Annual Report and Financial Statements

For the year ended 31 March 2023

Resident-led in everything we do

Contents

Eastlight residents, Abaida Baldwin (left) and Joy Lee (right).

Co-operative and Community Benefit Society Registration No. 30124R. Registered Provider No. L4499
Regulated by the Regulator of Social Housing. A charity exempt from registration

Board Members, Executive Directors, Advisors and Bankers

Eastlight Board and Committees

The Board Members who served from 1 April 2022 to the date of approval of the financial statements were as follows:

Chair
Hattie Llewelyn-Davies

Senior Independent Director
David Russell

Other Board Members
Michelle Baker
Dale Butcher
Mike Johnson
Simon Jones
Malcolm O'Brien (Retired 22.09.22)
Cha Patel
Gail Shadlock (Appointed 22.09.22)
Catherine Turner (Appointed 22.09.22)
Kay Vowles

Trainee Board Member
Steve Bentall (Appointed 01.05.22)

Committee Members

Customer Influence Committee
Michelle Baker (Chair)
Grahaem Ball (Co-opted Member)
Steve Bentall (Appointed 01.05.22)
Marlene Carter (Independent Committee Member)
Craig Clackett (Independent Committee Member) (Appointed 01.05.22)
Joanne Farmer (Retired 30.11.22)
Paul Hocker (Independent Committee Member)
Cedric Selvadorai (Independent Committee Member) (Appointed 01.05.22)
Catherine Turner (Appointed 01.05.22)

Finance and Treasury Committee (formed in January 2023)
Simon Jones (Chair)
Paul Hocker (Independent Committee Member)
Mike Johnson
Cha Patel

Development and Asset Management Committee (formerly the Investment Committee)
Dale Butcher (Chair)
Mike Johnson
Kay Vowles
Simon Jones also served on Committee until 31.12.22
Michelle Baker also served on Committee until 31.12.22

Governance and People Committee
Kay Vowles (Chair from 22.09.22)
Malcolm O'Brien (Chair until 22.09.22)
Gail Shadlock (Appointed 01.05.22)
David Russell
Julia Thomas (Independent Committee Member)
Jo Savage also served on Committee until 31.12.22

Audit and Risk Committee
Cha Patel (Chair)
Simon Jones
David Russell
Jo Savage (Independent Committee Member)
Gail Shadlock (Appointed 01.05.22)
Steve Bentall (Observer)
Kay Vowles also served on Committee until 31.12.22

Eastlight Executive Directors

The executive directors hold no interest in the Association's shares and act as executives within the authority delegated by the Board.

Chief Executive
Emma Palmer

Executive Director Finance & Governance
Steve Aleppo (Appointed 05.09.2022)

Executive Director Resources
David Hall (Resigned 04.09.2022)

Executive Director People & Business Services
Sharon Ault

Executive Director Customer Services
Jane Goodley

Executive Director Development & Asset Management
Dan Jones

Company Secretary
Steve Aleppo (Appointed 22.09.2022)
David Hall (Resigned 04.09.2022)

Registered Office
Eastlight House
Charter Way
Braintree
Essex CM77 8FG

External Auditor
Beever and Struthers, 150 Minories, London EC3N 1LS

Principal Solicitors
Towers & Hamlins LLP, Devonshires LLP

Principal Bankers
Lloyds Bank plc, Barclays Bank plc

Chair's Statement

At Eastlight Community Homes, we are fortunate to work from a position of relative strength when responding to external pressures and supporting our business, customers and communities.

A great deal has happened in the wider world since we created Eastlight in 2020 through two strong and well-regarded organisations merging in order that we could achieve more together. This year was another hugely challenging one for the whole sector, during which we continued to navigate through an increasingly turbulent economic and geopolitical environment.

As the cost-of-living crisis deepened and inflation continued to rise, colleagues across Eastlight Community Homes worked extremely hard to help customers living in our 12,450 homes – and to support one another.

In October 2022, we launched a cost-of-living campaign to provide support to customers struggling due to rising energy and living costs. The campaign included our £100,000 Tenancy Support Fund, of which £25,000 was used to provide a Tenant Support & Wellbeing Service helpline. In addition to this, we also dedicated a further £55,000 in fuel vouchers to support our residents through the spike in energy prices.

2022–23 was the year we emerged from the pandemic, with our Homes Solutions Team shifting away from addressing the backlog of repairs built up during lockdown, to ensuring our customers received the services they expect from our resident-led organisation.

Eastlight's Development Team had a landmark year, delivering 324 homes – 9% more than in 2021–22 – and winning an Essex Housing Award for our Longacre development in Cressing, where we delivered 17 high-quality affordable homes on land that was previously the site of dilapidated, disused garages and post-war prefabricated housing.

Our trailblazing All In community empowerment project became a reality during 2022–23. June 2022 marked the launch of our All In Community Teams for Braintree, Colchester, Halstead and Witham, through which we worked with thousands of local residents to create four truly community-led ideas that take on issues from the cost-of-living crisis to boosting mental wellbeing.

Then, in February 2023, we ran our first in-person Resident Academy. The Academy empowers our residents to get involved with Eastlight and to help us to ensure they get the homes and services they want.

More than 130 residents applied for the 20 spaces on the Resident Academy 'Boot Camp', keen to gain the knowledge and skills they need to better shape our work. Interest in the initiative was so high, we went on to launch our first online Resident Academy course, which covered the history of social housing.

I'm very happy to report that Eastlight continues to be a place where people want to work. It is an organisation where they are empowered to be ambitious, inclusive and accountable – values that are even more important during challenging times.

During 2022–23, our Succeed at Eastlight programme gathered pace, with us offering more opportunities to those wanting to develop different skills, considering a career change, or entering the world of work for the first time.

I want to sign off by saying 'thank you' to our Eastlight colleagues who have worked so hard this year, and to the residents who have put time and effort into to helping to drive us forward.

H Llewelyn-Davies.

Hattie Llewelyn-Davies

£155,000
dedicated to help residents in our cost of living campaign

324
homes delivered by the Eastlight Development Team

130
residents applied for the Resident Academy bootcamp

Strategic Report

Principal Activities

The Association is incorporated as a Registered Society under the Co-operative and Community Benefit Societies Act 2014, Registered No. 30124R and is also registered with the Regulator of Social Housing in England (RSH), in accordance with the Housing & Regeneration Act 2008 Registered No. L4499.

The Association has adopted charitable objects and is recognised as a charity by HM Revenue and Customs, reference EW79540. As a public benefit entity, Eastlight Community Homes Limited ("Eastlight") has applied the public benefit entity 'PBE' prefixed paragraphs of FRS 102. Eastlight was formed following the merger of Greenfields Community Housing Limited and Colne Housing Society via a transfer of engagements on 1 July 2020.

Iceni Homes Limited is a development service company providing new build programme management services to social housing providers. Iceni was established as a joint venture company owned by a group of registered providers including Eastlight. Eastlight agreed to acquire the interest of the only other remaining shareholder, Hundred Houses Society, which led to Iceni Homes Limited becoming a wholly owned subsidiary of Eastlight on 1 August 2021.

Emerald New Homes Limited is a wholly owned subsidiary of Eastlight and is dormant and has never traded.

These financial statements include the consolidated Group financial results.

Corporate Strategy

Eastlight's Corporate Strategy (2021–26), approved by the Eastlight Board in 2021, set out our plans to deliver on the commitments made to residents as part of the merger, the most significant of which were:

- To deliver a significant increase in the number of homes we develop for social and affordable rent and for low-cost home ownership
- To invest even more in our existing homes
- To invest in empowering residents and communities to improve lives and enable independent living
- To improve value for money, efficiency and release capacity, becoming stronger financially and more resilient

In 2022–23, we progressed important aspects of our strategy by publishing our new and ambitious Sustainability Strategy (2022–27), along with our Design Guide, which sets out Eastlight's approach to delivering homes and communities that are inspiring places for our residents to live.

Eastlight is a community gateway organisation. We continue to put resident empowerment at the forefront of everything we do, while focusing on improving the safety and quality of our homes and communities.

The following Strategic Report focuses on the performance of Eastlight Community Homes Limited for the year ended 31 March 2023.

Operating Review

According to the Office for National Statistics, the cost of living increased sharply across the UK during 2021 and 2022, with the annual rate of inflation reaching 11.1% in October 2022 – a 41-year high – and remaining at similar levels in subsequent months.

In November 2022, we took the difficult decision to increase our rents by 7%. This was in line with most peer organisations and was the maximum increase allowed under the rent cap the government announced in the Autumn Statement.

Social housing rent rises are usually capped by the government at a maximum of the Consumer Price Index (CPI) of inflation plus 1%, set in September every year. However, because of soaring inflation in September 2022, the permitted maximum increase would have been 11.1% had the 7% cap not been applied.

The government's decision was broadly in line with what Eastlight asked for when we responded to the consultation over the rent cap.

We understood that a 7% rent increase might be hard to manage for some of our customers, who were already dealing with rising living and energy costs, so we put measures in place to help them.

This included our £100,000 Tenancy Support Fund, which was managed by our Tenancy Sustainment Team. As part of the fund, we also launched our Tenant Support & Wellbeing Service in October 2022, a free and confidential 24/7 helpline that enabled our customers to receive advice and support around anything from relationship difficulties and debt advice to bereavement and alcohol and drug issues. This was in addition to a further £55,000, which was used to support the distribution of fuel bank vouchers for struggling customers.

The team provided a service to all customers who got in touch to ask for advice and support, as well as to those who were struggling to pay their rent. This support sometimes involved the team referring customers to external organisations, including our community partners who work together, and alongside Eastlight colleagues, in the common space provided for multi-agency working at our Eastlight Hub.

By March 2023, 38.8% of our customers had made a claim for Universal Credit, but our pro-active approach in managing the service, both from our perspective and from that of our tenants, has helped more residents out of debt and kept them in their homes.

Eastlight is an ambitious organisation that wants to deliver better homes and services for our customers during the coming years. In 2022–23, our Finance Team raised £125m new loan facilities with Danske and Lloyds to support our investment ambition.

We retained our A+ private credit rating with Fitch and our G1/V1 regulatory rating, despite more than 50 other housing associations being downgraded to V2 during the year, recognising our good governance and sound financial management.

Throughout 2021–22, we prioritised tackling the backlogs in responsive maintenance and similar property work that built up during the pandemic, and our first-time fix rate suffered as a result. This year, we have been able to bring our first-time fix rate up to 84% and we continue to work towards our target of 90%.

We had 575 void properties during 2022–23, and it took us an average of 32 days to re-let these homes. This is a priority area of improvement for us as we move into the next financial year.

Our integrated Home Solutions Team provides a single service offer to our customers. Operating from our Marks Tey hub – which underwent a £125,000 refurbishment this year and now incorporates dedicated office space and meeting rooms with our stores – members of the team have delivered 31,638 responsive repairs, and kept 94% of appointments.

Eastlight's Home MOT team offers a general check on customers' homes to ensure they are safe and secure (similar to a car MOT). Through our home MOTs we aim to spot and fix issues with our customers' homes proactively. This should help improve the quality of our customers' homes and reduce the number of times they need to call us to report repairs in future.

Between October 2022 and March 2023, members of our MOT team paused their day jobs so they could help our Assets Team and others within Eastlight to prioritise the 1,182 reports from residents with concerns about damp and mould in their homes. This action followed the tragic death of Awaab Ishak in Rochdale.

Having received support from Eastlight's surveyors and colleagues in Tenancy Sustainment, Customer Services and IT teams, our Home MOT colleagues responded to every damp and mould report within 10 days, taking immediate remedial action, and providing advice and reassurance to residents.

38.8%
of our customers claimed Universal Credit

£125m
raised to support our investment ambition by the Finance Team

1,182
reports concerning damp and mould prioritised

Our Homes

During the year to March 2023, we completed 324 new homes, of which 15 (5%) were for social rent, 193 (60%) were for affordable rent, and 116 (35%) were for shared ownership.

We sold 113 shared ownership homes, with buyers, on average, opting to purchase 43% of their homes at the outset, while paying rent on the remaining 57%. Eastlight does not currently have an open market sales programme.

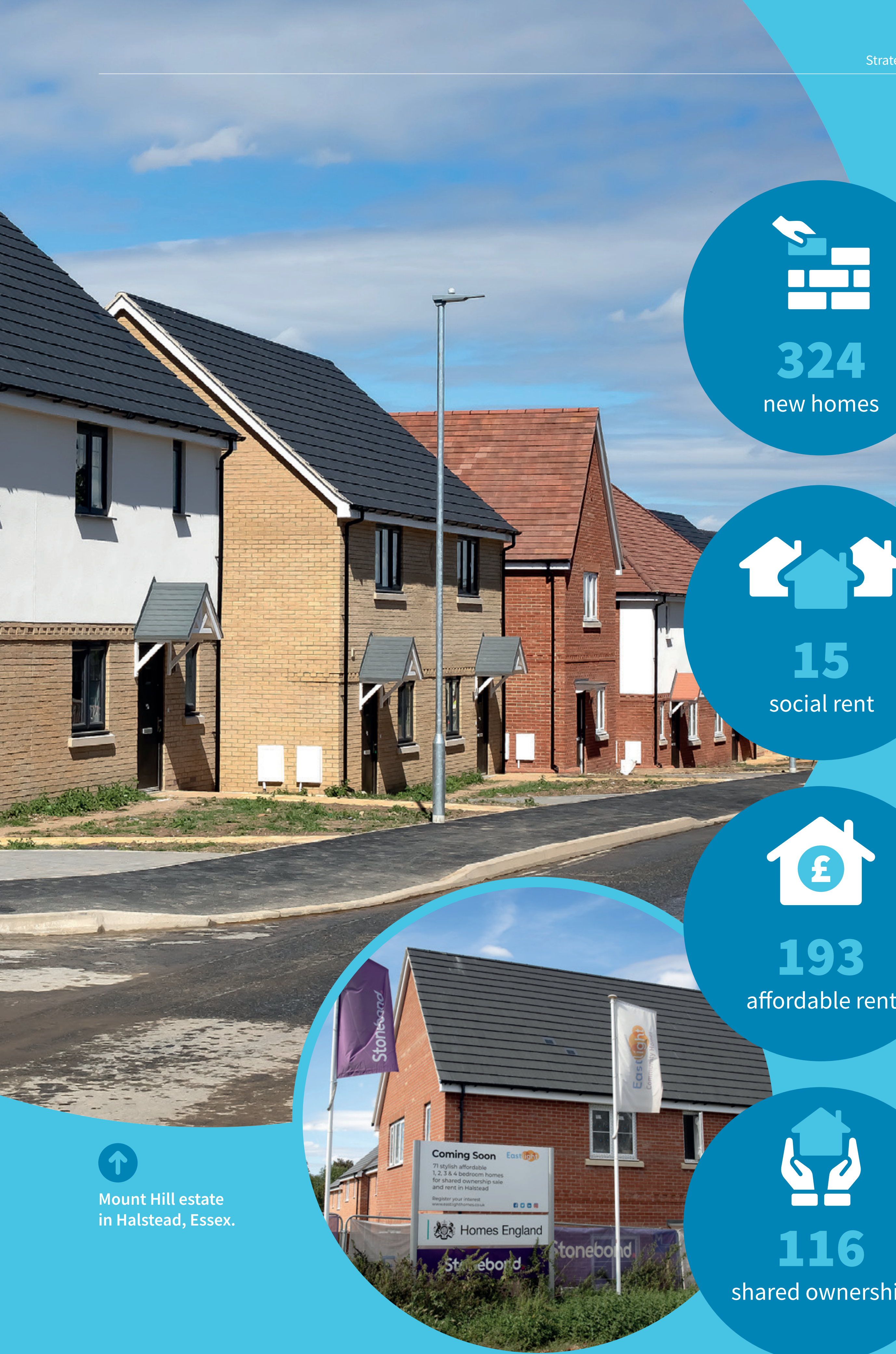
At year end, we were in contract or on-site with schemes comprising 923 new homes. We also have a pipeline of an additional 257 homes, of which 87% are expected to be delivered via Eastlight-led projects. This reflects our ambition to shift the balance of our future programme, so we are less reliant on developer-led delivery, and we have more control over the homes we build for our communities.

One of the developments that is currently on-site is our Mount Hill scheme in Halstead, Essex, where we are delivering 71 affordable homes. As an Eastlight-led project, Mount Hill embodies Eastlight's ambitions of taking greater control over the quality of homes that it builds. Moving away from Section 106 developer-led schemes enables us to prioritise the resident experience and focus on building sustainable homes, which help people to lead healthier and more fulfilling lives.

We outlined our ambitious standards for the design of our schemes in our Design Guide, which we published in September 2022.

Focusing on how design has a positive impact on people's physical and mental health, as well as the ways in which it can improve community ties and reduce antisocial behaviour, the Guide is used by the Eastlight team, as well as our consultants and contractors. It is referred to during the inception of new homes, through to their handover and subsequent occupation, management, maintenance, and possible adaptation.

Eastlight has Investment Partner status with Homes England and has successfully bid for and secured grant funding through the Affordable Homes Programme 2021–26.



324
new homes

15
social rent

193
affordable rent

116
shared ownership

Mount Hill estate
in Halstead, Essex.

182
new bathrooms

218
new kitchens

478
new boilers

153
new fire doors

Members of Eastlight's Homes Solutions Team: Paul Mitchell, John Whitbread.

Investment in our Homes

This year, Eastlight invested £7.6m into our major capital works programme across our 12,450 homes, and we have maintained 100% compliance with the Decent Homes Standard.

We provided 182 new bathrooms, 218 new kitchens, 478 new boilers and other heating systems, and 40 new roofs, including seven large roof projects on blocks of flats. We installed new windows on 144 homes, and fitted 153 new fire doors, providing comfort, efficiency and safety to our residents.

We are fortunate that there is very little external cladding on our properties and we have completed a full assessment of our stock.

Eastlight has a single, recent development scheme that had ACM cladding and we are pleased that the developer replaced the cladding at the scheme this year. One further brick-built, low risk block requires removal of external decorative cladding, and the work is planned for the coming year.

We achieved 99.01% gas safety compliance this year, and 100% of our Fire Risk Assessments are in-date. Failure to gain entry to our customers' homes has resulted in our gas safety check compliance rating of below 100%. However, we remain fully compliant with our policy and we are frequently contacting customers to conduct gas safety checks in the remainder of our properties.

Throughout the year, we will continue to pilot new intelligent in-home monitoring technologies. If the pilots are successful, they will inform effectiveness, maintain resident wellbeing and mitigate disrepair issues.

Our target is to bring all homes to EPC C by 2030. We continued working on this in 2022–23 and at the year-end, 68% of homes have already reached EPC C level or higher, increasing from 63% a year ago.

In September 2022, we launched our Sustainability Strategy 2022–2027, which outlines how we will work towards legislative requirements regarding carbon and global warming. It also sets out our commitments to act on concerns raised by our customers, including the destruction of local flora and fauna, drought and flooding, waste and pollution.

The strategy details how we are going to meet legislative requirements while reducing the environmental impact of building, maintaining, and living in Eastlight's homes.

Our Residents and Communities

As the country's largest community-led association, Eastlight has developed an innovative approach to community empowerment: All In.

More than 2,500 people engaged with All In this year by attending Eastlight events, while 3,186 engaged with the project via social media, taking part in surveys or joining its dedicated mailing list.

In June 2022, we offered a unique opportunity to Essex residents – the chance to get paid a full-time salary to dedicate a year of their lives to this project to create new solutions for big social challenges in their communities.

Our 20 community entrepreneurs came up with new and scalable initiatives, including one that provides peer-to-peer advice for dealing with the rising cost of living, and another that helps tackle social isolation amongst young people who are struggling to adapt to life after lockdown.

They proved our theory that it is communities themselves who are best placed to come up with the solutions needed on the ground.

A total of 332 people attended quarterly All In Alliance meetings, which are open to anyone who wants to make a difference in their community. Eastlight provided local organisations in Braintree, Witham, Halstead, and Colchester with small community grants totalling £12,000 through these Alliances.

Meanwhile, the Braintree District and Eastlight Community Fund provided four community organisations with grants worth a combined total of £97,250 over three years, while another five organisations were awarded one-year grants totalling £10,350.

Alongside All In, our people provide ongoing support to residents. During 2022–23, we gave £63,164 to those experiencing financial hardship. We also provided 1,075 customers with money and employment advice and secured £814,579 for those who needed guidance around claiming benefits. More than a third of our residents (38.8%) claimed Universal Credit this year.

We made 456 welfare calls to our vulnerable residents, gave specialist help to 94 people who were affected by domestic abuse, and resolved 473 reports of anti-social behaviour.

2,500
people attended All In events in person

£97,250
of grants awarded to community schemes

1,075
residents received helpful advice

456
welfare calls to vulnerable residents

Braintree residents enjoying Eastlight's All In Alliance community fun day.

Our People

Our ‘Just Being You’ mentoring programme continued this year. The programme forms part of our ongoing journey to being a diverse and inclusive employer in how we serve our people, customers and communities.

It puts Eastlight colleagues at the heart of a conversation with a member of Eastlight’s Leadership Team or the Board, with the aim of sharing insight into the mentor’s lived experiences, which relate directly to one or more of the nine protected characteristics defined by the Equality Act 2010.

Our Succeed at Eastlight programme, through which we provide apprenticeship opportunities, also ran throughout 2022–23 and led to nine new apprentices joining our teams.

9

new apprentices joined our teams

Transport Co-ordinator: Jessica Lear.

Trainees: Janette Sheldon, Michael Bennett, Alex Nightingale.

Future Prospects

There continued to be significant pressures on business this year, not least those relating to the rising energy prices resulting from the Russia/Ukraine conflict, high inflation, which peaked at 11.1% in October 2022, and rising interest rates. The economic outlook remains volatile and uncertain.

Eastlight operates financial Golden Rules that align with the Board's risk appetite, and the Board reviews these rules as part of the annual business planning process. We prepare our budgets and business plans so that they satisfy the Golden Rules, and our extensive stress testing and mitigation planning helps assure us that Eastlight is a financially resilient organisation. This is supported by our short and medium-term cash flow planning, which ensures we have clear sight of our financial commitments as they fall due and that we have the funds to meet them. Consequently, the management team has a reasonable expectation that Eastlight will remain financially viable.

Financial Performance

The Board is pleased to report an overall surplus of £8.7m in 2023 (£8.1m 2022) for the year.

The surplus is lower than original budget due to the ongoing effects of the pandemic and the high cost of building materials, as well as economic impacts of the war in Ukraine and the surge in utility costs and inflation generally. These impacts were mitigated by a lower than forecast charge for interest costs.

Financial Performance Summary (Group)

£m	2022–23	2021–22
Turnover	**86.8**	78.6
Income from lettings	**73.1**	68.5
Operating Surplus	**19.7**	22.6
Surplus for the year	**8.7**	8.1
Housing properties at cost	**823.4**	762.2
Net current assets / (liabilities)	**(30.6)**	(4.9)
Indebtedness	**379.4**	353.0
Total reserves	**305.3**	275.4
Operating Margin	**21.5%**	28.5%
Interest Cover EBITDA basis	**163.8%**	162.0%
Gearing	**51.1%**	47.8%

Reserves

At 31 March 2023, the Group's total reserves stood at £305.3m (2022: £275.4m). This includes the Revaluation Reserve of £95.4m (2022: £96.2m) and the accumulated surplus on the Revenue Reserve of £207.4m (2022: £179.2m).

The Board has established a restricted reserve in respect of the Community Housing and Investment Partnership (CHIP) Fund as required under the transfer agreement with Braintree District Council. At 31 March 2023, the balance of this reserve was £0.3m (2022: £0.4m).

By agreement with Braintree District Council, proceeds of sale of certain properties within the District are included in a reserve designated for reinvestment in new housing in the District. During the year, no properties were sold at auction that qualified transferring funds to this reserve.

Cashflow and Liquidity

The net cash in-flow from operating activities during the year was £30.0m (2022: £35.2m).

At the end of the year, the Group held £15.0m (2022: £36.5m) in cash balances and deposits. The Association has a strategy to hold a buffer against expected operating expenditure for up to three months.

Capital structure and treasury policy

During the year, we were pleased to agree two additional revolving credit facilities totalling £125m of additional investment to support the strategy of the Association with existing lenders. The new facility with Danske Bank provides the Association with an additional £75m of borrowing capacity and has a tenor of 15 years. The new revolving credit facility with Lloyds Bank provides the Association with an additional £50m of borrowing capacity and has a tenor of five years.

The agreement of new facilities during the year takes total funding facilities as at year end (March 2023) to £594m with total borrowings of £379m under the combined facilities. The balance of undrawn facilities was £215m. As at 31 March 2023, 90% of total borrowings were fixed-rate as part of the Association's strategy to remove the risk of fluctuations in interest rates.

The Board has approved a Treasury Management Strategy that determines the approach to obtain funding to support the growth ambitions set out in our strategy and business plan. The Finance and Treasury Committee, established in January 2023, operates with delegated authority to implement the funding strategy, which includes enhancing the efficiency of asset security arrangements.

Housing properties and other fixed assets

At the end of the year, housing properties and garages had a carrying value of £713.1m (2022: £662.7m) net of depreciation.

The total number of housing properties owned and managed by the Association at 31 March 2023 was 12,450, including 726 shared ownership properties. Under Right to Buy or Right to Acquire provisions 12 properties were sold during the year.

Going concern

The Board has reviewed the Association's budget for the year to March 2024 and Business Plan for 2025 onwards, and have also considered the continuing impact of COVID19 on its operations and the principal risks identified, including the contraction of the housing market, increased rent arrears, the availability of cash resources and the impact of economic downturn.

Having taken steps to mitigate where possible the impact of these risks, the Board have concluded that there is a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future. Therefore, the financial statements have been prepared on a going concern basis.

Risk and uncertainty

The Association maintains a strategic risk register to enable the Board to monitor and manage identified risks. The Board has identified the following key risks to the achievement of the Association's strategic objectives.

Risk	Description	Key Mitigations
Safety	Ineffective management of corporate, regulatory and statutory compliance resulting in a serious issue arising or gap in Health & Safety (H&S) assurance being identified.	• Robust H&S policies • Extensive mandatory training for all staff • H&S Committee with CEO oversight • Internal and external audits of H&S
Net Zero Carbon	A lack of effective planning, customer engagement and resources could affect the ability to meet legislative requirements and targets relating to net carbon. The future costs of meeting net carbon zero targets may exceed Eastlight's capacity to afford them.	• A comprehensive carbon audit • Trial carbon reduction projects • Net Zero Carbon built into strategic plans and annual budgets • Net Zero Carbon built into new scheme appraisals
Government Policy Change	Political changes or erosion of trust in the sector leading to housing policy/regulation changes causing the long- and short-term business plans to be unachievable.	• Regular engagement with government through networks and forums • New strategy posts to horizon scan and respond to government consultations
Recruit and retain the right people	Inability to effectively manage and lead the current workforce, which could impact on retaining existing people. Inability to continue to recruit new people with the appropriate skills, knowledge and experience that will support the achievement of Eastlight's strategies. There is also a risk that the diversity of Eastlight's workforce does not reflect that of the communities it operates in.	• Benchmarking of roles across the organisation • 'Stay' interviews to improve retention • Benefits package to attract candidates • Leveraging what makes Eastlight unique to attract candidates e.g. All In

Risk	Description	Key Mitigations
Financial shock	Material loss of income and/or significant additional costs and inflation increases leads to a shortfall in cashflow available for operations or investment, and to missed performance targets including VFM metrics and potential breaches of financial covenants. Under recovery includes falls in forecast shared ownership sales income, collection of rental income, service charges and significant unexpected expenditure.	• Annual budget that provides headroom against covenant limits whilst allowing room to grow the organisation • Strong budget targets enshrined in our 'Golden Rules' • Regular stress testing of finances and budgets
Customer engagement	If customers' voices are not properly heard, they will be unable to effectively influence or be involved. This could result in delivering services that do not meet their needs or expectations and mean that our strategic goals are not fully delivered. Our involved residents, and those we support in the community, may not be empowered to contribute effectively.	• New Resident Engagement Strategy • Customer Influence Committee • All In programme • Customer Insight Plan • Enhanced complaints processes
Cyber security	Failure to implement proportionate safeguards to protect Eastlight's information systems and data from attack could result in a major cyber incident that causes significant data loss and service interruption leading to financial loss and reputational harm.	• Cyber Essentials accreditation • External audits of cyber controls (e.g. NIST) • Comprehensive and ongoing cyber security training for all staff • Cyber insurance cover • Business continuity plans
Financing	Insufficient funding available to meet business operating or investment requirements. Can arise from general funding market issues or local facility issues such as security or covenant compliance; may also include loss of a working capital deposit/investment.	• Maintenance of G1/V1 rating • 'Golden rules' • Regular stress testing of finances and budgets

Risk	Description	Key Mitigations
Development	Inability to identify, secure and deliver opportunities to develop the volume, type, and quality of new homes for the right cost. Failure to achieve planned growth in property stock.	• Regular reporting of performance against targets • Ability to revise programme • Scheme Approval Panel • Shared ownership sales policy
Data management	Failure to have assurance of data quality, underpinning performance monitoring, strategic decision making, risk management and the safeguarding of the privacy rights of individuals.	• GDPR policy and processes • GDPR training for staff • KPI reporting to Board
Cultural development	Failure to effectively create a harmonised culture throughout Eastlight, which provides a shared sense of purpose and the consistent modelling of organisational values, which causes disruption to core service delivery and quality, and inability to deliver the merger benefits and corporate strategy.	• Performance Impact training programme for all managers • Induction process for new starters • Staff appraisals linked to Eastlight values
Pensions	Unsustainable funding requirement for pension commitments.	• Regular reviews of pension provisions
Fraud and financial irregularity	Failure of procedures or controls leading to a financial loss through fraud, collusion, money laundering or similar activity.	• Fraud policy and processes for reporting • Probity policies and regular reporting • Oversight from Audit and Risk Committee • Payment processing controls

Internal control risks are regularly and routinely tested by management and internal audit. Any recommendations are presented to Audit and Risk Committee and action plans are developed and monitored to address these. Further explanation of our internal controls and assurance can be found in the Statement of Internal Controls Assurance (page 43). A programme of insurance is in place.

Code of Governance

Under the Regulatory Framework the Board is required to select and comply with a published Code of Governance. The Board has chosen to adopt the Code of Excellence in Governance published by the National Housing Federation in 2020 as its code of governance from 1 April 2021. The Board considers that this Code is the most appropriate for the Association, considering its size, corporate structure, community gateway principles and the nature of its activities and has an action plan to ensure full compliance with the 2020 code. The Board has assessed itself against the Code and complies in all material respects.

The Board has also chosen to adopt the NHF Code of Conduct 2012 and is equally compliant.

The Regulator confirmed its G1 (Governance) and V1 (Viability) ratings for Eastlight, in December 2022.

The Board

The Board comprises a maximum 12 members including co-optees. Appointments to the Board are made based on careful assessment of skills, knowledge and experience, to match the profile of our future business and commercial objectives. The Board has agreed to ensure that at least one Board position is held by an appropriately skilled resident.

The Board Members are drawn from a wide background bringing together professional, commercial, local and other relevant experience. The Board undertakes an annual review of skills and experience and continually aims to strengthen and enrich this when seeking new Board Members.

The Board also undertakes an annual review and self-assessment of its performance and that of its Committees. An individual annual appraisal is undertaken of all Board Members and the Chair. An independent governance review on succession planning was undertaken during the year, supported by Altair. It has informed a plan to implement recommendations.

One third of the Board Members retire by rotation each year and may be re-appointed by the Board subject to the skills, knowledge and experience required by the Association for a maximum term of office of nine years.

The Chair is appointed by the Members of the Board. The Chair is supported by a Senior Independent Director. The Senior Independent Director also acts as an independent point of support and guidance for Board Members if required.

The Board is the main decision-making body of the Association. It is responsible for the Association's continuing strategy and policy framework. The Board makes policy decisions and ensures that the Association's affairs are managed efficiently, effectively and economically and in accordance with appropriate legislation, rules and regulations. It delegates day to day management and implementation of that framework to the Chief Executive and the other Executive Directors.

The Board also has the power to establish Committees and to delegate powers and responsibilities to Committees, other working groups or employees of the Association.

The Board meets six times a year for formal business. Other specific or special meetings take place as necessary, as well as two strategic awaydays. The ultimate responsibility for all decisions of the Association rests with the Board.

Members of the Association

As Eastlight is a community gateway association, residents are entitled to become shareholders.

Shareholders are entitled to attend and vote at general meetings of the Association. The Board is committed to promoting shareholding membership of the Association as a fundamental element of community gateway principles.

The Board has delegated authority for the approval of applications for membership of the Association to the Executive Directors. The detailed arrangements regarding shareholding membership are set out in the Rules of the Association.

Committees

Each of the Committees act within the authority delegated by the Board (as recorded in their terms of reference) or will make recommendations to the Board where no delegated responsibility exists.

The terms of reference for each Committee are reviewed and agreed annually by Committee and Board.

In January 2023, the Board formed a new Finance and Treasury Committee and delegated authority and responsibilities for monitoring financial performance and future funding activities to the Committee.

Customer Influence Committee

- To champion customer voice and uphold the principles of the community gateway model
- To facilitate appropriate customer influence in the strategic and operational running of the organisation
- To oversee the Service Delivery, Community Empowerment, Asset Management and New Homes strategies and scrutinise performance of these activities
- To provide assurance to Board on the appropriateness of our decisions that affect the lived experience of our customers and communities.

Finance and Treasury Committee

- To oversee financial strategy and performance and support the Board in maintaining financial viability
- To recommend, oversee and implement the organisation's funding strategy
- To execute funding transactions on behalf of the Board.

Development and Asset Management Committee

- To oversee programmes of investment in respect of existing and new homes
- To oversee the New Homes and Asset Management strategies, ensuring that they fulfil organisational objectives, financial risk appetite and are in line with the Sustainability Strategy and Eastlight's Design Guide
- To execute delegated authority in respect of new development, land and property acquisition, and regeneration proposals on behalf of the Board.

Governance and People Committee

- To oversee and support the Board in maintaining excellent governance through skills, experience and behaviour-based recruitment and succession, determining remuneration of Board and Executive, regularly monitoring effectiveness and recommending enhancements to governance
- To oversee and monitor Eastlight's Governance Framework and all associated governance documentation and policies
- To oversee the People Strategy and related key policies, ensuring they support the fulfilment of corporate organisational objectives.

Audit and Risk Committee

- To ensure that systems of internal control, assurance and risk management are appropriate and effective
- To provide the Board with assurance that legal, statutory and regulatory requirements of the Association are properly audited and reviewed
- To ensure appropriate Board and Committee oversight of risks and issues pertaining to the organisation's activity
- To hold the relationship with internal and external Auditor on behalf of the Board.

Executive Directors

The Executive Directors of the Association who served during the year are listed on page 3. The Executive Directors are led by the Chief Executive and act within the authority delegated by the Board.

Remuneration of Board Members

Board remuneration has been in place since August 2018 to enable the Board to attract and retain the required skills.

The Board Members are entitled to claim reasonable reimbursement for travel, subsistence and similar expenses incurred in undertaking their duties as Board Members.

Remuneration of Executive Directors

The remuneration of Executive Directors (except the Chief Executive) is the responsibility of the Governance and People Committee. The Committee recommends the terms of remuneration of the Chief Executive for approval by the Board.

The Association's policy is to pay close attention to remuneration levels in the sector in determining the remuneration packages of the Executive Directors. Basic salaries are set having regard to each Executive Director's responsibilities and pay levels for comparable positions.

The Chief Executive and other Executive Directors are employed on specific service agreements and have extended notice periods.

Directors' Indemnity

The Association has arranged Directors' and Officers' indemnity insurance.

Value for Money (VfM) Statement

Reinvestment of VfM Gains

Eastlight Community Homes seeks to reinvest surplus funds into new and existing housing. This helps reduce the amount of borrowing we need to fund our ambition to improve and grow. It is important we generate surpluses which enhance Eastlight's strong balance sheet and creditworthiness and support our growth ambitions.

The Corporate Strategy (2021–26) sets out our ambition to deliver new homes. We made strong progress this year, delivering 324 homes, 9% more than the 298 homes we delivered in the previous year.

A year ago, we were targeting growing our development programme to deliver 500 homes per year over a five-year period. Developing new homes involves buying land and paying for materials, labour and interest on loans. The costs of these items have risen significantly this year, meaning every new home costs more to build.

The shift in economic conditions, along with our increasing commitment to investing to improve our existing homes, led the Board to reduce the development ambition in our business plan to 400 homes per year. While we are aware many peer organisations are making bigger reductions to their development ambition, we remain active in the market, and we plan to keep building. Despite the economic pressures, our development programme remains healthy. As at 31 March 2023, we were in contract or on site with 924 homes and we had a pipeline of a further 257.

Five per cent of the homes we delivered in 2022–23 were for social rent, and we aspire to increase this proportion to around 15% in future to maximise affordability.

We balance our focus on quality and quantity. We are determined that the homes and communities we deliver will meet the high standards we outlined in our Design Guide, published this year.

We are pleased to report that we invested £7.6m into our major capital works programme across our existing homes. This saw us install 182 new bathrooms, 218 new kitchens, 478 new boiler systems and other heating systems, 40 new roofs, 153 new fire doors, and new fitted windows into 144 homes. These investments enhance the experience of residents who live in these homes. We did this while maintaining 100% compliance with the Decent Homes Standard and meeting all our lending covenants.

Our Sustainability Strategy (2022–27), published in September 2022, formalises our plans to improve the energy efficiency of all our homes to at least EPC C by 2030 and to achieving the government's Net Carbon Zero 2050 target.

With 12,450 homes, 438 employees and a turnover of £86.9m, Eastlight is always working to do more to achieve social value for our communities, extending our reach, efficiency, effectiveness and impact. We are ambitious about investing more in resident-led services that benefit our communities, while building homes our customers and communities can afford, in the places they want to live.

Maximising our social impact

Being the largest community-led housing association in the country, Eastlight believes VfM is about more than just cost savings and efficiencies. For us, it's also about maximising our social impact and building better, stronger, sustainable communities.

Our residents know their homes and communities better than anyone else. That's why it's crucial for us to have effective ways to ensure our residents have meaningful influence over how Eastlight works and what we prioritise. To help make this happen, we created the Customer Influence Committee in 2021. This Committee is composed entirely of Eastlight residents and is a full and equal committee of the Board. It ensures that residents contribute to strategic decision-making with a clear voice, providing support and challenge to our Board and management team. This directly helps us focus on delivering what residents and communities value most.

The Committee, which consists of up to 10 Eastlight customers, provides stewardship in managing risks, customer services, operational issues, and our community empowerment initiatives.

Tackling Damp and Mould

Teams across our organisation are driven by providing value to our customers. This is why, during winter 2022–23, members of our Assets Team and our Home MOT Team – whose job it is to proactively check our residents' homes to identify repairs – stepped in to support colleagues working to help tackle damp and mould in customers' homes.

The cost-of-living crisis had left many Eastlight residents unable to afford to heat their homes and they were experiencing damp and mould. This placed an unprecedented demand on our services, with 1,182 cases of damp and mould reported between October 2022 – March 2023.

Colleagues adapted to this demand and began washing down mould, checking damp levels, and raising follow-on jobs and visits where required.

As a result of collective hard work across the organisation, Eastlight visited all residents who have raised a case – usually within a fortnight of them getting in touch.

1,182
cases of damp and mould reported between October 2022 – March 2023

During 2022–23, our colleagues in Asset Management also delivered value in many other ways. They:

- Ensured that cladding remediation work on an estate was completed and that the developers bore the financial responsibility. This action resulted in a cost saving of around £800k for Eastlight.
- Successfully secured £519k of funding through the Social Housing Decarbonisation Fund to help improve the energy efficiency of residents' homes.
- Saved around £10k per year in external contractor costs by assigning responsibility for 'hot spot' waste clearance to Eastlight's in-house Estate Rangers.
- Reduced spillage incidents in communal areas by installing outdoor bin stores in blocks. Previously, refuse collectors had to navigate internal corridors to access communal bins, leading to spillages. The team's action not only reduced spillages occurring, but also mitigated associated costs. Further benefits of this included reducing unpleasant smells within the blocks and helping local authorities speed up their collection times.

Meanwhile, our colleagues in Development:

- Delivered 324 new homes in 2022–23, 9% more than the year before. These were all affordable homes.
- Increased the affordability of 23 apartments at our Manor Street Development in Braintree town centre by changing them from private sale to shared ownership. Furthermore, in partnership with Braintree District Council, the team successfully reduced the cost of 12 apartments initially designated for affordable rents. They achieved this by making these apartments available at even lower social rents, thereby increasing affordability and accessibility for prospective tenants.
- Acquired the entire 71-home site at Mount Hill, Halstead, Essex, in partnership with the contractor Stonebond, and used Homes England grant funding to make 55 of these homes available for shared ownership and more accessible for our customers – without our intervention these homes would have been built for private sale. The remaining 16 homes on this site will be for a mix of affordable and social rent, meaning the entire development remains affordable.
- Ensured the Mount Hill development will be a great and sustainable place to live, including a play area, amenity space and promoting biodiversity with features such as a hedgehog highway between gardens, bat and bird boxes, and a hibernaculum for lizards and reptiles.

324
new homes delivered in 2022–23, 9% more than the year before

- Provided new fencing and a double shed for a church and playgroup near our Longacre development Cressing, Essex, helping the local community improve its facilities.

- Regenerated a dilapidated garage site in Witham, Essex, providing three new homes available for social rent, using grant funding from Homes England and contributing to improving the area.

- Began working on the very early stages of developments to be built on brownfield sites, including at Bovingdon Road in Bocking, where the team is to deliver 70 new affordable homes on the site for a former textiles factory, and at Whatfield Road, Elmsett, where they are set to develop 18 new homes on the site of a former garden centre and nursery. Ponds on the disused site have been occupied by rare and endangered great crested newts. The team has been working with Natural England to move the newts to a more suitable location.

Doing more to empower our communities

In June 2022, we offered a unique opportunity to Essex residents – the chance to receive a full-time salary in exchange for dedicating a whole year of their lives to working with other local people as part of our trailblazing All In community incubator programme.

We created four teams for four of Eastlight's areas, and supported them through funding, training and mentoring. By March 2023, the participating teams had developed and prepared their ideas, which included an initiative that aimed to help people struggling with the cost of living by providing peer-to-peer advice, and one designed to empower young people, helping them build confidence and make meaningful connections with others in their communities.

More than 2,500 members of our communities personally engaged with these teams during 2022–23. A further 3,186 people engaged with the teams through surveys, mailing lists, and social media.

Community Alliances

We also ran our All In Community Alliances in Braintree, Colchester, Halstead and Witham. The Alliances are open to anyone who wants to make a difference in their community, helping people connect with their neighbours, create lasting networks and identify ways of changing their communities for the better. Eastlight provides support with venues, organisation, funding and refreshments for the quarterly Alliance meetings.

During 2022–23, 332 members of our communities attended Alliance meetings. Eastlight then provided £12,000 in small community grants to local organisations that would be able to help deliver on the actions agreed at the meetings.

2,500
members of our communities personally engaged with the All In teams during 2022–23

Resident Academy

Eastlight developed the Resident Academy to provide focused support to our residents to hold us accountable effectively. The Resident Academy offers residents the opportunity to attend a free boot camp, funded by Eastlight, giving them access to high quality training materials, tools and guest speakers. The content and support is designed to help get residents ready to play a more active role in our governance and community initiatives. In February 2023, 18 residents graduated from the first in-person Resident Academy at Wivenhoe House in Colchester, Essex. Additionally, more than 400 people engaged with the Academy virtually, accessing the online training film titled 'The History of Social Housing'.

Eastlight has built strong partnerships with local community organisations, which have helped us achieve cost-effective ways of securing venues for our All In events. For example, towards the end of 2022-23, we sought suitable local venues to host our All In Festival of Ideas. Despite initially allocating a budget of £4-5k based on market rates, we were able to secure Firstsite in Colchester at a generous discount, for £1.5k.

During 2022–23, Eastlight supported and invested in our communities in many more ways:

- We provided benefits advice that led to customers securing £814,579 in financial support.
- We offered money management and employment advice to 1,075 customers, helping them control their finances and increasing their job prospects.
- Our teams made 456 welfare calls to vulnerable residents, checking on their wellbeing and providing necessary support.
- We supplied 45 winter warm packs to our customers, which included essential items such as hats, gloves, a thermal flask, soup and hand warmers.
- We allocated £63,164 to residents experiencing financial hardship, providing them with financial assistance during challenging times.
- Our dedicated team of 12 Mental Health First Aiders engaged in 230 conversations, offering support to both customers and colleagues.
- We maintained and improved our Community Common Room at our Braintree Hub, located in Eastlight House. This space enables us to work more closely together with government agencies and support networks to focus jointly on how best we can support our residents. We also make this space available for key agency partners to meet and work together for the benefit of our residents and communities. These partners include the police, adult social care, floating support services, and other community providers.

£814,579
of financial support secured for customers through our benefits advice

Braintree District Council and Eastlight Community Fund provided four community organisations with grants adding up to £97,250 over three years, while another five organisations were awarded one-year grants totalling £10,350. Here are the details of the grants:

- The Centre for Action on Rape and Abuse (CARA) received £27,000 to sustain its vital offer of counselling sessions for people of all ages affected by sexual violence.
- Essex Boys' and Girls' Clubs were awarded £24,000 to support the activities they offer to pupils from three schools in Braintree who are struggling with disengagement and other difficulties.
- Soul Food, a church project started during the pandemic to provide hot meals to those in need secured £20,750. This funding means Soul Food can continue to offer its weekly takeaway service as well as sit-down community meals in Halstead, catering to anyone requiring support.
- Abberton Rural Training received £25,700 to aid its efforts in helping vulnerable people gain confidence, hope, qualifications and employment in the great outdoors.

Eastlight Community Homes' Board publishes a separate Annual Report for customers, which sets out our progress and achievements around VfM. It incorporates our performance for the year, as well as our planned actions for the coming 12 months. The report is published on our website: www.eastlighthomes.co.uk/about-us/corporate-publications/

Delivering VfM through our financing activities

In 2022–23, Eastlight raised £125m new loan facilities with Danske and Lloyds to support our investment ambition.

In December 2022, our Finance Team secured £75m with Danske, and shortly before year-end, they agreed a new loan agreement with Lloyds, which gave Eastlight access to £50m of new funding available to us for five years, with an option to extend for an additional two years.

Despite market turmoil and tightening lending conditions, both Danske and Lloyds honoured the extremely competitive pricing and conditions they offered Eastlight in Summer 2022. This demonstrated these banks' confidence in Eastlight's strategic vision and financial resilience, and it put us in a strong position heading into 2023–24.

Meanwhile, actions that we took to fix interest rates, in line with our treasury management policy, helped shield Eastlight's cash flow and surplus from most of the negative effects caused by rapid increases in interest rates that we saw during the year.

£97,250

of grants provided to four community organisations over three years

In navigating a challenging funding market and securing new facilities at competitive rates, the actions we took in 2022–23 will directly support Eastlight's efforts to deliver value for money both now and in the future. Because we moved quickly and agreed terms ahead of September 2022's 'mini-budget', we managed to secure lower borrowing costs than we would be able to achieve in today's market. This means Eastlight gets to keep more of its money and can choose to direct these savings towards providing better services, upgrading existing homes and building new homes. The new facilities also provide us with more predictable, reliable funding for the next decade, giving us a more stable financial platform to support us planning and executing long-term projects, providing continuity of service and ensuring we deliver consistent value for money to our residents.

Value for Money Metrics

Our Board prioritises VfM to ensure that Eastlight uses its resources effectively and maximises the positive impact we make on our residents and the wider community.

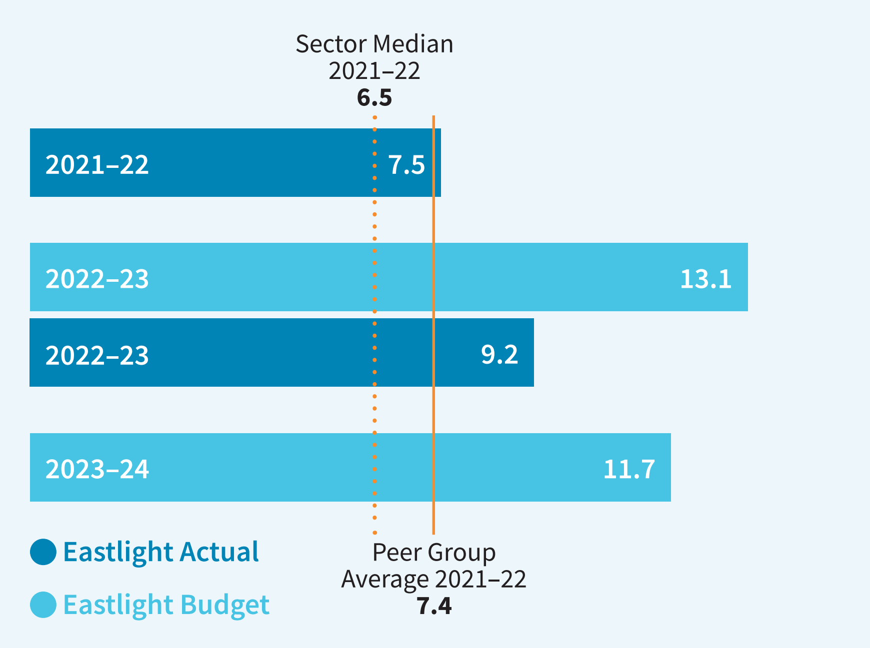
We also use the Regulator of Social Housing's VfM metrics to assess our performance and benchmark ourselves to other organisations. Our selected peer group includes organisations that are similar in terms of status, operating models and geographical locations. In choosing these peers, we also looked for their strategic goals aligning with our focus on resident involvement and community empowerment. Additionally, we include organisations whose size and development plans align with our ambitions as outlined in our Corporate Strategy (2021–26).

Our benchmarking is based on data sourced from the Global Accounts and Value for Money metrics reports, compiled by the Regulator of Social Housing for the year ending March 2022 (the most recent available information).

Given the extreme economic pressures seen in the last 12 months, we do not believe that comparing Eastlight's current performance to its peer group in a previous year will yield a clear analysis. Hence, the analysis that follows compares Eastlight's performance in the previous year to that of others in 2021–22. Furthermore, it compares our latest performance (2022–23) against our own results for 2021–22. Given that both the trade press and the Regulator's Quarterly Surveys have extensively documented the pressures faced by most associations, it is unlikely that some of the negative changes we observe in our own metrics over the past year are exclusive to Eastlight. We can only make a meaningful assessment of our latest performance against our peers when the annual accounts of all associations for 2022–23 are published.

Benchmarking Analysis

Reinvestment %



What this metric means in simple terms

This metric shows how much a housing association invests per year in improving its homes or developing new ones, compared to the total value of its properties.

2021–22 benchmarking – comparing like-with-like

Our 2021–22 reinvestment rate of 7.5% reflected the return to increased levels of activity following the pandemic.

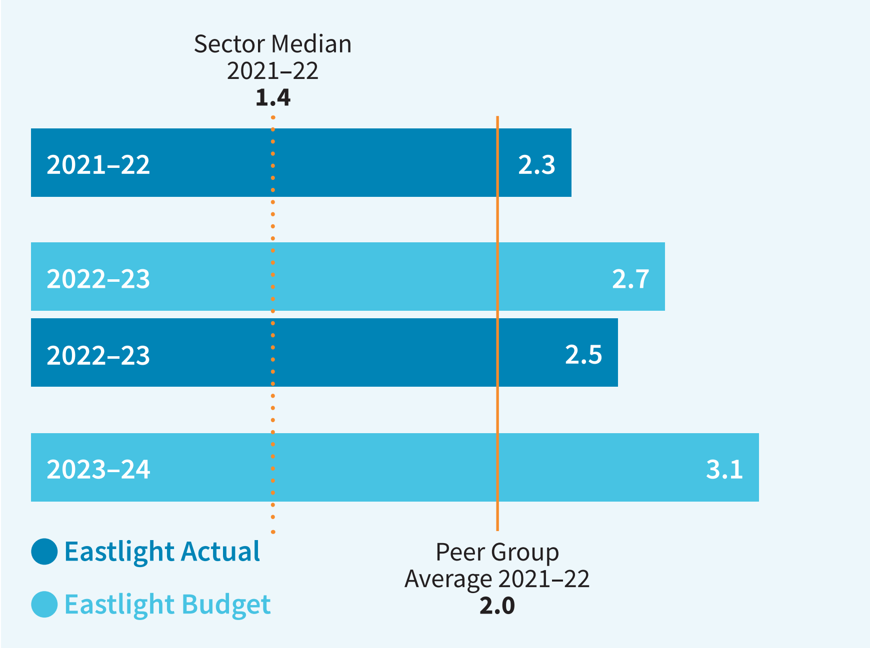
Our reinvestment rate was higher than both the sector median (6.5%) and our peer group average (7.4%).

2022–23 update – comparing Eastlight's year-on-year results

Our reinvestment rate in 2022–23 increased by 1.7% to 9.2%. Although this was better than our 2021–22 result, it was still short of our budget target, mainly because we spent less than we planned on new development in the year due to difficult market conditions.

We expect our reinvestment rate to continue to be high in future years. This will help us deliver 400 new homes per year in line with our latest business plan, and invest in making our stock more energy efficient and environmentally friendly.

New supply delivered (social housing) %



What this metric means in simple terms

This metric measures by how much a housing association has increased its number of homes in the year, in percentage terms.

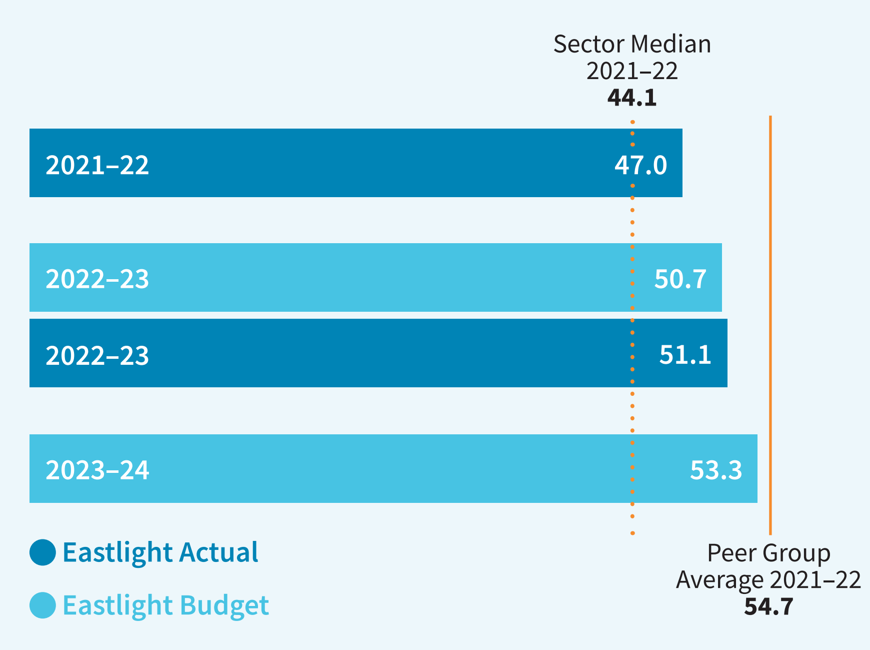
2021–22 benchmarking – comparing like-with-like

We completed 298 new affordable homes in 2021-22. This meant we increased our total number of affordable homes by 2.3%. This was higher than both the sector median (1.4%) and the peer group average (2.0%).

2022–23 update – comparing Eastlight's year-on-year results

We completed 324 new homes in 2022/23, 9% more than the year before. These increased our total number of affordable homes by 2.5%. Due to some project timelines slipping, we didn't quite hit our budget target of a 2.7% increase in homes. We still regard this as strong performance in the current climate, and we continue to target growth of around 3% per year.

Gearing %



What this metric means in simple terms

This metric shows how much debt a housing association has compared to what its homes and other assets are worth. Generally, a high gearing ratio might indicate a higher level of financial risk and less capacity for the housing association to increase borrowings, but this depends on each housing association's circumstances.

2021–22 benchmarking – comparing like-with-like

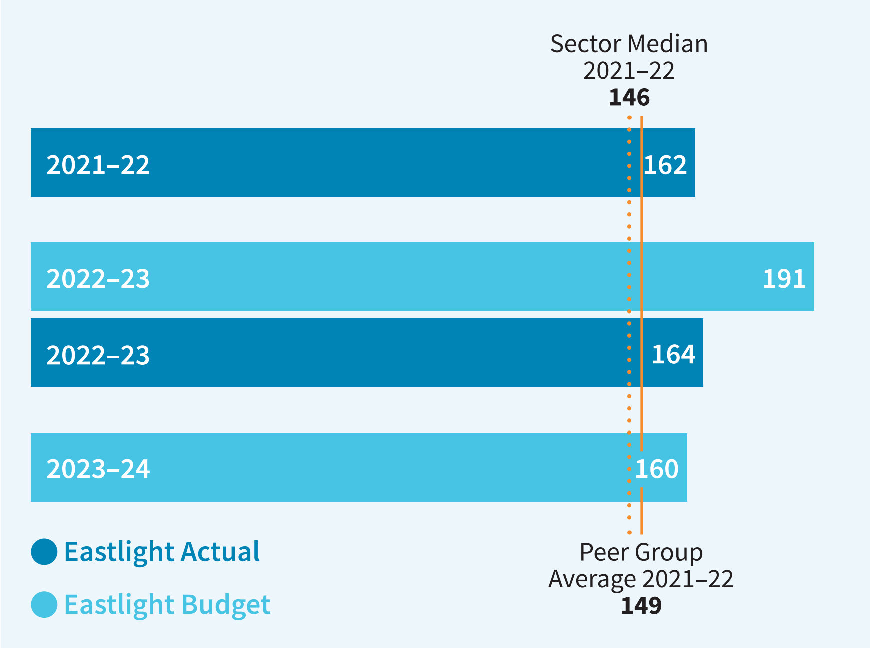
Our gearing was 47.8% at the end of 2021-22. This was lower than the peer group (54.2%) but higher than the sector median (44.1%).

2022–23 update – comparing Eastlight's year-on-year results

To carry out our development programme, Eastlight needs to borrow more money to put towards the investment. This year, we followed our strategy and increased our borrowing, resulting in a higher gearing ratio of 51.1%, up by 3.3%.

Despite this increase, our borrowing capacity remains strong and healthy. Our business plan expects further borrowing to support us building more homes. However, we will make sure that our borrowing stays at manageable levels to preserve our financial strength and resilience.

EBITDA MRI Interest Cover %



What this metric means in simple terms

This metric helps us understand a housing association's ability to cover its interest payments using its operating income. A higher ratio indicates we are more able to cover our interest payments and is a sign of financial strength.

2021–22 benchmarking – comparing like-with-like

Our EBITDA-MRI interest cover was 162% in 2021–22, stronger than either the sector median (146%) or peer group average (149%). This was despite incurring some one-off costs to restructure fixed rate loans during the year.

2022–23 update – comparing Eastlight's year-on-year results

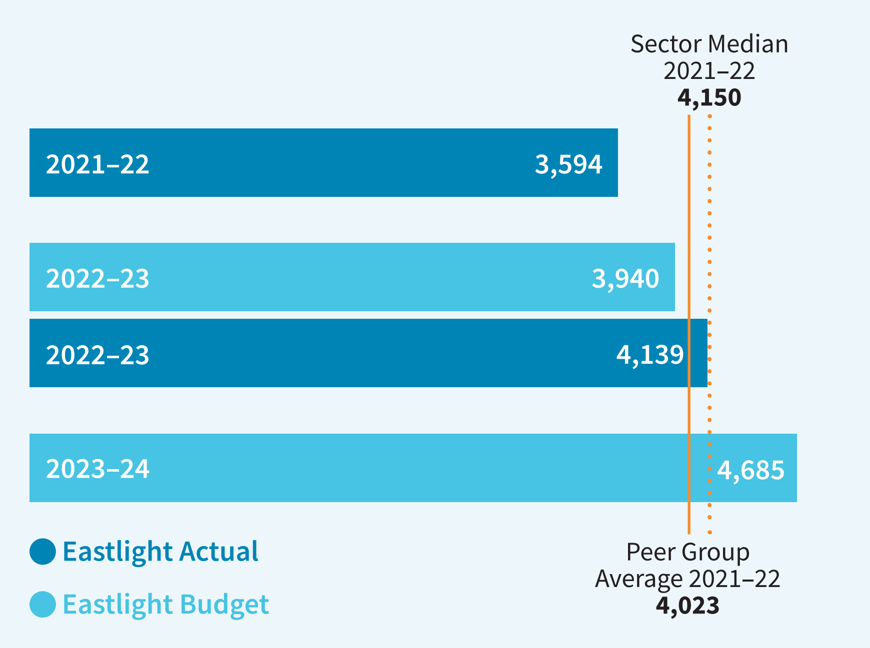
In 2022–23 we achieved interest cover of 164%, 2% higher than the year before. However, it was lower than what we had planned, primarily due to increased costs resulting from surging inflation. The higher expenses related mainly to maintenance and utilities. Additionally, we recognised an impairment charge[1] for a portion of our supported housing portfolio.

We anticipate that both our peer group and the sector benchmarks will be lower in 2022–23 due to the same economic factors affecting us.

Despite ongoing cost pressures, our goal is to maintain an EBITDA-MRI interest cover of approximately 160%, as outlined in our budgets and business plans. This provides us with a healthy buffer against our lenders' requirements and ensures our financial stability.

[1] An impairment charge indicates we believe the value of these supported housing assets is likely to be less than the values previously included in the assets on the balance sheet.

Headline Social Housing Cost per unit £



What this metric means in simple terms

This metric shows how much a housing association spends per year to manage and maintain each social housing home, allowing for overheads. Generally, a lower cost per unit suggests more efficiency.

2021–22 benchmarking – comparing like-with-like

Our social housing cost per unit was £3,594 per unit in 2021–22. This was well below the sector median (£4,150) and the peer group average (£4,023).

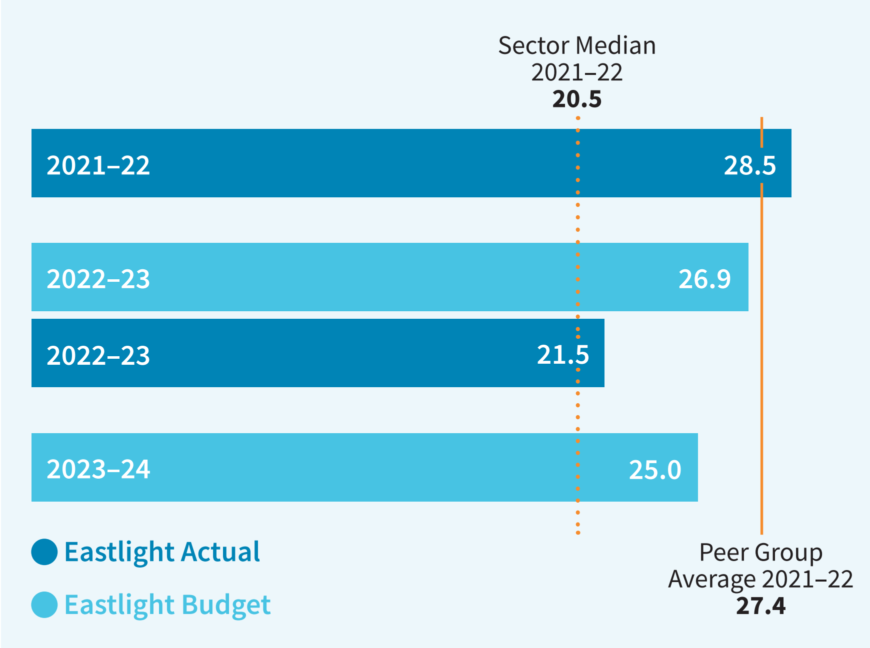
2022–23 update – comparing Eastlight's year-on-year results

In 2022–23, we experienced a significant increase in costs per unit, rising from £3,594 in 2021–22 to £4,139. This increase was mainly due to the highest levels of inflation in 40 years affecting our key services. Additionally, labour shortages forced us to rely more on subcontractors, which increased costs.

We anticipate that both our peer group and the sector benchmarks will be higher in 2022–23 due to the same economic factors affecting us.

In our budget for 2023–24, we expect the cost per unit to continue rising due to high inflation and our ongoing efforts to improve our homes. However, we will strive to find ways to limit these increases by identifying opportunities to save money without compromising the positive impact we make.

Operating Margin – Overall %



What this metric means in simple terms

This metric helps us measure the financial performance of a housing association across all its activities, including shared ownership sales and community investment. A higher operating margin indicates we keep a higher amount of our income after deducting costs. This leaves more money to reinvest in providing better services and building or improving homes.

2021–22 benchmarking – comparing like-with-like

Our overall operating margin was 28.5% in 2021–22. This was slightly higher than the peer group average (27.4%) and much higher than the sector median (20.5%).

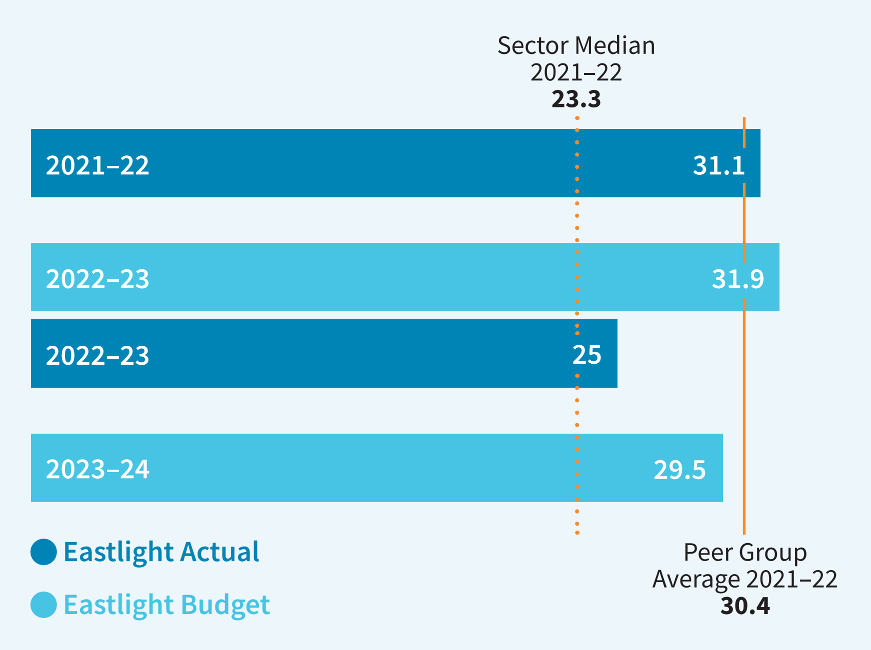
2022–23 update – comparing Eastlight's year-on-year results

In 2022–23, our overall operating margin fell by 7.0% to 21.5%. This drop was mainly caused by higher costs for repairs and maintenance due to inflation and labour shortages, which led us to hire subcontractors at a higher expense. Other reasons included a one-time impairment charge for part of our supported housing, increased depreciation, higher management costs due to rising utility prices, and increased spending on community empowerment projects like the All In incubators.

We anticipate that both our peer group and the sector margins will also fall in 2022–23 due to the same economic factors affecting us.

In our budget for 2023–24, we anticipate the overall operating margin improving to 25.0%. This allows for the April 2023 rent increase and assumes economic pressures will start to ease and that we will rely less on maintenance subcontractors.

Operating Margin – Social Housing Lettings %



What this metric means in simple terms

This metric helps us measure the financial performance of a housing association's core social housing lettings activity. A higher operating margin indicates we keep a higher amount of our income after deducting costs. This leaves more money to reinvest in providing better services and building or improving homes.

2021–22 benchmarking – comparing like-with-like

Our social housing lettings operating margin was 31.1% in 2021–22, slightly higher than the peer group average (30.4%) and well ahead of the sector median (23.3%).

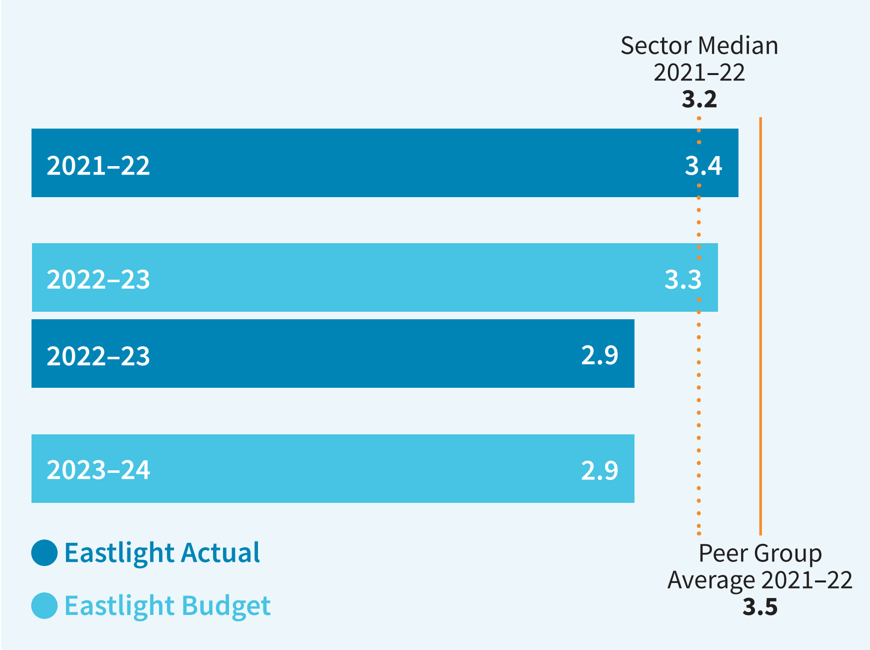
2022–23 update – comparing Eastlight's year-on-year results

In 2022–23, our social housing lettings operating margin fell by 6.1% to 25.0%. This drop was mainly caused by higher costs for repairs and maintenance due to inflation and labour shortages, which led us to hire subcontractors at a higher expense. Other reasons included a one-time impairment charge for part of our supported housing, increased depreciation and higher management costs due to rising utility prices.

We anticipate that both our peer group and the sector margins will also fall in 2022–23 due to the same economic factors affecting us.

In our budget for 2023–24, we anticipate the social housing lettings operating margin improving to 29.5%. This allows for the April 2023 rent increase and assumes economic pressures will start to ease and that we will rely less on maintenance subcontractors.

Return on Capital Employed %



What this metric means in simple terms

This metric helps show how effectively a housing association drives income as a percentage of the total capital invested in the organisation. A higher return on capital employed (ROCE) indicates greater financial efficiency and effectiveness.

2021–22 benchmarking – comparing like-with-like

Our ROCE was 3.4% in 2021–22, slightly below the peer group average (3.5%) and slightly higher than the sector median (3.2%).

2022–23 update – comparing Eastlight's year-on-year results

Our ROCE in 2022–23 was 2.9%, 0.5% down on the year before. This decline was primarily due to higher operating costs due to inflation, a one-off impairment charge and higher community investment.

Our budget for 2023–24 expects us to maintain ROCE at 2.9%, which we believe will be in line with updated peer and sector benchmarks when the data is available.

Environmental, Social and Governance (ESG)

Our environmental focus

Our Sustainability Strategy 2022–2026 sets out how we aim to build new homes and invest in our existing ones in ways that are kind to the environment. We also want to support our customers to reduce their environmental impact and help them run their homes more efficiently.

All our homes are built to the specifications set out in our Design Guide, published in 2022, which aims to instil 'good design' as a guiding principle for all aspects of a scheme's inception, design, use and maintenance. It prioritises the customer experience considering good design across four perspectives, which are: the Resident, the Organisation, the Community, and the Environment.

Eastlight has adopted The Sustainability Reporting Standard for Social Housing, published in November 2020. As a result, we can track our progress, benchmark against our peers and drive improvements. Read more about our performance so far in our dedicated ESG Report, which is published on our website: www.eastlighthomes.co.uk

Our social impact

As the country's largest resident-led housing association, Eastlight's residents have the opportunity to become shareholders and are entitled to vote at our Annual General Meeting (AGM). Shareholder voting is required for rule changes, the appointment of Board Members and of auditors.

Our Community Empowerment Strategy 2021–23 sets out how Eastlight empowers our residents and communities (read more about our All In programme on page 29, and in our ESG Report, which is available on our website).

Eastlight's Asset Management Strategy 2021-2027 works hand-in-hand with our Sustainability Strategy 2022-2027 to reduce the effect of fuel poverty on our residents, particularly during the cost-of-living crisis.

Our two strategies make it clear that we work on a fabric first approach to ensure that the home is properly insulated, and that the money spent by our customers on heating is retained within the home for as long as possible.

We are ever more focused on our EPC C and Net Zero Carbon plans, as well as specification target energy efficient models, i.e. A rated Windows, A rated boilers, etc. To help us achieve this, Eastlight managed to secure funding via the Government's Social Housing Decarbonisation Fund Wave 1 to improve our homes throughout 2022–23.

At Eastlight, we ensure that our energy efficiency improvements not only result in the Government's Standard Assessment Procedure (SAP) points, but also benefit the customer regarding running costs.

Our new Design Guide, published in 2022, sets out the innovation, technology and new on-site energy storage measures assessed and considered when designing and delivering our new homes programme, which seeks to address and tackle fuel poverty to directly benefit our residents.

We had no complaint investigations upheld by the Housing Ombudsman between April 2022 and March 2023.

Our unique governance structure

Our Customer Influence Committee, referred to throughout these Financial Statements, is made up of Eastlight residents and oversees and scrutinise services and customer-facing strategies.

Three members of our Customer Influence Committee (CIC) also sit on our Board. Michelle Baker, the Chair of the CIC is a Board Member, as is Catherine Turner. Steve Bentall is a Trainee Board Member.

Eastlight has adopted the NHF Code of Conduct and follows the principles for the identification, declaration and management of potential conflicts of interest. The process for managing such conflicts and related matters are included within the Governance Framework and Probity policy.

Eastlight's Board publishes a more detailed ESG Report, which can be found on our website: www.eastlighthomes.co.uk

Statement on Internal Controls Assurance

Responsibility

The Board, as the ultimate governing body, is responsible for the system of internal control, which is designed to provide reasonable assurance regarding:

- The safeguarding of assets against unauthorised use or disposal; and
- The maintenance of proper accounting records and the reliability of financial information used within the business or for publication.

Key procedures have been established and are designed to provide effective internal control. These key areas cover control, reporting information systems, monitoring and risk management.

Review of internal controls

We have reviewed the effectiveness of the system of internal control, including the sources of assurance agreed by the Board, as being appropriate for that purpose. Based on the evidence provided, we are satisfied that there is sufficient evidence to confirm that adequate systems of internal control existed and operated throughout the year.

We are also satisfied that those systems were aligned to an ongoing process for the management of the significant risks facing the Association. There have not been any significant weaknesses identified by the Board that it believes may have resulted in material misstatement or loss, and which would have required disclosure in the financial statements.

Control environment and key controls

The Board has put in place an organisational structure with clearly defined lines of responsibility and delegation of authority. These are set out in the Association's Terms of Reference, Governance Framework, Financial Regulations, Scheme of Delegated Authority and detailed operational procedures. These delegations and authority levels are reviewed regularly.

Key control processes, which are reviewed annually and revised where necessary, include: strategic business planning; the recruitment of experienced Executive Directors and senior staff; regular performance monitoring; control over capital investment projects and the setting of standards and targets for health and safety; data protection; whistleblowing and confidential disclosure; fraud prevention and detection; and environmental performance.

Procedure manuals are maintained for the main functions and service areas.

The Board is satisfied that necessary action is taken to address any significant failings or weaknesses identified by the Association.

Information and reporting systems

The Association has developed a system of financial reporting. The Annual Budget and Business Plan are approved by the Board. Actual results are reported against budget quarterly to the Board, with any significant variances being reported together with explanations. The current borrowing and cashflow forecast position and compliance with lending covenants is also reviewed quarterly by the Board.

In accordance with regulatory and funding requirements, periodic financial returns are submitted to the Regulator of Social Housing and to the Association's bankers and principal lenders. There are regular meetings of the Executive Management Team to review and monitor revenue and capital spending against budget assumptions.

Cash balances are checked daily, coupled with revised forecast of borrowing requirements at regular intervals as necessary. There are several annual reports focusing on other functions that are reviewed by either the Board or a designated Committee. These include insurance arrangements and treasury management.

Monitoring System

The control system is monitored by internal audit. This is outsourced to a specialist service provider and is reviewed regularly. Eastlight Community Homes' internal auditors have produced an annual report on completion of the programme of work for the year to March 2023, which concluded that the Association has an adequate and effective framework for risk management, governance and internal control. Their work identified further enhancements to the framework of risk management, governance and internal control to ensure it remains effective.

A three-year Audit Needs Assessment has been completed and an annual plan is agreed, which is focused on the areas of greatest risk to the Association. Monitoring is also undertaken by the Executive Directors and senior managers.

Fraud

The Association has policies in respect of preventing, detecting and investigating fraud. We are aware of an increasing number of attempts to fraudulently obtain funds electronically. No material loss has been incurred by the Association in the year. The Board is satisfied that the controls in place effectively manage the risk of fraud.

Risk Management

The Board receives and considers information on key risks in a specific report reviewed at each Board meeting.

The Board has agreed a risk management framework, which sets out the approach for identifying, monitoring and managing current and emerging risks to the business. The Board has determined its appetite for risk across the business and has adopted a range of financial golden rule measures to enable it to monitor risk exposure. The Board undertakes regular stress testing of the Business Plan to the key strategic risks.

The Executive Directors have immediate responsibility for identifying risks facing each of the areas in which they operate, and for putting in place procedures to mitigate and monitor risk. The strategic risk assessment is reviewed and updated quarterly by the Executive Directors for consideration by the Board and Audit & Risk Committee. All projects and reports to the Board and Committees include an analysis of the relevant risks and of mitigating actions.

Statement of Compliance – Governance and Financial Viability Standard

As a Registered Provider, Eastlight is required to comply with the Regulatory Framework published by The Regulator of Social Housing.

The Regulator of Social Housing confirmed the Association's rating of G1 (governance) and V1 (financial viability) – the highest compliant ratings.

The Board considers the Association to be compliant with the Governance and Financial Viability Standard in all material respects.

Statement of The Board's Responsibilities In Respect Of The Financial Statements

The Board is responsible for preparing Eastlight's Annual Report and Financial Statements in accordance with applicable law and regulations.

The Co-operative and Community Benefit Societies Act 2014 and registered social housing legislation require the Board to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Association, and of its income and expenditure for that period.

In preparing our Financial Statements, the Board is required to:

- Select suitable accounting policies and then apply them consistently
- Make judgements and estimates that are reasonably prudent
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business.

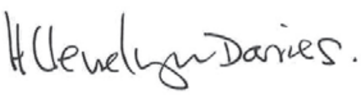
The Board is responsible for keeping proper accounting records, which disclose – with reasonable accuracy at any time – the financial position of the Association, and enable it to ensure that the Financial Statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. It has general responsibility for taking reasonable steps to safeguard the assets of the Association and to prevent and detect fraud and other irregularities.

Disclosure of Information to The Auditors

We, the members of the Board, who held office at the date of approval of these Financial Statements as set out above, confirm, so far as we are aware, that there is no relevant audit information of which the Association's auditors are unaware. We confirm we have taken all the steps we ought to have taken to make ourselves aware of any relevant audit information, and to establish that the auditors are aware of that information.

In preparing the Strategic Report, the Board has followed the principles set out in the Statement of Recommended Practice for Social Housing Providers (Housing SORP 2018).

The Strategic Report was approved by the Board on 25 July 2023 and signed on its behalf by:



Hattie Llewelyn-Davies, Chair

Independent Auditor's Report

Auditor's Opinion

We have audited the financial statements of Eastlight Community Homes Limited (the Association) and its subsidiary (the Group) for the year ended 31 March 2023 which comprise the Group and Association Statement of Comprehensive Income, Group and Association Statement of Financial Position, Group Statement of Changes in Equity (Reserves), Association Statement of Changes in Equity (Reserves), Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies in note 2. 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's and of the Association's affairs as at 31 March 2023 and of the Group's income and expenditure and the Association's 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 Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the Strategic Report, other than the financial statements and our auditor's report thereon. The Board is responsible for the other information. 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.

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Responsibilities of the Board

As explained more fully in the Statement of The Board's Responsibilities In Respect Of The Financial Statements set out on page 45, 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 Group and Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intends to liquidate the Group or Association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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 and regulations that affect the Group and Association, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws and regulations that we identified included the Co-operative and Community Benefit Societies Act, the Statement of Recommended Practice for registered housing providers: Housing SORP 2018, the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2022, 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 and fraud was discussed within the audit team and tests were planned and performed to address these risks. We identified the potential for fraud in the following areas: laws related to the construction and provision of social housing recognising the nature of the Group's activities and the regulated nature of the Group's activities.

- We reviewed financial statements disclosures and tested to 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.

Use of our report

This report is made solely to the Association, in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014 and Section 128 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body for our audit work, for this report, or for the opinions we have formed.

Beever and Struthers

Beever and Struthers
Chartered Accountants
Statutory Auditor

150 Minories
London
EC3N 1LS

Date: 7 September 2023

Statement of Comprehensive Income

For the year ended 31 March 2023

	Notes	GROUP		ASSOCIATION	
		2023 £'000	2022 £'000	**2023 £'000**	2022 £'000
Turnover	3	**86,832**	**78,599**	**86,949**	**78,554**
Cost of sales	3	(9,438)	(6,531)	(9,387)	(6,531)
Operating expenditure	3	(58,692)	(49,718)	(58,669)	(49,626)
Surplus/(deficit) on disposal of property, plant and equipment	4	983	218	983	218
Operating surplus		**19,685**	**22,568**	**19,876**	**2,615**
Finance income	5	749	37	748	37
Interest and financing costs	6	(12,811)	(15,016)	(12,811)	(15,016)
Movement in fair value of financial instruments	21	1,123	594	1,123	594
Surplus before tax		**8,746**	**8,183**	**8,936**	**8,230**
Taxation on surplus on ordinary activities	10	–	–	–	–
Surplus after tax		**8,746**	**8,183**	**8,936**	**8,230**
Actuarial gain/(loss) relating to pension schemes	20	18,557	7,133	18,557	7,133
Change in fair value of hedged financial instruments	21	2,660	665	2,660	66
Total comprehensive income for the year		**29,963**	**15,981**	**30,153**	**16,028**

The Statement of Comprehensive Income relates wholly to continuing activities and the notes on pages 57 to 92 form an integral part of these financial statements.

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

Hattie Llewelyn-Davies
Chair

Charanjit Patel
Board Member and Chair of Audit & Risk Committee

Steve Aleppo
Executive Director of Finance & Governance and Secretary

Statement of Financial Position

at 31 March 2023

	Notes	GROUP 2023 £'000	GROUP 2022 £'000	ASSOCIATION 2023 £'000	ASSOCIATION 2022 £'000
Fixed assets					
Intangible assets	11	90	51	90	51
Housing properties	12	713,058	662,700	713,579	662,89
Other property, plant and equipment	13	6,336	6,673	6,336	6,668
Investments	14	1,922	1,922	1,922	1,922
		721,406	**671,346**	**721,927**	**671,536**
Current assets					
Inventories	15	7,563	8,274	7,563	8,274
Debtors due in less than one year	16	4,898	3,601	4,896	3,651
Cash		14,967	36,450	14,712	36,332
		27,428	**48,325**	**27,171**	**48,257**
Creditors: Amounts falling due within one year	17	(58,010)	(53,241)	(58,037)	(53,316)
Net current liabilities		**(30,582)**	**(4,916)**	**(30,866)**	**(5,059)**
Total assets less current liabilities		**690,824**	**666,430**	**691,061**	**666,477**
Creditors: Amounts falling due after more than one year	18	401,425)	384,838)	(401,425)	(384,838)
Derivative financial instruments	21	1,705	2,079)	1,705	(2,079)
Defined benefit pension asset/(liability)	20	14,220	(4,152)	14,220	(4,152)
Net assets		**305,324**	**75,361**	**305,561**	**275,408**
Capital and reserves					
Called up share capital	23	**1**	1	**1**	1
Revenue reserve		207,428	179,248	207,665	179,295
Revaluation reserve		95,398	96,175	95,398	96,175
Cashflow hedge reserve		2,204	(456)	2,204	(456)
Restricted reserve		293	393	293	393
Total reserves		**305,324**	**275,361**	**305,561**	**275,408**

The notes on pages 57 to 92 form an integral part of these financial statements.

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

Hattie Llewelyn-Davies
Chair

Charanjit Patel
Board Member and Chair of Audit & Risk Committee

Steve Aleppo
Executive Director of Finance & Governance and Secretary

Statement of Changes in Reserves

For the year ended 31 March 2023

GROUP	Uncalled Share Capital £'000	Restricted Reserve CHIP Fund £'000	Restricted Reserve Social Housing Proceeds £'000	Revaluation Reserve £'000	Revenue Reserve £'000	Cashflow Hedge Reserve £'000	Total £'000
At 1 April 2021	**1**	**889**	**33**	**96,900**	**162,428**	**(1,121)**	**259,130**
Surplus for the year	–	–	–	–	8,183	–	**8,183**
Grants made from fund	–	(600)	–	–	600	–	**–**
Prior year fixed assets adjustment	–	–	–	–	50	–	**250**
Social Housing Proceeds	–	104	(33)	–	(71)	–	**–**
Depreciation on Deemed Cost Uplift	–	–	–	(601)	601	–	**–**
Transfer between reserves	–	–	–	(124)	124	–	**–**
Actuarial gain on pension scheme	–	–	–	–	7,133	–	**7,133**
Change in fair value of hedged instruments	–	–	–	–	–	665	**665**
At 1 April 2022	**1**	**393**	**–**	**96,175**	**179,248**	**(456)**	**275,361**
Surplus for the year	–	–	–	–	8,746	–	**8,746**
Grants made from fund	–	(100)	–	–	100	–	**–**
Depreciation on Deemed Cost Uplift	–	–	–	(596)	596	–	**–**
Transfer between reserves	–	–	–	(181)	181	–	**–**
Actuarial gain on pension scheme	–	–	–	–	18,557	–	**18,557**
Change in fair value of hedged instruments	–	–	–	–	–	2,660	**2,660**
At 31 March 2023	**1**	**293**	**–**	**95,398**	**207,428**	**2,204**	**305,324**

Statement of Changes in Reserves

For the year ended 31 March 2023

ASSOCIATION	Uncalled Share Capital £'000	Restricted Reserve CHIP Fund £'000	Restricted Reserve Social Housing Proceeds £'000	Revaluation Reserve £'000	Revenue Reserve £'000	Cashflow Hedge Reserve £'000	Total £'000
At 1 April 2021	**1**	**889**	**33**	**96,900**	**162,428**	**(1,121)**	**259,130**
Surplus for the year	–	–	–	–	8,230	–	**8,230**
Grants made from fund	–	(600)	–	–	600	–	**–**
Prior year fixed assets adjustment	–	–	–	–	250	–	**250**
Social Housing Proceeds	–	104	(33)	–	(71)	–	**–**
Depreciation on Deemed Cost Uplift	–	–	–	(601)	601	–	**–**
Transfer between reserves	–	–	–	(124)	124	–	**–**
Actuarial gain on pension scheme	–	–	–	–	7,133	–	**7,133**
Change in fair value of hedged instruments	–	–	–	–	–	665	**665**
At 1 April 2022	**1**	**393**	**–**	**96,175**	**179,295**	**(456)**	**275,408**
Surplus for the year	–	–	–	–	8,936	–	**8,936**
Grants made from fund	–	(100)	–	–	100	–	**–**
Depreciation on Deemed Cost Uplift	–	–	–	(596)	596	–	**–**
Transfer between reserves	–	–	–	–(181)	181	–	**–**
Actuarial gain on pension scheme	–	–	–	–	18,557	–	**18,557**
Change in fair value of hedged instruments	–	–	–	–	–	2,660	**2,660**
At 31 March 2023	**1**	**293**	**–**	**95,398**	**207,665**	**2,204**	**305,561**

Statement of Cash Flows

For the year ended 31 March 2023

GROUP	2023 £'000	2022 £'000
Net cash generated from operating activities (Note A)	**30,021**	**35,164**
Cash flows from investing activities		
Purchase of property, plant and equipment	(64,323)	(50,464)
Purchase of investments	–	–
Proceeds from sale of property, plant and equipment	2,371	2,757
Grants received	866	4,343
Interest received	699	37
	(60,387)	**(43,327)**
Net cash flows from investing activities		
Cash flows from financing activities		
Interest paid	(17,547)	(12,102)
New loans	60,029	65,000
Loan repayments	(33,599)	(14,805)
Net cash flows from financing activities	**8,883**	**38,093**
Net increase/(decrease) in cash and cash equivalents	**(21,483)**	**29,930**
Cash and cash equivalents at beginning of year		
Cash	36,450	6,520
Current Asset Investments	–	–
	36,450	**6,520**
Cash and cash equivalents at end of year		
Cash	14,967	36,450
Current Asset Investments	–	–
	14,967	**36,450**

Statement of Cash Flows

For the year ended 31 March 2023

NOTE A	2023 £'000	2022 £'000
Surplus	**8,746**	**8,183**
Adjustments for non-cash items		
Depreciation	12,058	10,846
Impairment	750	–
Amortisation of intangible assets	18	30
Amortisation of Government grant	(981)	(962)
Increase in inventories	711	(1,276)
(Increase) / decrease in debtors	(1,297)	(853)
Increase / (decrease) in creditors	(5,941)	4,575
Pension movements	318	454
Movement in fair value of financial instruments	(1,123)	(594)
Adjustments for investing or financing activities		
Surplus on disposal of property, plant and equipment	(983)	(218)
Interest payable	18,494	15,016
Interest receivable	(749)	(37)
Net cash inflow from operating activities	**30,021**	**35,164**

The notes on pages 57 to 92 form an integral part of the financial statements.

Notes to the Financial Statements

1 – Legal Status

Eastlight Community Homes Limited is incorporated in England under the Co-operative and Community Benefit Societies Act 2014 (registration number: 30124R) and is registered with the Regulator for Social Housing as a Private Registered Provider of Social Housing (registration number: L4499). The registered office is Eastlight House, Charter Way, Braintree, Essex, CM77 8FG.

As a public benefit entity, Eastlight Community Homes Limited has applied the public benefit entity 'PBE' prefixed paragraphs of FRS 102.

2 – Accounting Policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year. A summary of the more important accounting policies is set out below. The Board is satisfied that the current accounting policies are the most appropriate for the Association.

General information and basis of accounting

The financial statements have been prepared under the historical cost convention, modified where appropriate, to include certain items at fair value, in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council and comply with the Statement of Recommended Practice for registered social housing providers 2018 (SORP), the Housing and Regeneration Act 2008, the Accounting Direction for private registered providers of social housing 2022 and the requirements of the Co-operative and Community Benefit Societies Act 2014.

In preparing the separate financial statements of the Parent Entity, advantage has been taken of the following disclosure exemptions available in FRS 102:

- No cash flow statement has been presented for the Parent Entity
- Disclosures in respect of the Parent Entity's financial instruments have not been presented as equivalent disclosures have been provided in respect of the Group as a whole.

Group accounts have been prepared for both years which include Parent and Emerald, which was a dormant subsidiary. 2022 Group accounts include Parent, Emerald (which is still dormant) and Iceni, which became a fully owned subsidiary on 1 August 2021.

Following the Transfer of Engagements of Colne Housing Society Limited to Greenfields Community Housing Limited in accordance with Section 110 of the Co-operative and Community Benefit Societies Act 2014 on 1 July 2020, the assets, liabilities, operations and future obligations of Colne Housing Society transferred to Greenfields Community Housing Limited. The activities of Colne Housing Society Limited and Greenfields Community Housing Limited has operated as Eastlight Community Homes Limited ("Eastlight") since 1 July 2020. The Board have made enquiries and considered the business plan of Eastlight in this respect.

The Board have also considered the impact of COVID19 on its operations, the principal risks identified and the steps taken to mitigate where possible the impact of these risks. They have concluded that there is a reasonable expectation that Eastlight has adequate resources to continue in operational existence for the foreseeable future, being a period of at least 12 months after the date on which the report and financial statements are signed. For this reason, Eastlight adopts the going concern basis in the financial statements.

Accounting convention

The financial statements have been prepared under the historical cost convention or deemed cost for assets held at the date of transition to FRS 102 and on a going concern basis.

Turnover

Turnover represents rent and service charges receivable (net of rent and service charge losses from voids) and disposal proceeds of current assets such as shared ownership first tranche sales at completion together with revenue grants from local authorities and other bodies and amortisation of government grants, and income from other services invoiced in the year (excluding VAT).

Turnover is recognised on an accruals basis. Rental income is recognised when the property is available for let, net of voids. Income from property sales is recognised on legal completion.

Where variable service charges are used the charges will include an allowance for the surplus or deficit from prior years, the surplus being returned to residents by a reduced charge and a deficit being recovered by a higher charge. Until these are returned or recovered they are held as creditors or debtors in the Statement of Financial Position.

Interest payable and loan finance issue costs

Loans are stated in the Statement of Financial Position at the amount of the net proceeds after issue. Loan interest costs are calculated using the effective interest rate method of the difference between the loan amount at initial recognition and the amount at maturity of the related loan. Interest is capitalised on borrowings to finance developments to the extent that it accrues in respect of the period of development. Other interest payable is charged to the Statement of Comprehensive Income in the year.

Loan finance issue costs 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.

Value added tax

The Association charged value added tax (VAT) on some of its income and is able to recover part of the VAT it incurs on expenditure. The financial statements include VAT to the extent that it is suffered by the Association and not recoverable from HM Revenue & Customs. The balance of VAT payable or recoverable at the year-end is included as a current liability or asset.

Corporation tax

The Association is registered as a charity with HM Revenue & Customs and is not subject to corporation tax on its income. Should the Association become liable for corporation tax it will be calculated at the rate applicable on any surplus it generates from non-charitable activities.

Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income or expense recognised directly in reserves is also recognised directly in reserves.

Intangible Assets

Intangible assets are stated at historic cost less accumulated amortisation and any provision for impairment. Amortisation is provided on all intangible assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Computer software	**5 years**

Property, plant and equipment – housing properties

Housing properties are properties available for rent and properties subject to shared ownership leases.

Completed housing properties for rent or shared ownership are stated at cost or deemed cost for assets held at the date of transition to FRS 102, less accumulated depreciation and impairment losses. Cost includes the cost of acquiring land and buildings (allocated on a pro-rata basis for mixed tenure developments), directly attributable development costs, interest charges incurred during the development period and expenditure incurred in respect of improvements. Administration costs relating to development activities are capitalised only to the extent that they are incremental to the development process and directly attributable to the bringing the property into their intended use.

Capitalisation of development costs ceases when substantially all the activities that are necessary to get the asset ready for use are complete.

Improvements are works which result in an increase in the net rental income, including a reduction in future maintenance costs, or result in a significant extension of the useful economic life of the property in the business. Only direct expenditure and direct overhead costs associated with new developments or improvements are capitalised. Other improvements and maintenance expenditure are expensed to the Statement of Comprehensive Income as incurred.

Depreciation is charged so as to write down the net book value of housing properties to their estimated residual value, on a straight-line basis, over their useful economic lives. Freehold land is not depreciated. Where housing properties comprise two or more major components with substantially different useful economic lives, each component is accounted for separately for depreciation purposes and depreciated over its individual useful economic life.

Depreciation on freehold housing properties is charged as follows:

Structural Works	100 years
Roofing	60 years
Insulation	50 years
Sheltered Remodeling	50 years
Windows	30 years
Doors	30 years
Bathrooms	30 years
Rewiring	30 years
Central Heating	30 years
Estate Works	30 years
Fire Systems	30 years
Kitchens	20 years
Renewable Energy	20 years
Lifts	20 years
Boilers	15 years
Flat Roofing	15 years
Digital TV Installations	10 years
Closed Circuit Television	7 years

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

Shared ownership property sales

Shared ownership properties, including those under construction, are split between fixed assets and current assets. The split is determined by the percentage of the property to be sold under the first tranche disposal, which is shown on initial recognition as a current asset, with the remainder classified as a fixed asset within property plant and equipment.

Proceeds from the first tranche disposals are accounted for as turnover in the Statement of Comprehensive Income in the period in which the disposals occur and the cost of sale is transferred from current assets to operating costs. Proceeds from subsequent tranche sales are treated as disposals of fixed assets.

Sale of housing properties

The sale of properties under the Right to Buy or Right to Acquire schemes are treated as sales of fixed assets and not as properties developed for sale. The surplus or deficit arising on a Right to Buy sale on stock transferred from Braintree District Council is shown net of the share due to Braintree District Council and after deducting the cost of the properties and related sale expenses. All sales of fixed asset properties are shown as a separate item within operating surplus in the Statement of Comprehensive Income.

Properties sold at auction

The sale of unsustainable properties at auction are treated as sales of fixed assets and not as properties developed for sale. The surplus or deficit arising is shown after deducting the cost of the properties and related sale expenses. All sales of fixed asset properties are shown as a separate item after the operating surplus in the Statement of Comprehensive Income. The net proceeds of sale at auction of unsustainable properties transferred from Braintree District Council, after deducting allowable expenses, are credited to the Social Housing Proceeds Reserve for re-investment in social housing properties with Braintree District Council's consent.

Non-housing property, plant and equipment

Non-housing property, plant and equipment is stated at historic cost less accumulated depreciation and any provision for impairment. Depreciation is provided on all non-housing property, plant and equipment, other than freehold land, at rates calculated to write off the cost less estimated residual value, of each asset on a straight-line basis, over its expected useful life as follows:

Office equipment, fixtures & fittings	5 years
Plant & machinery	5 years
Computer equipment	3 years
Freehold offices	40 years

The useful economic lives of all tangible fixed assets are reviewed annually. A full month's depreciation charge is provided in the month of acquisition with no depreciation charge provided in the month of disposal of assets.

Impairment

Properties held for their social benefit are not held solely for the cash inflows they generate and are held for their service potential.

An assessment is made at each reporting date as to whether an indicator of impairment exists. If such an indicator exists, the Association will determine the level at which impairment is to be assessed (i.e. the cash-generating unit), an impairment assessment is carried out and an estimate of the recoverable amount of the asset is made. Where the carrying amount of each asset exceeds its recoverable amount, an impairment loss is recognised in the Statement of Comprehensive Income.

The recoverable amount of an asset is the higher of its value in use and fair value less costs to sell. Where assets are held for their service potential, value in use is determined by the present value of the asset's remaining service potential plus the net amount expected to be received from its disposal. Depreciated replacement cost is taken as a suitable measurement model.

An impairment loss is reversed if the reasons for the impairment loss have ceased to apply and included in the Statement of Comprehensive Income.

Investments

Iceni was established as a joint venture company owned by a group of registered providers including Eastlight. During 2021–22 Eastlight agreed to acquire the interest of the only other remaining shareholder, Hundred Houses Society. Iceni Homes Limited became a wholly owned subsidiary of Eastlight on 1 August 2021. The acquisition of Iceni was accounted for using the purchase method in line with FRS 102. Iceni pays donations to its partner associations and donations are accounted for on an accruals basis.

Eastlight also owns 100% of shares in subsidiary Emerald New Homes Limited, which is currently dormant.

Shares held in bond aggregator MORhomes are held as investments. As part of the bond agreement, there is also a Contingent Convertible, which is held as an investment. The premium received on bond drawdown is included in Creditors greater than one year and amortised over the period of the bond.

Stock

Stock is stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price less the cost to complete and sell. Cost is based on the cost of purchase on an average cost basis.

Cash & cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short term, highly liquid investments that are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value.

Current asset investments

Investments are stated at fair value. Current asset investments include cash and cash equivalents invested for periods of no more than three months. They are recognised initially at cost and subsequently at fair value at the reporting date. Any change in valuation between reporting dates is recognised in the Statement of Comprehensive Income.

Short term debtors and creditors

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

Provision for bad debts

The provision for bad debts is based upon the age of arrears. Arrears in respect of former tenants and in respect of current tenants where the debt is over one year old are fully provided for. Arrears which are less than one year old are provided for at varying percentage rates.

Holiday pay

Short term employee benefits, including holiday pay, are charged to the Statement of Comprehensive Income in the period in which they accrue. Holiday entitlement due but not yet taken, is included in the Statement of Financial Position as an accrual within note 17.

This is measured at the undiscounted salary cost of the future holiday entitlement, so accrued at the date of the Statement of Financial Position.

Agreement to improve existing properties (VAT shelter)

As part of the transfer of properties from Braintree District Council the Association entered into a Development Agreement for the refurbishment of the transferred properties.

The full contract income was invoiced on inception of the contract. The full anticipated cost of the contract was incurred on inception of the contract through an increase in the cost of the transferred properties.

Social Housing Grant and other Government grants

When grants are received from government agencies such as Homes England, local authorities or other agencies which meet the definition of government grants, they are recognised when there is reasonable assurance that the conditions attached to them will be complied with and that the grant will be received.

Government grants are recognised using the accrual model and are classified as grants relating to revenue or grants relating to assets. Grants relating to revenue are recognised in income over the period in which the costs that the grant relates to are recognised. Grants relating to assets are recognised in income over the expected useful life of the asset. Grants received for housing properties are recognised over the life of the property structure whereas grants received specifically for components are recognised over the life of the component.

Where developments have been financed wholly or partly by social housing and other grants, the amount of the grant received has been included as deferred income.

Recycling of grants

Where there is a requirement to repay or recycle a grant received for an asset that has been disposed of, a provision is included in the Statement of Financial Position to recognise this as a liability. Where the funding body gives approval to use the grant for a specific development, the amount previously recognised as a provision is reclassified as a creditor in the Statement of Financial Position.

Where there is no obligation to repay the grant on disposal of the asset, any unamortised grant in the Statement of Financial Position is de-recognised as a liability and recognised as revenue in the Statement of Comprehensive Income.

Pensions

The Association has employees in the Local Government Pension Scheme (LGPS), which is a multi-employer defined benefit pension scheme providing benefits based on final pensionable pay. The LGPS was closed to new employees in 2008 other than those with deferred rights. The fund is accounted for under FRS 102. The operating costs of providing retirement benefits to participating employees are recognised in the accounting period in which benefits are earned. The related finance costs expected return on assets and any change in the fair value of the assets and liabilities are recognised in the accounting period in which they arise. The operating costs, finance costs and expected return on assets are recognised in the Statement of Comprehensive Income with any changes in the fair value of assets and liabilities being recognised as Other Comprehensive Income.

Eastlight also participates in the Social Housing Pension Scheme (SHPS), an industry wide multi-employer defined benefit pension scheme and makes payments on behalf of its employees. The scheme is funded by contributions partly from the employees and partly from Eastlight, at rates determined by independent actuaries. The assets of the defined benefit scheme are invested separately from the assets of Eastlight in independently administered multi-employer funds.

Eastlight's net obligation in respect of defined benefits is calculated separately by estimating the amount of future benefits that employees have earned in return for their service in the current and prior periods, discounting that amount and deducting the fair value of any scheme assets. The calculation is performed annually by an independent qualified actuary.

Remeasurements of the net defined benefit liability or asset, which comprise actuarial gains and losses and the return on scheme assets (excluding interest) are recognised immediately in other comprehensive income.

The Association also participates in a Defined Contribution Scheme provided by Standard Life. This is the main pension fund and auto-enrolment vehicle for the Association.

Service charge sinking funds and service costs

Unutilised contributions to service charge sinking funds and over-recovery of service costs which are repayable to tenants or leaseholders or are intended to be reflected in reductions to future service charge contributions are recognised as a liability in the Statement of Financial Position. The amount included in liabilities in respect of service charge sinking funds includes interest credited to the fund. Where there has been an under-recovery of leaseholders' or tenants' variable service charges and recovery of the outstanding balance is virtually certain, the balance is recognised in the Statement of Financial Position as a trade receivable. Debit and credit balances on individual schemes are not aggregated as there is no right of set-off.

Financial instruments

Financial assets and financial liabilities are recognised when the Association becomes a party to the contractual provisions of the instrument.

Financial assets carried at amortised cost

Financial assets carried at amortised cost comprise rent arrears, and trade and other receivables. Financial assets are initially recognised at transaction price plus directly attributable transaction costs. After initial recognition, they are classified as loans and receivables and measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

If there is objective evidence that there is an impairment loss, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced accordingly.

A financial asset is derecognised when the contractual rights to the cash flows expire, or when the financial asset and all substantial risks and reward are transferred.

If an arrangement constitutes a financing transaction, the financial asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial liabilities carried at amortised cost

These financial liabilities include trade and other payables and interest-bearing loans and borrowings.

Non-current debt instruments which meet the necessary conditions in FRS 102, are initially recognised at transaction price adjusted for any directly attributable transaction cost and subsequently measured at amortised cost using the effective interest method, with interest-related charges recognised as an expense in finance costs in the Statement of Comprehensive Income. Discounting is omitted where the effect of discounting is immaterial.

A financial liability is derecognised only when the contractual obligation is extinguished, that is, when the obligation is discharged, cancelled or expires.

Derivative Financial Instruments

Eastlight uses derivative financial instruments to reduce exposure to interest rate movements. Eastlight does not hold or issue derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to fair value, at each reporting date. Fair value gains and losses are recognised in surplus or deficit unless hedge accounting is applied and the hedge is a cash flow hedge.

To qualify for hedge accounting, Eastlight documents the hedged item, the hedging instrument and the hedging relationship between them, and the causes of hedge ineffectiveness (such as different maturities, nominal amounts or variable rates, and counterparty credit risk).

Eastlight elects to adopt hedge accounting for interest rate swaps where:

- the interest rate swap is a qualifying hedging instrument with an external party that hedges interest rate risk on a loan, part of the nominal amount of a loan, or a group of loans managed together that share the same risk and that qualify as a hedged item;

- the hedging relationship between the interest rate swap and the interest rate risk on the loan is consistent with the risk management objectives for undertaking hedges (i.e. to manage the risk that fixed interest rates become unfavourable in comparison to current market rates or the variability in cash flows arising from variable interest rates); and

- the change in the fair value of the interest rate swap is expected to move inversely to the change in the fair value of the interest rate risk on the loan.

Cashflow hedge – hedge of variable interest rate risk

Where an interest rate swap that converts variable rate debt into fixed rate debt qualifies for hedge accounting, it is accounted for as a cash flow hedge. The cumulative change in the fair value of the interest rate swap is recognised in other comprehensive income up to the amount of the cumulative fair value movement on the variable rate debt that is attributable to the variable interest rate risk. Any excess fair value gains or losses on the interest rate swap not recognised in the statement of comprehensive income is recognised as a surplus or deficit. The gain and loss recognised in other comprehensive income are recorded as a separate component of equity (the cash flow hedge reserve).

Net cash settlements on the interest rate swap are recognised as a surplus or deficit in the period(s) when the net cash settlements accrue. The cash flow hedge reserve is reclassified as a surplus or deficit when the variable rate interest is recognised in the Statement of Comprehensive Income.

Hedge accounting is discontinued when a floating to fixed interest rate swap expires, is sold, terminated or exercised, or when the conditions for hedge accounting are no longer met or Eastlight documents its election to discontinue hedge accounting. Any fair value gains or losses accumulated in the cash flow hedge reserve are reclassified to Statement of Comprehensive Income either when the variable interest rate expense is recognised as a surplus or deficit, or immediately on discontinuation of hedge accounting if future variable interest rate cash flows are no longer expected to occur.

Leased assets – operating leases

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases.

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

Restricted reserves

The Association establishes restricted reserves for specific purposes where their use is subject to external restriction. The nature of the restriction is disclosed in the relevant note.

Community Development

The Association has established a Community Housing Investment Partnership (CHIP) Fund under a covenant included within the transfer agreement with Braintree District Council. The Fund is established as a restricted reserve as the use of the Fund is restricted under the transfer agreement. Restrictions on the fund are for funding development of new social housing, development of facilities for community benefit, environmental improvements in Braintree, regeneration activities and projects identified in the Annual Strategy. Movements in reserves are shown in the Statement of Changes in Reserves.

Social Housing Proceeds Reserve

Eastlight and Braintree District Council have an agreement that proceeds for properties sold at auction or through open market sale can be re-invested in full for properties with social or affordable rent with Braintree District Council's consent. These funds are held as a restricted reserve until they are used for this purpose. Movements in reserves are shown in the Statement of Changes in Reserves.

Revaluation reserve

The difference between historical cost depreciation and depreciation charged on the deemed cost balance is transferred from the revaluation reserve to the revenue reserve annually. The revaluation reserve represents the difference on transition between the fair value of the social housing properties and other assets and the historical cost carrying value, where deemed cost transitional relief was taken.

Significant management judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The Association makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Valuation of housing properties

On the adoption of FRS102, housing assets were revalued to deemed cost as at 1 April 2014, replacing the previous historic cost valuation.

Impairment of social housing properties

Each year the Association makes an assessment as to whether an indicator of impairment exists. In making the judgement, management consider the detailed criteria set out in the SORP.

Fair value measurement

Management uses valuation techniques to determine the fair value of assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management base the assumptions on observable data as far as possible but this is not always available. In that case, management uses the best information available. Estimated fair values may vary from the actual proceeds that would be achievable in an arm's length transaction at the reporting date.

Bad Debt Provision

Provision is made for bad and doubtful debts based upon the age of the debt and using factors recognised in the sector for that purpose.

Other Provisions

Provision is made for dilapidations and redundancy costs. These provisions require management's best estimate of the costs that will be incurred based on legislative and contractual requirements. In addition, the timing of the cash flows and the discount rates used to establish net present value of the obligations require management's judgement.

Defined benefit pension scheme

The Association has obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends.

3 – Note A – Particulars of turnover, cost of sales, operating costs and surplus

GROUP 2023	Turnover £'000	Cost of sales £'000	Operating expenditure £'000	Surplus/ (deficit) on disposal of fixed assets £'000	Operating surplus/ (deficit) £'000
Social housing lettings (Note B)	73,055	–	(54,804)	–	**18,251**
Other social housing activities					
First tranche property sales	13,578	(9,387)	–	–	**4,191**
Charges for support services	–	–	(40)	–	**(40)**
Development administration	–	–	(520)	–	**(520)**
Other	–	–	(1,559)	–	**(1,559)**
Activities other than social housing activities					
Community Empowerment	–	–	(1,746)	–	**(1,746)**
Surplus on disposal of fixed assets	–	–	–	983	**983**
Other	199	(51)	(23)	–	**125**
Total	**86,832**	**(9,438)**	**(58,692)**	**983**	**19,685**

GROUP 2022	Turnover £'000	Cost of sales £'000	Operating expenditure £'000	Surplus/ (deficit) on disposal of fixed assets £'000	Operating surplus/ (deficit) £'000
Social Housing Lettings	68,483	–	(47,189)	–	**21,294**
Other Social Housing activities					
First tranche property sales	9,646	(6,531)	–	–	**3,115**
Charges for support services	–	–	(25)	–	**(25)**
Development Administration	–	–	(411)	–	**(411)**
Other	–	–	(1,168)	–	**(1,168)**
Activities other than social housing activities					
Community Empowerment	–	–	(833)	–	**(833)**
Surplus on disposal of fixed assets	–	–	–	218	**218**
Other	470	–	(92)	–	**378**
Total	**78,599**	**(6,531)**	**(49,718)**	**218**	**22,568**

3 – Note A – Particulars of turnover, cost of sales, operating costs and surplus

ASSOCIATION 2023	Turnover £'000	Cost of sales £'000	Operating expenditure £'000	Surplus/ (deficit) on disposal of fixed assets £'000	Operating surplus/ (deficit) £'000
Social Housing Lettings (Note B)	73,055	–	(54,804)	–	**18,251**
Other Social Housing activities					
First tranche property sales	13,578	(9,387)	–	–	**4,191**
Charges for support services	–	–	(40)	–	**(40)**
Development Administration	–	–	(520)	–	**(520)**
Other	–	–	(1,559)	–	**(1,559)**
Activities other than social housing activities					
Community Empowerment	–	–	(1,746)	–	**(1,746)**
Surplus on disposal of fixed assets	–	–	–	983	**983**
Other	316	–	–	–	**316**
Total	**86,949**	**(9,387)**	**(58,669)**	**983**	**19,876**

ASSOCIATION 2022	Turnover £'000	Cost of sales £'000	Operating expenditure £'000	Surplus/ (deficit) on disposal of fixed assets £'000	Operating surplus/ (deficit) £'000
Social Housing Lettings	68,483	–	(47,189)	–	**21,294**
Other Social Housing activities					
First tranche property sales	9,646	(6,531)	–	–	**3,11**
Charges for support services	–	–	(25)	–	**(25)**
Development Administration	–	–	(411)	–	**(411)**
Other	–	–	(1,168)	–	**(1,168)**
Activities other than social housing activities					
Community Empowerment	–	–	(833)	–	**(833)**
Surplus on disposal of fixed assets	–	–	–	218	**218**
Other	425	–	–	–	**425**
Total	**78,554**	**(6,531)**	**(49,626)**	**218**	**22,615**

3 – Note B – Particulars of income and expenditure from social housing lettings

GROUP AND ASSOCIATION	General Needs Housing £'000	Supported Housing and Housing for Older People £'000	Shared Ownership £'000	Garages £'000	2023 Total £'000	2022 Total £'000
Income						
Rent receivable net of identifiable service charges	62,210	3,269	2,561	1,170	**69,210**	64,794
Service charge income	1,397	1,241	226	–	**2,864**	2,727
Amortised government grants	981	–	–	–	**981**	962
Turnover from social housing lettings	**64,588**	**4,510**	**2,787**	**1,170**	**73,055**	**68,483**
Expenditure						
Management	14,164	1,208	916	259	**16,547**	14,930
Service charge costs	1,569	1,668	148	–	**3,385**	3,021
Routine maintenance	9,183	406	9	103	**9,701**	7,826
Planned maintenance	5,113	351	–	88	**5,552**	4,739
Major repairs expenditure	6,130	421	7	33	**6,591**	5,448
Bad debts	193	8	–	1	**202**	354
Depreciation of housing properties	10,723	689	25	–	**11,437**	10,113
Depreciation of other fixed assets	563	39	37	–	**639**	758
Impairment of Housing Properties	–	750	–	–	**750**	–
Operating costs	**47,638**	**5,540**	**1,142**	**484**	**54,804**	**47,189**
Operating surplus social housing lettings	**16,950**	**(1,030)**	**1,645**	**686**	**18,251**	**21,294**
Void losses	482	254	5	331	**1,072**	885

4 – Surplus on disposal of property, plant and equipment

	GROUP		ASSOCIATION	
	2023 £'000	2022 £'000	**2023 £'000**	2022 £'000
Sale Proceeds				
Right to Buy (RTB)	182	435	182	435
Shared Ownership	1,713	1,945	1,713	1,945
Auction	–	–	–	–
Right to Acquire (RTA)	465	340	465	340
Repayment of discount	–	–	–	–
Other sales	11	37	11	37
Proceeds	**2,371**	**2,757**	**2,371**	**2,757**
Costs of sale				
Right to Buy (RTB)	325	584	325	584
Shared Ownership	982	1,156	982	1,156
Auction	–	82	–	82
Right to Acquire (RTA)	65	50	65	50
Housing component disposal	–	463	–	463
Other Fixed Asset disposal	16	–	16	–
Other sales	–	204	–	204
Cost of sale	**1,388**	**2,539**	**1,388**	**2,539**
	983	**218**	**983**	**218**

5 – Finance income

	GROUP		ASSOCIATION	
	2023 £'000	2022 £'000	**2023 £'000**	2022 £'000
Bank interest receivable	749	37	748	37
	749	**37**	**748**	**37**

6 – Interest and financing costs

GROUP AND ASSOCIATION	2023 £'000	2022 £'000
Bank loans and overdrafts	13,380	15,605
Net interest on defined benefit liability (see note 20)	100	213
Loan expenses amortised	487	376
Other interest payable	19	1
	13,986	**16,195**
Borrowing Costs Capitalised	(1,175)	(1,179)
	12,811	**15,016**

Borrowing costs on properties during construction have been capitalised based on the weighted average cost of capital of 3.71% (2022: 3.20%).

7 – Operating surplus

	GROUP		ASSOCIATION	
	2023 £'000	2022 £'000	**2023 £'000**	2022 £'000
Operating surplus stated after charging/(crediting):				
Depreciation of property, plant and equipment	12,058	10,846	12,058	10,841
Amortisation of Computer Software	18	30	18	30
Materials Expensed in the year	2,142	1,662	2,142	1,662
Operating Lease Payments	678	601	678	601
Government grants	(981)	(962)	(981)	(962)
Gain / (loss) on disposal of fixed assets	983	218	983	218
Fees Paid to current auditors				
– Statutory audit	45	45	42	42
– Non audit services	4	4	4	4

8 – Staff costs

GROUP AND ASSOCIATION	2023 £'000	2022 £'000
Wages and salaries	16,548	13,670
Social security costs	1,827	1,364
Other pension costs	1,299	1,124
	19,674	**16,158**

The Full Time Equivalent number of staff who received emoluments, based on a 37 hour week, including pension contributions, in excess of £60,000 were as shown below.

GROUP AND ASSOCIATION	2023 Number	2022 Number
Salary Band £		
60,000 – 69,999	10	8
70,000 – 79,999	7	6
80,000 – 89,999	7	4
90,000 – 99,999	1	1
100,000 – 109,999	3	4
110,000 – 119,999	2	1
120,000 – 129,999	–	–
130,000 – 139,999	–	–
140,000 – 149,999	1	1
150,000 – 159,999	2	1
160,000 – 169,999	–	1
170,000 – 179,999	–	–
180,000 – 189,999	–	–
200,000 – 209,999	1	1
210,000 – 219,999	–	–
	34	**28**

GROUP AND ASSOCIATION	2023 Number	2022 Number
The average full time equivalent number of employees was:	**438**	**370**

The average full time equivalent (FTE) number of employees was calculated taking the average of FTEs in post at the end of each calendar month.

9 – Directors' remuneration and transactions

GROUP AND ASSOCIATION	2023 £'000	2022 £'000
Directors who are executive staff members		
Wages and salaries	774	658
Social security costs	106	87
Other pension costs	64	67
Board Members		
Fees and Expenses		
– Hattie Llewelyn-Davies	22	18
– David Russell	12	12
– Dale Butcher	12	11
– Charanjit Patel	12	10
– Michelle Baker	12	9
– Kay Vowles	10	8
– Simon Jones	9	7
– Mike Johnson	9	–
– Gail Shadlock	8	–
– Catherine Turner	8	–
– Malcolm O'Brien	6	9
– Alison Inman	–	4
Committee Members – Fees and Expenses	49	49
	1,113	**949**

Directors are defined as the members of the Board, the Chief Executive and any other person who is a member of the Executive Management Team.

	2023 £'000	2022 £'000
Remuneration of the highest paid director, excluding pension contributions:		
Emoluments	194	189
Consideration payable for loss of office	–	–
	194	**189**

The Chief Executive is an ordinary member of the Association's defined contribution stakeholder type pension scheme. No enhanced or special terms apply.

10 – Taxation

	GROUP		ASSOCIATION	
	2023 £'000	2022 £'000	**2023 £'000**	2022 £'000
UK Corporation Tax on surplus for the year	–	–	–	–
Adjustments in respect of prior periods	–	–	–	–
	–	**–**	**–**	**–**

A significant proportion of the Association's activities occurs in Group entities recognised by His Majesty's Revenue and Customs as exempt charities for tax purposes and is therefore not liable to Corporation Tax on surpluses.

The tax assessed for the year is lower than the standard rate of Corporation Tax in the United Kingdom at 19% (2022: 19%). The differences are explained as follows:

	GROUP		ASSOCIATION	
	2023 £'000	2022 £'000	**2023 £'000**	2022 £'000
Current tax reconciliation:				
Surplus on ordinary activities before tax	8,746	8,183	8,936	8,230
Surplus multiplied by 19% the standard rate of UK Corporation Tax	1,662	1,555	1,698	1,564
Theoretical tax at UK Corporation Tax rate of 19%				
Non-taxable charitable activities	(1,698)	(1,564)	(1,698)	(1,564)
Group relief claimed through planned gift aid	36	9	–	–
Total tax charge for the year	–	–	–	–
	–	**–**	**–**	**–**

11– Intangible fixed assets

GROUP AND ASSOCIATION	Computer software £’000
Cost	
At 1 April 2022	497
Additions	72
Disposals	(337)
As at 31 March 2023	**232**
Amortisation	
At 1 April 2022	446
Charge for the year	18
Disposals	(322)
As at 31 March 2023	**142**
Net book value	
As at 31 March 2023	**90**
As at 31 March 2022	51

Amortisation is recognised in operating expenditure in the Statement of Comprehensive Income.

12 – Tangible fixed assets

GROUP	Completed rental properties £’000	Rental properties under construction £’000	Completed shared ownership £’000	Shared ownership under construction £’000	Total £’000
Cost or valuation					
At 1 April 2022	**684,989**	**20,544**	**48,014**	**8,669**	**762,216**
Additions	7,633	45,489	–	12,359	**65,481**
Disposals	(1,677)	–	(979)	–	**(2,656)**
Transfers – Completed Stock	37,366	(37,366)	13,492	(13,492)	**–**
Transfers to Other Categories	–	(456)	(477)	(669)	**(1,602)**
As at 31 March 2023	**728,311**	**28,211**	**60,050**	**6,867**	**823,439**
Depreciation					
At 1 April 2022	**98,219**	**–**	**1,297**	**–**	**99,516**
Charge for the year	10,319	–	435	–	**10,754**
Impairment charge	750	–	–	–	**750**
Disposals	(605)	–	(34)	–	**(639)**
As at 31 March 2023	**108,683**	**–**	**1,698**	**–**	**110,381**
Net book value					
As at 31 March 2023	**619,628**	**28,211**	**58,352**	**6,867**	**713,058**
As at 31 March 2022	586,770	20,544	46,717	8,669	**662,700**

12 – Tangible fixed assets (continued)

ASSOCIATION	Completed rental properties £'000	Rental properties under construction £'000	Completed shared ownership £'000	Shared ownership under construction £'000	Total £'000
Cost or valuation					
At 1 April 2022	**685,184**	**20,544**	**48,014**	**8,669**	**762,411**
Additions	7,633	45,815	–	12,359	**65,807**
Disposals	(1,677)	–	(979)	–	**(2,656)**
Transfers – Completed Stock	37,366	(37,366)	13,492	(13,492)	**–**
Transfers to Other Categories	–	(456)	(477)	(669)	**(1,602)**
As at 31 March 2023	**728,506**	**28,537**	**60,050**	**6,867**	**823,960**
Depreciation					
At 1 April 2022	**98,219**	**–**	**1,297**	**–**	**99,516**
Charge for the year	10,319	–	435	–	**10,754**
Impairment charge	750	–	–	–	**750**
Disposals	(605)	–	(34)	–	**(639)**
As at 31 March 2023	**108,683**	**–**	**1,698**	**–**	**110,381**
Net book value					
As at 31 March 2023	**619,823**	**28,537**	**58,352**	**6,867**	**713,579**
As at 31 March 2022	586,965	20,544	46,717	8,669	**662,895**

The carrying value of assets with restricted title or held as security against liabilities at 31 March 2023 was £422.4m (2022 £435.8m). All properties are held on a freehold basis. £7.6m was spent during the year on existing property components with a further £21.8m charged to the Statement of Comprehensive Income.

13 – Property, plant and equipment (other)

GROUP	Freehold £'000	Long/short leasehold £'000	Fixtures and fittings £'000	Total £'000
Cost or valuation				
At 1 April 2022	**8,215**	**–**	**1,888**	**10,103**
Additions	147	–	143	**290**
Disposals	–	–	(96)	**(96)**
Transfers	–	–	–	**–**
As at 31 March 2023	**8,362**	**–**	**1,935**	**10,297**
Depreciation				
At 1 April 2022	**2,396**	**–**	**1,034**	**3,430**
Charge for the year	217	–	410	**627**
Disposals	–	–	(96)	**(96)**
Transfer	–	–	–	**–**
As at 31 March 2023	**2,613**	**–**	**1,348**	**3,961**
Net book value				
As at 31 March 2023	**5,749**	**–**	**587**	**6,336**
As at 31 March 2022	5,819	–	854	**6,673**

ASSOCIATION	Freehold £'000	Long/short leasehold £'000	Fixtures and fittings £'000	Total £'000
Cost or valuation				
At 1 April 2022	**8,215**	**–**	**1,822**	**10,037**
Additions	147	–	143	**290**
Disposals	–	–	(30)	**(30)**
Transfers	–	–	–	**–**
As at 31 March 2023	**8,362**	**–**	**1,935**	**10,297**
Depreciation				
At 1 April 2022	**2,396**	**–**	**973**	**3,369**
Charge for the year	217	–	405	**622**
Disposals	–	–	(30)	**(30)**
Transfer	–	–	–	**–**
As at 31 March 2023	**2,613**	**–**	**1,348**	**3,961**
Net book value				
As at 31 March 2023	**5,749**	**–**	**587**	**6,336**
As at 31 March 2022	5,819	–	849	**6,668**

14 – Fixed Asset Investments

	GROUP		ASSOCIATION	
	2023 £'000	2022 £'000	**2023 £'000**	2022 £'000
Share Capital				
Interest in Emerald New Homes Limited	**–**	–	**–**	–
Interest in Iceni Homes Limited	**–**	–	**–**	–
Interest in MORhomes Plc	180	180	180	180
	180	**180**	**180**	**180**
Contingent Convertibles				
MORhomes CoCo	345	345	345	345
	345	**345**	**345**	**345**
Deposits				
Held on behalf of Affordable Housing Finance Plc	1,397	1,397	1,397	1,397
	1,397	**1,397**	**1,397**	**1,397**
	1,922	**1,922**	**1,922**	**1,922**

On 1 November 2007, the Association acquired one ordinary share of £1 in Emerald New Homes Limited, being 100% of the issued share capital. During the year under review the company has been dormant and has no assets. The accounting period is the year ended 31 March 2023.

Interest in Iceni Homes Limited

Iceni was established as a joint venture company owned by a group of registered providers including Eastlight. Eastlight agreed to acquire the interest of the only other remaining shareholder, Hundred Houses Society, which led to Iceni Homes Limited becoming a wholly owned subsidiary of Eastlight on 1 August 2021.

Iceni was incorporated on 16 March 2004 and commenced trading on 1 July 2004 and became an Eastlight subsidiary on 1 August 2021. Its profit before tax and Gift Aid for the year ended 31 March 2023 was £137k (2022: £84k). The profit of £84k in 2021–22 includes a loss of £12k for the period 1 April 2021 to 31 July 2021 whilst the company was a 50% joint venture, and £96k of profit from 1 August 2021 to 31 March 2022 when it became an Eastlight's subsidiary.

Interest in MORhomes plc

At the start of the year Eastlight held 240,000 £1 ordinary shares in MORhomes plc, a public limited company incorporated on 21 September 2017 and registered in England and Wales. The shares were issued at an average discount of 25% giving a cash price of £180,000. An additional investment of £345k in respect of a Contingent Convertible (CoCo) agreement was also made at time of the additional drawing.

MORhomes is a bond aggregating vehicle for the UK social housing sector and provides funding to registered provider groups in England and Wales.

Eastlight may utilise MORhomes to issue fixed rate debt in future subject to funding need and market conditions.

Deposits

Deposits held on behalf of Eastlight represent the liquidity fund reserve held in trust in respect of funding received from Affordable Housing Finance plc, totalling £1.40m.

15 – Stocks

	GROUP		ASSOCIATION	
	2023 £'000	2022 £'000	**2023 £'000**	2022 £'000
Completed properties for sale	1,450	1,238	1,450	1,238
Properties under development	5,461	6,319	5,461	6,319
Raw materials and consumables	652	717	652	717
	7,563	**8,274**	**7,563**	**8,274**

During the year £2,142,486 of raw materials were expensed (2022 £1,661,747)

16 – Debtors

	GROUP		ASSOCIATION	
	2023 £'000	2022 £'000	**2023 £'000**	2022 £'000
Amounts falling due within one year:				
Rent arrears	2,208	1,653	2,208	1,653
Provision for bad debts	(687)	(540)	(687)	(540)
VAT	–	176	–	176
Other debtors	835	93	833	143
Prepayments and accrued income	2,542	2,219	2,542	2,219
	4,898	**3,601**	**4,896**	**3,651**

17 – Creditors: amounts falling due within one year

	GROUP		ASSOCIATION	
	2023 £'000	2022 £'000	**2023 £'000**	2022 £'000
Rents received in advance	1,119	1,125	1,119	1,125
Trade creditors	3,199	2,221	3,225	2,296
Other taxation and social security	482	369	482	369
Accruals and deferred income	9,776	14,885	9,776	14,885
Other creditors	1	–	1	–
VAT	24	–	24	–
Loans due within one year	43,410	34,641	43,410	34,641
	58,011	**53,241**	**58,037**	**53,316**

18 – Creditors: amounts falling due after more than one year

	GROUP		ASSOCIATION	
	2023 £'000	2022 £'000	**2023 £'000**	2022 £'000
Loans	336,944	319,341	336,944	319,341
Other creditors	916	876	916	876
AHF Bond Deferred Income	4,632	4,843	4,632	4,843
MORhomes Bond Deferred Income	2,662	2,854	2,662	2,854
Government grants	58,884	59,016	58,884	59,016
Recycled Capital Grant	240	226	240	226
Disposal Proceeds Fund	56	55	56	55
Less Debt Refinancing Costs	(2,909)	(2,373)	(2,909)	(2,373)
	401,425	**384,838**	**401,425**	**384,838**

	GROUP		ASSOCIATION	
	2023 £'000	2022 £'000	**2023 £'000**	2022 £'000
Deferred income – AHF Bond At 1 April				
Income Received	5,050	5,254	5,050	5,254
Amortisation to Statement of Comprehensive Income	(207)	(204)	(207)	(204)
As at 31 March	**4,843**	**5,050**	**4,843**	**5,050**
Due within one year	211	207	211	207
Due after one year	**4,632**	**4,843**	**4,632**	**4,843**

The deferred income represents a premium received on the issue of fixed coupon debt and is being amortised over the remaining term of that debt to 2043.

	GROUP		ASSOCIATION	
	2023 £'000	2022 £'000	**2023 £'000**	2022 £'000
Deferred income – MORhomes Bond At 1 April	**3,045**	**3,237**	**3,045**	**3,237**
Loan Coupon	–	–	–	–
Amortisation to Statement of Comprehensive Income	(191)	(192)	(191)	(192)
As at 31 March	**2,854**	**3,045**	**2,854**	**3,045**
Due within one year	192	191	192	191
Due after one year	**2,662**	**2,854**	**2,662**	**2,854**

The deferred income represents a premium received on the issue of fixed coupon debt and is being amortised over the remaining term of that debt to 2038.

18 – Creditors: amounts falling due after more than one year (continued)

	GROUP		ASSOCIATION	
	2023 £'000	2022 £'000	**2023 £'000**	2022 £'000
Deferred income – Government grants At 1 April	**59,993**	**56,644**	**59,993**	**56,644**
Grants received	866	4,342	866	4,342
Transferred to RCGF on disposal	(10)	(37)	(10)	(37)
Amortisation to Statement of Comprehensive Income	(981)	(956)	(981)	(956)
As at 31 March	**59,868**	**59,993**	**59,868**	**59,993**
Due within one year	984	977	984	977
Due after one year	**58,884**	**59,016**	**58,884**	**59,016**

The gross amount of grant received prior to amortisation as at 31 March 2023 was £75.3m (2022: £74.4m).

	GROUP		ASSOCIATION	
	2023 £'000	2022 £'000	**2023 £'000**	2022 £'000
Recycled Capital Grant Fund At 1 April	**226**	**189**	**226**	**189**
Inputs to RCGF	10	37	10	37
Recycling of grant	–	–	–	–
Interest accrued	4	–	4	–
As at 31 March	**240**	**226**	**240**	**226**
Amounts three years or older where repayment may be required	164	161	164	161

	GROUP		ASSOCIATION	
	2023 £'000	2022 £'000	**2023 £'000**	2022 £'000
Disposal Proceeds Fund (DPF) At 1 April	**55**	**55**	**55**	**55**
Interest accrued	1	–	1	–
At 31 March	**56**	**55**	**56**	**55**
Amounts three years or older where repayment may be required	56	55	56	55

The disposal of a fixed asset in a prior year activated a restrictive covenant that requires Eastlight to reinvest into an asset of a similar nature.

18 – Creditors: amounts falling due after more than one year (continued)

GROUP AND ASSOCIATION	2023 £'000	2022 £'000
Borrowings are repayable as follows:		
Between one and two years	2,462	42,634
Between two and five years	38,663	13,524
After five years	295,819	263,183
	336,944	**319,341**
On demand or within one year	42,468	33,641
	379,412	**352,982**
Bank loans		
Between one and two years	2,462	42,634
Between two and five years	38,663	13,524
After five years	295,819	263,183
	336,944	**19,341**
On demand or within one year	42,468	33,641
	379,412	**352,982**

Loans drawn are either on a fixed (90%) or variable (10%) rate basis, with interest rates ranging from 1.899% to 11.169%, with an average weighted cost of capital of 3.71% (2022: 3.20%).

19 – Analysis of changes in net debt

GROUP	At beginning of the year £'000	Cash Flows £'000	Non-Cash Movements £'000	At end of the year £'000
Cash and Cash Equivalents	**(36,450)**	21,483	–	**(14,967)**
Housing Loans Due in One Year	**33,641**	8,827	–	**42,468**
Housing Loans Due after One Year	**319,341**	17,603	–	**336,944**
	316,532	**47,913**	**–**	**364,445**

20 – Retirement benefit schemes

Defined contribution schemes

Eastlight provides a defined contribution stakeholder type pension scheme for employees. Employees choose their own contribution and the Association double-matches this up to a maximum employer contribution of 8%. The assets of the scheme are kept separately from those of the Association, and are invested in independently managed funds as chosen by the employee. From May 2014, those employees not already in a pension scheme are automatically enrolled in this stakeholder scheme unless they are entitled and choose to join the LGPS or SHPS. There is a minimum employee contribution of 2% although employees can choose to opt out. Eastlight has no long-term pension liabilities under the defined contribution scheme. Following the transfer of Iceni staff to Eastlight in August 2021, there are additional stakeholder pension schemes.

The total expense charged to Statement of Comprehensive Income in the period ended 31 March 2023 was £830,000 (2022: £609,000).

Defined benefit schemes – LGPS

Eastlight is a member of the Local Government Pension Scheme, administered by Essex County Council, with 46 employees contributing to the scheme, which is a multi-employer defined benefit scheme. The Scheme is funded and is contracted out of the state scheme. In September 2008, the scheme was closed to new entrants. This note relates only to the obligations on Eastlight from the Scheme.

The most recent triennial actuarial valuations of scheme assets and the present value of the defined benefit obligation were carried out at 31 March 2022 by Barnett Waddingham. The present value of the defined benefit obligation, the related current service cost and past service cost were measured using the projected unit credit method. Annual updates on the valuation of the scheme assets and liabilities are provided by the scheme actuary on an interim basis.

	2023 %	2022 %
Key assumptions used:		
Discount rate	**4.80**	2.60
Future pension increases	**2.85**	3.20
Salary increases	**3.35**	3.70
RPI increases	**3.25**	3.55
CPI increases	**2.85**	3.20

Mortality assumptions

Investigations have been carried out within the past three years into the mortality experience of the Group's defined benefit schemes. These assumptions are based upon the Continuous Mortality Investigation's model CMI-2021, which shows a slight reduction in life expectation post-retirement. The assumed life expectations on retirement at age 65 are:

	VALUATION AT	
	2023 Years	2022 Years
Retiring today:		
Males	21.1	21.6
Females	23.5	23.7
Retiring in 20 years:		
Males	22.3	23.0
Females	25.0	25.1

Defined benefit costs recognised in Statement of Comprehensive Income

Amounts recognised in the Statement of Comprehensive Income in respect of these defined benefit schemes are as follows:

	2023 £'000	2022 £'000
Service cost	761	961
Net interest cost	78	172
Plan introductions, changes, curtailments and settlements	27	21
	866	**1,154**
Recognised in other comprehensive income	(401)	(459)
Total cost relating to defined benefit scheme	**465**	**695**

Present values of defined benefit obligation, fair value of assets and defined benefit liability

The amount included in the Statement of Financial Position arising from the Group's obligations in respect of its defined benefit retirement benefit schemes is as follows:

	2023 £'000	2022 £'000
Present value of defined benefit obligations	(31,796)	(49,815)
Fair value of scheme assets	46,991	46,574
Surplus/(Deficit)	**15,195**	**(3,241)**
Net asset/(liability) recognised in the Statement of Financial Position	15,195	(3,241)

Reconciliation of opening and closing balances of the defined benefit obligation

Movements in the present value of defined benefit obligations were as follows:

	2023 £'000	2022 £'000
At 1 April	**49,815**	**51,393**
Service cost	761	961
Interest cost	1,284	1,021
Actuarial gains and losses	(20,526)	(2,972)
Change in demographic assumptions	(1,236)	–
Experience loss/(gain) on defined benefit obligation	2,578	89
Contributions from scheme participants	124	145
Benefits paid	(1,004)	(822)
Past service costs, including curtailments	–	–
At 31 March	**31,796**	**49,815**

Reconciliation of opening and closing balances of the fair value of plan assets

Movements in the fair value of scheme assets were as follows:

	2023 £'000	2022 £'000
At 1 April	**46,574**	**42,502**
Interest income	1,206	49
Actuarial gains and losses	689	–
Return on plan assets (excluding amounts included in net interest cost)	(1,042)	3,392
Administration Expenses	(27)	(21)
Contributions from the employer	471	529
Contributions from scheme participants	124	145
Benefits paid	(1,004)	(822)
At 31 March	**46,991**	**46,574**

Analysis of scheme assets

The analysis of the scheme assets at the Statement of Financial Position date was as follows:

	FAIR VALUE OF ASSETS			
	2023 £'000	2023 %	2022 £'000	2022 %
Equity instruments	27,130	58	27,964	60
Debt instruments	689	1	3,151	7
Property	3,857	8	3,820	8
Cash	1,411	3	1,182	3
Alternative assets	7,454	16	5,756	12
Other managed funds	6,450	14	4,701	10
	46,991	**100**	**46,574**	**100**

Defined benefit schemes – SHPS

The company participates in the Social Housing Pension Scheme (the Scheme), a multi-employer scheme which provides benefits to some 500 non-associated employers. The Scheme is a defined benefit scheme in the UK.

The Scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The last completed triennial valuation of the scheme for funding purposes was carried out as at 30 September 2020. This valuation revealed a deficit of £1,560m. A Recovery Plan has been put in place with the aim of removing this deficit by 31 March 2028.

The Scheme is classified as a 'last-man standing arrangement'. Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the Scheme. Participating employers are legally required to meet their share of the Scheme deficit on an annuity purchase basis on withdrawal from the Scheme.

For accounting purposes, a valuation of the scheme is carried out with an effective date of 30 September each year. The liability figures from this valuation are rolled forward for accounting year-ends from the following 31 March to 28 February inclusive.

The latest accounting valuation was carried out with an effective date of 30 September 2022. The liability figures from this valuation were rolled forward for accounting year-ends from the following 31 March 2023 to 29 February 2024 inclusive.

The liabilities are compared, at the relevant accounting date, with the company's fair share of the Scheme's total assets to calculate the company's net deficit or surplus.

Defined benefit costs recognised in Statement of Comprehensive Income

Amounts recognised in the Statement of Comprehensive Income in respect of these defined benefit schemes are as follows:

	2023 £'000	2022 £'000
Expenses	7	7
Net interest cost	22	40
	29	**47**

Present values of defined benefit obligation, fair value of assets and defined benefit liability

	2023 £'000	2022 £'000
Present value of defined benefit obligations	(5,657)	(8,311)
Fair value of scheme assets	4,682	7,400
Deficit	(975)	(911)
Net liability recognised in the Statement of Financial Position	**(975)**	**(911)**

Reconciliation of opening and closing balances of the defined benefit obligation

Movements in the present value of defined benefit obligations were as follows:

	2023 £'000	2022 £'000
At 1 April	**8,311**	**8,711**
Service cost	7	7
Interest cost	230	190
Actuarial gains and losses	(2,792)	(745)
Change in demographic assumptions	(13)	(129)
Experience loss/(gain) on defined benefit obligation	65	411
Benefits paid	(151)	(134)
At 31 March	**5,657**	**8,311**

Reconciliation of opening and closing balances of the fair value of plan assets

Movements in the fair value of scheme assets were as follows:

	2023 £'000	2022 £'000
At 1 April	**7,400**	**6,781**
Interest income	208	150
Return on plan assets (excluding amounts included in net interest cost)	(3,019)	391
Contributions from the employer	244	212
Contributions from scheme participants	–	–
Benefits paid	(151)	(134)
At 31 March	**4,682**	**7,400**

21 – Financial Instruments

GROUP AND ASSOCIATION	2023 £'000	2022 £'000
Financial Assets		
Measured at amortised cost – Rent arrears and other debtors	2,354	1,256
Measured at cost – Cash and cash equivalents measured at cost	14,967	36,450
	17,321	**37,706**

GROUP AND ASSOCIATION	2023 £'000	2022 £'000
Financial Liabilities		
Measured at fair value and designated in an effective hedging relationship – Derivative financial liabilities	(2,204)	456
Measured at fair value through the surplus for the year – Ineffective interest rate swaps	499	1,623
	(1,705)	**2,079**
Measured at amortised cost		
– Loans payable (Note 18)	214,437	187,976
– Bonds payable (Note 18)	164,975	165,006
Measured at undiscounted amount payable		
– Trade and other creditors (Note 17)	15,087	19,306
	392,794	**374,367**

The Association's income, expense, gains and losses in respect of financial instruments are summarised below:

GROUP AND ASSOCIATION	2023 £'000	2022 £'000
Interest income and expense		
Total interest income for financial assets at amortised cost	748	37
Total interest expense for financial liabilities at amortised cost	12,811	15,016
	13,559	**15,053**
Fair value gains and losses		
On derivative financial liabilities designated as an effective hedge	2,660	665
On financial liabilities measured at fair value through surplus for the year	1,123	594
	3,783	**1,259**

22 – Hedging Financial Instruments

Derivative financial liabilities designated as an effective hedge

	Due within 1 year		**Due after 1 year**	
	2023 £'000	2022 £'000	**2023 £'000**	2022 £'000
Interest rate swaps	(113)	(59)	(2,091)	515

Interest rate swaps are valued at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

Cash flow hedges

The following table details the notional principal amounts and the remaining terms of interest rate swap contracts designated as cash flow hedges outstanding at the reporting date:

	Average contract fixed rate		**Notional principal value**		**Fair value**	
GROUP AND ASSOCIATION	**2023 %**	2022 %	**2023 £'000**	2022 £'000	**2023 £'000**	2022 £'000
Due within 1 year	2.03%	0.81%	5,000	18,000	(113)	(59)
Between 1 and 2 years	–	2.03%	–	5,000	–	–
Between 2 and 5 years	2.66%	2.66%	6,500	6,500	(208)	182
More than 5 years	2.41%	2.41%	23,500	23,500	(1,883)	333
			35,000	**53,000**	**(2,204)**	**456**

The interest rate swaps settle on a quarterly basis. The floating rate on the interest rate swaps is three month's SONIA. Eastlight settles the difference between the fixed and floating interest rate on a net basis.

All interest rate swaps reduce Eastlight's cash flow exposure resulting from variable interest rates on borrowings. The hedged cash flows are expected to occur and to affect surplus and deficit over the period to maturity of the interest rate swaps. £18m of the cash flow swaps matured in 2022, with the balance as shown £5m in 2024, £5m in 2025 £22m in 2028 £1.5m in 2026, and the remaining £1.5m matures in 2031.

23 – Share capital

GROUP	2023 £	2022 £
Issued and fully paid shares of 10p each:		
At beginning of year	**502**	**517**
Issued during the year	2	9
Cancelled during the year	(26)	(24)
At end of year	**478**	**502**
Issued and fully paid shares of £1 each:	No	No
At 1 April 2022	6	6
Leaving during the year	(6)	–
At 31 March 2023	**–**	**6**

The shares do not have a right to any dividend or distribution in a winding up and are not redeemable. Each share has full voting rights. All shares are uncalled.

24 – Financial commitments

GROUP AND ASSOCIATION	2023 £'000	2022 £'000
Contracted for but not provided for	103,306	102,697
Approved by the directors but not contracted for	61,124	63,043
	164,430	**165,740**

The proposed funding for these commitments is as follows:

	2023 £'000	2022 £'000
Cash	14,712	36,332
Operating Cashflow (years 1-3)	71,014	74,228
Existing loan facility	78,704	55,180
	164,430	**165,740**

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2023 £'000	2022 £'000
Payments due:-		
– within 1 year	684	598
– between one and five years	1,467	1,342
– after five years	719	840
	2,870	**2,780**

	2023 £'000	2022 £'000
Payments due for:-		
– Premises	1,535	1,636
– Equipment	26	13
– Vehicles	1,309	1,131
	2,870	**2,780**

25 – Housing Stock

GROUP AND ASSOCIATION	2023 Units	2022 Units
Owned and managed:		
General needs housing accommodation	8,508	8,505
Housing accommodation at affordable rent	2,347	2,147
Housing accommodation at intermediate rent	77	84
Housing for Older People accommodation	637	637
Shared ownership accommodation	726	620
Supported Housing	116	116
Managed by others	39	39
	12,450	**12,148**
Managed stock		
Leasehold properties (freehold owned)	566	561
Leasehold properties (managed for others)	16	16
Ground leases	11	11
Managed on behalf of others	–	1
Commercial	2	2
	595	**591**
Total	**13,045**	**12,739**

26 – Related Party Transactions

The Board comprises ten members. During the year, two tenants have been a member of the Board.

Michelle Baker	Tenant	
Catherine Turner	Tenant	Appointed May 2022

All tenancies and lease agreements are on normal commercial terms and tenant members are not able to use their position to their advantage.

The amount of rent and service charges charged to tenant Board Members during the year was £11,278 (2022 £5,657) and the amount of rent and service charges prepaid by members at the end of the year was £38 (2022 £nil).

Emerald New Homes Limited is a wholly owned subsidiary of the Association. Emerald New Homes Limited is not registered with the Regulator of Social Housing. It has not traded during the year and there have been no transactions between it and the Association. Two Executive Directors of the Association are directors of Emerald New Homes Limited.

Iceni Homes Limited is a development service company providing new build programme management services to social housing providers.

Iceni was established as a joint venture company owned by a group of registered providers including Eastlight, until 31 July 2021 Eastlight held a 50% share in Iceni. Eastlight agreed to acquire the interest of the only other remaining shareholder, Hundred Houses Society, leading to Iceni Homes Limited becoming a wholly owned subsidiary of Eastlight on 1 August 2021. Iceni Homes Limited is not registered with the Regulator of Social Housing. Two Executive Directors of the Association are directors of Iceni Homes Limited.

Iceni provides development design and build services on behalf of Eastlight. During the year Eastlight paid Iceni £0.5m (2022: £2.3m) in development costs and associated fees.

Eastlight provides accounting services to Iceni under a service level agreement. During the year Eastlight received £20k (2022: £32k) for this service. At 31 March 2023 Eastlight owed Iceni £nil (2022: £0.1m), whilst Iceni owed Eastlight £10k (2022: £nil).

A Gift Aid payment of £59k was received from Iceni in the year to 31 March 2023 (2022 : £nil).

Iceni Statement of Financial Position as at 31 July 2021, at the time of acquisition, was:

	Period ended 31 July 2021 £'000
Iceni Homes Ltd Statement of Financial Position	
Fixed Assets	
Tangible Assets	10
Current Assets	
Stocks	22
Debtors	639
Cash	57
	718
Creditors	(676)
Net Current Assets	**42**
Total Assets less Current Liabilities	**52**
Capital & Reserves	
Called up Share Capital	–
Profit and Loss Reserves	52
Total Equity	**52**

The acquisition of Iceni was accounted for using the purchase method in line with FRS 102. The Statement of Financial Position as at 31 July 2021 was recognised in the group as at the acquisition date. There was no consideration to Hundred Homes for the purchase of Iceni.

Eastlight Community Homes

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