



Your Homes Newcastle Limited

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Annual Report and Financial Statements Year 2022-23

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Corporate Information

Registered Office Address Civic Centre, Barras Bridge, Newcastle upon Tyne,
NE1 8PR

Company registration The Company is incorporated as a private company limited by guarantee under the Companies Act (company number 5076256).

YHN Board Members and Company Secretary

Position	Name	Appointed
Chair	Noel Anthony Gates	1 January 2020
Independent Board Members	Malcolm Page	22 September 2015
	Lynne Blakey	2 October 2019
	Anne Parker	2 October 2019
	(Vice Chair)	
	William Tebay	17 April 2020
	Nigel Watson	3 August 2021
	Dawn Keightley	3 August 2021
	Nigel Emmerson	5 August 2022
Council nominated Board members	Doreen Huddart	26 May 2021
	Irim Ali	25 May 2022
	Alexander Hay	25 May 2022
	David Wood	25 May 2022
Co-optee members	None	N/A
Company Secretary	Jill Davison	8 August 2017

Corporate Information (continued)

Retired Directors in the year

Position	Name	Retired
Council nominated Board members	Sylvia Copley	25 May 2022
	Linda Hobson	25 May 2022
	Joyce McCarty	25 May 2022

YHN Advisors

Internal Auditors

Newcastle City Council

Civic Centre, Barras Bridge, Newcastle upon Tyne,
NE1 8BR

External Auditors

Beever and Struthers

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

Solicitor

Mr John Softly, Assistant Director – Legal Services

Chief Executive's Office, Civic Centre, Barras Bridge,
Newcastle upon Tyne, NE1 8BR

Strategic Report

The members of the Board of Your Homes Newcastle Limited (trading as 'YHN') present their strategic report for the year ended 31 March 2023.

The Group has chosen, in accordance with Section 414C(ii) of the Companies Act 2006 to set out in the Strategic Report the following, which the directors believe to be of strategic importance:

- Review of the business
- Principal risks and uncertainties
- Risk management strategy and mitigation plans
- Future developments.

Principal business

The principal activity of YHN is the provision of housing management and improvement services to Newcastle City Council's (NCC) housing revenue account ('HRA') and other external organisations.

In addition, YHN is also responsible for the delivery of housing related support services that improve the sustainability of tenancies and neighbourhoods and promote independent living across the City of Newcastle.

As at 31 March 2023, YHN managed:

- 25,094 council homes on behalf of Newcastle City Council (including 347 ALBM properties and 66 non-HRA properties); and
- 746 homes on behalf of Leazes Homes.

The YHN Group includes a trading subsidiary – Abri Trading Limited – and a community benefit society – Leazes Homes Limited.

The principal activity of Abri Trading Limited is the rental and sale of home furnishings to social landlords and the manufacture of beds and the trading aspects of the Ostara Service – a community care alarm service. The purpose and objectives are guided by those of the Parent company, Your Homes Newcastle Limited.

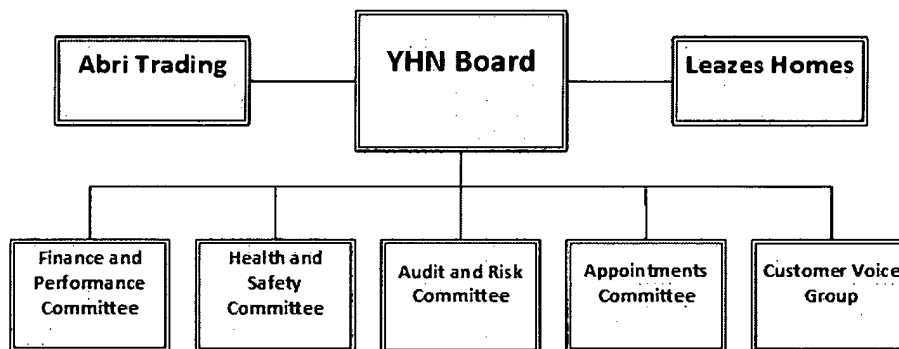
The principal activity of Leazes Homes Limited is the provision of high quality, affordable accommodation and related services to people in need who reside in the City of Newcastle upon Tyne.

Strategic Report (continued)

Organisational structure

YHN is a local authority controlled company (“arm’s length management organisation – ALMO”) under the control of Newcastle City Council, established with no share capital and limited by guarantee. Newcastle City Council (NCC) has delegated to YHN responsibility for overseeing the management and maintenance of its residential stock and of HRA services provided to the City’s housing tenants.

The YHN Group is structured as follows:



Review of the Business

The Board are operating under the YHN Group Business Plan 2023-24: Making Living Easier – The YHN Way. This follows the YHN Group Business Plan 2022-23. Approved by the YHN Board in March 2023, it follows the previous plan of 2022-23 in setting a vision of being ‘first for housing’ with the purpose of ‘making living easier’, underpinned by four guiding organisational values; ready, amazing, revolutionary and energetic.

Three strategic objectives keep the strategy simple and clear:

- 1) Revolutionary services that support successful living
 - a. Giving customers a bigger voice
 - b. Making it easier for customers to access the services they need
 - c. Improve access to, and our range of support services to sustain tenancies
- 2) Amazing places where people are proud to live
 - a. Deliver a repairs service with customers at the heart
 - b. Ensure our customers’ homes are safe
 - c. Improve the look and feel of our neighbourhoods
- 3) Strong business fit for today, ready for tomorrow
 - a. Net Zero – making efficiencies for the future
 - b. Support customers through the cost of living crisis
 - c. IT that enables an excellent customer experience

Strategic Report (continued)

Review of the Business (continued)

The YHN Group achieved a deficit for the financial year of £8,112k (2022: £8,445k surplus). The 2022-23 deficit included a pension adjustment of £7,280k (£7,500k in 2022) as calculated by AoN Hewit and representing the difference between the pension charge against operating deficit and the cash contributions we make. Excluding this adjustment, the operating surplus for 2022-23 was £2,031k (£1,308k surplus in 2022).

The financial performance for 2022-23 can be analysed as follows:

Statement of Consolidated Income (Extract)	£'000
Operating surplus before pension adjustment	2,031
Pension adjustment *	(7,280)
Operating deficit	(5,249)
Interest payable on loans and lease finance charges	(1,690)
Interest on net pension liability	(1,000)
Taxation	(172)
Deficit for the financial year	(8,112)

*Current service costs plus past service cost less contribution by employer

Statement of Financial Position (extract)	As at 31.3.23 £'000	As at 31.3.22 £'000
Current assets		
Stocks	570	569
Debtors: amounts falling due within one year	6,163	6,848
Cash at bank and in hand	16,392	16,688
	23,125	24,105
Creditors: amounts falling due in less than one year	(9,999)	(9,407)
Net current assets	13,126	14,586

The reduction in debtors, reduced cash position and increase in creditors throughout the financial year led to the reduced net current assets position as at 31 March 2023.

YHN performance against the key performance indicators (KPIs) agreed with NCC, as part of the management agreement, was strong. Six of the seven performance targets were achieved during the year, one not achieved. Details of the KPIs are set out in the following section. The overall group financial position saw the budgetary targets being exceeded, with an in-year surplus on operations before the planned transformation costs and pension adjustments were applied.

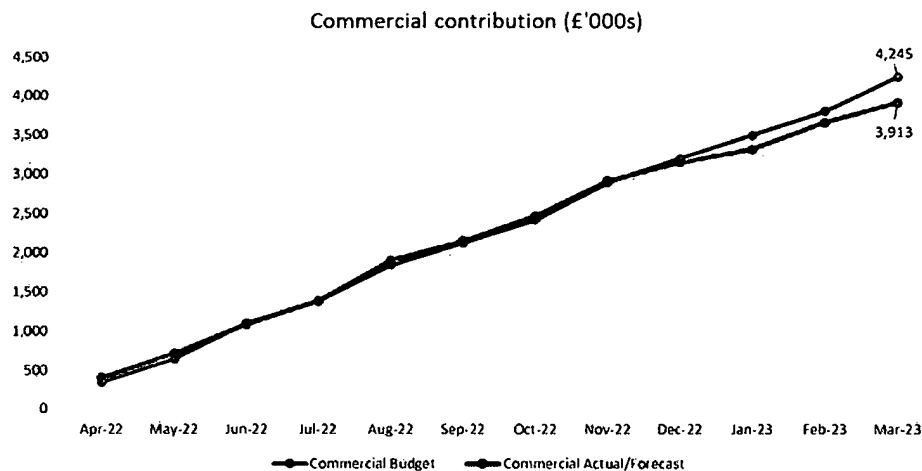
At the end of 2022/23 financial year, YHNs commercial business activity which underpins Abri Trading Limited, achieved a profit before tax of £826k.

Strategic Report (continued)

Review of the Business (continued)

Of the three business areas, NFS continues to generate the largest turnover. In 2022/23 NFS' turnover was £4,737k, 57.6% of Abri's turnover (2022: £4,400k, 51.5%)

The graph below identifies the annual commercial performance throughout 2022/23.



How we do business

YHN has a Management Agreement with NCC, which lasts for 10 years and commenced on 1 April 2016. During the year YHN has continued to work closely with Elected Members and senior officers from NCC, being a true strategic partner for the Council, especially around housing matters.

Leazes Homes Limited (trading as 'Leazes Homes ') is a general needs, older persons and specialist housing provider based in Newcastle UPON Tyne. Its primary objective is to provide high quality, affordable accommodation to people in need, which is delivered through partnership working with key organisations in the affordable housing sector such as Homes England.

In 2020, Leazes Homes and YHN decided to form a partnership to build upon the longstanding relationship that already existed between the organisations, with YHN having provided housing management services to Leazes Homes. Upon the official formation of the partnership in August 2021, Leazes Homes converted to a Community Benefit Society and became a subsidiary of the YHN Group, but remains a separate company in its own right, retaining its assets, its own Board and continuing to be subject to regulation as a registered Provider of Social Housing.

Strategic Report (continued)

How we do business (continued)

Under the new structure, Leazes Homes Board will help develop and implement the supported housing vision for the YHN Group by taking responsibility for the strategic leadership and oversight of the supported housing provision for both partners. This will include the Support and Progression, Employability, Housing Plus AND Safeguarding services which were previously overseen by the former Community Benefit Subsidiary Asfaleia (2015-2020)

Section 172 (1) Statement

The Directors of YHN are mindful of their duties as outlined in Section 172 (1) of the Companies Act 2006, which is to act in a way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to –

- (a) The likely consequences of any decision in the long term;
- (b) The interests of the company's employees;
- (c) The need to foster the company's business relationships with suppliers, customers and others;
- (d) The impact of the company's operations on the community and the environment;
- (e) The desirability of the company maintaining a reputation for high standards of business conduct; and
- (f) The need to act fairly as possible between members of the company

Whilst retaining main responsibility for the company, the Board delegates the operational day to day running of the organisation to the Managing Director and their Executive Team, subject to defined limits as outlined in the matters reserved sections of the Group Governance Framework. The Framework details the overarching corporate governance structure, which includes principles specifying:

- The relationships between the Board, sole shareholder NCC and the Executive Team;
- Conduct of Board affairs; and
- The powers delegated to subsidiaries and committees

Upon appointment, all directors receive an induction to the company by the Chair, Governance Team and Executive Team, at which:

- Their duties with regards to s.172 (1) matters are outlined;
- Key stakeholders are identified;
- What principal decisions are made by the Board;

Strategic Report (continued)

Section 172 (1) Statement (continued)

- The policies and processes in place to ensure decision making considers stakeholders; and
- How the above fits within the context of the Management Agreement and relationship between NCC and Your Homes Newcastle Limited in managing council housing stock

Decisions taken by directors in discharging their s.172 (1) duty and in considering the wider impact on reputation and stakeholders to deliver the principal activity of YHN are outlined below, including where key stakeholder groups were involved and/or considered in making those decisions.

(a) The Likely Consequences of any Decision in the Long Term

During the financial year, the Board have monitored and been involved in making progress to develop the business strategy, the YHN Group Business Plan 2022-23. The Plan recognises the fast-moving environment in which the company operates, including financial and economic landscapes, government spotlight on social housing, changing demographics and housing need, and the customer experience. The Plan reflected how quickly priorities can change and helped the business remain focused on what matters most to customers. Whilst it was a one-year business plan, the Board were and are focused on long term sustainability of the business and ensure decisions are robust against key strategies.

The Board have also monitored the following strategies via their Finance and Performance Committee:

- Commercial Strategy 2021-2025 - based around three key areas of commercial operations, business and solutions, underpinned by a commercial culture approach. The strategy has a primary focus of aligning key objectives with the NCC management agreement and ambitious commercial surplus targets.
- IT and Digital Strategy 2021-2024 - it considers the challenges the Covid pandemic presented, customer expectations for digital services, and the need to ensure business capabilities are efficient and productive.

The Board, at their meetings, committees and away days, continue to monitor the organisations' approach (and collaborative work with NCC) to the seven chapters of the UK Government Social Housing White Paper, the Consumer Standards, and proposed tenant satisfaction measures by the Regulator of Social Housing to help ensure residents are safe, listened to, live in good quality homes, and have access to remedies to address issues.

Strategic Report (continued)

Section 172 (1) Statement (continued)

(a) The Likely Consequences of any Decision in the Long Term (continued)

The 10-year Asset Management Plan is delivered through an investment programme, which consists of key expenditure blocks which have been developed to ensure delivery against key priorities, such as new build, remodelling, stock reviews and provision for non-general needs housing. Quarterly investment updates to both Board and Property and Development Committee (ending in January 2023) cover the outturn on spend and targets, budget allocation across the programme, and any difficulties encountered in the planning of the programme due to financial or operational issues.

The Board consider and approve the annual Delivery Plan, which aims to provide assurances that the company is delivering across all areas of the Management Agreement by setting out priorities for improving services and strategic targets agreed with Newcastle City Council to assess whether business critical areas are on track.

Review of the Group's performance on a quarterly basis is delegated to the Finance and Performance Committee. The Executive team monitor the strategic targets, as well as the operational targets that underpin them to ensure that YHN delivers the projects that have been agreed to implement the Business Plan.

The annual review and approval of the strategic risk register, risk management framework and risk appetite statement are matters reserved to the YHN Board. The Audit and Risk Committee monitors the Group's register, internal financial controls and risk management framework on behalf of the Board on a quarterly basis.

In considering long term impacts, all Board and committee reports outline how the content is likely to affect not just the company but also stakeholders, including:

- Delivery plan objectives;
- Related risks;
- Financial and value for money implications;
- Customer impacts/views;
- Equality and diversity

Strategic Report (continued)

Section 172 (1) Statement (continued)

(b) The Interests of the Company's Employees

YHN recognise it is the responsibility of Board members, the leadership team, employees and others who represent the company to embed commitments to equality, diversity and inclusion in everyday work.

In addition to receiving their annual equality, diversity and inclusion update (ED&I), the Board approved the Unity Strategy 2023-25 in March 2023, which aims to create a united culture, where customers and staff feel respected, included and valued. It sets out four strategic themes in the framework for how equality duties will be met, YHN's ambitions, and how customers will be involved. More information is provided on page 26.

Board have also received periodic updates containing a summary of activity across YHN concerning employees, both in the form of the post-pandemic approach of 'back to basics' culture changes, and in response to the cost of living crisis for both the organisation and customers. Further information on how directors and the Executive Team have considered employees and their interests can be found in the 'Our Employees' section of the Directors Report at page 20.

(c) The need to foster the company's business relationships with suppliers, customers and others

The company has in place a strategy for regularly communicating information about its work to stakeholders, having regard to the communication needs of the diverse groups and communities it serves. This includes:

- Information published on the organisation's website and social media platforms
- Social media accounts are used to communicate and engage with a range of stakeholders
- All customers receive a copy of the quarterly publication 'Homes and People'
- A framework is in place for the Executive Team and NCC to regularly review performance against strategic and operational targets. Progress is reported quarterly to the Finance and Performance Committee
- The Chief Executive of NCC attends a Board meeting annually to discuss the business relationship, successes and opportunities for closer working
- Outside of the formal meeting structure, the Chief Executive of NCC, the Group Managing Director of YHN and the Chair maintain an open dialogue

Strategic Report (continued)

Section 172 (1) Statement (continued)

(c) The need to foster the company's business relationships with suppliers, customers and others (continued)

In 2017, the Board approved the creation of a Customer Service Committee (renamed Customer Voice Group from January 2023) to:

- strengthen the tenant voice in influencing decision making throughout the company and to feed back the tenants' voice to the Board;
- Understand and improve the customer experience; and
- Understand new innovations in customer service and explore how Your Homes Newcastle Limited can use these to improve services

All members of the Customer Voice Group are tenants. As part of delegations, they receive complaints information and insight to understand and identify ways to improve the customer experience. There is a feedback arrangement in place between the Group and the Board to ensure both parties are updated on business and customer related activity, including having an independent Board member who is also a tenant part of the membership of both the Board and the Group. The Group also join the Board at one of their two strategic away days to discuss the customer voice, which was recently held in December 2022.

In September 2022, the Board discussed an annual report on how YHN is listening to the customer voice, routes in which customers are giving insight, how YHN is learning as an organisation, and actions taken as a result of feedback in areas such as repairs, contractors working in homes, safe living, and the contact centre. To help inform development of the YHN Group Business Plan 2023-2024, a customer consultation exercise was completed, resulting in feedback received from 3,500 customers via a digital communication survey in September 2022, and an all-customer survey at the end of 2022 saw 5,000 customers respond.

YHN works with the Fairer Housing Unit of NCC and community partner organisations to actively engage with tenants and leaseholders in operational housing matters such as repairs and maintenance, capital works, and strategic engagement matters such as changes to legislation or policy that could have an impact on rent or property allocation.

A Corporate Procurement Strategy sets out the direction of procurement of all works, goods and services with the aim of ensuring the process is effective and positively contributes to strategic objectives and service improvements for customers. Contractors and suppliers are also supplied with equality and diversity guidance, which has been developed to make sure that our contractual activity is consistent with our obligations under equality legislation. To ensure that we meet our legal obligations regardless of who carries out our functions, equality considerations are built into each stage of the procurement process.

Strategic Report (continued)

Section 172 (1) Statement (continued)

(d) The impact of the company's operations on the community and the environment

Annually, as part of the budget process, the Board approve the allocation of funds to support community investment projects, which aim to improve the quality of life for customers and create a more stable, cohesive and sustainable community. It is evaluated using the Social Return on Investment tool, to monitor the impact the project has on individuals and wider community.

As referenced earlier in the Investment Delivery Programme, YHN, with NCC and partner organisations, is helping tackle the lack of supply of social housing in the region through new build and modernisation. Through this partnership, the company is able to support customer groups for whom there is a lack of housing, namely learning-disabled people, those with additional care needs, older people and young families. The quarterly report also monitors progress in supporting NCC's aim to achieve zero carbon emissions by 2030.

From July 2021, the customer voice element of Board meetings has been strengthened. Members view and discuss a 'customer moment' at every meeting; a pre-recorded video of a customer speaking to a member of staff about their experiences of using the company's services. In addition, members give feedback and discuss any customer related activity they've been involved in outside of meetings.

A Board engagement calendar has been created, which offers a range of visits across YHN Group services to support Board in their personal learning and development, opportunities to meet with service users, and forms part of a wider approach to customer engagement in response to Consumer Regulation and the Social Housing White Paper. 16 sessions were held across 2022-23.

The company offers an employability scheme to tenants to provide work experience, apprenticeships, training, and support to progress into work or further education. A target has been linked to the scheme, that at least 85% of Your Homes Your Jobs trainees and apprentices move into education, training or employment. It is monitored quarterly by the Finance and Performance Committee.

The organisation operates a supported employer approach to provide job opportunities to people with disabilities. The majority of the workforce at the company mattress production facility Palatine have a disability and are recognised for playing an integral part of the busy commercial operations side of the business and as such the company is recognised as a 'Disability Confident' employer.

Strategic Report (continued)

Section 172 (1) Statement (continued)

(d) The impact of the company's operations on the community and the environment (continued)

The company is fully committed to the principles of sustainable procurement, through the YHN Sustainable Procurement Charter, which considers social, economic and environmental issues at all stages of the procurement process and as part of the whole life cost of a contract. This is achieved by ensuring that sustainability considerations are embedded within procurement processes and use of purchasing power to promote good practice.

The company has a Safe Living service in support of NCC's safeguarding responsibilities for the community as a public authority. The service has two teams; Safe Living, who managed anti-social behaviour cases and Safeguarding Partnerships, supporting those who are at risk of harm. The latter work with partner agencies such as the Police to protect customers who are categorised as being at high risk of harm. They represent the company at multi agency and public protection meetings to share information linked to public safety and risk assess vulnerable client groups. Safeguarding updates and progress of a Safeguarding Action Plan were considered bi-annually by the Audit and Risk Committee up to November and annually by the Board. This year, the Board also approved an updated Safeguarding Policy.

Over the year, the Board have continued to monitor at a strategic level how the organisation is identifying and responding to key concerns for customers in relation to the ongoing cost of living crisis. This is explored further at page 16.

(e) The desirability of the company maintaining a reputation for high standards of business conduct

The company's Articles of Association is the document that sets out the purpose of the company and the rules for the internal governance and management of the company. It is supplemented by the 2022 Group Governance Framework, which outlines the way in which the Group's boards and committees will operate and sets out the standards by which the business within the group will be managed and conducted.

Committees of the YHN Group have written terms of reference within the Framework, which outlines their remit and powers delegated to them from the YHN Group Board. These are reviewed on an annual basis and any proposed amendments are approved by the Board.

Strategic Report (continued)

Section 172 (1) Statement (continued)

(e)The desirability of the company maintaining a reputation for high standards of business conduct (continued)

The Board adopted the National Housing Federation Code of Governance in February 2017, which supports housing associations in promoting good governance practices. In adopting the code, there is a requirement to produce a statement of compliance against the provisions of the Code within the annual report and financial statements. Results of a self-assessment against the Code is considered at each May Board meeting, with a proposed statement of compliance submitted for approval. The 2022-2023 statement can be found on page 29.

The Board have a proactive relationship with the Company Secretary, who attends all Board meetings to advise as necessary on matters relating to directors' s. 172 (1) duties and responsibilities, scope of powers and authority to take decisions. All Board and committee meetings are formally minuted and submitted to members for approval as a true and correct account of proceedings at the following meeting.

As per the Group Governance Framework and expectations of the Code of Governance, the Board are committed to a process of reviewing boards and their composition as a means of ensuring that the governance structure of the YHN Group remains efficient and effective. As such, members undertook an effectiveness review throughout July and September 2022, consisting of the completion of self-assessment questionnaires by all board members in relation to their respective board and committees. The collated results were then discussed at the following Board and committee meeting. An action plan in response to feedback will be monitored by both the Executive Team and Company Secretary on an ongoing basis.

On an annual basis, the Board consider and approve the company Modern Slavery Statement, which affirms that the organisation is aware of the issue and is taking effective steps to stop modern day slavery occurring through purchasing and procurement practices in its supply chains.

The company will not tolerate fraud and corruption in the administration of its responsibilities. Board members and staff at all levels are expected to lead by example in ensuring legal requirements, policies, codes of conduct, rules and procedures are followed. The company also expects that all partners with whom it comes into contact will act with integrity and without thought or actions involving fraud and corruption. A Policy and Statement outlines that YHN values its reputation for ethical behaviour and robust financial probity and reliability, is committed to achieving the highest standards of good practice and good governance, and the Board and Senior Management Team take a zero-tolerance approach to bribery and corruption.

Strategic Report (continued)

Section 172 (1) Statement (continued)

(e)The desirability of the company maintaining a reputation for high standards of business conduct (continued)

The Chair of Audit and Risk Committee conducts an annual review of all offers of gifts and hospitality made to staff and Board members. In November, the Chair confirmed that twelve offers were made to staff for the financial year and expressed no concerns about unacceptable gifts being offered.

The directors must observe the YHN Group Board Member Code of Conduct, and other arrangements put in place to assure good governance whenever they conduct the business of the organisation as its representative. They have a duty to act in the best interests of the organisation, demonstrating openness and transparency, and are aware that they must not put themselves in a position where there is conflict between their personal interests and the duty they owe to YHN. The Code is made available during induction and includes communication protocol outside of meetings and the process by which breaches are investigated and adjudicated.

All Board Members complete and sign an annual declaration of interests, which is held with the statutory books by the Company Secretary and is open for public inspection. This is in addition to the requirement to declare any interests at the commencement of Board and committee meetings.

Health and Safety Committee discuss matters relating to health and safety in the organisation, recommend appropriate actions to the Board or management, and provides assurances and challenges to the Board that there are proper systems and allocations of responsibility in key areas of the organisation for health and safety.

The Board and Executive Team recognise the importance of compliance with the General Data Protection Regulation 2018. An updated Data Protection Policy was approved in September 2021 which sets out how the company will handle the personal data of customers, suppliers, employees, workers and other third parties to ensure compliance with data protection laws. Progress is reported annually via an activity plan. Organisational awareness and compliance is monitored by the Executive Team.

The company is fully aware of the responsibility towards customers, employees and the communities in which it operates, and is committed to ensuring the working conditions in our supply chain are safe, that workers are treated with dignity and respect and that manufacturing processes are environmentally responsible. For this purpose a Supplier Code of Conduct has been produced, which sets the standards for doing business with the company.

Strategic Report (continued)

Section 172 (1) Statement (continued)

(e) The desirability of the company maintaining a reputation for high standards of business conduct (continued)

Throughout the year the Board and its committees have also considered the following items with a view of maintaining high standards of business conduct:

- Deep dive discussions into strategic risks
- Health and safety updates and annual policy review
- Lift maintenance contractor updates
- Building and fire safety updates
- Damp, mould and disrepair reports
- Quarterly housing investment updates
- Asset Management Plan updates
- Safeguarding updates and annual report
- GDPR compliance
- Complaints and customer insight updates and annual report
- Repairs and construction updates and annual report

(f) The need to act fairly as between members of the company

The Articles of Association outline the extent of the operating powers of the company under the control of NCC and the conditions under which the company must seek council consent to pursue actions outside of such powers.

In discharging their duties, the Directors consider which course of action best enables delivery of the strategy in the long-term, taking into consideration the sole shareholder and the impact on stakeholders.

Article 26 of the Articles of Association outlines the identification and management of conflicts or potential conflicts of interest. At each Board and committee meeting, the Board considers interests and potential conflicts of Directors and gives, when appropriate, any necessary approvals. There are safeguards which will apply when Directors consider a conflict or potential conflict, with only those Directors who have no interest in the matter taking the decision. A list of interests declared by Directors throughout the financial year are presented to Board for information.

Strategic Report (continued)

Key Performance Indicators

The following table highlights our performance against our management agreement commitments with NCC.

Indicator	Description of Measure	Target	Actual	
Rent Collection	Collection rates looking at income collected / rent debit in the financial year. Cumulative performance.	98.50%	98.73%	✓
Void rent loss	Income lost as a result of properties being void, excludes properties not on rent debit. Cumulative performance.	2.27%	2.58%	✗
Tenancy turnover	The % of tenants terminating their tenancies / the number of property units. Cumulative performance.	7.35%	6.17%	✓
Capital Programme Customer satisfaction rating	Customer satisfaction levels with Capital Investment survey	86.00%	72.70%	✗
Repairs completed on time	% of repairs completed within estimated timescales	N/A	88.70%	-
Investments spend vs forecast spend (new build)	Investment Spend compared with Budget	9,946,000	6,631,000	✗
Investments spend vs forecast spend (planned investment)	Investment Spend compared with Budget	36,849,000	33,979,000	✗

Strategic Report (continued)

Principal Risks and Uncertainties

YHN has a well-established assurance framework which, along with audit, performance management, accreditation and service reviews, includes risk management. A strategic risk register is maintained which outlines the most significant risks to the achievement of our business objectives. The strategic risk register highlights the perceived threat level of a risk, the controls in place to mitigate the risks and the actions required to improve the controls. The assurance framework and the strategic risk register are applied across the YHN group.

The current approach to the management of strategic risks via the framework consists of:

- Annual review of the register approved by the Board; and
- Quarterly monitoring of the strategic risk register by the Audit and Risk Committee with Board updates provided following each meeting.

In order to assess risk, the likelihood of a risk is assessed against its potential impact. The assessment generates a score which in turn is assigned a traffic light (red, amber or green) based on controls that YHN has in place. The current risk register was approved by Board in March 2023, following a review of the Groups' approach to risk management by Audit and Risk Committee, to further enhance local arrangements.

Risk Appetite Statement

We have no appetite for safety risk exposure that could result in injury or loss of life to public, customers and staff. Safety drives all major decisions in the organisation. All safety targets are met and improved year-on-year.

Overall, in the pursuit of strategic objectives, we are willing to accept, in some circumstances, risks that may result in a minor financial loss.

There is an appetite to transform services and activities whilst working to strict budgets. There is a commitment to innovation and planned expansion of commercial activities in order to strengthen our overall financial position. This should be on a strict business planning basis and speculative investment is to be avoided. In relation to commercial and innovation, there is a willingness to accept, in some circumstances, risks that may result in a moderate financial loss.

We will only tolerate minor exposure to delivery of strategic and operational performance targets including disaster recovery and succession planning, breakdown in information systems or information integrity.

Strategic Report (continued)

Risk Appetite Statement (continued)

The company wants to be seen as best in class and respected across the sector. It will not accept any negative impact on reputation with its key stakeholder, and will only tolerate minimum exposure i.e., minor negative media coverage, no impact on employees, and no political impacts. Similarly, as a semi-public body we will not tolerate behaviour that falls below the highest standards of conduct from Board, staff, partners, contractors and suppliers.

YHN and its subsidiaries have a robust risk management strategy in place which flows from the strategic risks identified in the risk register. Set out below are the key mitigation measures which address the fundamental risk to financial stability and continuity.

Financial Risk Management Policy

YHN currently holds no complex financial instruments. The majority of cash balances are held at Newcastle City Council. Other financial assets and liabilities, such as trade creditors and related party balances, arise directly from the organisation's operating activities. The main risks associated with YHN's financial assets and liabilities are set out below.

Interest Rate Risk

YHN received interest from Newcastle City Council relating to cash held on its behalf. Financial assets, liabilities, interest income and cash flows can be affected by movements in interest rates. The Board Members do not consider there to be any significant exposure.

Credit Risk

During the financial year YHN received the majority of turnover from Newcastle City Council and payment terms are 30 days from the date of invoice. Individual exposures and overdue debts are monitored, with customers subject to credit limits to ensure that YHN's exposure to bad debts is not significant.

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The group aims to mitigate liquidity risk by managing cash generation by its operations, applying cash collection targets throughout the group. The group also manages liquidity risk via revolving credit facilities and loan funding from NCC.

Strategic Report (continued)

Foreign Currency Risk

YHN does not engage in any foreign currency transactions. All of its activities take place within the United Kingdom and consequently, YHN is not exposed to any foreign currency risk.

Response to Cost of Living Crisis

The cost-of-living crisis and growth in child poverty combined with the continued impact of welfare reform and austerity cuts means that many more of our customers are being pushed into poverty which is throwing up challenges that are impacting on how our customers live their lives. YHN has a range of dedicated information advice and support services that are available to our customers to help them sustain their home which is paramount if households are going to find ways to make living bearable.

Throughout 2022, there was a range of activities being delivered across the organisation to support our customers. In December 2022, YHN set up an internal steering group of senior managers, from across the business, to coordinate YHN's response to the cost-of-living crisis and to maximise the positive impact these are having on customers.

Our approach has been to help keep household income up and household expenditure down. The comprehensive package of support comes from a range of services including Support and Progression, Financial Inclusion, Employability, and Income Teams who targeted their support based on the need and vulnerability of the customer. Our staff have received a comprehensive package of training to enable them to provide this support. The training has included the assessment of income and expenditure for all customers to ensure accurate benefit advice is given, training in welfare benefits and universal credit to level one for all customer facing staff, enabling brief interventions and better signposting. During 2022 we also developed our thinking and began to roll out training on Psychologically Informed Environments (PIE).

In addition to our support services, we have set up a "Making Living Easier" fund. There are two strands to the fund - crisis and prevention. The crisis element helps vulnerable customers with energy bills and the prevention element which makes up two thirds of the fund, helps through the purchase of blankets and throws, air fryers and microwaves, thermal curtains, rugs, and winter duvets, that makes living more manageable through cold spells. We have also invested in the stock to improve the energy performance of our properties. This includes a range of measures including cavity wall insulation to 16 high rise blocks, ground source heat pumps and switchee technology to two high rise blocks, external solid wall insulation to 153 non-traditional properties and a range of other smaller pilots including Thormoniox smart heating controls for electric storage heaters and Wonderwall infra-red heating.

Strategic Report (continued)

Future Developments

In 2019 we set out our vision to be 'First for Housing' and we have achieved a great deal since then, despite the impact of a pandemic which threatened to re-route or de-rail our plans. As our customers now face new challenges with cuts to benefits and the growing cost of living crisis, this vision and our purpose 'To make living easier' has never been more important.

Considering what we have learned through the pandemic and the challenges our customers still face, our future development is strongly led by our new one-year Business Plan titled 'Making Living Easier- the YHN way'.

Our three strategic objectives are outlined below highlighting our priorities for the coming year.

Revolutionary services which support successful living

- Our customer engagement offer will ensure that customer feedback is at the heart of our decisions. We will measure our performance against the Regulator's Tenant Satisfaction Measures and report our performance back to our customers.
- We will improve the customer experience by reducing call waiting times in our contact centre and increasing the range and quality of online transactions. We will prioritise staff development to ensure customers receive the best service every time they contact us.
- We will train our customer facing staff in Psychologically Informed Environments to help develop a more supportive, customer focussed approach. We will clearly communicate to customers the support services that we offer to improve the customer journey and help sustain their tenancies.

Amazing places where people are proud to live

- The experience of our front-line operatives and customer journey mapping will help us to correctly identify the challenges to our repairs service and how we can improve.
- We will remain up to date with building safety legislation and develop best practice to go beyond minimum safety standards. We will clearly communicate with customers on building safety, so they are aware of the safety features of their homes.
- Working with partners and customers will help us understand local neighbourhood concerns regarding anti-social behaviour and develop solutions to tackle it. We will use our full range of intervention tools and develop tailored support for customers to ensure we address both the cause and effects of anti-social behaviour.

Strategic Report (continued)

Future Developments (continued)

Strong business, fit for today, ready for tomorrow

- We will support NCC in meeting their net zero ambitions. Available funding will be used to upgrade housing stock in line with the NCC Asset Management Plan. We will develop our own Net Zero action plan covering our operational activities.
- Increasing the energy efficiency in our homes and maintaining our support services offer will help support our customers through the cost-of-living crisis. A combination of good advice and practical help will ensure we help customers keep household bills down and incomes up.
- We will invest in the usability of our IT systems and work to eliminate duplication to enable an agile workforce. We will deliver training to enable YHN teams to deliver an efficient service for our customers.

The Business Plan is a snapshot of what we are hoping to achieve in the coming months and is underpinned by our seven priority plans and strategies that we will focus on over the next 12 months which are:

- Customer Experience Plan
- People Plan
- Financial Strategy
- Commercial Strategy
- IT & Digital Strategy
- Equality, Diversity and Inclusion Strategy
- Leazes Homes Development Plan

The strategic report was approved by the Board on 25 July 2023 and signed on its behalf on 25 July 2023 by:



Anne Parker
Director



Jill Davison
Company Secretary

Directors' Report

The members of the Board of Your Homes Newcastle Limited (trading as 'YHN') present their directors' report for the year ended 31 March 2023.

Interests of Board Members

YHN is a private company limited by guarantee which is wholly controlled by the local authority, Newcastle City Council. Four Board members are Newcastle City Councillors. The remaining eight Board members are independently appointed, and all financial transactions are carried out under normal commercial terms.

In establishing and monitoring the business strategy, the Board considers the impact of its decisions on wider stakeholders including Newcastle City Council, tenants, employees, suppliers and the environment.

Indemnity Provisions

Annually, YHN acquires a management liability package, containing both Director and Officers Liability cover, and Corporate Legal Liability cover. It includes:

- Insured Person Liability Cover
- Insured Organisation Reimbursement Liability Cover
- Insured Organisation Liability Cover

This was in force at the date of approval of the report.

Our Employees

Employee Communication and Involvement

We use many different channels to ensure our internal communications keep staff up to date and engage our staff with corporate messages, as well as provide opportunities for them to provide feedback and share their own ideas and news.

Communication channels include our intranet, which provides regular internal news articles, blogs and vlogs from the Executive team and staff across the business, information on staff forums, plus collaborative working areas and the option to personalise alerts and feeds.

The intranet is supported by weekly e-newsletters to staff containing a broad range of articles to keep colleagues up to date with organisational news, raise awareness of issues and inform staff about the wider social and political landscape in which we operate, as well as lighter topics to boost morale and foster a sense of community among colleagues.

Directors' Report (continued)

Our Employees (continued)

Employee Communication and Involvement (continued)

We also have a digital staff survey system, which allows regular targeted feedback on areas of interest to be obtained. Hive has developed a new employee portal which is designed to give employees an anonymous one stop shop to access all the Hive features, live surveys, shout outs, open door thus removing the reliance on emails, which has been launched by YHN and has already had over 100 interactions. The staff feedback from all surveying mechanisms is centrally collated and shared with the Executive team before results and action plans are fed back to staff.

YHN's digital channels are supported by more traditional methods such as posters, emails, text messages and screensavers to ensure that we reach all staff and provide information in an integrated way. We take care to match communications channels to corporate objectives.

A new employee Microsite has been launched; this site supports continuous engagement, giving staff easy access to Hive functionality, such as My Portal and Open Door.

The site is a place owned by our employees, and a place where they can engage with key stakeholders across the business on topics relating to, our Business Plan, and cultural transformation. They are also able to discuss best practice solutions implemented in their areas.

Spotlight articles and open door take overs have brought teams closer together, improving communication and understanding of roles and responsibilities.

In time, new content will be created, and pre-existing engagement tools like the staff notice board will be redesigned and reintroduced. Along with an improved annual competition calendar to bring the feel-good factor back.

In addition, we have refreshed our formal annual appraisal mechanism that includes regular 1-2-1s for all staff to receive feedback on their performance, identify training needs and gain an understanding of how their targets feed into the achievement of the organisation's goals. There are also formal and informal communication and consultation mechanisms with trade unions.

Directors' Report (continued)

Customer Engagement

Following YHN's review of our customer engagement in 2021, we have strengthened and expanded The Customer Insight and Engagement (CIE) team which now includes the Customer Experience team (CX) who manage organisational complaints, bringing all customer feedback together into one team.

The team are responsible for listening to customer views and acting on them. Our customers are the best people to tell us how our services are performing and where we can improve. The team work hard to make it as easy as possible for all YHN customers, leaseholders and Leazes Homes tenants to have their say about our services.

In 2022 we launched our engagement plan – 'Your home, your voice' which set out how we work with our customers to ensure their voice is heard throughout the business and influences our decision making.

The Customer Insight and Engagement team are responsible for ensuring our engagement work meets the Tenant Involvement and Empowerment Standard and are prepared for changes in regulation after the publication of 'The Charter for Social Housing Residents: Social Housing White Paper'. The CIE team have three principal areas of focus;

- Engagement
- Insight
- Community Development

The Customer Insight and Engagement team have supported a diverse range of engagement activities across different engagement platforms this year including;

- 930 customers spoken to face to face
- 8,800 responses to two key surveys (though a multi-channel engagement approach)
- Partnerships grown with NCC (e.g. NCC Waste and Recycling team, EPiC (Empowering people in communities), Active through Football)
- Taken over the leadership of the YHN Community Clean-ups to support the business
- Visited 27 High Rise blocks to engage about building safety
- Organised and attended 13 Talk with Tina events

One of the reasons the CIE team was expanded following the 2021 review, was to support the business to make data driven decisions. We gather insight through our engagement activities and community development activities, as well as through tailored insight projects.

Directors' Report (continued)

Customer Engagement (continued)

The CIE team conducts transactional satisfaction surveys with customers who have had an interaction with one of four areas of the business:

- Repairs & Construction Service
- Contact Centre
- Assets and Improvement works
- Complaints

These transactional surveys give specific feedback on a particular area of the organisation. This provides the opportunity to have immediate and actionable feedback that can improve services around YHN. To improve the way YHN uses customer insight across the business, the team are sending a summary of their insight work to senior leaders on a monthly basis.

Building safety engagement

As an organisation, YHN is committed to delivering the recommendations outlined in the Hackitt review to ensure our customers live in homes where they feel safe, valued, and empowered to scrutinise the safety measures in their building. Our CIE team carry out regular building safety activities in partnership with our Building Safety team, who have spoken to over 400 high-rise customers since October 2022.

Community funding

Managed by the CIE team, the YHN Community Fund aims to have a positive impact on our communities, by investing in community projects and partners that are already doing great work and helping them to achieve more. The fund is open to voluntary and community sector organisations and YHN Housing Plus schemes. We make sure that the projects that we fund respond to issues our customers which were this year:

- Building stronger communities
- Reducing social isolation and loneliness
- Improving mental health and well-being
- Tackling digital exclusion and digital poverty

In November 2022, the CIE team launched the most recent round of funding, totalling £30,000. We have supported 39 Newcastle based projects with this fund, helping to tackle a range of issues such as the cost-of-living crisis, community cohesion and isolation and loneliness.

The CIE team regularly visit community fund projects, information about upcoming visits can be provided as requested.

Directors' Report (continued)

Customer Engagement (continued)

Customer Voice Group

The Customer Voice Group is a diverse gathering of customers who ensure that customers' voices are heard by YHN leadership team and the YHN Board. The group are part of our governance structure, and directly influence the way YHN delivers services. The group were previously known as the Customer Service Committee, and this year, following feedback from customers, we have updated the group to be able to influence YHN decision making in a more customer-led way. We have recruited 4 new members to the Customer Voice Group this year and they have decided their areas of focus for the coming year based on the key areas of concerns raised by customers in the 'Your home, your voice' survey.

'Your home your voice' all-customer survey

To achieve the business plan objective of 'knowing our customers', we carried out an all-customer survey in winter 2022.

To prepare for the project launching we consulted with our staff in each directorate to find out where they felt there were gaps in our knowledge and insight which needed strengthening. We also consulted with customers from our Customer Service Committee throughout the development of the project.

Following our consultations with staff and customers we decided on three key areas to focus the survey on;

- "you" (which included things like languages spoken, any support needed to maintain the tenancy)
- "your safety" (covering topics such as emergency evacuation, anti-social behaviour concerns, and is the home safe to live in)
- "your contact with YHN" (whether they feel listened to, do they feel they're kept informed and their overall satisfaction with YHN)

We identified that this was an ideal time to trial the Tenant Satisfaction Measure (TSM) perception questions in the year before we need to report the results to the regulator.

In total, we received 5020 individual responses to the survey which equates to an 18% response rate overall.

The Customer Insight and Engagement Team carried out a roadshow around the business to report the results to the wider staff teams and to engage them with the customer insight we have gathered. We have also shared the findings from the survey with our customers online and in Homes and People magazine.

Directors' Report (continued)

Customer Engagement (continued)

Customer promises and Customer Experience plan

This year we have created an updated set of 'Customer Promises', co-produced with our Customer Voice Group, and shaped using the insight from the 'Your Home, your voice' survey. Our promises mean our customer can continue to hold us to account in line with the Tenant Involvement and Empowerment standard which sets an expectation that customers are able to scrutinise our performance.

Our six promises

1. YHN will ensure all properties meet and maintain the Decent Homes Standard, are safe and well maintained
2. YHN will make it easier for customers to report repairs and we will complete all repairs promptly
3. YHN will make positive contributions to neighbourhoods across the city
4. YHN will offer a range of communication channels appropriate to customers' needs and respond promptly to customer queries
5. YHN will treat customers fairly, with respect, and keep them informed about things that matter to them
6. YHN will listen customers' views and act upon them

These Customer Promises support our Customer Experience Plan, which remains one of the key documents supporting the delivery of our Business Plan, however the deliverables outlined in the document have now been incorporated into the Business Plan itself. This has given us the opportunity to focus on embedding the Brilliant Basics alongside our RARE values and our newly created Customer Promises.

Our RARE Values are at the core of everything we do at YHN and guide us in the way in which we behave at work. Our CARE Brilliant Basics set out the way in which we should always treat our customers and each other. We know *we are RARE, and we CARE* and by living and breathing these values and behaviours we will making living easier for customer and improve their experience.

The Insight and Engagement service will collaborate with colleagues from across the business to embed, monitor and report on our Values, Brilliant Basics, and the Customer promises.

Directors' Report (continued)

Equality, Diversity and Inclusion

At YHN, we value, celebrate and embrace equality, diversity and inclusion (EDI).

Our goal is to embed and sustain positive EDI practice throughout the business so that EDI is an integral part of who we are and how we work. We want to meet our legal and regulatory duties, not just because we have to, but because it is the right thing to do.

At YHN we have been meeting our EDI commitments which are set out in our EDI Policy and supported by our EDI Strategy, our activities currently include:

- We are a signatory of the Business in the Community (BITC) Race at Work Charter.
- We are a signatory of the nationally recognised Mindful Employer charter for employers who are positive about mental health in the workplace. We provide easy access to information and advice to support the mental wellbeing of staff, as well as professional workplace mental health training. This will be reviewed again in 2024.
- We are a Disability Confident Level 2 employer which recognises our commitment to successfully employ and retain disabled people and those with long term health conditions. It will be reassessed in December 2023.
- A Workplace Adjustments Policy affirms the commitment by the organisation to take appropriate measures to enable a person with a disability to have access to, participate in, or advance in employment/training. The policy also applies to non-disabled employees or potential employees who may need to have a workplace adjustment put in place on a temporary basis due to a health problem, in order to help them remain at work or return to work sooner than planned when they are unable to fulfil their full range of duties.
- We have become members of Women into Construction to support more women into the sector.
- We have become members of the Housing Diversity Network (HDN) so that we can learn from best practice and benefit from EDI training opportunities that they offer.
- We complete Equality Impact assessments w across the business to ensure that our policies, practices and decisions are fair, meet the needs of staff and customers and do not inadvertently discriminate against any protected group.
- We continue to support and enable three well developed and active staff network groups (SNG's). These are Proud@YHN for our LGBT+ colleagues and allies; vis-Able group, for disabled colleagues; and our Diversity@YHN for colleagues from BME background or those who have in interest in the diversity of cultures within YHN.

Directors' Report (continued)

Equality, Diversity and Inclusion (continued)

- All three SNG's have increased their memberships over the last year and contributed to promoting a diverse, inclusive and representative work force through topical and insightful blogs, commissioning of a new EDI Mural which is now displayed in YHN House and contributing to the business through regular engagement with senior leadership and the EDI working groups.
- We have an active staff Health and Wellbeing group made up of a core of seven volunteers from across the organisation who link in with our SNG's and mental health advocate group. The group develop an annual action plan which identifies initiatives and campaigns required to support the main causes of absence within the organisation. Campaigns that were identified for 2022 include Mental Wellbeing, Men's and Women's wellbeing with a focus on the Menopause, general health and fitness, financial support, sports and social events with the aim to organise some fun events for employees and their families outside of work.
- Implemented Scheme Transformation plans across our Housing Plus service with the delivery of 'person centred' support for customers and creating warm and welcoming scheme environments that embrace diversity. This included supporting activities for Pride celebrations, encouraging the creation of new social groups and a German themed event to support a customer with German heritage.
- YHN is doing well at attracting and retaining women at the most senior levels of the organisation. More than half of our roles at Assistant Director level and above, including our Managing Director, are undertaken by women. This is reflected in YHN's gender pay gap results 2022 which show a different picture to those nationally. The national median hourly pay rate shows that women earn 9.71% less than men. Our **median** hourly pay for women was 11.4% higher than for men. Our **mean** hourly pay for women was **23.7%** higher than for men.
- We have made a commitment in our new EDI "Unity" Strategy to carry out Pay Gap Analysis for Race, Disability (and LGBT+). There is still plenty of work to do to recruit and develop a more diverse workforce which is a priority for 2023 –2025.
- EDI working groups developed a new action plan which will be supported by a refreshed EDI strategy. The groups work led to the creation of a new EDI lead officer role who will use the plan to drive a positive EDI culture at YHN. Other areas include actions around recruitment in terms of how we appeal to a more diverse talent pool; staff learning and organisational development, in terms of both skills and the opportunities available and the development of how Staff Network Groups contribute towards the business and help it in delivering its priorities.

Directors' Report (continued)

Equality, Diversity and Inclusion (continued)

We aim to provide services that are accessible to the communities we serve and meet their needs. We implement policies, practices and procedures that actively promote equality, diversity and human rights and support the elimination of barriers that prevent fairness for all our employees and customers. We consider equality and diversity implications as part of our decision making.

Statement of Directors' Responsibilities

The directors are responsible for preparing the Strategic Report, Directors' Report and 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 group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards 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 Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group 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 Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board takes its responsibilities in relation to bribery seriously and continues to support initiatives to emphasise the organisation's anti-corruption culture.

Directors' Report (continued)

National Housing Federation Code of Governance

The Boards of the YHN Group have adopted the National Housing Federation Code of Governance. An annual assessment is undertaken to review arrangements are clear and effective.

A compliance checklist exercise is conducted, which involves evaluation of the following Code principles:

- Mission and values
- Strategy and delivery
- Board effectiveness
- Control and assurance

Having reviewed outcomes of the assessment, the Boards are satisfied that high standards of corporate governance are being upheld and concluded that the YHN Group is compliant with the Code. However, for reasons of transparency, they draw attention to the following Code Provision relating to tenure:

Principle 3 – Board effectiveness

Provision 3.7 Tenure and Renewal

Malcolm Page was appointed on 22 September 2015, during which time the previous Code of Governance recommended a maximum term of nine years. In the 2022-23 financial year, M Page entered his eighth consecutive year of service, at which point the 2020 Code of Governance had been adopted, which states that "Maximum tenure will normally be up to six consecutive years (typically comprising two terms of office), but where a member has served six years, and the board agrees that it is in the organisation's best interests, their tenure may be extended up to a maximum of nine years".

The boards are of the opinion that continuing such arrangements is in the best interests of the YHN Group; to utilise his valuable skills and knowledge, particularly in finance, accounting and audit, to support the Group as both YHN Board member and Chair of Finance and Performance Committee.

Future developments affecting the balance sheet

The Board considers that there have been no events since the financial year end that have had a significant effect on the financial position.

Directors' Report (continued)

Going Concern

Having made enquiries, the Board consider that the Company's current and future prospects and its availability of financing are adequate to enable it to continue business for the foreseeable future and that they are also satisfied that the Company can continue to pay its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements. This period is considered to be the 'foreseeable future' as required for this ongoing assessment only and is in accordance with company law and accounting rules.

The Board consider that a robust going concern assessment process was undertaken and the results discussed and challenged formally at the Audit and Risk Committee on 18 July 2023. At that meeting the Audit and Risk Committee recommended that the Board should endorse these annual accounts.

The process for determining whether or not the Company is a going concern involved a number of considerations including an assessment of the financial budgets and forecasts for YHN to March 2024, in the context of the current business plan and in the light of the management agreement between YHN and Newcastle City Council, as endorsed by Cabinet in January 2016.

The assessment also considered the solvency and liquidity risks involved in delivering the financial forecasts for the foreseeable future. Neither cash nor reserves balances are predicted to fall to a level that would threaten our ability to operate as a going concern. The Board expect the impact of Covid-19 to be absorbed into business as usual without taking any of the mitigating actions, such as restricting investment programmes or considering further borrowing. There is deemed to be no risk to YHN's liquidity and solvency risks in the year.

The Company has net liabilities of £12,502,000 (2022: £11,497,000), including a pension deficit of £37,900,000 (2022: £37,900,000). The Company has a management agreement in place with Newcastle City Council which underpins the Company's budgets and forecasts, which show that the Company is expected to be able to meet its liabilities as they fall due for the foreseeable future, in particular, for a period of at least twelve months from the date of approval of these financial statements. These budgets and forecasts include contributions payable to the pension scheme on the current agreed contribution schedule, which has been drawn up by the actuary on the basis of a 22-year schedule for the recovery of the deficit.

In addition, the Company has received confirmation from Newcastle City Council that the Council would assist Your Homes Newcastle in meeting its liabilities as and when they fall due, to the extent that money is not otherwise available to YHN to meet such liabilities. For this reason, the Board continues to adopt the going concern basis of preparation for these financial statements.

Directors' Report (continued)

Going Concern (continued)

The going concern assessment also took into account that Newcastle City Council's Cabinet considered the review of housing related services on 24th July 2023. The Cabinet agreed to:

- Note the conclusions drawn by the Council following the review process.
- Note that bringing all housing related services together within the Council may offer an opportunity to respond more efficiently to the revised regulatory and legislative requirements.
- Note that any decision around the future of housing management will require a thorough consultation exercise with all tenants and stakeholders before the Council is in a position to change the service delivery model.
- Authorise the Chief Executive, in consultation with the portfolio holder, to implement the arrangements to consult with tenants (including the appointment of an independent external service provider to carry out that consultation).

The tenant consultation is expected to commence in September 2023.

The assessment concluded the use of the going concern assumption remains appropriate as the Cabinet decision of 24th July 2023 had no impact on the carrying value of assets or liabilities.

Directors' Report (continued)

Auditors

Beever and Struthers are the external auditors of Your Homes Newcastle Limited for the period 2022-23.

Disclosure of information to auditors

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

The Directors report of the members of the Board was considered and approved by the Board on 25 July 2023 and signed on its behalf on 25 July 2023 by:



Anne Parker
Director



Jill Davison
Company Secretary

Independent Auditor's Report to the Members of Your Homes Newcastle Limited

Opinion

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

In our opinion, the financial statements:

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

Material uncertainty relating to going concern

We draw attention to Note 2 of the financial statements, which notes that on the 24th July 2023, Newcastle City Council made the decision to consult with tenants and stakeholders to bring all services currently delivered by Your Homes Newcastle within the Council. This event indicates that a material uncertainty exists that may impact on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Board is responsible for the other information contained within the annual report. 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 course of 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.

Opinions on other matters 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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report 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 the strategic report or the directors' report.

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

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 33, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the 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 Board either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

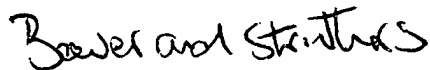
- We obtained an understanding of laws, regulations and guidance that affect the Company, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws, regulations and guidance that we identified included the Companies Act 2006, tax legislation, health and safety legislation, and employment legislation.
- We enquired of the Board and reviewed correspondence and Board meeting minutes for evidence of non-compliance with relevant laws and regulations. We also reviewed controls the Board have in place, where necessary, to ensure compliance.
- We gained an understanding of the controls that the Board have in place to prevent and detect fraud. We enquired of the Board about any incidences of fraud that had taken place during the accounting period.
- The risk of fraud and non-compliance with laws and regulations was discussed within the audit team and tests were planned and performed to address these risks.
- We reviewed financial statements disclosures and supporting documentation to assess compliance with relevant laws and regulations discussed above.
- We enquired of the Board about actual and potential litigation and claims.

- We performed analytical procedures to identify any unusual or unexpected relationships that might indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud due to management override of internal controls we tested the appropriateness of journal entries and assessed whether the judgements made in making accounting estimates were indicative of a potential bias.

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

Use of our report

This report is made solely to the 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.



Richard Graham ACA (Senior Statutory Auditor)

For and on behalf of

Beever and Struthers

Statutory Auditor

One Express

1 George Leigh Street

Manchester

M4 5DL

Date: 26 July 2023

Financial Statements

Group Statement of Comprehensive Income for the 12 months ended 31 March 2023			
	Note	2023 £'000	2022 £'000
Revenue	4	44,218	40,080
Operating costs	5	(49,440)	(46,491)
Gain/(Loss) on disposal of fixed assets	6	(27)	219
Operating deficit	7	(5,249)	(6,192)
Gain on Acquisition	8	-	16,873
Interest receivable and other income	11	-	-
Interest payable and other charges	11	(2,690)	(2,354)
Surplus / (deficit) on ordinary activities before exceptional items and taxation		(7,940)	8,327
Exceptional items	12	-	(36)
Taxation	13	(172)	154
Surplus / (deficit) for the financial year		(8,112)	8,445
Actuarial gain/(loss) on defined benefit pension	26	77,980	27,250
Total comprehensive gain/(loss) for the year		69,868	35,695

All amounts relate to continuing activities in the year.

Financial Statements

(continued)

Group Statement of Changes in Reserves for the 12 months ended 31 March 2023

	Designated reserve £000	Revenue reserve £000	Total reserves £000
Balance as at 1 April 2021	-	(46,192)	(46,192)
Designated on acquisition	688	(688)	-
Deficit for the financial year	-	8,445	8,445
Actuarial gain on defined benefit pension	-	27,250	27,250
Transfers between reserves in year	86	(86)	-
Dividends paid by Trading Subsidiary	-	(1,000)	(1,000)
Balance as at 31 March 2022	774	(12,271)	(11,497)
Designated on acquisition	-	-	-
Deficit for the financial year	-	(8,112)	(8,112)
Actuarial gain on defined benefit pension	-	77,980	77,980
Transfers between reserves in year	35	(35)	-
Total comprehensive gain for the year	35	69,833	69,868
Dividends paid by Trading Subsidiary	-	(1,000)	(1,000)
Balance as at 31 March 2023	809	56,562	57,372

Company Statement of Changes in Reserves for the 12 months ended 31 March 2023

	Revenue reserve £000	Total reserves £000
Balance as at 1 April 2021	(48,701)	(48,701)
Deficit for the financial year	(7,663)	(7,663)
Actuarial loss on defined benefit pension	27,250	27,250
Balance as at 31 March 2022	(29,114)	(29,114)
Deficit for the financial year	(8,997)	(8,997)
Actuarial gain on defined benefit pension	77,980	77,980
Balance as at 31 March 2023	39,869	39,869

Financial Statements

(continued)

Group Statement of Cash Flows

for the 12 months ended 31 March 2023

	Note	2023 £'000	2022 £'000
Net cash flow from operating activities	24	5,105	3,799
Investing activities			
Payments to acquire tangible fixed assets		(1,537)	(1,379)
Proceeds on sale of fixed assets		70	641
Cash acquired on acquisition of subsidiary		-	7,452
Net cash flow from investing activities		(1,467)	6,714
Financing activities			
Interest paid		(1,690)	(1,175)
Dividends paid		(1,000)	(1,000)
Loan repayments		(1,203)	(836)
Repayment of finance leases		(41)	(101)
Net cash flow from financing activities		(3,934)	(3,112)
Net change in cash and cash equivalents		(296)	7,401
Cash and cash equivalents at 1 April		16,688	9,287
Cash and cash equivalents at 31 March		16,392	16,688

Financial Statements

(continued)

Group Statement of Financial Position

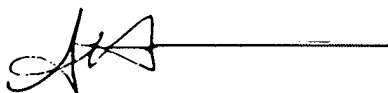
As at 31 March 2023

Registered Company No: 5076256

	Note	2023 £'000	2022 £'000
Fixed assets			
Tangible assets	15	79,564	80,384
		79,564	80,384
Current assets			
Stocks	17	570	569
Debtors: amounts falling due within one year	18	6,163	6,848
Cash at bank and in hand		16,392	16,688
		23,125	24,105
Less Creditors: amounts falling due in less than one year	19	(9,999)	(9,407)
Provisions	20	-	(112)
Net current assets		13,126	14,586
Total assets less current liabilities		92,690	94,970
Creditors: amounts falling due after more than one year	21	(67,118)	(68,567)
Net assets excluding pension asset / (liability)		25,572	26,403
Defined benefit pension asset / (liability)	26	31,800	(37,900)
Net Assets / (liabilities)		57,372	(11,497)
Reserves and capital			
Revenue reserve		56,562	(12,271)
Designated reserve		809	774
		57,372	(11,497)

These financial statements were approved by the Board and authorised for issue on 25th July 2023

Signed on behalf of the Board



Anne Parker
Director



Jill Davison
Company Secretary

Financial Statements

(continued)

Company Statement of Financial Position

As at 31 March 2023

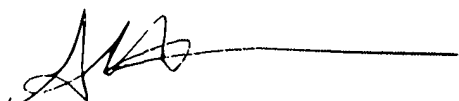
Registered Company No: 5076256

	Note	2023 £'000	2022 £'000
Fixed assets			
Tangible assets	15	3,882	4,012
Other investments	16	3,707	3,707
		7,589	7,719
Current assets			
Stocks	17	298	179
Debtors: amounts falling due within one year	18	4,188	5,424
Cash at bank and in hand		6,754	5,912
		11,240	11,515
Less Creditors: amounts falling due in less than one year	19	(3,969)	(3,489)
Provisions	20	-	(112)
Net current assets		7,271	7,914
Total assets less current liabilities		14,860	15,633
Creditors: amounts falling due in more than one year	21	(6,791)	(6,847)
Net assets excluding pension asset / (liability)		8,069	8,786
Defined benefit pension liability	26	31,800	(37,900)
Net asset / (liabilities)		39,869	(29,114)
Reserves and capital			
Revenue reserve		39,869	(29,114)
		39,869	(29,114)

The Directors have taken advantage of the exemption available under Section 408 of the Companies Act and not presented a statement of comprehensive income for the Company alone. The profit for the year is £68,983k (2022: £19,587k).

These financial statements were approved by the Board and authorised for issue on 25th July 2023.

Signed on behalf of the Board



Anne Parker
Director



Jill Davison
Company Secretary

Notes to the Financial Statements at 31 March 2023

1. Statement of compliance

Your Homes Newcastle Limited is a company incorporated as a private company limited by guarantee under the Companies Act 2006.

Abri Trading Limited is a private company limited by shares which is a subsidiary of Your Homes Newcastle.

Leazes Homes Limited is a community benefit society registered under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Regulator of Social Housing (RSH) as a private registered provider of social housing.

The financial statements of the group and subsidiaries have been prepared in Compliance with Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the UK and Ireland' (FRS 102).

2. Principal accounting policies

Basis of preparation

The financial statements of the group and subsidiaries have been prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP), including FRS 102, the Financial Reporting Standard applicable in the UK and Ireland (FRS 102); the Housing SORP 2018: statement of recommended practice for registered social housing providers; the Co-operative and Community Benefit Societies (Group Regulations) 1969; and Companies Act 2006, and comply with the Accounting Direction for Private Registered Providers of Social Housing 2022.

The accounts are prepared on a historical cost basis and are presented in sterling rounded to the nearest £'000, or where applicable nearest £'m.

Basis of consolidation

The Group financial statements consolidate the financial statements of Your Homes Newcastle Limited, Abri Trading Limited and Leazes Homes Limited at 31 March.

The Group Statement of Comprehensive Income includes the results and cash flows of:

Abri Trading Limited for the 12-month period from 1 April 2022

Leazes Homes Limited for the 12-month period from 1 April 2022.

In the parent company financial statements, investments in Abri Trading Limited are accounted for at cost less impairment. Due to Leazes Homes' status as a Community Benefit Society, there is no investment recognised by Your Homes Newcastle Limited in Leazes Homes.

The accounting policies have been applied consistently across the group.

Notes to the Financial Statements (continued)

at 31 March 2023

2. Principal accounting policies (continued)

Basis of consolidation (continued)

Intra-group transactions and balances between group entities are eliminated on consolidation.

As permitted by Section 408 of the Companies Act 2006, the Company has not presented its own Statement of Comprehensive Income as it prepares group accounts and the Company's individual Statement of Financial Position shows the Company's profit or loss for the financial year.

Going concern

The directors have prepared the financial statements on a going concern basis which assumes that the Group will continue to operate for the foreseeable future and meet its liabilities as they fall due.

The Group has net assets of **£57.4m** (previous year net liabilities: £11.50m) including a pension asset of **£31.80m** (previous year pension deficit of: £37.9m).

The directors considered the decision of Newcastle City Council's Cabinet on 24th July 2023 to consult on proposals to bring all services currently delivered by Your Homes Newcastle within the Council. The directors concluded the use of the going concern assumption remains appropriate as the Cabinet decision of 24th July 2023 had no impact on the carrying value of assets or liabilities.

Turnover and revenue recognition

Turnover comprises income from lettings and revenue grants, income from the sale and rental of goods and rendering of services, and amortised capital grants.

Revenue is measured at the fair value of the consideration received, excluding discounts, rebates and VAT. The following criteria must also be met before revenue is recognised:

- Income from lettings

Revenue from housing rent and service charge income are recognised from the point when properties under development become available for letting and are recognised in the period as they fall due.

- Revenue grants

Grants relating to revenue expenditure are credited to the Statement of Comprehensive Income in the same period as the expenditure to which they relate. Where grants are received in advance of revenue expenditure they are included in creditors in deferred income until the expenditure has been incurred.

- Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of the goods, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity, and the costs incurred, or to be incurred, in respect of the transaction can be measured reliably.

Notes to the Financial Statements (continued)

at 31 March 2023

2. Principal accounting policies (continued)

Turnover and revenue recognition (continued)

- Rendering of services

Revenue from the provision of management services is recognised, according to the individual contract, by:

- Fixed fee per period; or
- Reference to labour hours incurred to date; or
- Fee per unit managed.

Where contract income cannot be measured reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

- Amortised capital grants

Government grants received for housing properties are held in the Statement of Financial Position and amortised to the Statement of Comprehensive Income over the useful life of the housing property structure.

Tangible fixed assets and depreciation

Housing properties

Housing properties are properties held for the provision of social housing or to otherwise provide social benefit and are stated at historical cost less accumulated depreciation and impairment losses, if applicable. Cost includes the cost of acquiring land and buildings, development costs plus any costs incurred in bringing the asset to its working condition.

Repairs expenditure on housing properties is capitalised to the extent it represents an improvement to the property, otherwise it is expensed in the year in which it is incurred.

Leazes Homes Limited's shared ownership properties are split proportionally between current and fixed assets based on the expected element relating to first tranche sales. The first tranche proportion is classed as a current asset with related sales proceeds included in turnover, with the associated cost of sales in operating costs. The remaining element is classed as a fixed asset and included in housing properties at cost, less accumulated depreciation and impairment.

Notes to the Financial Statements (continued)

at 31 March 2023

2. Principal accounting policies (continued)

Tangible fixed assets and depreciation (continued)

Depreciation is calculated to write off the cost or valuation of housing properties by component on a straight-line basis over the useful lives of the component categories largely as follows:

<u>Asset Type</u>	<u>Years</u>
Fabric	80
Roof	60
Electricals	30
Windows	25
Bathrooms	25
Lifts	25
External doors	20
Kitchens	15
Boiler	12
Flooring	10
Furniture & Fittings	5

Other tangible fixed assets

Other tangible fixed assets are stated at historical cost, less accumulated depreciation and any impairment losses, if applicable. Such cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all other fixed assets at rates calculated to write off the asset on a straight-line basis over its expected useful life largely as follows:

<u>Asset Type</u>	<u>Years</u>
Plant & Machinery	15-20
Leasehold improvements	18
Disabled adaptations	10
ICT equipment	3-7
Leased vehicles	5-7
Telecare equipment	5
Fixtures and fittings	5
Rental furniture	1.5-4

Notes to the Financial Statements (continued)

at 31 March 2023

2. Principal accounting policies (continued)

Tangible fixed assets and depreciation (continued)

Fixed asset accounting – further detail

The Parent's fixed assets are comprised of items of furniture rented to Newcastle City Council under the NFS brand, Telecare alarm equipment rented to Newcastle City Council under the Ostara brand, ICT equipment, office equipment following the refurbishment of YHN House, leasehold improvements of the YHN warehouse and the YHN fleet held under lease.

Leazes Homes Limited's fixed assets mainly consist of housing properties and their components, disabled adaptations, furniture and fittings. Leazes Homes Limited is effectively ringfenced in the YHN Group Structure and will continue to own the same housing property assets and benefit from the income streams from those assets as before they joined the YHN group.

The Group's fixed assets are comprised of the items above, as well as furniture rented to other landlords; and Ostara alarm equipment rented to other landlords and individuals; both accounted for in Abri Trading.

Palatine Beds

Inventory is held within Abri Trading for raw materials and finished goods held in relation to sales under the Palatine Beds and 1907 brands.

NFS (Newcastle Furniture Service)

NFS operations are split between Your Homes Newcastle and Abri Trading. Resources and fixed assets employed to deliver furniture services to Newcastle City Council are recorded in the Parent's accounts. Commercial contracts with other landlords are delivered by Abri Trading, with the associated costs also being charged to Abri Trading's accounts.

Ostara

Ostara operations are split between Your Homes Newcastle and Abri Trading. Resources and fixed assets employed to deliver alarm monitoring services to Newcastle City Council tenants as a condition of their tenancy are recorded in the Parent's accounts. Commercial contracts with other landlords and individuals are delivered by Abri Trading and recorded in Abri Trading's accounts.

Asset purchases and transfers - NFS

All furniture is initially purchased by the Parent, where it is held at cost price as inventory. Subsequently, when an item of furniture is rented out to an Abri Trading customer, a purchase from the Parent is recorded. The furniture is then held within Abri Trading as a fixed asset and held at historic cost less depreciation. The sale is not expensed in the Parent's Statement of Comprehensive Income but is instead recognised as a reduction in stock balances and as an intercompany debtor in the Parent's Statement of Financial Position.

Notes to the Financial Statements (continued)

at 31 March 2023

2. Principal accounting policies (continued)

Tangible fixed assets and depreciation (continued)

If the item is rented out under the Newcastle City Council contract, the furniture is recorded as a fixed asset within the Parent and held at historic cost less depreciation.

If a customer returns an item of furniture (from either a YHN or Abri Trading contract), an assessment is made of the condition of the asset and it is either:

1. disposed and recorded as a disposal with no proceeds, or
2. returned to the Parent's stock where it is held at the net book value of the asset at the time of its return. A fixed asset disposal is recorded.

All repair costs for items within inventory are minor and are expensed as they arise.

Sales from stock to non-group entities are recorded as a cost of sale and expensed to the Statement of Comprehensive Income.

Asset purchases and transfers - Ostara

All Ostara care support equipment is initially purchased by the Parent undertaking where it is held at cost price as a fixed asset. These assets take the form of remote alarms, key safes and other support equipment. When an asset is rented by an NCC customer as a condition of their NCC tenancy, the asset becomes live and is subsequently depreciated, being held at historic cost less depreciation. When an item of care alarm equipment is rented out to an Abri Trading customer, a purchase from the Parent is recorded. The care alarm equipment is then held within Abri Trading as a fixed asset and held at historic cost less depreciation. The sale is not expensed in the Parent's income statement.

If a customer returns an item of care support equipment (from either a YHN or Abri Trading contract), an assessment is made of the condition of the asset and it is either:

1. disposed and recorded as a disposal with no proceeds, or
2. returned to the Parent's fixed asset register where it is held at the net book value of the asset at the time of its return.

All repair costs for care support equipment are minor and are expensed as they arise.

Sales from stock to non-group entities are recorded as a cost of sale and expensed to the Statement of Comprehensive Income.

Presentation of fixed assets

The YHN Group uses a global fixed asset register across NFS and Ostara to control the assets of Abri Trading and the Parent undertaking. To clarify the transactions to the reader, and to aid the reconciliation of the Financial Statements to the asset register, additional lines have been added to the fixed asset register to show the additions and disposals within the Group.

Notes to the Financial Statements (continued)

at 31 March 2023

2. Principal accounting policies (continued)

Impairment

The Group assesses at each reporting date whether an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset. If it is not possible to estimate the recoverable amount of the individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

The recoverable amount of an asset or cash generating unit is the higher of its fair value less costs to sell and its value in use. If the recoverable amount is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount through an impairment in profit and loss, unless the asset is carried at a revalued amount where the impairment loss of a revalued asset is a revaluation decrease.

An impairment loss recognised for all assets is reversed in a subsequent period if, and only if, the reasons for the impairment loss have ceased to apply.

Capital grants

Grants are recognised when it is reasonable to expect that the grants will be received and that all related conditions will be met, usually on submission of a valid claim for payment.

All grants which are government grants relating to housing properties are recognised on an accruals basis. Where developments have been financed wholly or partly by Social Housing Grant, or other capital grants, capital grants and donations are recognised in the financial statements on the basis of the event dates which must be reached prior to the grant becoming claimable. Where grant received is in excess of costs incurred, the excess is transferred to creditors.

On disposal of properties which have been financed wholly or partly by Social Housing Grant, the amount of grant not abated by Homes England is transferred to the recycled Capital Grant Fund, depending upon the disposal, and may become repayable.

Government grants received for housing properties are held in the Statement of Financial Position and amortised to the Statement of Comprehensive Income over the useful life of the housing property structure.

Other grants received in advance are held as a liability on the Statement of Financial Position and amortised to the Statement of Comprehensive Income over the useful economic life of the asset.

Notes to the Financial Statements (continued)

at 31 March 2023

2. Principal accounting policies (continued)

Leased assets

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the Group, and hire purchase contracts are capitalised in the Statement of Financial Position and are depreciated over the shorter of the lease term and the asset's useful life. A corresponding liability is recognised for the lower of the fair value of the leased asset and the present value of the minimum lease payments in the balance sheet. Lease payments are apportioned between the reduction of the lease liability and finance charges in the Statement of Comprehensive Income so as to achieve a constant rate of interest on the remaining balance of the liability.

Payments under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the term of the lease.

Stocks and work in progress

Furniture stock

Furniture stocks comprise NFS furniture holdings at the parent company, and raw materials and finished goods for Palatine Beds within Abri Trading Ltd.

Furniture stocks are stated at the lower of cost and net realisable value. Costs include all costs incurred in bringing each product to its present location and condition, as follows:

- Raw materials, consumables and goods for resale - purchase cost on a first-in, first-out basis
- Work in progress and finished goods – cost of direct materials and labour plus attributable overheads based on a normal level of activity
- Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal
- Provision is made for obsolete and slow-moving items where required.

Housing assets under construction

Housing properties under construction are stated at cost and are not depreciated until they are reclassified as housing properties on practical completion of construction.

Business combinations

The acquisitions of Leazes Homes Limited into the Your Homes Newcastle Group has been accounted for using the purchase method under FRS 102. The total cost of the business combination is measured as the total fair value of the assets and liabilities at the date of acquisition. Acquisition related costs are recognised in the Statement of Comprehensive Income as incurred.

Debtors and creditors

Debtors and creditors receivable and payable within one year are recorded at transaction price. Any impairment is recognised in expenses in the Statement of Comprehensive Income.

Notes to the Financial Statements (continued)

at 31 March 2023

2. Principal accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents consist of cash at bank, cash held by Newcastle City Council on Your Homes Newcastle's behalf and petty cash.

Interest income and finance costs

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

a) Interest on borrowings specifically financing the development programme after deduction of related grants in advance.

b) Fair amount of interest on borrowings of the Company after deduction of Social Housing Grant (SHG) received in advance to the extent that they can be deemed to be financing the development programme.

Other interest payable and interest receivable is charged to Statement of Comprehensive Income in the financial year in which it accrues.

Value added tax

Your Homes Newcastle Limited and Abri Limited charge VAT on most of the sales made and as a result, are able to recover the VAT they incur on expenditure. The balance of VAT receivable or payable is included in the Statement of Financial Position under debtors or creditors.

Leazes Homes, due to the exempt supplies it makes, are not VAT registered.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense for the year ended 31 March.

The current tax is based upon the taxable profit for the year arising from Your Homes Newcastle and Abri operations.

Leazes Homes is an exempt charity, and as a result any surplus or deficits arising from its charitable activities will be exempt from corporation tax.

Deferred tax

Deferred tax is recognised in respect of all timing differences which are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements except that:

Notes to the Financial Statements (continued)

at 31 March 2023

2. Principal accounting policies (continued)

Deferred tax (continued)

- Where there are differences between amounts that can be deducted for tax for assets and liabilities compared with the amounts that are recognised for those assets and liabilities in a business combination a deferred tax asset shall be recognised; and
- Unrelieved tax losses and other deferred tax assets are recognised to the extent that the directors consider that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Financial instruments

Financial instruments which meet the criteria of a basic financial instrument as defined in Section 11 of FRS 102 are accounted for under an amortised historic cost model and thus recognised at amortised historical cost.

Financial assets measured at amortised cost comprise cash and cash equivalents, trade debtors, other debtors and accrued income.

Financial liabilities measured at amortised cost comprise loans, trade payables, other creditors, deferred income and accruals.

Interest bearing loans and borrowings

All interest-bearing loans and borrowings which are basic financial instruments are initially recognised at the present value of cash payable to the lender (including interest). After initial recognition they are measured at amortised cost using the effective interest rate method less impairment. The effective interest rate amortisation is included in finance revenue in the Statement of Comprehensive Income.

Loan finance costs

These are amortised over the life of the related loan. Loans are stated in the Statement of Financial Position at the amount of the net proceeds after issue, plus increases to account for any subsequent amounts amortised.

Provisions

A provision is recognised when the Group has a legal or constructive obligation at the reporting date as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation, and that the obligation can be estimated reliably. Provisions are measured at the best estimate of the amounts required to settle the obligation.

Notes to the Financial Statements (continued)

at 31 March 2023

2. Principal accounting policies (continued)

Pension benefits

The company participates in the Local Government Pension Scheme, through membership of the Tyne and Wear Pension Fund. The scheme is a final salary pension scheme ('defined benefit') where retirement benefits to employees of the Company are funded by contributions from all participating employers and employees in the scheme. The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit method, which attributes entitlement to benefits to the current period (to determine current service cost) and to the current and prior periods (to determine the present value of defined benefit obligations) and is based on actuarial advice. The net interest element is determined by multiplying the net defined benefit liability by the discount rate, at the start of the period taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments

Revenue reserve

The revenue reserve forms part of the Group's unrestricted funds and is available to spend on the Group's purposes. Your Homes Newcastle Group have a prudent minimum reserve policy but look to minimise the holding of excessive I&E reserves.

Designated reserve

A designated reserve is identified to fund specific events for the benefit of the tenants of Leazes Homes Limited. Funds collected and relevant expenditure incurred are recorded by scheme in the income and expenditure account in the period with net movement transferred between the income and expenditure reserve and the designated reserve at the end of each year.

Dividends

Dividends on shares are recognised in the period in which they are either paid or formally approved, whichever is earlier.

3. Critical accounting judgements and key sources of estimation uncertainty

The preparation of the Group's financial statements requires judgements, estimates and assumptions to be made that affect the amounts reported for assets and liabilities at the balance sheet date, and the amounts reported for revenues and expenses during the period. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements and sources of estimation uncertainty have had the most significant effect on the financial statements:

Notes to the Financial Statements (continued)

at 31 March 2023

3. Critical accounting judgements and key sources of estimation uncertainty (continued)

Pension costs

The cost of a defined benefit pension plan is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long-term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of high-quality bonds with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on the recent actual mortality experience within the Fund and allows for expected future mortality rates. Future salary increases and pension increases are based on expected future inflation rates for the UK.

The rationale for recognising the YHN pension fund surplus as at 31 March 2023 within the 2022/23 Group annual report and financial statements is outlined below:

AoN, actuary for the Tyne & Wear Pension Fund (TWPF) Local Government Pension Scheme (LGPS) calculated the YHN pension fund position as at 31 March 2023 in accordance with the relevant actuarial and accounting standards. This enables YHN to make the appropriate disclosures with the 2022/23 annual report and financial statements.

The AoN FRS 102 Accounting Results Schedule 31 March 2023 report specifies the asset to be recognised on the balance sheet as £31.8m. Given the significance of this asset, management considered whether this should be recognised within the Group Statement of Financial Position.

Information Considered

The following information was considered in the decision making.

1. The opinion of the actuary, AoN

The AoN FRS 102 Accounting Results Schedule 31 March 2023 report confirms '*we have undertaken calculations to check if the net pension asset can be recognised in full*'. The report confirms '*Recognise surplus in full*'.

2. Comparison of actual employer contribution costs and fair value contributions

The AoN FRS 102 Accounting Results Schedule 31 March 2023 reports £9.1m of current service costs should be recognised in the income statement (page 4). The actual contributions is estimated at £1.92m (Page 3).

3. Latest Triennial Valuation

The date of the last full actuarial valuation of the YHN LGPS funded benefits was 31 March 2022. The AoN FRS 102 Accounting Results Schedule 31 March 2023 reports YHN had a notional asset position of £197.49m, a surplus position.

Notes to the Financial Statements (continued)

at 31 March 2023

3. Critical accounting judgements and key sources of estimation uncertainty (continued)

4. YHN's Parent Entity Approach

Newcastle City Council (NCC) is YHN's parent entity. NCC has confirmed the Council will be showing the surplus position as a long-term asset

Impairment assessment

Where there are indicators of impairment of individual assets, the Group performs impairment tests based on fair value less costs to sell or a value in use calculation. The fair value less costs to sell is based on observable market prices, less incremental costs for disposing of an asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next three years and does not include significant future investments that will enhance the performance of the cash generating asset that is being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model, as well as the expected future cash flows and growth rate used for extrapolation purposes.

Housing properties which are depreciated over a period in excess of 50 years are subject to impairment reviews annually.

Taxation

Judgement is required when determining the provision for taxes. Tax benefits are not recognised unless it is probable that the benefit will be obtained. Tax provisions are made if it is possible that a liability will arise. The Group reviews each significant tax liability or benefit to assess the appropriate accounting treatment. Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future profits.

Determination of financial instruments as basic

There is judgement in determining whether financial instruments meet the definition of basic or complex in accordance with Section 11 of FRS 102.

Management has determined that the Group's financial instruments are deemed as basic on the basis of the following:

- Interest paid on the loans is on a fixed rate basis.
- Loan agreements with external providers do not contain two-way break clauses.

Determination of financial instruments as basic (continued)

These loans have therefore been recognised at amortised historical cost.

Recoverability of stock and debtors

Where there are indicators of slow moving or obsolete stock or slow recovery of debtors, the Company assesses whether a provision is required based on the assessment of the individual items and historic knowledge.

Notes to the Financial Statements (continued)

at 31 March 2023

3. Critical accounting judgements and key sources of estimation uncertainty (continued)

Recoverability of bad debts

Provision is based on the collection rate experience and consideration of future changes which may affect collection rates.

Bad debts are written off against the provision once all avenues for collection have been exhausted.

Operating and Finance Lease Commitments

As a lessee, the Group obtains use of plant and equipment. The classification of such leases as operating or finance lease commitments requires the Group to determine, based on evaluation of the terms and conditions of the arrangements, whether it acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires a liability to be recognised in the Statement of Financial Position.

Amortisation of deferred government grant

There is a policy choice in the amortisation of government grants received for housing properties. The accruals policy permits either recognition over the expected useful life of the housing property structure (not land) or over the useful life of the housing property and individual components on a pro rata basis. Government grants received for housing properties are recognised in income over the useful life of the housing property structure.

Gains or losses resulting from business combinations

An accounting judgement has been made regarding the classification within the Statement of Comprehensive Income of the gain or loss resulting from a business combination. Management has chosen to present this item below operating surplus/deficit due to the non-continuing and exceptional nature of the transaction.

Notes to the Financial Statements (continued)

at 31 March 2023

4 . Analysis of Group Revenue

	2023 £'000	2022 £'000
Housing management fees	29,941	28,357
Property rental income	5,996	3,505
Sales of goods	2,600	2,873
Other income	5,681	5,345
	44,218	40,080

5 . Analysis of Group Operating Costs

	2023 £'000	2022 £'000
Employee costs	33,007	31,393
Premises costs	1,877	1,759
Transport costs	844	805
Supplies & services	7,383	5,907
Depreciation	3,892	3,827
Bad debt expense	(53)	117
Stock and materials expensed	2,159	2,378
Fixed asset write-offs	331	305
	49,440	46,491

6 . Gain / loss on disposal of fixed assets

	2023 £'000	2022 £'000
Sale of furniture	-	239
Right to Acquire disposal	(27)	(37)
Other	(0)	17
	(27)	219

7 . Group Operating Deficit

This is stated after charging:	2023 £'000	2022 £'000
Depreciation of tangible assets	3,892	3,827
Operating leases	547	552
Fixed asset write-offs	331	305
Stock and materials expensed	2,159	2,378
Gain (Loss) on disposal of fixed assets	(27)	219
Auditors' fees:		
For audit services	49	41
For non-audit services	-	-

Notes to the Financial Statements (continued)**at 31 March 2023****8 . Acquisitions**

On 6 August 2021 Leazes Homes became a subsidiary of Your Homes Newcastle. No consideration was paid by the Group for the fair value of assets and liabilities of £16,873k, as detailed below.

In accounting terms, the Board considered this transaction as an acquisition, hence acquisition accounting under FRS 102 was applied such that identifiable assets and liabilities were included in the balance sheet at the fair value at the date of acquisition. The results and cash flows were brought into the accounts from the date of the transfer.

The difference between the fair value of the net identifiable assets acquired and the purchase consideration (£nil) was recognised as a gain in the Statement of Consolidated Income in the year of the transaction.

An external EUV-SH valuation provided by Newcastle City Council was used to establish the fair value of the Leazes Homes property fixed assets that transferred on 6 August 2021.

The identifiable assets and liabilities recognised as a result of the acquisition are as follows:

	NBV £'000	Fair Value adjustments £'000	Fair Value to the Group £'000
Fixed Assets			
Housing Properties	61,344	14,446	75,790
Assets under construction	73	-	73
Other Fixed Assets	116	-	116
Current Assets			
Debtors	286	-	286
Cash at bank and in hand	7,452	-	7,452
Liabilities			
Creditors less than one year	(3,917)	-	(3,917)
Creditors more than one year	(62,927)	-	(62,927)
Net assets acquired	2,427	14,446	16,873

Acquisition costs of £36k have been charged to the Statement of Comprehensive Income as exceptional items.

Leazes Homes made a deficit of £767k in the post acquisition period from 6 August 2021 to 31 March 2022.

Notes to the Financial Statements (continued)

at 31 March 2023

9. Employee information

a) Staff costs

The average number of persons employed during the year, expressed as equivalent of whole time employees was:

	2023 No's	2022 No's
Housing management	548	557
Administration and clerical	146	134
	694	691

Costs for the above employees were:

	2023 £'000	2022 £'000
Wages and salaries	21,846	20,340
Social security costs	2,038	1,775
Employers pension contributions	1,843	1,778
Past and current pension service costs above cash contributions	7,280	7,500
	33,007	31,393

b) Directors' emoluments

	2023 £'000	2022 £'000
Aggregate emoluments payable to non-executive directors (including pension contribution and benefits in kind)	56	43

The full time equivalent number of staff who received emoluments in the following bandings are:

	2023 No's	2022 No's
£60,001 to £70,000	1	3
£70,001 to £80,000	3	2
£80,001 to £90,000	2	5
£90,001 to £100,000	1	-
£100,001 to £110,000	1	2
£110,001 to £120,000	-	1
£120,001 to £130,000	-	-
£130,001 to £140,000	-	-
£140,001 to £150,000	1	-
	9	13

Notes to the Financial Statements (continued)

at 31 March 2023

10 . Key Management Personnel

All directors and certain senior employees who have authority and responsibility for planning, directing and controlling the activities of the Group are considered to be key management personnel. Total remuneration in respect of these individuals is £583,000 (**2022: £584,000**).

During the year ended 31 March 2023, there was one YHN Board Member who was a NCC housing tenant. Any Board member tenancies are granted on normal commercial terms. Tenant Board Members do not use their position to gain any commercial advantage.

Four YHN Board Members are Newcastle City Councillors. The Councillors do not use their position as YHN Board Members to gain any commercial advantage. Where conflicts do arise they are fully disclosed either in advance of a Board/Committee meeting or at such a meeting. If appropriate, the Councillor would leave the meeting to enable the matter to be discussed in their absence thereby avoiding a conflict of interest.

11 . Interest payable and other charges

	2023	2022
	£'000	£'000
Interest on loans	1,663	1,154
Finance charges payable under leases	25	30
Interest on net pension liability	1,000	1,170
Interest Payable on balances	2	-
	2,690	2,354

No interest was received on balances held at NCC during the year (2023: £nil).

12 . Exceptional items

	2023	2022
	£'000	£'000
Exceptional items	-	36
	0	36

2022 Exceptional items relate to professional fees associated with the acquisition of Leazes Homes by Your Homes Newcastle that took place on 6th August 2021.

Notes to the Financial Statements (continued)

at 31 March 2023

13 . Tax

Group

a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2023 £'000	2022 £'000
<i>Current tax:</i>		
UK Corporation tax on profits for the period	105	-
Adjustment in respect of previous periods	50	(56)
Total current tax	155	(56)
<i>Deferred tax:</i>		
Origination and reversal of timing differences	17	(98)
Effect of changes in tax rates	-	-
Total deferred tax	17	(98)
Total tax per income statement	172	(154)

b) Tax charge reconciled to total comprehensive income

The tax charge is made up as follows:

	2023 £'000	2022 £'000
Loss on ordinary activities before tax	(7,940)	8,327
Loss on ordinary activities multiplied by standard rate of corporation tax of 19%	(1,552)	(1,485)
Fixed asset timing differences	18	(3)
Effects of not taxable income and expenditure	138	(209)
Adjustments in respect of prior periods	-	50
Adjustments in respect of prior periods (deferred tax)	50	(56)
Group relief surrendered/(claimed)	(66)	(11)
Tax rate changes	(474)	(2,455)
Amounts (charged)/credited directly to the statement of comprehensive income or otherwise transferred	-	5,178
Deferred tax not recognised	2,058	(1,164)
Tax charge for the period	172	(154)

Notes to the Financial Statements (continued)

at 31 March 2023

13 . Tax (continued)

c) Factors affecting future tax charges

The UK Government announced in the 2021 budget that from 1 April 2023, the rate of corporation tax in the United Kingdom will increase from 19% to 25%. Companies with profits of £50,000 or less will continue to be taxed at 19%, which is a new small profits rate. Where taxable profits are between £50,000 and £250,000, the higher 25% rate will apply but with a marginal relief applying as profits increase.

14 . Dividends

	2023	2022
<i>Group</i>	£'000	£'000
1 x 'A' class share attracting dividend	1,000	1,000
Total dividends paid for the period	1,000	1,000

The above dividend from Abri Trading was paid to the shareholder, Newcastle City Council, on 31 March 2023.

Notes to the Financial Statements (continued)

at 31 March 2023

15 .Tangible fixed assets

Group	Land and buildings £'000	Assets under construction £'000	Equipment £'000	Total £'000
Cost:				
At 1 April 2022	75,670	700	11,141	87,511
Additions		457	1,080	1,537
Works to existing properties	147	(147)		-
Schemes Completed	861	(861)		-
Net transfer from inventory			1,748	1,748
Disposals	(116)		(1,042)	(1,158)
At 31 March 2023	76,562	149	12,927	89,638
Depreciation:				
At 1 April 2022	(1,812)	-	(5,315)	(7,127)
Provided during the year	(1,637)		(2,255)	(3,892)
Net transfer from inventory			226	226
Depreciation on disposal	8		711	719
At 31 March 2023	(3,441)	-	(6,634)	(10,075)
Net book value:				
At 31 March 2023	73,121	149	6,293	79,564
As at 1 April 2022	73,858	700	5,826	80,384

Company	Total Equipment £'000
Cost:	
At 1 April 2022	7,788
Additions	846
Net transfer to/from inventory	479
Disposals	(456)
At 31 March 2023	8,657
Depreciation:	
At 1 April 2022	(3,776)
Provided during the year	(1,460)
Net transfer to/from inventory	134
Disposals	328
At 31 March 2023	(4,775)
Net book value:	
At 31 March 2023	3,882
As at 1 April 2022	4,012

Notes to the Financial Statements (continued)

at 31 March 2023

15 .Tangible fixed assets (continued)

Included within the group net book value of £80,386k is £350k (2022 - £400k) relating to assets held under a finance lease. The depreciation charged to the financial statements in the year in respect of such assets amounted to £89k (2022 - £96k).

See note 2 for further information on fixed asset transactions and presentation.

16 . Investments

	2023 £'000	2022 £'000
Company		
Loans to other Group companies	3,707	3,707
	3,707	3,707

Loans to group companies were made at prevailing rates on a fixed interest basis. The fair value of the investment is deemed to be the underlying loan principle.

17 . Stock

	2023 £'000	2022 £'000
Group		
Raw materials and consumables	165	214
Finished goods	405	355
	570	569
Company		
Finished goods	298	179
	298	179

The difference between purchase price or production cost of stocks and their replacement value is not material.

Stocks recognised as an expense in the period were £2,159k for the Group (2022: £2,378k) and £261k for the parent (2022: £263k).

Stock values are shown net of a stock provision value of £61k (2022: £59k).

Notes to the Financial Statements (continued)

at 31 March 2023

18 . Debtors

	2023	2022
Group	£'000	£'000
Amounts owed from NCC	3,378	3,614
Trade debtors	1,520	1,643
Prepayments and accrued income	946	1,094
Tax asset	424	441
Other Tax and Social Security	(105)	56
	6,163	6,848
	2023	2022
Company	£'000	£'000
Amounts owed from YHN Group companies	377	863
Amounts owed from NCC	2,915	3,510
Trade debtors	40	53
Prepayments and accrued income	856	998
	4,188	5,424

19 . Creditors: amounts falling due within one year

	2023	2022
Group	£'000	£'000
Creditors and other accruals	2,009	1,624
Other Tax and Social Security	1,168	1,028
Amounts due to NCC	4,374	4,308
Loans from NCC	1,203	1,152
Deferred Social Housing Grant	227	225
Deferred Social Housing Grant Other	205	205
Income in advance	346	406
Interest accrual due to NCC	374	379
Tax liability	-	-
Intragroup creditors*	1	2
Amounts due in respect of finance leases held with NCC (Note 23)	92	78
	9,999	9,407

* Intragroup creditors balance arising as a result of Leazes Homes being unable to reclaim the VAT charged by other group entities due to not being VAT registered. This results in the intragroup debtors and creditors not being fully eradicated on consolidation.

Notes to the Financial Statements (continued)

at 31 March 2023

19 . Creditors: amounts falling due within one year (continued)

	2023	2022
<i>Company</i>	£'000	£'000
Creditors and other accruals	1,599	1,163
Other Tax and Social Security	1,168	1,028
Amounts due to NCC	802	889
Income in advance	121	116
Amounts due to other YHN Group companies	73	101
Interest accrual due to NCC	114	114
Amounts due in respect of finance leases held with NCC (Note 23)	92	78
	3,969	3,489

20 . Provisions

	2023	Restated 2022
<i>Group and company</i>	£'000	£'000
Redundancy provision	-	112
	0	112

The 2021 figure has been restated due to the reclassification of the redundancy provision from Creditors: amounts falling due within one year.

21 . Creditors: amounts falling due after one year

	2023	2022
<i>Group</i>	£'000	£'000
Amounts due in respect of finance leases held with NCC (Note 23)	291	347
Loans from NCC (Note 22)	29,869	31,072
Loans from external bodies	5,000	5,000
Less loan issue costs amortised	(33)	(47)
Deferred Social Housing Grant Home England	17,534	17,633
Deferred Social Housing Grant Other	14,411	14,535
Recycled Capital Grant Fund	46	27
	67,118	68,567
<i>Company</i>	2023	2022
	£'000	£'000
Amounts due in respect of finance leases held with NCC	291	347
Loans from NCC (Note 22)	6,500	6,500
	6,791	6,847

Notes to the Financial Statements (continued)

at 31 March 2023

22. Loans

Group	2023 £'000	2022 £'000
Loans from NCC	31,072	32,224
Loans from external bodies	5,000	5,000
Less loan issue costs amortised	(33)	(47)
	36,039	37,177

The loans from Newcastle City Council bear interest rates of between 3.35% and 5.42%, fixed for between 15 and 30 year periods. The loans are secured against the group's assets and are repaid on an annuity basis in periods of six months or one year. Other loans bear variable interest rates on a SONIA basis.

Company	2023 £'000	2022 £'000
Loans from NCC	6,500	6,500
	6,500	6,500

Interest is payable on amounts owed to parent undertakings at rates of 4.2% per annum. The loan is repayable in 2025 and is shown in Creditors falling due in more than one year.

23. Other financial commitments

The Group and Company use finance leases to acquire vehicles.

Future minimum lease payments due under finance leases:

Group and Company	2023 £'000	2022 £'000
Within one year	115	102
In two to five years	275	281
In over five years	81	147
	471	530
Less: future interest charges	(88)	(105)
	383	425

Analysed:

Creditors: amounts falling due within one year	92	78
Creditors: amounts falling due in more than one year	291	347

Notes to the Financial Statements (continued)

at 31 March 2023

24 . Notes to the statement of cash flows

a) Reconciliation of profit for the year to net cash flow from operating activities

	2023	2022
	£'000	£'000
Group Gain (Loss) for the year	(8,112)	8,445
<i>Adjustments for non-cash items:</i>		
Fair value gain on acquisition of Leazes Homes Ltd	-	(16,873)
Depreciation and amortisation of tangible fixed assets	3,893	3,827
Net increase in fixed assets from stock transfers	(1,974)	(2,091)
Impairment and write off of fixed assets	336	305
Gain on disposal of tangible fixed assets	35	(174)
Amortisation of grant income	(221)	(312)
(Increase)/decrease in debtors	(98)	(2,255)
Increase in stocks	(1)	(37)
Increase/(decrease) in creditors	1,398	2,953
<i>Adjustments for investing or financing activities:</i>		
Interest payable	1,688	1,184
Repayment of finance leases	41	101
Interest on defined benefit pension net liability	1,000	1,170
Difference between pension charge and cash contributions	7,280	7,500
Corporation tax paid	(160)	56
Net cash inflow from operating activities	5,105	3,799

b) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand only.

Notes to the Financial Statements (continued)

at 31 March 2023

25 . Related party transactions

Group

During the year the Group entered into transactions in the ordinary course of business with other related parties.

Entities with significant influence over the group

Newcastle City Council (NCC)

The Company is a local authority controlled company within the meaning of Part V of the Local Government and Housing Act 1989, being a company under the control of NCC. Copies of the financial statements are available on request from Civic Centre, Barras Bridge, Newcastle upon Tyne, NE1 8PR.

The Directors consider that NCC is the ultimate controlling party.

With the exception of petty cash and some sundry income and expenditure transactions, all cash book payments and receipts are made via NCC's banking intermediaries, with the net balance owing to, or from, the City Council being disclosed as a current asset or liability as appropriate.

Board Members Related Party transactions:

One of Leazes Homes Board Members in a director at Children North East and provided consultancy services.

YHN received £79,457 from Prosper Social Value Annual Dividend. The funding supported community projects and provided tailored support to tenants suffering financial hardship.

Company

The related parties of the parent company are the same as those considered for the Group, with the addition of the other Group undertakings; Abri Trading Ltd and Leazes Homes Limited. The transactions entered into and the trading balances outstanding at 31 March for the Parent and Group are set out as follows:

Notes to the Financial Statements (continued)

at 31 March 2023

25 . Related party transactions (continued)

	Sales to related party £'000	Purchases from related party £'000	Amounts owed from related party £'000	Amounts owed to related party £'000
Group				
Entities with significant influence over the group				
2023	30,587	7,273	3,378	50,820
2022	30,244	12,931	3,613	52,076
Board Members				
2023	79			
2022		8	8	
Company				
Other group undertakings				
2023	1,096	576	4,085	73
2022	938	874	4,569	101
Board Members				
2023	79			
2022				

Notes to the Financial Statements (continued)

at 31 March 2023

26 . Pensions

The Company participates in the Tyne and Wear Pension Fund, which is a funded defined benefit scheme where contributions payable are held in a trust separately from the company. The main results and assumptions of the most recent valuation of the Tyne and Wear Pension Fund are as follows:

Contributions to the scheme have been charged to the Statement of Comprehensive Income on a cash basis. A qualified actuary has determined contribution rates on the basis of triennial valuations using the projected unit method. The actuaries determined that in order to meet the funding target, the contribution rate would be set at 9.2% for the three years following the triennial valuation implemented in 2020-21 (2017-18. 14.6%).

Under the requirements of FRS 102, the Company is required to account for and disclose further information on its share of assets and liabilities of the Tyne and Wear Pension Fund at the end of the accounting period. The valuation at the triennial valuation as at 31 March 2019 has been updated by an independent qualified actuary on an FRS 102 basis as at 31 March 2023. As required by FRS 102 the defined benefit liabilities have been measured using the projected unit credit method.

This information is set out below:

	2023	2022
	£'m	£'m
Fair value of scheme assets	194.69	193.54
Present value of scheme liabilities	162.89	231.44

Funded Status	31.80	(37.90)
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The scheme assets are made up of the following allocations:

	2023	2022
	%	%
Equities	51.2	57.0
Property	10.5	8.4
Government Bonds	1.3	2.0
Mult Asset Credit	4.5	0.0
Corporate Bonds	19.5	18.8
Cash	1.8	1.8
Other	11.2	12.0
Total	100.0	100.0

Notes to the Financial Statements (continued)

at 31 March 2023

26 . Pensions (continued)

The amounts recognised in the Group Statement of Comprehensive Income and in the Group Statement of Other Comprehensive Income for the Year are analysed as follows:

	2023 £'m	2022 £'m
<i>Recognised in the Statement of Comprehensive Income</i>		
Current service cost	9.10	9.15
Past service costs	0.09	0.00
Interest on net defined benefit liability	1.00	1.17
Total recognised in the Statement of Comprehensive Income	10.19	10.32
<i>Recognised in other comprehensive income</i>		
Remeasurement Gains/(Losses) on assets taken to other comprehensive income	90.50	8.81
Remeasurement Gains/(Losses) on liabilities taken to other comprehensive income	(12.52)	18.44
Total amount recognised in other comprehensive income / (loss)	77.98	27.25

	2023 %	2022 %	2021 %
Main assumptions:			
Discount rate	4.7	2.7	2.1
Inflation assumption (RPI)	N/a	N/a	N/a
Inflation assumption (CPI)	2.7	3.0	2.7
Rate of pension increase	2.7	3.0	2.7
Pension accounts revaluation rate	2.7	3.0	2.7
Rate of salary increases	4.2	4.5	4.2

Mortality assumptions

	2023	2022
<i>Post retirement mortality</i>		
Retiring today at 65 – male	21.6	21.8
Retiring today at 65 – female	24.6	25.0
Future pensioners at 65 – male	22.9	23.5
Future pensioners at 65 - female	26.1	26.7

RPI was not used as an underlying assumption in the actuarial valuation in 2022-2023.

Notes to the Financial Statements (continued)

at 31 March 2023

26 . Pensions (continued)		
Changes to the present value of the defined benefit obligations are analysed as follows:	2023	2022
	£'m	£'m
Opening defined benefit obligation at 1 April	231.44	239.10
Current service cost	9.10	9.15
Interest cost	6.21	4.99
Contributions by participants	1.30	1.16
Remeasurement (loss)/gain on liabilities	(80.88)	(18.44)
Net benefits paid out	(4.37)	(4.52)
Past service cost	0.09	0.00
Closing defined benefit obligation at 31 March	162.89	231.44
Changes to the fair value of assets during the accounting period		
	2023	2022
	£'m	£'m
Opening fair value of assets at 1 April	193.54	182.62
Interest income on assets	5.21	3.82
Remeasurement gain on assets	(2.90)	8.81
Contributions by the employer	1.91	1.65
Contributions by the participants	1.30	1.16
Net benefits paid out	(4.37)	(4.52)
Closing fair value of assets at 31 March	194.69	193.54
Actual return on assets		
	2023	2022
	£'m	£'m
Interest income on assets	5.21	3.82
Gain on assets	(2.90)	8.81
Net return	2.31	12.63

Notes to the Financial Statements (continued)

at 31 March 2023

27 . Share capital

	2023	2022
<i>Group</i>	£	£
<u>Paid share capital</u>		
'A' class shares	1	1
Total share capital	1	1

'A' class Abri Trading Limited shares have no voting rights but are eligible to receive dividend payments.

All shares are 'fully paid'.

28 . Contingent Liabilities

1. Employee seeking compensation, the potential loss could be in the region of £20k
2. Potential £1.3m charge from Newcastle City Council in relation to HRA repairs and maintenance over spend. NCC has not confirmed the amount or decision to charge YHN.

29 . Capital commitments

	2023	2022
	£'000	£'000
Expenditure contracted for but not provided in the accounts	22	22
Expenditure authorised by board, but not contracted	84	84

30 . Events Since Balance Sheet Date

Events after the balance sheet period are those events both favourable and unfavourable that occur between the end of the reporting period and the date when the financial statements are authorised for issue. Two types of events can be identified: -

Those that provide evidence of conditions that existed at the end of the reporting period (adjusting events);

Those that are indicative of conditions that arose after the reporting period (non-adjusting event).

A company shall adjust the amounts recognised in its financial statements to reflect adjusting events after the reporting period. A company shall not adjust the amounts recognised in its financial statements to reflect non adjusting events after the reporting period. For non-adjusting events that are material, non disclosure could influence the decisions users of the financial statements . Accordingly, a company shall disclose the event and an estimate of its financial effect or a statement that such an estimate cannot be made.

Notes to the Financial Statements (continued)
at 31 March 2023**30 . Events Since Balance Sheet Date (continued)**

The going concern assessment also took into account that Newcastle City Council's Cabinet considered the review of housing related services on 24th July 2023. The Cabinet agreed to:

- Note the conclusions drawn by the Council following the review process.
- Note that bringing all housing related services together within the Council may offer an opportunity to respond more efficiently to the revised regulatory and legislative requirements.
- Note that any decision around the future of housing management will require a thorough consultation exercise with all tenants and stakeholders before the Council is in a position to change the service delivery model.
- Authorise the Chief Executive, in consultation with the portfolio holder, to implement the arrangements to consult with tenants (including the appointment of an independent external service provider to carry out that consultation).

The tenant consultation is expected to commence in September 2023.

The assessment concluded the use of the going concern assumption remains appropriate as the Cabinet decision of 24th July 2023 had no impact on the carrying value of assets or liabilities.