Auxesia Homes Limited

Annual Report and Financial Statements

for the Year Ended 30 September 2022

Contents

Company Information

Directors
Nicholas Frank Bull, appointed 22 February 2022
Ben Lister Baldwin
Christopher Perry Metcalf, resigned 31 March 2023
Ryan Christopher Blair
Gary Metcalf, resigned 31 March 2023
Richard Hunt
Paul Roberts, appointed 20 March 2023
David Christie, resigned 24 February 2022
John Kelly-Quinn, resigned 25 October 2022

Company Secretary
Amanda O'Connor, appointed 15 March 2023.
Olivia Dyer, appointed 2 November 2022, resigned 3 March 2023.

Regulator of Social Housing registration number 4765

Company registration number 07451258

Registered Office
1EB Booths Hall
Booths Park
Chelford Road
Knutsford
WA16 8QZ

Legal Advisors
Knights
2 St Peter's Square
Manchester
M2 3AA

Bankers
Natwest
Victoria Branch
PO Box 1357
169 Victoria Street
London
SW1E 5NA

Independent Statutory Auditor
Crowe UK LLP
3rd floor
The Lexicon
Mount Street
Manchester
M2 5NT

Highlights of Year Ended 30 September 2022

195
Total Properties Owned

127
Shared Ownership Properties Owned

57
Rental Properties Owned

11
Rent to Buy Properties Owned

204
Properties Exchanged Contracts

£711k
Total Gross Rent

£94
Total Rent Arrears

£2.04m
Exchange Deposits Paid

£19m
Tangible Asset Value

56%
Av First Tranche Sale

100%
Valid Gas Safe Certification

66%
Reinvestment in Property Acquisition

Chair's Statement for the Year Ended 30 September 2022

I am pleased to present to you Auxesia Homes' Financial Statements for the financial year ended 30 September 2022.

Demand for our new build affordable accommodation continues to be strong. This has been demonstrated by Auxesia Homes delivering 60 % sales growth, whilst increasing our affordable rental portfolio to comprise 50 properties, underpinned by minimal rent arrears across our entire mixed tenure portfolio. At the end of the financial year, Auxesia Homes owned a portfolio of 195 homes worth approximately £19 million, generating a total gross rental income of circa £711k per annum.

We recognise the key risks and challenges facing the social housing sector. Against a very challenging and fast-moving economic backdrop, the Sector Risk Profile highlighted a significant number of specific risks for social housing providers that our Board needs to manage in meeting the regulator's standards. Considering substantial financial pressures, for example the impact of high inflation on operating costs, the rising cost of debt, as well as the increased cost of living pressures on tenants, it is important to demonstrate financial resilience.

Auxesia Homes Limited was deemed non-compliant with the Governance and Financial Viability Standard by the Regulator of Social Housing (RSH) in early December 2022. The Auxesia Homes Board of Directors accepts the regulator's concerns and is focused on implementing a plan of improvements to strengthen our governance arrangements and to develop enhanced financial monitoring and reporting. Recognising that we must ensure we manage our affairs with an appropriate degree of skill, independence, diligence, effectiveness, prudence and foresight, Auxesia Homes has strengthened its human resource with the appointment of Simon Leighton as Chief Executive Officer (interim), Claire Donnelly, formerly of Your Housing Group, as Chief Financial Officer, and the recruitment of Paul Roberts as Non-Executive Director. Our recent additions have been welcomed by the RSH, further evidencing the Board's pledge to addressing the issues raised.

To ensure long-term viability, Auxesia Homes is committed to assessing, managing, and addressing risks, including ensuring social assets are protected by carrying out detailed and robust stress testing, and before taking on new liabilities, ensuring that we fully understand the likely impact on current and future business and regulatory compliance. The company shareholders continue to support the business having agreed to commit additional capital on favourable terms demonstrating their dedication to ensuring financial feasibility whilst also supporting the company's growth aspirations.

Working with leading debt advisory firm Centrus Advisory, in April 2022 we were delighted to introduce a £29 million loan facility from local authority debt provider, Warrington Borough Council. This collaboration enables Auxesia to further grow its portfolio of new build affordable properties across the north of England.

We continue to drive our strong social purpose by using the structure, skills, resources and partnerships available to Auxesia to procure additional affordable homes of choice. Prioritising current and former service personnel, those working for the health service and other emergency 'blue light' professions where possible, our vision is to be the leading provider of affordable homes for those who serve or have served our country.

Importantly, the economic environment and cost of living crisis impacts the lives of our residents, and we appreciate that we must balance rent increases with ensuring the affordability of our homes for our residents and the long-term resilience of our income.

Furthermore, we continue to aim to be a best-in-class provider of affordable housing and drive an improvement in standards across the sector. Supported by our appointed asset management firm, Touchstone Property Management, a Places for People group company, we continue to ensure our properties are safe and our residents are well looked after.

Ben Lister Baldwin

Ben Lister Baldwin
Chair of Auxesia Homes **Board of Directors**

Date: 15 May 2023

Executive Management Team

For the Year Ended 30 September 2022

Chief Executive Officer – Gary Metcalf

With over 20 years of experience in UK residential development, investment and asset management, Gary is experienced in institutional property fund creation. His extensive skills in these core areas that has enabled Auxesia Homes to make rapid progress in terms of its business model.

Managing Director – Chris Metcalf

Carrying out business development activities related to supporting Auxesia Homes priority user group of service personnel, Chris has developed innovative approaches and methods to increase housing supply and related services for individuals and families who are resident within our homes.

Responsible for positively promoting Auxesia Homes by establishing and enhancing relationships with strategic partners, local authorities, housebuilders, the Regulator of Social Housing as well as other businesses, statutory and voluntary organisations operating within the sector.

Chief Operating Officer – Ryan Blair

Full CV has been included below, as Ryan remains a current member of the Executive Management Team.

As at April 2023

Chief Executive Officer (interim) – Simon Leighton

The CEO provides strategic leadership, direction and support to Auxesia Homes Executive Team, leading the development of Auxesia's business plan, strategies and policies. The CEO ensures that Auxesia's governance structures reflect best practice, are efficient, effective, and operate within statutory and regulatory frameworks including the Regulatory of Social Housing and Code of Governance.

A values-led professional services business leader with experience and a track-record in collaborative business transformation, growth, and mergers/acquisitions and with technical expertise in housing, legal services, governance and regulation.

Prior to joining Auxesia Homes in March 2023, Simon was Managing Partner of Social Housing Specialist firm, Croftons Solicitors LLP for 11 years before selling and moving the team to Knights, where he worked for 2 years.

Simon has previously served on the Board of Forum Housing, Birkenhead and remains a Board member and Chair of Governance at Peaks and Plains Housing, Macclesfield, where he was also Chair of the Recovery Working Group and one of the key architects of the recovery from G3 back to G1.

Chief Financial Officer – Claire Donnelly

The CFO ensures financial strategies and controls are in place to support and sustain Auxesia Homes functions, supporting and influencing the increase in supply of affordable homes, whilst ensuring financial viability is upheld.

A commercially astute, PwC trained, finance leader with a proven track record of improving profitability, managing balance sheet risk, driving efficiency, and implementing change under challenging conditions.
Prior to joining Auxesia Homes in March 2023, Claire was Financial Director at Countryside and prior to that, Group Financial Director at Your Housing Group.

Chief Operating Officer – Ryan Blair

Responsible for the day-to-day smooth running of acquisitions, sales, lettings, and property management, the COO develops a culture of customer service excellence, underpinned by flexible and motivated staff who have a strong alignment to Auxesia Homes core values, ensuring equal opportunities and health and safety responsibilities are effectively maintained at all times.

Ryan has 13 years' experience working in residential sales, lettings and new homes in the UK and internationally.

Ryan joined Auxesia Homes in September 2020, having previously represented the UK's only National Custom Build Enabler of serviced building plots and pre-designed customisable homes, where he was instrumental in reshaping the business proposition to offer development consultancy, enabling support and sales & marketing services to private landowners, local authorities and volume housebuilders.

Earlier experience includes Savills as Residential Development Sales Manager, Head of Sales at luxury real estate brokerage 'Sotheby's International Realty' in Dubai and Area Lettings Manager at Your Move.

Ryan is a NAEA and ARLA property mark qualified property professional who comprises a wealth of real estate knowledge and has represented an array of high net-worth clientele.

Environmental, Social and Governance Statement for the Year Ended 30 September 2022

Auxesia Homes seeks to become the leading provider of affordable housing for individuals and families who represent our primary user group of military personnel, NHS staff and emergency service workers. We aim to achieve this by expanding our network of reputable developers, planning consultants and house builders and by continuing to assist local authorities deliver upon their obligations as per the Armed Forces Covenant. Our purpose is to treat our current and former British Military service men and women, NHS staff and Emergency Service personnel with the security and respect they deserve.

In collaboration with both volume and SME housebuilders, we provide affordable, high quality, safe homes, whilst committing to offer great customer service and long-term stability of tenure for residents. We are dedicated to investing in new social and affordable housing and making our homes available to people who might otherwise be excluded from open market opportunities.

We fully understand the importance of balancing financial returns with making a significant social impact. Since 2018, we have been focused on scaling up the delivery of affordable new homes throughout the north of England. At the end of the 2021/2022 financial year, Auxesia had grown its portfolio to comprise 195 properties, with the company having exchanged contracts to purchase a further 204 affordable housing units awaiting practical completion.

Auxesia Homes is committed to addressing social need, increasing supply of new build affordable homes, building and maintaining partnerships, providing affordability and value for money, and maintaining high standards of energy efficiency. We will do this by, upholding our current financing relationships, exploring alternative third-party funding, acquiring new affordable housing stock in partnership with national and regional house builders, working together with Touchstone as we endeavour to provide best in class property management services to our residents, and by instructing the development of a net zero strategy in partnership with an environmental consultant.

The Directors seek to embed effective governance and focus on ethics in all company operations. The Board has instructed sector expert Campbell Tickell to carry out a comprehensive Governance review which, once finalised (due April 2023), will contribute to the Governance Improvement Plan. This will cover board effectiveness, effectiveness of the Chairman and review of director self-appraisals. Alongside this, Auxesia's governance policies are being reviewed and renewed. Furthermore, Auxesia Homes recruited an in-house Head of Governance and Compliance, Amanda O'Connor (commenced February 2023), having previously relied upon independent consultancy, to ensure that as a company we keep abreast of regulatory developments and changes in best practice.

We understand that the RSH regulatory framework is designed to ensure good governance, financial viability, minimum maintenance and environmental standards, and protection of residents' welfare, and Auxesia Homes Board of Director's is committed to ensuring compliance with these standards as we deliver upon our goal of maximising social benefit.

Strategic Report for the Year Ended 30 September 2022

Organisation
Auxesia Homes Limited was registered as a Private Limited Company (Company number 07451258) on 5 November 2010 by Guildhouse UK Ltd. The company was registered with the Regulator of Social Housing (RSH) on 2nd May 2013 as a for-profit registered provider.

On 25th September 2018, Auxesia Homes was taken over. Over the course of the next two years, 90% of Auxesia Homes was acquired by 11 Group Holdings Ltd, with 10% remaining with the original shareholder. New capital and debt facilities were introduced into the company, and it commenced securing new affordable homes to be made available to those nominated by local authorities and its primary user group of military veterans, NHS and emergency service personnel.

On 24th May 2021, the entire issued share capital in Auxesia Homes Limited was acquired by Auxesia TopCo Limited from 11 Group Holdings Limited. Auxesia TopCo Limited was initially owned by 11 Group Holdings and Auxesia Lux SCSp (the Investor and majority shareholder). On 31st March 2023 Auxesia Lux SCSp acquired the remaining shareholding from 11 Group Holdings, rendering them the sole shareholder of Auxesia TopCo Limited. As at 30th September 2022, Cordia Real Estate Funds Luxembourg SICAV-RAIF were the majority investor Auxesia Lux SCSp . On 9th December 2022 Cordia Real Estate Funds Luxembourg SICAV-RAIF sold their investment in Auxesia Lux SCSp to Futureal Group, who are now the ultimate parent company of Auxesia Homes Limited.

Principal activity
The principal activity of the company continues to be that of providing new affordable homes for both shared ownership sale and affordable or social rental, to tenants nominated by local authorities and primary user group of Military Veterans, NHS and Emergency Service Personnel, where possible.

Review of the business
The Auxesia board has sought to establish a clear vision that sets it apart from an increasingly crowded marketplace of affordable housing providers. Although a for-profit registered provider, with a need to meet the requirements of its shareholders, the company continues to serve those in society that have served us so well in the past.

Auxesia has established its vision as:

To responsibly provide affordable homes of choice for those in need and to support those who have previously or continue to serve their community or country to access and thrive in such homes.

To support this, the company has a clear mission:

- To use the structure, skills, resources and partnerships available to Auxesia Homes to procure additional homes of choice for those in housing need.
- To work with others to support former military personnel, those working for the health service and other emergency service personnel.

Auxesia has a straightforward business model:

- To acquire, via S106 planning agreements, affordable homes from house builders to be made available on various tenures, such as Shared Ownership, Affordable Rent, Social Rent and Rent to Buy.
- To make these properties available to those nominated by local authorities and its primary user group where possible.
- To aggregate portfolios of tenanted Affordable Rental properties to sell to other housing providers to recycle funds to broaden our reach for our target customer group.

Its areas of operation cover the North West and Yorkshire, which have an increasing demand for all affordable housing tenure types.

Corporate governance
The Board formally adopted the 2020 NHF Code of Governance in December 2021. Although some initial consideration had been given to adopting a corporate code, with the Company's increasing rental portfolio, the

Board acknowledged that adopting the NHF Code provided greater transparency for key stakeholders, such as tenants and leaseholders.

A self-assessment was undertaken against the Code which identified a number of areas for further improvement and a governance action plan is being established. As a small provider, Auxesia Homes acknowledges the challenges to comply with the Code. Auxesia Homes complies with the principles of the 2020 Code, but as may be expected for a small provider, has yet to fully implement the principles into practice. The areas that the Company is working to improve include:

- Resident focus - Auxesia Homes is working with its property management provider and internal staff to expand its resident insight and engagement capabilities and its reporting back to residents how its commitments to resident focus have been delivered;
- EDI - The Board acknowledges that it has work to do in terms of equality, diversity and inclusion at Board level. As a small Board, with limited independent membership, addressing this issue in the near future will be challenging;

  Further work is yet to be done in the communication with Stakeholders;

  The Board is building a long-term funding strategy to enable Auxesia Homes to deliver its long-term business plan;

  CEO – Auxesia is in the process of reviewing the responsibilities and delegations of the CEO and wider Executive and invoking an effective performance management process;

  Performance – A governance review by Campbell Tickell has been commissioned (due April 2023) to help provide a robust system of strategy oversight, a systematic performance management approach and a reliable forward planning agenda for Board Meetings;
- Committees - As Auxesia Homes grows, consideration needs to be given to the use of committees of the Board, in particular a risk and audit committee.

  Board skills – an additional independent Board member was appointed in March 2023. The Board requires further skills (part of a Board skills audit) and further independence by way of at least one further independent Board member;

On 8th December 2022, Auxesia Homes Limited was deemed non-compliant with the Governance and Financial Viability Standard by the Regulator of Social Housing (RSH). The Auxesia Homes Board of Directors acknowledged the regulator's concerns and commenced a plan of proposed improvements to strengthen the governance arrangements in place and to develop enhanced financial monitoring and reporting.

Auxesia Homes has recently appointed new Chief Executive Officer (interim), Chief Financial Officer, Head of Governance & Compliance and a new highly credible Non-Executive Director. Our recent additions have already shown to have improved our governance skills, independence, diligence, effectiveness, prudence and foresight, and we continue to work constructively with RSH.

Auxesia also had some changes at Board level. David Christie was replaced by Nicholas Bull during the year as one of the nominees of Auxesia Lux SCSp. After the year end, John Kelley-Quinn stood down and Auxesia sought new non-executive directors with relevant sector experience and Paul Roberts was appointed in February 2023. Strengthening the Board, specifically in relation to greater knowledge of the sector and its regulatory requirements is a key element steps already taken on the improvement plan. On 31 March 2023, Gary Metcalf and Chris Metcalfe resigned from the Board.

To ensure long-term viability, we are committed to assessing, managing, and addressing risks, including ensuring social assets are protected by carrying out detailed and robust stress testing, and before taking on new liabilities, ensuring that we fully understand the likely impact on current and future business and regulatory compliance.

Major Milestones
Auxesia Homes Limited instructed leading debt advisory firm Centrus Advisory in July 2021 to source a provider of third-party debt for Auxesia Homes' stabilised assets. A £29m facility was agreed with Warrington Borough Council, a local authority debt provider, on 28th April 2022.

The Warrington Borough Council debt facility is made up of a £22.5m loan facility cap with a 3-year term to drawdown against stabilised assets and a £6.5m revolving credit facility, also with a 3-year term to be used for the acquisition of properties. The Term Loan is on a fixed rate 350 basis points over UK Fixed Rate Gilts. The

Revolving Credit Facility has a fixed rate of the 3-month sterling overnight index average (SONIA) Bank of England Base Rate plus 450 basis points.

Gross rental income into the business for the year stood at £832,925, with annual rent increases made in April 2021 in line with lease agreements and the Regulator's Rent Standard. Rent increases were implemented on 1st April 2022, with shared ownership rents increasing by 4.9% (RPI) + 0.5%, and affordable rents increasing by 3.1% (CPI) + 1%. The investment value of Auxesia Homes' portfolio, across all tenures at the year end, was £19,006,055.

In the financial year, the company completed the acquisition of 108 properties (73 shared ownership and 35 affordable rentals). At the end of the financial year, Auxesia Homes owned a total of 195 properties, made up of 100 sold shared ownership properties, 27 unsold shared ownership properties, 51 let affordable rental properties, 6 vacant affordable rental properties and 11 rent to buy properties, generating a total gross rental income of circa £711k per annum.

Furthermore, Auxesia Homes had exchanged contracts to purchase an additional 204 affordable housing properties, comprising 90 shared ownership properties and 114 affordable rentals.

The Board was pleased to note that at the year end the company had just £94 of arrears across its entire mixed tenure portfolio.

Property Management

Touchstone Property Management, a Places for People company, continue to provide invaluable support, providing us with their expertise, human resource, technology and contractor network to effectively manage our homes. As well as day-to-day tenancy management, Touchstone coordinate and over-see rental collection, repairs, maintenance and respond to customer queries. As one of the UK's leading property management firms with a portfolio of over 20,000 homes, Touchstone assists the housing management and maintenance functions across Auxesia Homes' stock. Auxesia Homes manages the relationship with Touchstone closely, with regular contract management meetings and access to Touchstone's real-time performance monitoring system allowing daily performance monitoring if required.

Primary Customers

The Board and management team at Auxesia Homes are extremely proud and privileged to continue to support those who serve or have served us all so well in the past. Covid-19 challenges have only evidenced and underpinned to all how much their work and commitment is appreciated.

The company believes that Military, NHS and Emergency Personnel should be awarded the highest category status on both local authority and housing association waiting lists.

At 30th September 2022, 40% of our rental properties were accommodated by individuals and families who represent our primary user group and those who can be considered key workers. The balance of properties were let in collaboration with the various local authorities we work with, who nominate applicants in line with their own housing nomination policies.

Wider Social Value

Auxesia Homes won the Community Impact award at the Cowgill's North West Homebuilder Awards 2022, held in Manchester in June 2022, and the Social Impact and Community Award at the Standing Tall Foundation Gala Dinner and Awards night held in September 2022. Both awards recognise the work we do to support our primary user group where possible. By continuing to help local authorities deliver upon their obligations, as per the Armed Forces Covenant, our vision is to ensure that, as a nation, we treat our current and former British Military service personnel, NHS staff and Emergency Service personnel with the security and respect they deserve.

Approved and authorised by the Board on 15/05/23 and signed on its behalf by:

....

Ryan Christopher Blair
Director

Directors' Report for the Year Ended 30 September 2022

The directors present their annual report together with the audited financial statements for the year ended 30 September 2022.

Special provisions relating to small companies

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

Corporate governance

The corporate governance statement has been included within the Strategic Report due to its strategic importance.

New Supply

As we work towards full compliance with the Governance and Financial Viability Standard, we are committed to assessing, managing, and addressing risks, including ensuring social assets are protected by carrying out detailed and robust stress testing, and before taking on new liabilities, ensuring that we fully understand the likely impact on current and future business and regulatory compliance. The company continues to build a significant pipeline of properties with a range of housebuilders. All potential acquisitions undergo detailed project appraisals to ensure that they meet the company's risk and financial appraisals. The company has been improving its financial planning and stress testing activities so that the Board has higher quality information when taking decisions, that they can rigorously challenge.

Reinvestment

Auxesia Homes achieved a reinvestment figure of over 50% for the third year running due to the Company's focus on the acquisition of new properties. This metric will lower over time as the value of the stock portfolio increases.

Debt Facilities

The £13m of existing shareholder funding committed by Auxesia Finco SARL will be supplemented by further borrowing over the next four years to allow Auxesia to retain acquired shared ownership assets and grow its balance sheet, whilst continuing with our strategy of on-selling affordable rental properties to recycle cash funds within the business. This approach will significantly strengthen the company's asset base and increase its income stream.

Auxesia Homes secured a £29m facility via Warrington Borough Council (WBC), with revolving credit (bridging finance) and stabilised facilities.

WBC Bridging Finance: The Warrington Borough Council facility provides a £6.5million revolving credit facility at 4.5% over 3 month sterling overnight index average (SONIA) Bank of England Base Rate. We use this facility for properties as a holding position or where we intend to sell before the expire of the loan term.

WBC Term Loan (stabilised): The Warrington Borough Council facility also provides a £22.5million funding facility against our stabilised assets at 3.5% over UK gilt rates. We use this facility for our stabilised shared ownership properties and the small proportion of our affordable rental properties which Auxesia intends to retain on balance sheet; at least until the expiry of the loan term.

The exclusivity period with WBC expires 28th April 2023, allowing the company to then source and implement alternative funding solutions at the discretion of WBC. External consultants have been instructed to assess the market to source appropriate alternative debt facilities.

Once the portfolio can support borrowing volumes above £10m, Auxesia will be able to secure longer term funding options, including private placements and participation in aggregator bond programmes. This provides lenders with secure, inflation-linked returns, generally at a very low cost to Auxesia as borrower. Use of these funding options will require careful consideration as exit penalties may inhibit further sale or recapitalisation at the end of the business plan. The Board will carefully assess the risks, both short and longer-term, of any additional funding and will seek to obtain suitable professional advice so that decisions are taken with the fullest knowledge.

The ESG component of Auxesia Homes Limited's business is one of increasing interest from Pension Funds and Institutional Fund managers. Over time, the objective for Auxesia Homes Limited is to obtain inexpensive debt, with longer and more favourable repayment dates.

Operations

Auxesia Homes' property movement in the year was:

Tenure	As at 30/09/21	Between 01/10/21 and 30/09/22	As at 30/09/22
Shared ownership	52	75	127 (100 - sold and 27 - unsold)
Affordable rent	22	35	57 (51 let and 6 vacant)
Rent to Buy	14	(3)	11
Investment properties	17	-	17
Sold to other RPs	-	-	-
Total	**105**	**107**	**212**

One shared ownership property staircased out fully. Three rent to buy properties converted to shared ownership.

The Company was able to add a net 75 shared ownership and 35 affordable rental properties to its portfolio during the year.

As can be seen from the operational metrics included in the table below, performance at the year-end was mixed. Whilst we remained fully compliant on gas safety and had just £94 rent arrears across our entire portfolio of affordable rental, rent to buy and shared ownership properties, we fell short in delivering our ambitious targets in relation to acquisitions, exchanges and completions. Challenging market conditions was the key driver behind this shortfall and the Board have reassessed our future growth plans in light of the current economic climate.

Year End Metrics	Auxesia Homes 2022 Budget	Auxesia Homes 2022 Actual	Auxesia Homes 2023 Target
Rent arrears	0%	0.01%	1.5%
Valid Gas Safe Certificates	100%	100%	100%
Voids	-	6	10
Acquisitions in year (units won)	400	189 (47.3%)	300
Exchanges in year (units exchanged)	300	153 (51%)	100
Completions in year (units complete)	150	110 (73.3%)	150
Shared ownership sales in year	90	64 (71.1%)	75
Unsold shared ownership properties	-	27	30
Average first tranche sale	50%	56%	50%
Average Yield	-	6.68%	6.5%

During the financial year, Auxesia Homes focussed on recruiting additional human resources to deliver upon our business objectives whilst continuing to offer the best possible service to our tenants, leaseholders and future residents.

VFM Statement

The company recognises that during its initial growth phase, its value for money data is not directly comparable to more established businesses in the affordable housing sector, however the company sees the benefit in benchmarking against other providers. It is expected that by around 2026 the company will have acquired around 1300 properties, however with the business strategy of selling affordable rental properties to recycle capital and fund further acquisitions, our net portfolio is expected to remain below 1000 units.

The company is a relatively unique business in the affordable housing sector. It is a for-profit registered provider in only its fourth year of trading, operating since 2018 having previously sat dormant under former ownership. As a result, the company performance is not easily comparable with others in the sector. New capital has been facilitated to increase the number of new homes provided over a 5-year period. However, as the company grows it will establish a benchmark against the performance of traditional housing associations and other for-profit registered providers. This will come to offer a more direct comparison than current benchmarks in the sector.

Auxesia Homes is required to comply with Value for Money (VFM) Regulatory Standard. The Company meets the requirements of the Standard by:

- Having clear strategic objectives set out in its business plan;
- The Board setting out in the plan how they will achieve these objectives in the most efficient way and secure maximum value for money for all stakeholders;
- Clearly articulating its strategy for delivering more homes;
- Ensuring that maximum value is returned to the business through property yields and recycling of stock.

The Board has considered a number of operational and structural options to deliver the greatest benefit to the Company. The appointment of Touchstone Property Management is a more cost-effective solution currently due to the pepper-potted nature and geographical spread of the stock portfolio. The Company maximises the use of cloud-based software solutions to reduce the burden on the small back-office resources. The Company has a limited back-office function but as it grows it will bring more activities in-house. Since the year-end the governance function has been in-housed and the Company is also considering bringing in-house all the accounting functions from an external provider. There have been short-term benefits to using external providers for these services but as the Company continues to grow, there are broader business advantages to bringing these activities in-house.

Auxesia Homes developed a range of operational performance targets for 2021-22, which enabled the company to undertake more rigorous performance monitoring. Touchstone's PowerBi dashboard provides clear insight and understanding of key metrics which enables the Board to monitor ongoing operational performance. Now that Auxesia has built up a volume of properties, performance management is undertaken more rigorously. The Board has a keen oversight over financial metrics, as well as landlord health & safety compliance.

VFM Metrics

The table below sets out the RSH's VFM metrics for the year.

RSH VFM Metrics	Auxesia Homes 2020	Auxesia Homes 2021	Auxesia Homes 2022	Global Accounts Median 2022
Reinvestment %	58.5%	53.7%	66.2%	6.5%
New supply delivered (Social housing units) %	53.3%	55.2%	54.9%	1.4%
New supply delivered (Non-social housing units) %	0	0	0	0
Gearing %	74.7%	118.9%	118.6%	44.1%
EBITDA MRI interest cover %	242.0%	21.3%	25.6%	146.0%
Headline social housing cost per unit	£5,992	£9,142	£10,328	£4,141
Operating Margin (social housing lettings) %	(201.0%)	(319.2%)	(332.6%)	23.4%
Operating Margin (overall) %	27.2%	4.2%	6.1%	20.5%
Return on capital employed (ROCE)	7.9%	1.8%	2.2%	3.2%

The development of a specific peer group for Auxesia Homes would need to include for-profit providers. It has not been possible to establish a suitable group and therefore the comparison used this year has been the median for all providers in the Regulator's Global Accounts for the year ended 2022.

Due to Auxesia Homes' particular business model, comparisons with other providers are difficult to make. The Board at Auxesia is focused on growth of assets in terms of volume and value. This strategic focus is shown through Auxesia's top quartile performance in the Global Accounts on reinvestment and new social housing supply.

Auxesia's small base with being a young organisation contributes to some of its extreme metrics but the metrics for 2011 are in line with previous years and are as expected from the Board's perspective.

The business has a clear focus on acquisitions and is supported by its parent company in this endeavour. This does result in unusual results for some of the Regulator's metrics. The social housing lettings operating margin is still weak at (332.6%) but this is a factor of the high headline social housing cost per unit, as Auxesia does not capitalise its development costs but writes them off to revenue. This reduces the surplus and the tax burden, but in 2021/22 also resulted in a loss of over £1.4m due to the high level of acquisition activity but without the additional income from property sales to other social landlords, which Auxesia had benefitted from in previous years.

The Board are clearly focused on new supply, with the high reinvestment metric linked to acquisitions rather than capital works on existing stock. The gearing ratio has stayed consistent with last year as the increased level of debt, arising from the WBC facility, has been matched by a significant revaluation gain on Auxesia's property portfolio. This has also seen the interest cover metric stay consistent with the previous year. Although Auxesia's interest cover is well below the sector norms, a significant element of the debt has been provided by the shareholders. The 2022 surplus has increased as a result of the increased shared ownership sales and higher number of rental units but at a lower rate to the increase in interest payments.

The headline social housing cost rose again, as it will continue to do as Auxesia's activity ramps up. Although Auxesia's property portfolio continues to increase and the housing management costs increase in line with the rise in rental units, all other costs pass through the Statement of Comprehensive Income and this impacts upon the metric, raising the cost per unit. This also impacts upon Auxesia's social housing lettings operating margin, which continues to be negative, with the overall margin running at a low rate without the additional surplus from stock sales.

Forward Plans

The business plan has the following gross property completions per year:

	Objective*	**Current**	**Performance**
22/23	150	173	115%
23/24	215	34	16%
24/25	325	0	0%
25/26	425	0	0%
SUBTOTAL	1115	0	0%
TOTAL	*1300*	*195*	*15%*

*Units acquired and expected to complete within each financial year (1st Oct – 30th Sept)

In light of recent political and economic changes, and the subsequent impact on debt, affordability and cost of living, Auxesia Homes is primarily focussed on fulfilling its contractual obligations and, before taking on any new liabilities, understanding the risks and potential impacts on current and future business, and regulatory standards.

The existing business plan is to provide 1300 affordable housing units by the end of 2026, however the growth projections have been altered to allow for steady growth year on year. With Auxesia Homes' strategy of recycling stock through sale of affordable rental properties to generate funds for further acquisitions, the net growth figures in the portfolio will be lower than our acquisition targets above. The current estimated growth suggests that the Company will remain below the 1,000 unit threshold at the end of 2026.

Internal Control Statement

The Board acknowledges its overall responsibility for establishing and maintaining the Company's system of internal control and for reviewing its effectiveness.

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.

The Board has adopted a risk-based approach to establishing and maintaining internal controls, appropriate for the size and complexity of the organisation. The process for identifying, evaluating and managing significant risks is emerging within the organisation. The Board review the strategic risk register bi-annually having carried out a horizon scan of risks, taking into consideration those risks published in the annual RSH sector risk profile report, and discuss their appetite for taking on risk.

During the year, Auxesia appointed a permanent Chief Financial Officer that significantly strengthened the company's financial management and stress testing capabilities. Work is underway, with the help of external agencies, to improve systems such as covenant reporting and areas of weakness identified during the regulatory engagement. The growth of the company has made it possible to strengthen processes by reducing reliance on key individuals to allow a separation of duties.

The key elements of the control framework where improvements are being worked on include:

- A clear delegation framework approved by the Board
- A streamlined Board structure due to the organisation's small size
- Corporate planning and budgeting process which sets clear objectives, agrees plans and allocates resources
- Realistic assumptions and targets within the business planning process
- Robust performance monitoring by the Board
- A risk management framework including a biannual review of the strategic risk register by the Board and an annual review of the Board's risk appetite
- Stress testing and mitigation plans
- Loan covenant register and annual reporting to the Board
- Asset and Liability register review
- Customer feedback and complaints
- H&S reporting for employees and properties
- A strong anti-fraud culture supported by whistleblowing and reporting to board
- Detailed policies and procedures.

The result of the regulatory engagement during the year and the judgement published highlighted that there were gaps in the risk and control framework. The company is currently reviewing its documentation with the assistance of an external consultancy. The Financial Regulations and Standing Orders will be reviewed and strengthened, including establishing a treasury management policy and strategy.

Although the Company does not have an internal audit function due to its small size, the External Audit function provides feedback to the Board through its management letter on the operation of the internal financial controls, reviewed as part of the annual audit of the financial statements. The management accounting process is managed by a firm of accountants, which provides an additional layer of external scrutiny. An internal compliance programme is planned to be developed, which will provide the Board with additional assurance over the key operational activities.

The Company maintains a fraud register and reports to Board any occurrences. No frauds have been reported this year. The Company has robust business continuity arrangements in place and utilises mostly cloud-based software systems, regularly reviewing the protocols around these systems to ensure they meet the highest levels of security.

Principal risks and uncertainties
The management of the business and the nature of the strategy are subject to several risks. The directors have set out below the principal risks facing the business.

The directors are of the opinion that the risk management processes adopted which involve review, monitoring, and where possible, the mitigation of the risks identified below, are appropriate to the business.

Non-compliance with the Governance & Financial Viability Standard

The Auxesia Homes Board of Directors accepted the Regulator's concerns and are working to implement improvements to strengthen the governance arrangements and to develop enhanced financial monitoring and reporting.

The Company has increased its skills and experience across the fields of finance, governance and compliance both at management and Board level. New policies are being drafted, alongside a programme of review and updating existing policies. As noted previously, significant advances have been made in terms of financial monitoring and control, since the appointment of a Chief Financial Officer.

Risk management
The impact of the Covid-19 pandemic and the on-going war in Ukraine, following on the heels of the finalisation of Brexit, has resulted in significant market volatility. We recognise rapid increase in inflation has resulted in an increased cost of living, with the majority of households attributing this increase to higher food, electricity and fuel costs. The Board is mindful of the hazards and regularly stress test our financial model to understand the impacts of the potential threats and develop innovative mitigations around these business risks.

The Board has ensured that suitable mitigations and controls are in place to minimise either the likelihood of the risk occurring or the potential impact if the risk materialises.

The table on the next page details the current key strategic risks and the mitigations that the Board has put in place.

Risk	Detail	Mitigation
S106 Property Acquisition	Increased competition for the purchase of S106 affordable housing units	Strong track record working with volume and SME housebuilders, as well as local authorities, across the regions where we operate. Before taking on new liabilities, the Board will ensure that we fully understand the likely impact on current and future business and regulatory compliance.
Shared Ownership Sales	With a loss of market confidence, increase in interest rates, property sales may slow down and affordability may be affected.	Prudent sales forecast. History of success taking reservations off plan achieving an average first tranche sale of 50%+. Phasing out of Help to Buy shows increased demand for shared ownership properties. Potential to convert tenure to Rent to Buy.
Regulatory	Non-compliance with Governance & Financial Viability Standard. With rapid growth and the development of new processes, Auxesia may breach the Standards.	Governance improvement plan to be developed. Campbell Tickell instructed to carry out a Governance Review. Annual self-assessment against all the Regulatory Standards. Appointment of in-house Head of Governance & Compliance.
Funding	With the inability to secure adequate funding, increase in interest rates, the objectives in the business plan may not be achieved.	£29m WBC facility in place. An array of institutional investors and private lenders have shown interest to support the company. Shareholders willing to inject funds if needed.
Cost of living	Increase in rent arrears due to the cost of living crisis.	Full comprehensive tenant reference check carried out in advance of entering into a tenancy agreement. Stress testing applied.
New model lease	Repair obligations may reduce profitability of shared ownership properties.	Board undertaking a watching brief of this risk and continue to take advice from Campbell Tickell.
Rent Cap	Rapid increase in inflation has meant annual rent increases are to be capped at 7% as recommended by the NHF.	Board to implement suggested rent cap to support tenants to mitigate risk of augmented rent arrears.
IT	Risk of cyber attack or failure of systems.	A review of the Company's IT systems and cyber security is to be carried out by an external consultancy firm later in 2023. Cyber insurance to be introduced.
New Homes Initiative	May impact future S106 provision.	Board undertaking a watching brief of this risk.

Auxesia Homes has undertaken stress testing of its current assets and contractual obligations, using some of the strategic risks as key scenarios to model, such as failure to dispose of assets, slower sales rates, reduction in Open Market Values, reduction in first tranche sales, falling demand for housing and potential for increased rent arrears due to cost of living crisis.

As well as having controls and mitigations in place to manage risk, the Board has also developed its Rent to Buy product specifically to deal with any future slow-down in the demand for shared ownership properties. Should the demand for shared ownership properties slow, we can apply to the Local Authority to change the tenure to Rent to Buy in certain circumstances. This product has been discussed with Local Authorities and they have been enthusiastic about its potential, especially as traditional housing associations have not appeared to have embraced this new product, due to some of the restrictions placed upon it by Homes England through the grant funding programme.

Auxesia, without the restrictions imposed by the grant funded model, is able to offer a far more flexible Rent to Buy product. Where a previously designated shared ownership property has not sold, the house is be rented at an Affordable Rent (which is set up to 80% of market rent) on a fixed term five-year tenancy. At any time during the tenancy, the tenant can purchase the property by executing an option which is signed at the time of entering into the tenancy.

In summary, should a shared ownership property not sell within the agreed timescale of six months from completion, then various options will be explored, which may include conversion to Rent to Buy. The Company has established suitable documentation and policies to enable it to expand its products into the rental market whilst still complying with the Regulatory Standards.

Going concern

The directors have considered the impact of the Covid-19 pandemic and of the ongoing war in Ukraine which has had a determinantal effect on cost of living. The year-on-year mortgage rate increase, from 3.84% in February 2022 to 6.66% in February 2023, has impacted buyers' affordability. Furthermore, the Bank of England base rate has increased from 0.5% to 4% during the same period. The 2 year gilt has increased to 3.93% (21 Feb 23) up from 1.023% (28 Feb 22) which affects drawdown of funds from WBC.

Despite the current economic situation and the recent interest rate rises by the Bank of England, the housing market continues to remain buoyant and demand for shared ownership properties remains high. The company monitors its compliance with loan covenants weekly, and the Board ensures full understanding of the risks and likely impact on current and future business, and regulatory compliance, before taking on new liabilities.

The company has the continued support of the parent company for any future funding requirements that should be considered necessary. This has been evidenced by the implementation of a £2.4million shareholder loan having been signed on 31 March 2023, which comes without any arrangement fees, non-utilisation fees or make whole provisions. This loan is in addition to the existing £13m shareholder loan, of which £1m remains undrawn.

Further to the parent company funding, Auxesia has a £29m facility with Warrington Borough Council ("WBC"), comprising of a £22.5m term loan and a £6.5m bridge facility. Discussions have commenced with WBC to potentially increase the size of the bridge facility as well as to improve on the terms previously agreed. The directors have a reasonable expectation that the company will have sufficient funds to continue to meet its liabilities as they fall due for the foreseeable future and have therefore prepared the accounts on a going concern basis.

Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Approved and authorised by the Board on 15/03/23 and signed on its behalf by:

....
Ryan Christopher Blair
Director

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditor's Report to the Members of Auxesia Homes Limited

Opinion

We have audited the financial statements of Auxesia Homes Limited (the 'company') for the year ended 30 September 2022, which comprise the Profit and Loss Account, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 company 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 directors' 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 company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The directors are 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, except to the extent otherwise explicitly stated in our report, 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the directors report and from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 20, the directors are 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 directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company'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 directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor 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 Company 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 Companies Act 2006, the Statement of Recommended Practice for Social Housing Providers 2018, the Accounting Direction for private registered providers of social housing in England 2019, the Housing 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 in light of the Regulatory Notice issued in December 2022, we have considered the extent to which non-compliance might have a material effect on the financial statements.

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

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

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

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

Use of our report

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

.... Vicky Szulist

Vicky Szulist
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
3rd floor, The Lexicon
Mount Street
Manchester
M2 5NT

Date: 16th May 2023

Profit and Loss Account for the Year Ended 30 September 2022

	Note	2022 £	2021 £
Turnover	3	7,925,451	3,640,367
Cost of sales		(5,246,094)	(2,526,998)
Gross profit		2,679,357	1,113,369
Administrative expenses		(2,189,586)	(959,891)
Other operating income	6	-	56,668
Operating profit	7	489,771	210,146
Interest payable and similar expenses	11	(1,893,807)	(721,563)
Loss before tax		(1,404,036)	(511,417)
Tax on loss	12	405,430	43,657
Loss for the financial year		(998,606)	(467,760)

The above results were derived from continuing operations.

Statement of Comprehensive Income for the Year Ended 30 September 2022

	2022 £	2021 £
Loss for the year	(998,606)	(467,760)
Surplus/(deficit) on property, plant and equipment revaluation	1,255,134	(365,165)
Total comprehensive income for the year	256,528	(832,925)

Balance Sheet as at 30 September 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	13	18,822,028	8,882,065
Investments	14	100	100
		18,822,128	8,882,165
Current assets			
Stocks	15	1,871,602	911,509
Debtors	16	2,403,069	1,785,449
Cash at bank and in hand		460,648	555,959
		4,735,319	3,252,917
Creditors: Amounts falling due within one year	17	(1,707,759)	(2,258,579)
Net current assets		3,027,560	994,338
Total assets less current liabilities		21,849,688	9,876,503
Creditors: Amounts falling due after more than one year	17	(21,546,205)	(10,008,058)
Provisions for liabilities	19	(385,393)	(206,883)
Net liabilities		(81,910)	(338,438)
Capital and reserves			
Called up share capital		10	10
Revaluation reserve		1,895,340	640,206
Profit and loss account		(1,977,260)	(978,654)
Shareholders' deficit		(81,910)	(338,438)

These financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

Approved and authorised by the Board on 25/05/23 and signed on its behalf by:

....
Ryan Christopher Blair
Director

Statement of Changes in Equity for the Year Ended 30 September 2022

	Share capital £	Revaluation reserve £	Profit and loss account £	Total £
At 1 October 2021	10	640,206	(978,654)	(338,438)
Loss for the year	-	-	(998,606)	(998,606)
Other comprehensive income	-	1,255,134	-	1,255,134
Total comprehensive income	-	1,255,134	(998,606)	256,528
At 30 September 2022	10	1,895,340	(1,977,260)	(81,910)

	Share capital £	Revaluation reserve £	Profit and loss account £	Total £
At 1 October 2020	10	1,005,371	14,785	1,020,166
Loss for the year	-	-	(467,760)	(467,760)
Other comprehensive income	-	(365,165)	-	(365,165)
Total comprehensive income	-	(365,165)	(467,760)	(832,925)
Dividends	-	-	(525,679)	(525,679)
At 30 September 2021	10	640,206	(978,654)	(338,438)

Statement of Cash Flows for the Year Ended 30 September 2022

	Note	2022 £	2021 £
Cash flows from operating activities			
Loss for the year		(998,606)	(467,760)
Adjustments to cash flows from non-cash items			
Depreciation and amortisation		2,047	-
Finance costs	11	1,893,807	721,563
Income tax expense	12	(405,430)	(43,657)
		491,818	210,146
Working capital adjustments			
Increase in stocks	15	(960,093)	(911,508)
Increase in trade debtors	16	(560,982)	(1,370,875)
Increase in trade creditors	17	24,175	42,236
Cash generated from operations		(1,005,082)	(2,030,001)
Income taxes paid	12	(1,887)	(292,513)
Net cash flow from operating activities		(1,006,969)	(2,322,514)
Cash flows from investing activities			
Acquisitions of tangible assets		(13,238,760)	(6,091,750)
Proceeds from sale of tangible assets		5,081,074	2,964,915
Net cash flows from investing activities		(8,157,686)	(3,126,835)
Cash flows from financing activities			
Interest paid	11	(1,893,807)	(721,563)
Repayment of other borrowing		10,963,152	6,740,500
Dividends paid		-	(525,679)
Net cash flows from financing activities		9,069,345	5,493,258
Net (decrease)/increase in cash and cash equivalents		(95,311)	43,909
Cash and cash equivalents at 1 October		555,959	512,050
Cash and cash equivalents at 30 September		460,648	555,959

Notes to the Financial Statements for the Year Ended 30 September 2022

1 General information

The company is a private company limited by share capital, incorporated in England and Wales., and registered as a for profit registered housing provider and registered under Companies Act 2006.

The address of its registered office is:
1EB Booths Hall
Booths Park
Chelford Road
Knutsford
WA16 8QZ

The principal activity includes the acquisition sale and rental of S106 properties with a primary purpose of providing homes for those nominated by local authorities, as well as supporting the Primary User Group of military veterans, NHS and emergency service personnel.
The company has one subsidiary Auxesia RTB Ltd, registered under Companies Act 2006.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements have been prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP), including Financial Reporting Standard 102 ("FRS 102"), Companies Act 2006, Housing Regeneration Act 2008, the Housing SORP 2018: Statement of Recommended Practice for Registered Social Housing Providers and comply with the Accounting Direction for Private Registered Providers of Social Housing 2019.

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

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

Going concern

The company's business activities, its current financial position and factors likely to affect its future are set out within the Strategic report. The company continues to be affected by uncertainty from external factors such as the regulatory environment, government policy and wider economic factors such as the ongoing inflationary pressures. The period of going concern review is to 30th September 2024.

The Group has a current business plan to deliver 1300 homes by September 2026. As of 31st March 2023, the company has 244 properties, is contracted to purchase a further 153 with a pipeline beyond this of an additional 96 properties. In the year to September 2023, we expect to purchase a further 100 properties. All units expected to purchase prior to 30th September 2023 have already exchanged contracts. In the year to September 2024, our business plan is to purchase a further 215 properties, of which 41 are already under contract. The focus of our acquisitions team is to build our pipeline for 2024 and beyond.

Going concern has been assessed based on the ability of the company to continue to trade whilst delivering against our current committed pipeline. A key factor in this assessment has been the sale of our North West affordable rental portfolio, which is being actively marketed as of April 2023. It has been assumed the sale of this portfolio will complete in June 2023, generating income of £9.6m, with a net cash inflow of £4.4m. Should the sale not complete in June 2023 Auxesia have sufficient committed debt facilities through both Auxesia Finco s.A.R.L and Warrington Borough Council to continue to trade without the need to secure additional external borrowing.

On this basis, the Board has reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, being a period of at least 12 months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

Exemption from preparing group accounts
The company has taken advantage of the exemption in section 398 of the Companies Act 2006 from the requirement to prepare consolidated financial statements, on the grounds that it is a small sized group.

Key sources of estimation uncertainty
In determining the value of Social Housing Properties, the company used valuations performed by an independent third party for the basis of assessing the fair value of its investment properties. The investment property valuations as of 30 September 2022, reflect the existing use value for social housing (EUV- SH)..

Revenue recognition
Turnover is measured at the fair value of the consideration received or receivable net of VAT and trade discounts. The policies adopted for the recognition of turnover are as follows:

Turnover represents rental and service charges income receivable in the year net of rent and service charge losses from voids, revenue grants from the government (local authorities) and the Homes England.

The disposal proceeds from the first tranche of shared ownership properties are included in turnover at the point of legal completion. The second and subsequent tranches are accounted for in administrative expenditure/ operating income in the period in which the disposal occurs being the difference between the net sale proceeds and the net carrying value.

Property Managed by Agents
Where the company carries the financial risk on property managed by agents, all the income and expenditure arising from the property is included in the statement of comprehensive income.

Where the agency carries the financial risk, the statement of comprehensive income includes only that income and expenditure which relates solely to the company.

Tax
The tax expense for the period comprises current tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised when 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.

Tangible assets

Housing Properties

Social housing properties are stated at cost (or deemed cost) or valuation less accumulated depreciation and accumulated impairment losses. Cost includes costs directly attributable to making the asset capable of operating as intended such as the cost of acquiring land and buildings, developments costs, interest charges on loans during the development period and expenditure on improvements. Expenditure on improvements will only be capitalised which it results in incremental future benefits such as increasing rental income, reducing maintenance costs or resulting in a significant extension on the useful economic life of the property.

Shared Ownership (including Rent-to-Buy) and Affordable Rental Properties

All properties with the exception of Unsold Shared Ownership properties are held at fair value. This is reviewed annually and is an estimate of investment value based on both historic and current rent yields achieved.

Shared Ownership (unsold)

These properties are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the properties to their present locations and condition. The cost is split between fixed assets and stock with % of sale expectation value being held as stock. This is to reflect the expected cost value of the 1st tranche sales.

Affordable Housing Properties

Affordable housing properties are stated at cost based on their restricted value in use.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	**Depreciation method and rate**
Other tangible assets	4 years straight line

Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. the investments are assessed for impairment ateach reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit and loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power o participate in the financial and operating decisions of the associate.

Entities in which the company has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

Impairment of fixed assets

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

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

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

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

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade debtors
Trade debtors are amounts due from customers for services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Stocks
Stocks, including property developed for outright sale or shared ownership is stated at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing stock to its present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

Trade creditors
Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Borrowings
Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Share capital
Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Dividends
Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

Defined contribution pension obligation
A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

Financial instruments
Classification
The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.
Recognition and measurement
Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method. Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

3 Turnover and other revenue

The analysis of the company's revenue for the year from continuing operations is as follows:

	2022 £	2021 £
Proceeds from sale of shared ownership properties	7,411,488	3,403,195
Commissions received	1,384	3,526
Rental income from investment property	506,097	228,982
Other revenue	6,482	4,664
	7,925,451	3,640,367

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

2022

	Turnover £	Operating cost £	Cost of sales £	Operating profit £
Social housing lettings	506,097	(764,166)		(258,069)
Other social housing activities				
Shared ownership property sales	7,411,487	(1,425,420)	(5,192,962)	793,105
Management costs	7,867		(53,132)	(45,265)
Total	7,925,451	(2,189,586)	(5,246,094)	489,771

2021

	Turnover £	Operating cost £	Cost of sales £	Operating profit £
Social housing lettings	228,982	(393,555)		(164,573)
Other social housing activities				
Shared ownership property sales	3,403,195	(566,336)	(2,508,496)	328,363
Lease premium	-			
Management costs	8,190		(18,502)	(10,312)
Total	3,640,367	(959,891)	(2,526,998)	153,478

Operating cost has been apportioned between social housing lettings and other social housing activities based on the number of units in each tenure as at the year end.

Income and expenditure from social housing lettings

	2022 General needs and affordable rent £	2022 Total £	2021 Total £
Turnover from social housing lettings			
Rent receivable	506,097	506,097	228,982
	506,097	506,097	228,982
Operating costs on social housing lettings			
Management costs	(764,166)	(764,166)	(393,555)
	(764,166)	(764,166)	(393,555)
Operating (deficit)/surplus on lettings	(258,069)	(258,069)	(164,573)
Void loses (being rental income lost as a result of property not being let, although it is available for letting)	(19,833)	-	-

5 Accommodation owned, managed and in development

	2022 No. of properties Owned	2022 No. of properties Managed by others	2021 No of properties Owned	2021 No of properties Managed by others
Shared ownership	127	-	52	-
Affordable rent	57	-	22	-
Rent to Buy	11	-	14	-
Total	195	-	88	-

6 Other operating income

The analysis of the company's other operating income for the year is as follows:

	2022 £	2021 £
Miscellaneous other operating income	-	56,668

7 Operating profit

Arrived at after charging/(crediting)

	2022 £	2021 £
Depreciation expense	2,047	-
	2,047	-

8 Staff costs

The average number of persons employed during the year expressed in full time equivalents (37.5 hours per week) was:

	2022 No.	2021 No.
Administration and support	5	5
Marketing	2	2
Other departments	3	3
	10	10

Staff costs for the above person were as follows:

	2022 £	2021 £
Wages and salaries	681,268	357,458
Social security costs	81,966	28,787
Other short-term employee benefits	4,527	-
Pension costs, defined contribution scheme	12,843	5,057
Other employee expense	41,220	31,680
	821,824	422,982

	2022	2021
Aggregate number of full time equivalent staff whose remuneration exceeded £60,000 was:		
£60,000 - £69,999	3	-
£110,000 - £119,999	-	1
£170,000 - £179,999	1	-

9 Key management personnel remuneration

The directors' remuneration for the year was as follows:

	2022 £	2021 £
Aggregate emoluments (including pension contributions) paid to or received by Directors who are executive staff members including salaries, honoraria, and other benefits	354,002	173,858

In respect of the highest paid director:

	2022 £	2021 £
Aggregate emoluments of the highest paid Director, excluding pension contributions, included above in aggregate emoluments of Directors who are executive staff members	203,124	110,613

The fees paid to non - executive directors was as follows:

	2022	2021
	£	£
D Palmer	-	10,500
B Baldwin	15,000	13,300
J Kelley-Quinn	6,000	5,500
D J Hudson	-	3,500
	21,000	32,800

The Chief Executive, Gary Metcalf, had decided to opt out of the company pension scheme, and as such no employer contributions were paid during the year.

10 Auditors' remuneration

	2022	2021
	£	£
Audit of the financial statements	19,800	16,800

11 Interest payable and similar expenses

	2022	2021
	£	£
Interest on bank overdrafts and borrowings	751,237	501,754
Interest expense on other finance liabilities	1,142,570	219,809
	1,893,807	721,563

12 Taxation

Tax charged/(credited) in the income statement:

	2022 £	2021 £
Current taxation		
UK corporation tax adjustment to prior periods	(54,751)	(43,657)
Deferred taxation		
Arising from origination and reversal of timing differences	(350,679)	-
Tax receipt in the income statement	(405,430)	(43,657)

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2021 - the same as the standard rate of corporation tax in the UK) of 19% (2021 - 19%).

The differences are reconciled below:

	2022 £	2021 £
Loss before tax	(1,404,036)	(511,417)
Corporation tax at standard rate	(266,767)	(97,169)
Effect of expense not deductible in determining taxable profit (tax loss)	1,014	-
Effect of tax losses	-	53,512
Decrease in UK current tax from adjustment for prior periods	(54,751)	-
Tax decrease from effect of capital allowances and depreciation	(2,772)	-
Tax increase from changes in pension fund prepayment	237	-
Effect of change in tax rate	(83,847)	-
Other tax adjustments	1,456	-
Total tax credit	(405,430)	(43,657)

13 Tangible assets

	Affordable rent housing properties £	Shared Ownership Housing properties - sold £	Shared Ownership Housing Properties - unsold £	Shared ownership held as rent to buy £	Other tangible assets £	Total £
Cost or valuation						
At 1 October 2021	3,169,482	2,867,914	911,508	1,933,161	-	8,882,065
Revaluations	1,072,170	277,064	292,733	148,019	-	1,789,986
Additions	3,646,285	7,052,801	1,871,602	-	12,447	12,583,135
Disposals	-	(5,050,905)	-	(35,831)	-	(5,086,736)
Transfers	-	1,906,624	(1,823,017)	(83,607)	-	-
Transfers from stock	-	-	911,508	(255,883)	-	655,625
At 30 September 2022	7,887,937	7,053,498	2,164,334	1,705,859	12,447	18,824,075
Depreciation						
Charge for the year	-	-	-	-	2,047	2,047
At 30 September 2022	-	-	-	-	2,047	2,047
Carrying amount						
At 30 September 2022	7,887,937	7,053,498	2,164,334	1,705,859	10,400	18,822,028
At 30 September 2021	3,169,482	2,867,914	911,508	1,933,161	-	8,882,065

Included within the net book value of land and buildings above is £18,811,624 (2021 - £8,882,065) in respect of freehold land and buildings.

The carrying value of land and buildings comprises:

Housing properties comprise social housing properties and are valued on an exisitng use value for social housing (EUV-SH) basis. The total number of social housing properties owned and managed by the company at 30 September 2022 was 195 (2021: 88).

Affordable rental properties have been valued on a restricted use valuation (RUV) basis. The number of affordable properties owned and managed by the company at 30 September 2022 was 57 (2021: 22).

Revaluation

The fair value of the company's housing properties was revalued on 31 December 2022 by an independent valuer. A professional valuation was carried out by Savills
Had this class of asset been measured on a historical cost basis, the carrying amount would have been:

	2022	2021
	£	£
Affordable rent	6,430,855	2,784,579
Shared ownership - sold	6,224,693	2,320,479
Shared ownership - unsold	1,871,602	911,508
Shared ownership held as Right To Buy	1,336,008	1,711,325

14 Investments

	2022	2021
	£	£
Investments in subsidiaries	100	100

Shares in group undertakings	**£**
Cost or valuation	
At 1 October 2021	100
At 30 September 2022	100
Provision	
Carrying amount	
At 30 September 2022	100
At 30 September 2021	100

Subsidiaries

Details of the company's subsidiaries at 30 September 2021 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct
Auxesia Rent to Buy Limited	PoBox 648287, Booths Hall, Chelford Road, Cheshire WA16 8QZ	Ordinary	100

15 Stocks

	2022 £	2021 £
Shared ownership properties held for sale	1,871,602	911,509

First tranche shared ownership properties are included at the existing use value for social housing (EUV-SH), based on the net realisable value based on the net sales proceeds which is expected on the sale of the property. The directors have reviewed the valuations of the properties and consider no provision is necessary against the carrying value of stock.

16 Debtors

	Note	2022 £	2021 £
Other debtors		2,191,900	1,608,482
Prepayments		9,720	32,155
Income tax asset	12	201,450	144,812
		2,403,070	1,785,449

17 Creditors

	Note	2022 £	2021 £
Due within one year			
Loans and borrowings	18	1,448,579	2,023,574
Trade creditors		1,389	85,630
Social security and other taxes		60,955	51,109
Outstanding defined contribution pension costs		1,246	1,891
Other payables		41,476	30,801
Accruals		154,114	65,574
		1,707,759	2,258,579
Due after one year			
Loans and borrowings	18	21,546,205	10,008,058

18 Loans and borrowings

	2022 £	2021 £
Non-current loans and borrowings		
Other loans	1,760,820	3,681,113
Other borrowings	19,785,385	6,326,945
	21,546,205	10,008,058

	2022 £	2021 £
Current loans and borrowings		
Other loans	1,448,579	2,023,574

The other loans £1,760,819 (2021: £3,494,580) with Together Finance are secured by debentures including a fixed and floating charge over all assets of the company. The floating charge covers all the property and undertakings of the company, including a negative pledge. They bear interest at 10%, 6.49%, 6.99%, 12% and 8% per annum payable on a monthly basis. The loans are repayable between 12 months and 240 months from the drawdown date and upon the sale of the properties to which the loans are secured.

Within other borrowings £7,923,006 (2021: £nil) is financed through a facility with Warrington Borough Council. The loans are secured by specific charges on the PRP's housing properties and repayable monthly at varying rates of interest. The revolving facility loans are at an interest rate of 6.75% and the stabilised facility interest rates range from 5.02% to 7.04%.

Within other borrowings £11,862,379 (2021: £6,326,945) with Auxesia Lux SCSp. 12.5% compound interest.

Included in the loans and borrowings are the following amounts due after more than five years:

	2022 £	2021 £
After more than five years by instalments	-	1,493,520

19 Provisions for liabilities

	Deferred tax £	Total £
At 1 October 2021	206,883	206,883
Increase (decrease) on revaluations	529,189	529,189
Increase (decrease) on other timing differences	2,326	2,326
Increase (decrease) on tax losses	(353,005)	(353,005)
At 30 September 2022	385,393	385,393

The deferred tax liability set out above related to revaluation gains in respect of the company's social housing properties, corporation tax losses carried forward and other timing differences. The deferred tax liability is expected to reverse in future periods as the association recovers the carrying amount of the building through use over time. Deferred tax is stated at a closing rate of 25%

20 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £12,842 (2021 - £5,057).

Contributions totalling £1,246 (2021 - £1,891) were payable to the scheme at the end of the year and are included in creditors.

21 Share capital

Allotted, called up and fully paid shares

	2022		2021	
	No.	£	No.	£
A Ordinary of £1 each	10	10	10	10

22 Commitments

Capital Commitments

	2022	2021
	£	£
Capital expenditure, which has been contracted for but has not been provided for in the financial statements	20,006,600	20,466,644
Capital expenditure, which has been authorised by the Board but has yet to be contracted for	-	-
	20,006,600	20,466,644

The above expenditure will be funded by a combination of rental income, existing cash reserves and borrowings. There are no performance conditions to the above commitments.

23 Analysis of changes in net debt

	At 1 October 2021 £	Financing cash flows £	At 30 September 2022 £
Cash and cash equivalents			
Cash	555,959	(95,311)	460,648
Borrowings			
Long term borrowings	(12,031,632)	(10,963,152)	(22,994,784)
	(11,475,673)	(11,058,463)	(22,534,136)

24 Related party transactions

Summary of transactions with other related parties

During the year the company entered into the following transactions with related parties:

At the balance sheet date, the company owed £11,862,379 (2021: £6,326,945) to Auxesia Finco S.a.r.l. Limited as a trading balance. Auxesia Finco S.a.r.l. Limited is 100% owned by by Auxesia Lux SCSp, which at year end was the majority owner of Auxesia Topo Ltd, the parent company of Auxesia Homes Limited.

During the year an exceptional dividend of £nil (2021: £526k) was paid to 11 Group Holdings in the year.

25 Parent and ultimate parent undertaking

Auxesia Homes Limited is owned 100% by Auxesia TopCo Limited, the parent company. Both entities are part of the wider Futureal Group, who are the ultimate parent company of Auxesia Homes Limited.