	**370,606**	(1,121,089)
	(366,793)	(4,352,621)
Adjustments for investing activities:		
Interest received	**(1,064)**	-
Net cash generated from operating activities	**(310,615)**	(287,935)
Cash flow from investing activities		
Interest received	**1,064**	-
Cash flow from financing activities		
Shares issued	**6**	-
Net change in cash and cash equivalents	**(309,545)**	(287,935)
Cash and cash equivalents at beginning of the period	**1,336,791**	1,624,726
Cash and cash equivalents at end of the period	**1,027,246**	1,336,791

The notes on pages 40 to 56 form an integral part of these accounts

9 NOTES TO THE ACCOUNTS

1. LEGAL STATUS

Westmoreland Supported Housing Limited (Westmoreland) is registered under the Co-operative and Community Benefit Society Act 2014 and is a registered provider of social housing.

2. ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including Financial Reporting Standard 102 (FRS 102) and the Housing SORP 2018: Statement of Recommended Practice for Registered Social Housing Providers and comply with the Accounting Direction for Private Registered Providers of Social Housing 2022.

The Board is satisfied that the current accounting policies are the most appropriate for the Society. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

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

The Financial Statements are presented in Pound Sterling (£). This also the functional currency.

The Financial Statements are for the eighteen-month period ended 31 March 2023 following a change in Westmoreland's year end, whereas the comparative values are for the twelve-month period ended 30 September 2021.

Going concern

Westmoreland's business activities, together with the factors likely to affect its future development, performance and financial position are set out in the Strategic Report on pages 5 to 10.

2021-23 was the first period of Westmoreland's three-year business plan, and represents the second consecutive accounting period in which a surplus has been realised after a difficult period from 2016 – 2019 where steep losses were incurred.

During the period, the Board and senior management have continued to focus upon consolidation of the portfolio and renegotiation of leases that do not meet the needs of the business going forward. The Board and senior management have also continued to work with the Regulator of Social Housing on recovery plans that target the return of the Society to a compliant regulatory grading. At the exit of the period, the Board confirmed the successful completion of the key elements of this plan to ensure the long-term support of the landlords to underpin the future of the Society while it builds greater organisational and financial resilience.

NOTES TO THE ACCOUNTS (continued)

2. ACCOUNTING POLICIES (continued)

Going concern (continued)

The Board has undertaken planning and forecasting for a range of possible scenarios and continue to closely monitor the ongoing situation. The Society's current forecast show that at present there is a robust business plan which ensures future viability, including the elimination of Westmoreland's deficit in reserves by the end of the business plan period in March 2025.

Having assessed the circumstances, the Directors have determined there is no material uncertainty as to the ability of the Society to continue as a going concern for the foreseeable future, and they believe it is appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments if the entity were unable to continue as a going concern.

Further comment is provided in the Strategic Report on pages 5 to 10.

Turnover and revenue recognition

Turnover comprises rental income receivable in the period and other services included at the invoiced value of goods and services supplied in the period. Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting, net of any voids.

Deferred income at the period end is included in creditors.

Resources expended

Liabilities are recognised once there is a legal or constructive obligation that commits the Society to the obligation. Expenditure is recognised when a liability is incurred. Contractual arrangements are recognised as goods and services are supplied. All resources expended are classified under activity headings that aggregate all costs related to the category.

NOTES TO THE ACCOUNTS (continued)

2. ACCOUNTING POLICIES (continued)

Irrecoverable VAT

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

Tangible fixed assets and other tangible fixed assets

Freehold properties are stated in the statement of financial position at cost less depreciation.

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life.

The depreciation rates used for other assets are as follows:

Freehold properties	1% straight line
Fixtures and fittings	25% reducing balance
Computer Equipment	33.3% reducing balance

Financial instruments

Westmoreland has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost using the effective interest method. Financial assets held at amortised cost comprise cash and bank and in hand, together with trade and other debtors. Financial liabilities held at amortised cost comprise trade and other creditors.

Debtors

Short term debtors are measured at transaction price (which is usually the invoice price), less any impairment losses for bad and doubtful debts. Loans and other financial assets are initially recognised at transaction price including any transaction costs and subsequently measured at amortised cost determined using the effective interest method, less any impairment losses for bad and doubtful debts.

Rent debtors were assessed at the period end and the value held in the accounts is less any impairment losses for bad and doubtful debts.

NOTES TO THE ACCOUNTS (continued)

2. ACCOUNTING POLICIES (continued)

Creditors

Short-term creditors are measured at transaction price (which is usually the invoice price). Loans and other financial liabilities are initially recognised at transaction price net of any transaction costs and subsequently measured at amortised cost determined using the effective interest method.

Taxation

A current tax liability is recognised for the tax payable on the taxable profit of the current and past periods. A current tax asset is recognised in respect of a tax loss that can be carried back to recover tax paid in a previous period. Deferred tax is recognised in respect of all timing differences between the recognition of income and expenses in the financial statements and their inclusion in tax assessments. Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference, except for revalued land and investment property where the tax rate that applies to the sale of the asset is used. Current and deferred tax assets and liabilities are not discounted.

Changes to the Society's tax status with HM Revenue & Customs (HMRC) have resulted in there being no on-going liability to corporation tax. See note 7 for more details.

Employee benefits

Short-term employee benefits and contributions to defined contribution plans are recognised as an expense in the period in which they are incurred.

Leased assets

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases are classified as operating leases. The rights of use and obligations under finance leases are initially recognised as assets and liabilities at amounts equal to the fair value of the leased assets or, if lower, the present value of the minimum lease payments. Minimum lease payments are apportioned between the finance charge and the reduction in the outstanding liability using the effective interest rate method. The finance charge is allocated to each period during the lease so as to produce a constant periodic rate of interest on the remaining balance of the liability. Leased assets are depreciated in accordance with the Society's policy for tangible fixed assets. If there is no reasonable certainty that ownership will be obtained at the end of the lease term, the asset is depreciated over the lower of the lease term and its useful life. Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

NOTES TO THE ACCOUNTS (continued)

2. ACCOUNTING POLICIES (continued)

Pensions

The Society operates the NEST defined contribution pension scheme. Contributions to the Society's defined contribution pension scheme are charged to the Statement of Comprehensive Income in the period in which they become payable.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the accounting policies, which are described in note 2, the Board is required to make judgements, estimates, assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects the current and future periods.

In the view of the Board, other than as stated below, no assumptions concerning the future or estimation uncertainty affecting assets and liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial period:

Providing for doubtful debts

The estimate for receivables relates to the recoverability of the balances outstanding at the period end. A review is performed on an individual debtor basis to consider whether each debt is recoverable.

Tangible fixed assets

Tangible fixed assets are depreciated over their useful lives taking into account residual values, if appropriate. The actual lives of the assets are assessed annually and may vary depending on a number of factors.

Operating leases

Whether leases entered into by the Society either as a lessee or lessor are operating leases or finance leases. These decisions depend on an assessment of whether risks and rewards of ownership have been transferred from the lessor to the lessee on a lease-by-lease basis.

NOTES TO THE ACCOUNTS (continued)

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Impairment

As part of the continuous review of the performance of their assets, management identify any homes, or schemes, that have increasing void losses, are impacted by policy changes or where the decision has been made to dispose of the properties. These factors are considering to be an indication of impairment.

Where there is evidence of impairment, the fixed assets are written down to the recoverable amount and any impairment losses are charged to operating surpluses. As a result, the Society estimates the recoverable amount of its housing properties as follows:

(a) Determine the level at which the recoverable amount is to be assessed (i.e., the asset level or cash-generating unit (CGU) level). The CGU level is determined to be an individual scheme;
(b) Estimate the recoverable amount of the cash-generating unit;
(c) Calculate the carrying amount of the cash-generating unit; and
(d) Compare the carrying amount to the recoverable amount to determine if an impairment loss has occurred.

The outcome of this assessment has determined there is no impairment based on the future cashflows, the long-term contribution from which is positive.

Sinking funds

Sinking funds are included where they were required under the terms of historic leases. However, where new leases no longer require sinking funds to be maintained they have been released to the extent that they are in excess of the amounts required to cover legacy repair costs.

Fair value measurement

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets including investment properties. This involves developing estimates and assumptions consistent with how market participants would price the instrument or asset. Management bases its assumptions on observable data as far as possible, but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices.

NOTES TO THE ACCOUNTS (continued)

4. TURNOVER, OPERATING EXPENDITURE AND OPERATING SURPLUS

	Eighteen months to 31 March 2023		
	Turnover	**Operating expenditure**	**Operating surplus**
	£	**£**	**£**
Social housing lettings (Note 4a)	**19,580,274**	**(19,524,096)**	**56,178**
Activities other than social housing	**-**	**-**	**-**
TOTAL	**19,580,274**	**(19,524,096)**	**56,178**

	Twelve months to 30 September 2021		
	Turnover	Operating expenditure	Operating surplus
	£	£	£
Social housing lettings (Note 4a)	10,800,267	(10,735,581)	64,686
Activities other than social housing	-	4,000,000	4,000,000
TOTAL	10,800,267	(6,735,581)	4,064,686

During the previous period, it was agreed with Fairhome Group Limited to write off a £4m loan held by Westmoreland, with no repayment and with no further conditionality upon Westmoreland. The write off was effective from 1 April 2021. The gain on the release of this liability is included within Activities other than social housing.

NOTES TO THE ACCOUNTS (continued)

4a. PARTICULARS OF INCOME AND EXPENDITURE FROM SOCIAL HOUSING LETTINGS

	Supported housing & housing for older people £	Care homes £	Eighteen months to 31 March 2023 Total £	Twelve months to 30 September 2021 Total £
INCOME				
Rent receivable net of identifiable service charges	14,557,322	126,615	**14,683,937**	8,974,641
Service charge income	1,229,048	-	**1,229,048**	459,189
Other income from social housing lettings	3,664,189	3,100	**3,667,289**	1,366,437
TURNOVER FROM SOCIAL HOUSING LETTINGS	19,450,559	129,715	**19,580,274**	10,800,267
OPERATING EXPENDITURE				
Management	2,360,043	7,552	**2,367,595**	1,756,404
Rent to landlords and ground rent	10,850,088	124,978	**10,975,066**	6,805,730
Service charge costs	1,592,000	164	**1,592,164**	622,186
Routine maintenance	1,707,223	2,055	**1,709,278**	758,624
Planned maintenance	427,140	665	**427,805**	211,878
Major repairs expenditure	1,489,162	-	**1,489,162**	566,340
Other property costs	627,277	3,337	**630,614**	521,495
Bad debts	326,870	-	**326,870**	(511,641)
Depreciation	5,542	-	**5,542**	4,565
Operation expenditure on social housing lettings	19,385,345	138,751	**19,524,096**	10,735,581
OPERATING SURPLUS/(DEFICIT) ON SOCIAL HOUSING LETTINGS	**65,214**	**(9,036)**	**56,178**	64,686
Void losses	2,289,696	-	2,289,696	1,509,740

NOTES TO THE ACCOUNTS (continued)

4a. PARTICULARS OF INCOME AND EXPENDITURE FROM SOCIAL HOUSING LETTINGS (continued)

All income and expenditure items are higher in the eighteen months to 31 March 2023 as a result of the extended period. Most elements have also increased as a result of a significant number of properties that were brought into management in June 2022.

Management costs include salaries, business insurances, office costs, travel and legal and professional fees.

As well as the extended period and increase in the number of units under management, routine maintenance costs and major repairs expenditure are higher in the eighteen months to 31 March 2023 due to significant investment in improving the quality of the housing stock.

The bad debt credit in 2021 arose as a result of significant recoveries against former tenant arrears that had previously been thought unrecoverable. Across the eighteen months to 31 March 2023, collections performance against current tenant rents is in excess of 98%.

NOTES TO THE ACCOUNTS (continued)

5. ACCOMMODATION OWNED, MANAGED AND IN DEVELOPMENT

	As at 31 March 2023 No. of units		As at 30 September 2021 No. of units	
Social housing	**Owned**	**Managed**	**Owned**	**Managed**
Under management at end of period:				
Supported housing and housing for older people	**1**	**625**	1	549
	1	**625**	1	549

6. SURPLUS ON ORDINARY ACTIVITIES

	Eighteen months to 31 March 2023 £	Twelve months to 30 September 2021 £
The operating surplus is stated after charging/(crediting):		
Audit fees (excluding VAT)	**22,900**	24,917
Non-audit fees (excluding VAT)	**-**	1,200
Operating lease rentals – land & buildings	**11,004,896**	6,805,730
Depreciation of other fixed assets	**5,542**	4,565
Gain on loan written off	**-**	(4,000,0000)

During the previous period, it was agreed with Fairhome Group Limited to write off a £4m loan held by Westmoreland, with no repayment and with no further conditionality upon Westmoreland. The write off was effective from 1 April 2021.

NOTES TO THE ACCOUNTS (continued)

7. TAXATION

Following the conversion to a Community Benefit Society in April 2021, Westmoreland applied for charitable status with HM Revenue & Customs (HMRC). HMRC confirmed that the Society is a charity for tax purposes, with this status taking effect from 25 September 2020.

As a result of this change, Westmoreland is no longer subject to corporation tax and so no reconciliation of the tax charge is included in these financial statements.

All brought forward tax losses that were held by Westmoreland prior to its conversion to a Community Benefit Society have been forfeited, and so there are no unrecognised deferred tax assets in relation to losses.

8. TANGIBLE FIXED ASSETS

	Housing properties		Other fixed assets	
	Social housing properties for letting	**Total Housing properties**	**Fixtures and fittings**	**Total Other fixed assets**
COST				
At 1 October 2021	182,964	**182,964**	32,005	**32,005**
Additions	-	-		-
Disposals	-	-	-	-
At 31 March 2023	182,964	**182,964**	32,005	**32,005**
DEPRECIATION AND IMPAIRMENT				
At 1 October 2021	9,606	**9,606**	23,961	**23,961**
Charge for the period	2,744	**2,744**	2,798	**2,798**
At 31 March 2023	12,350	**12,350**	26,759	**26,759**
Net book value at 31 March 2023	**170,614**	**170,614**	**5,246**	**5,246**
Net book value at 1 October 2021	173,358	173,358	8,044	8,044

NOTES TO THE ACCOUNTS (continued)

9. TRADE AND OTHER RECEIVABLES

	31 March 2023 £	30 September 2021 £
Rent arrears	2,552,880	4,878,984
Less: provision for bad debts	(1,656,339)	(4,171,536)
Other debtors	18,460	24,505
Prepayments and accrued income	1,019,112	459,219
	1,934,113	1,191,172

10. CASH AND CASH EQUIVALENTS

	31 March 2023 £	30 September 2021 £
Cash at bank	1,027,246	1,336,791
	1,027,246	1,336,791

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 March 2023 £	30 September 2021 £
Trade creditors	930,646	796,705
Rent & service charges paid in advance	141,160	-
Other taxation and social security	27,956	22,026
Other creditors	3,366	-
Accruals and deferred income	2,457,685	2,056,476
	3,560,813	2,875,207

NOTES TO THE ACCOUNTS (continued)

12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31 March 2023 £	30 September 2021 £
Trade creditors	**245,000**	560,000
	245,000	560,000

13. SHARE CAPITAL

	Issued share capital 2023 No.	**Issued share capital 2023 £**
At 1 October 2021	**-**	**-**
Proceeds from share issue	**6**	**6**
At 31 March 2023	**6**	**6**

During the period, the Society issued shares to each non-executive Board Member.

14. STATEMENT OF FUNDS

	At 30 September 2021 £	**Surplus for the period £**	**At 31 March 2023 £**
Total unrestricted funds	(725,842)	57,242	(668,600)
Total restricted funds	-	-	-
Total funds	(725,842)	57,242	(668,600)

NOTES TO THE ACCOUNTS (continued)

15. FINANCIAL ASSETS AND LIABILITIES

Details of the Society's financial risk management policies and risks is included in Section 5: Management of Risk on pages 23 to 26.

Categories of financial assets and financial liabilities	**31 March 2023 £**	30 September 2021 £
Financial assets that are debt instruments measured at amortised cost	**1,942,247**	2,068,744
Financial liabilities measured at amortised cost	**(1,348,128)**	(1,378,731)
Total	**594,119**	690,013

Other than short-term debtors, the only financial assets held are cash at bank. They are sterling denominated and the interest rate profile at the period end was:

	31 March 2023 £	30 September 2021 £
Floating rate on cash at bank	**1,027,246**	1,336,791
Financial assets on which no interest is earned	**915,001**	731,953
	1,942,247	2,068,744

Financial liabilities excluding trade creditors – interest rate risk profile
The interest rate profile of the Society's financial liabilities at the period end was:

	31 March 2023 £	30 September 2021 £
Fixed rate	**-**	-
Floating rate	**3,366**	-
	3,366	-

The floating rate liabilities relate to a corporate credit card facility.

NOTES TO THE ACCOUNTS (continued)

16. OPERATING LEASES

The Society holds properties under non-cancellable operating leases. At the end of the period the Society had commitments of future minimum lease payments as follows:

	31 March 2023 £	30 September 2021 £
Land and buildings:		
Within one year	**7,394,650**	6,814,718
Between two and five years	**26,855,690**	25,973,839
Greater than five years	**182,942,183**	188,428,929
	217,192,523	221,217,486
Other plant and equipment:		
Within one year	**11,374**	9,913
Between two and five years	**21,385**	29,260
	32,759	39,173
	217,225,282	221,256,659

The lease agreements do not include any contingent rent or restrictions. The majority of the leases for land and buildings include options to extend that are exercisable at the sole discretion of the landlord. It is assumed that all options to extend will be exercised by the landlords in the calculation of the future minimum lease payments shown above.

Since the period end, the society has entered into further operating lease commitments totalling £6,978,780, all with a life of greater than five years.

17. EMPLOYEES

The average number of employees expressed in full time equivalent of a 37.5 hour working week was as follows:

	Eighteen months to 31 March 2023 No.	Twelve months to 30 September 2021 No.
	18	17

NOTES TO THE ACCOUNTS (continued)

17. EMPLOYEES (continued)

	Eighteen months to 31 March 2023 £	Twelve months to 30 September 2021 £
Employee costs		
Wages and salaries	**1,213,257**	697,454
Social security costs	**121,530**	64,548
Other pension costs	**16,030**	10,436
Total	**1,350,817**	772,438

The Society operates the NEST defined contribution pension scheme.

The number of employees who received remuneration (including employer pension contributions) greater than £60,000 is as follows:

	Eighteen months to 31 March 2023 No.	Twelve months to 30 September 2021 No.
£80,001 to £90,000	-	1
£120,001 to £130,000	-	1
£130,001 to £140,000	2	-
£210,001 to £220,000	1	-

The figures for the eighteen months to 31 March 2023 are not representative of the annual remuneration of the employees concerned. In the twelve months from 1 April 2022 to 31 March 2023, two employees received remuneration between £90,001 and £100,000, and one employee received remuneration between £140,001 and £150,000.

NOTES TO THE ACCOUNTS (continued)

18. KEY MANAGEMENT PERSONNEL

The aggregate remuneration for key management personnel, which includes all members of the Executive Team, charged in the period is:

	Eighteen months to 31 March 2023	Twelve months to 30 September 2021
	£	£
Wages and salaries	**428,373**	200,692
Social security costs	**52,668**	25,262
Other pension costs	**3,742**	2,634
Total	**484,783**	228,588

The remuneration payable to the highest paid director (excluding pension and NI contributions) was £190,833 (30 September 2021: £120,000).

The Chief Executive receives pension contributions equal to 3% of their salary up to the qualifying earnings band set out under Auto Enrolment legislation. The pension scheme is a defined contributions scheme funded through rental income received. The Chief Executive is an ordinary member of the pension scheme and no enhanced or special terms apply.

No compensation was made to any Directors or past Directors in relation to the period of account in respect of loss of office.

Details of payments made to Board Members is shown on page 27 of the financial statements.

19. RELATED PARTIES

There are no related party disclosures to make for either the current or comparative period.