

Financial Conduct Authority registration number 21222R
Registered Provider number L0104

**CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING
ASSOCIATION LIMITED**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED

INFORMATION

Directors	Rear Admiral A R Rymer CEng (Chairman) Colonel C E H Ackroyd TD RD DL (Vice Chairman) Mr I H Currie FCA Ms G Grindell MSc (Appointed 22 June 2022) Commander A E Mizen RN Commander J F J Simpson RN Commander S J Snowball RN Mr D J Foster FCA Mr S D Rice (Appointed 2 February 2022)
Secretary	Commander P C Keefe RN
FCA registration number	21222R
Registered Provider number	L0104
Registered office	1 Shakespeare Terrace 126 High Street Portsmouth Hampshire PO1 2RH
Auditors	Jones Avens Limited Piper House 4 Dukes Court Bognor Road Chichester West Sussex PO19 8FX
Bankers	Lloyds Bank Plc 113 Commercial Road Portsmouth Hampshire PO1 1BY
Solicitors	Blake Morgan LLP Harbour Court Compass Road North Harbour Portsmouth Hampshire PO6 4ST

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED

CONTENTS

	Page
Strategic report	1 - 2
Board report	3 - 12
Independent auditor's report	13 - 15
Income and expenditure account	16
Balance sheet	17
Statement of changes in equity	18
Statement of cash flows	19
Notes to the financial statements	20 - 37

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors of CESSA Housing Association Limited (hereinafter referred to as CESSA HA or the association) present the strategic report and financial statements for the year ended 31 December 2022.

Fair review of the business

The key financial results for the year are set out on pages 16 & 17. CESSA HA continues to perform well and is on track in accordance with its business plan. The Association delivers value for money to tenants and successfully completed its annual assessment by "erosh" in 2022, this year against the revised code of practice. It was fully expected that the HA's financial surplus would be reduced from normal years due to the planned expenditure. Despite the operating surplus of £221k, there was nevertheless a significant deficit for the year of £60k, a quarter of the loss being from investments. The rest of the drop in comprehensive income was an actuarial loss of £231k on the defined benefit pension scheme, largely as a consequence of the Government's mini-budget in September 2022.

Other information and explanations

The association and its sister charity, CofE Soldiers', Sailors' & Airmen's Clubs (CESSAC) share a Head Office and staff, each contributing the appropriate proportion of employee and other expenses. It is for this reason that such costs shown in the association's accounts are low. A significant portion of these result from CESSAC's agreement with Greenwich Hospital to manage the latter's three sheltered housing schemes, which contain a further 91 flats. This fine example of collaborative working provides Greenwich Hospital with appropriately qualified & sympathetic housing management at reduced costs, as well as benefitting all parties including the pensioner tenants. The relationship between the association and CESSAC was thoroughly reviewed in 2022 and its symbiotic nature found to provide compelling evidence for its continuance.

Principal Risks and Uncertainties

The legal restrictions for COVID-19 were finally lifted at the end of March, by which time the principal risks had already become the cost of living crisis and Russia's invasion of Ukraine. Indeed, the latter occurred just after the service charges had been set from 1 April, which did not therefore allow for the energy price rises that would apply for the rest of the period. The association has therefore accepted that it should bear the costs and has effectively shielded tenants from these increases until 31 March 2023. This has been at a cost of about £30k by 31 December, even with the Government's Energy Bill Relief Scheme from 1 October.

Political risks. The Government was largely consumed by internal challenges in 2022, so little new policy emerged specifically for housing. However, because CPI inflation reached 10.1% in September, a limit of 7% was applied to most social housing basic rent increases from 1 April 2023, although the formula will still rise by CPI plus 1%, i.e. 11.1%. Therefore, it is expected that a mechanism will be published allowing rents to catch-up with the formula over subsequent year(s).

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Other risks. One cost outside the association's direct control is the level of deficit recovery payments to the SHPS Defined Benefit scheme, largely for historic pension entitlements. These payments are driven by the inter-action between the fund's performance and changing calculations as assessed triennially. The association has chosen not to cease offering this scheme since it has calculated the penalty for doing so outweighs the likely risk of increasing its exposure. This is because no staff have opted for it in nearly a decade because of the high level of individual contributions and the lack of control over increases. It is for this reason that the majority of staff are now enrolled in the Defined Contribution scheme instead, minimising the association's exposure to cost increases in the long term. The latter is supported by the result of the change in accounting for SHPS in 2019. Apart from those, the most significant risk is assessed to be the loss of CESSAC's contract with Greenwich Hospital, because the efficiency of shared overheads would be lost and unit costs would therefore increase. This is mitigated by continually demonstrating that an excellent service is being provided. This was externally verified in 2015, and annually from 2019 (by erosh as already highlighted), all of which helped in securing a new five-year agreement with Greenwich Hospital that is now in place until 31 January 2028. The association holds a portion of its cash reserves not required for immediate use in Listed Investments of medium to low risk with Charles Stanley as discretionary manager. Despite the cautious approach these still represent a higher level of risk than bank deposits, but have the potential to give a rate of return above inflation in the medium to long term, something which deposit accounts are not currently offering. Performance is reviewed at every meeting. Risk is also mitigated by spreading deposits between several FSCS-eligible institutions. The value of investments varied during the year, but ended up down by £61k at year end reflecting market expectations at that time. The latter have subsequently improved so that values have already increased in 2023.

Development and Performance

The association priority is the sustainability of its current schemes and to this end it has spent over £4.8m on remodelling and upgrading since 2005. Applications remain buoyant and void rates very low, but in light of the uncertain costs of meeting Government Net Zero Carbon (NZC) targets, the review in 2021 concluded that expansion would not be sought at present.

Strategic Objectives

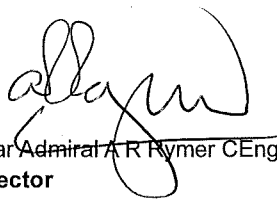
Our short-term objectives are to meet the changed regulatory requirements regarding tenant satisfaction surveys and re-accredit with erosh.

Our medium-term objective is to improve the service and VFM offered to all beneficiaries.

Our long-term objective (5 years) is: keep the schemes viable or plan their replacement.

Note: the association's focus is to provide sheltered housing for ex-Services personnel and their dependants in suitably-sized schemes that support the provision of a Scheme Manager. Like for many housing associations of similar scale there are practical reasons for focussing on a specific geographic area within sensible reach of the Head Office. Sheltered accommodation implicitly meets the needs of older people, who have an increased risk of health and mobility issues. The association's schemes foster a sense of community to combat loneliness and are dementia-friendly. There has also been a programme of improving the ratio of double to single flats, to reflect increased longevity and its effect on the number of couples seeking accommodation, as well as providing some flats suitable for wheelchair users.

On behalf of the board



Rear Admiral A R Hymer CEng (Chairman)

Director

19 April 2023

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their annual report and financial statements for the year ended 31 December 2022.

Principal activities

The association is a Private Registered Provider of Social Housing and a charitable housing association for elderly ex-Service personnel and their families. Owning fewer than 1,000 properties, it is defined as 'small' by the Regulator of Social Housing. Its principal activities are the rental and management of 191 sheltered flats situated in 5 locations in Portsmouth, Southsea, Gosport & Fareham.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Rear Admiral A R Rymer CEng (Chairman)	
Colonel C E H Ackroyd TD RD DL (Vice Chairman)	
Mr A J Cobb FCiH	(Retired 22 June 2022)
Mr I H Currie FCA	
Ms G Grindell MSc	(Appointed 22 June 2022)
Commander A E Mizen RN	
Mrs A C Rodgers FCA	(Retired 22 June 2022)
Commander J F J Simpson RN	
Commander S J Snowball RN	
Mr D J Foster FCA	
Mr S D Rice	(Appointed 2 February 2022)

All directors hold one share in the association.

Results

The results for the year are set out on page 16.

Directors' insurance

The association maintains insurance policies on behalf of all the directors against liability arising from negligence, breach of duty and breach of trust in relation to the association.

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Auditor

A quinquennial review of the auditor was conducted by the directors in 2018 and a resolution proposing that Jones Avens Limited be reappointed as auditor of the association will be put to the Annual General Meeting.

Code of governance

The association has adopted the National Housing Federation's (NHF) Code of Governance 2020 (and associated Code of Conduct 2022) and is satisfied that it complies with the both the spirit of the code and the principles set out in it.

Board's annual review of internal control

Board members routinely undertake internal audit activity and monitor the result of staff's compliance checks. Specific risks are scheduled for review at each meeting so that every risk identified is covered at least once a year and any mitigation required is instigated. Stress testing has been undertaken against a combination of identified risks, but for a small sheltered housing association without mortgages or a development programme, there are few existential short-term threats not covered by insurance. Longer terms threats included in the stress testing also are: unsustainable price inflation/wage growth or a drying up of the existing pool of applicants. The former would not be unique to the organisation (and would affect it later) and the latter could be addressed by extending the eligibility criteria.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the association's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the association's auditor is aware of that information.

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Statement of directors' responsibilities

The board is responsible for preparing the 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 these financial statements, the board is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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 in England 2022. It has general responsibility for taking reasonable steps to safeguard the assets of the association and to prevent and detect fraud and other irregularities.

The board is responsible for the maintenance and integrity of the corporate and financial information included on the association's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Assessment of compliance with the Governance and Financial viability Standard

CESSA HA is governed by its volunteer, unpaid non-executive directors in a Committee of Management, in accordance with its rules. The NHF's code of governance checklist is reviewed annually and was last completed in April 2021. The only issues from the checklist are:

- Allocation of properties and recruitment of staff are compliant with equality legislation and the Board strives to be as inclusive and diverse as possible in its membership. However, the latter is challenging to achieve for a small association based in Portsmouth whose client group are elderly ex-service. Subject to the usual ebb and flow of representation in a relatively small organisation, gender balance overall has been satisfactory. In order to maximise the opportunity for minority participation in future, recruitment criteria, advertising and procedures are kept under review.
- The code permits the absence of a separate Finance or Audit Committee for small non-developing associations, so FCA-qualified directors support the board in undertaking these roles. Much of the detailed performance monitoring is conducted by a sub-committee (which has tenant representation).

The Board met 5 times in 2022 (once via Microsoft Teams due to the pandemic) with 88% attendance. The Chairman co-ordinates Board and individual performance assessment and involves all directors in this process. The Board oversees the association's compliance with the Regulator's Economic & Consumer standards. The Board certifies its compliance with the Governance & Viability standard and asserts that the association remains a going concern. The Asset & Liability Register was updated in February 2023. Regarding the Rent Standard, all of CESSA HA's tenants have Assured Tenancies. Service charges are set to meet actual costs and therefore in some years, the charges decrease slightly rather than increase.

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Complaint Handling. The association has long subscribed to the Housing Ombudsman Service (HOS) and follows its 2020 Complaint Handling Code. This section in the Annual Report reflects its requirement:

- a. Result of the self-assessment. The association confirms its compliance with the code, which will next be reassessed in 2023. Most issues are resolved informally, indeed of the only 6 issues raised in 2022 saw 2 resolved that way, 3 at Stage 1 and only 1 reached Stage 2. Four letters of thanks for services provided were also received.
- b. Ombudsman's insight into complaints. It was noted property condition remained the largest category of complaint HOS received.
- c. Issues and trends arising from internal complaint handling. Unlike HOS, the association rarely has comments about repairs. The few issues in 2022 related to: a Careline operator's handling of a call; chasing an alleged underpayment of rent (it was confusing); an unclear explanation of when tenants could use the scheme freezers; and a complaint about a failure to deal with alleged anti-social behaviour (ASB) that, after appropriate review, was not upheld.
- d. Organisational learning. The only lessons were about better explanation for an issue in the tenant handbook and that maintainers must follow up on major item call outs requiring attendance by an external contractor.

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Assessment of how the association is achieving value for money

Overall, the directors consider CESSA HA meets the VfM standard, and have a strategic approach to VfM championed by one of its members as the Chairman of the Housing Committee, which leads on the detailed implementation and oversight. VfM is therefore embedded in the Board and cascaded down the association to grow a culture of efficiency, effectiveness and economy. CESSA HA aims to deliver the best possible use of the resources by ensuring the following are taken into account:

- Economy - careful use of resources to save expense, time or effort (whether in the interests of CESSA HA (rent) or its tenants (service charge));
- Efficiency - delivering the same level of service for lower cost, less time or effort;
- Effectiveness - delivering a better service or getting a higher return for the same amount of expense, time or effort.

The importance of ensuring that how it delivers VfM is optimised by:

- Doing the right things – having a business strategy that focuses resources on the right activities by making informed choices to achieve its priorities.
- Ensuring it has the right physical and human assets for the right cost.
- Delivering efficiently and effectively, especially with regard to property improvements and enhancing service delivery. It is important that it upgrades its properties in order to remain attractive for applicants, but to do so with the minimum disruption to tenants and at costs that deliver best value. Effective delivery of services means that it includes tenants' views in all major issues that may affect them.
- Using the right tools to evaluate success and apply learning – to check it has delivered the right outcomes, including any annual surpluses and efficiency gains for reinvestment in its aims and objectives.

CESSA HA aims to provide a choice of high quality sheltered housing for its beneficiaries as charitably as possible, while promoting tenant well being, independence and mutual support. Accordingly it wants to produce as much value as possible for the money and resources at its disposal. For a number of years, CESSA HA's Strategic Plan has been based on the fact that the ex-Service community is shrinking and that there is poor information about likely demand for sheltered housing, especially by location. For this reason CESSA HA had not been planning to expand the number of flats it offers so has not set basic rents as high as permitted by the Formula. Instead it has focussed on delivery of the social benefit it seeks by improving:

- the quality of its schemes. About £4.8m has been spent on remodelling since 2005 to: provide flats for the disabled; eliminate most single bedsits; and improve the proportion of doubles,
- the quality and breadth of services offered to its tenants,
- the resourcing of its staff including their training.

Assets. Our schemes and their flats are the foundations of the association so we must manage these effectively in order to provide the most efficient operational performance and enable both the provision of great services to our residents as well as to invest in the future. We take a strategic approach to managing our schemes to make sure we're consistent in our investment decisions. The basis of this approach is having a clear understanding of the performance of our flats/schemes from a financial, resident and social perspective, and using this information to make the right investment choice to improve the overall value. This led to the careful analysis of the future of Dhekelia Court (including the use of external advisors) resulting in the decision to remodel 5 pairs of the 13 bedsits into 5 double flats between 2019 and the beginning of 2021. In the context of NZC, note that all the association's flats are already at EPC C ahead of the government's target of 2030, unlike most of the benchmarking peer group (EPC3).

Procurement. Supplier relationship and contract management is a key driver to delivering additional savings, as well as lower costs for the association and our residents. It complements direct procurement savings and contributes to the overall savings target.

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Assessment of how the association is achieving value for money (continued)

Social value. We consider the social value of our homes so that we can deliver increased savings to both the public purse and our tenants. One way of measuring the social value delivered is by assessing how much the association saves its tenants (or the country for those on benefits) compared with accommodation in the private rented sector. The most recent Private Rental Market Statistics from the Office of National Statistics (1 Oct 21 to 30 Sep 22) show that the association's comparable basic rents for new lettings were significantly lower - about 50% of the Portsmouth median. An additional benefit for the association's tenants over private renting is the significantly greater security of tenure (as well as an acute focus on quality of service rather than making a profit). We also give tenants regular opportunities over a coffee to meet with us (normally every 8 weeks), to discuss the services we deliver and how they could be enhanced, involve tenants in decisions affecting their daily life in the scheme they live in, as well as conducting an annual satisfaction survey.

Resident value. We look to deliver value to our residents, both in terms of direct savings and improvements to their well-being. We have continued to invest in our communities and helped residents sustain their tenancies, including by reducing running costs. Schemes help residents avoid loneliness and fuel poverty as well as providing security and better health. Note the association is considering supplying photovoltaic cells to its schemes that would reduce service charges.

Our performance. Investing in our homes makes sense, resulting in better living standards for our residents as well as maintaining the value of our assets. What we have spent on major/capitalised investments such as new kitchens, bathrooms, windows and heating systems, planned and responsive maintenance over the last few years is shown below. It is an accepted maxim that planned work is more efficient than responsive therefore a lower ratio of responsive : planned maintenance is considered better. This is measured in the Sector Scorecard (SS 403), the 2021-22 peer median ratio of which was 1:1, so it can be seen that the association is much lower/better.

	2017	2018	2019	2020	2021	2022
Responsive maintenance	£70,120	£42,999	£37,784	£41,072	£47,497	£65,240
Cyclical (Planned)	£7,654	£74,973	£62,351	£80,393	£71,958	£47,210
Major Planned - capitalised	£102,538	£122,058	£126,014	£92,796	£164,241	£180,339
Major Planned - other	£43,525	£0	£276,934	£229,714	£54,186	£0
Ratio Responsive : Planned	0.46	0.22	0.08	0.10	0.16	0.29

Investing in our people. We know that providing learning and development opportunities for our people is an investment in our future. This was demonstrated in 2018 when one of our former cleaners, who went on to complete our apprenticeship programme, filled a Scheme Manager vacancy. 2018 also saw the addition of a new post of Tenant Services Manager (TSM) to address the longstanding excessive work required in Head Office. We also support staff to gain professional Housing qualifications as well as deliver team training.

Our working environment. A key aim of our strategy is to deliver a workplace and office portfolio that is fit for the future and a key enabler for achieving a modern connected business. 2018 saw the refurbishment of the Head Office, and 2019 the replacement of the IT system, which has facilitated the adoption of hybrid working in Head Office.

The association has measured its return on assets in social terms and on whether they are being used efficiently and effectively to that end.

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Assessment of how the association is achieving value for money (continued)

Social Return on Assets: All schemes are provided with a Scheme Manager plus out-of-hours Careline service, controlled access to the building, lifts, communal laundry facilities, a communal lounge and supporting kitchen facilities & wifi, access to an elderly-friendly computer & training thereon, guest room, charging & storage facilities for mobility scooters, parking spaces, garden areas and a salon for visiting hairdressers/others. Space is provided in one scheme for a tenants' shop (where there are fewer shops and buses than there used to be). The fostering of an ex-Service community in each scheme is a key aim both for tenant well-being and to alleviate the scourge of loneliness. 30% of the Scheme Manager's time is allocated to organisation of support for tenants including social activities and no charge is made to tenants for this service. On average, CESSA HA's basic rents are about 12% below the Government's 'Formula' Rent for each flat. Low rents do not mean sacrifices elsewhere – the schemes have been remodelled and are maintained to a high standard. This has been achieved by VfM gains, low voids, high rent collection, low management costs and an appropriate proportion of planned maintenance. We are also proud to be a Dementia-Friendly organisation and to fund an Additional Support service via a local contractor. The latter provides periods of companionship for tenants with support needs and enables them to access social inclusion activities they could not otherwise participate in, such as shopping trips and visits to cafes.

The combination of the social & resident values plus the Social Return on Assets generates significant savings to the nation. These are the benefits for the tenants and the community from such sheltered housing supporting vulnerable older people to remain independent for longer. This also lowers the costs to the NHS and frees general needs housing for younger families.

Absolute & Comparative Costs: The association uses a variety of metrics to gauge and compare its performance. It participates in an Acuity benchmarking club covering the south and east of England where it can compare with other organisations delivering similar sheltered housing services. Inevitably there are differences in the way that members of the club work and CESSA HA has a particular client group (elderly ex-Service). Nevertheless, the association compares favourably in the key performance indicators reported by the club that include the RSH's (Regulator for Social Housing) 7 key metrics as displayed below with commentary underneath.

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Assessment of how the association is achieving value for money (continued)

Key metric	RSH	CESSA 2022	CESSA 2021	Peer median
		191	191	
		1,268	1,168	
1	304	4.00	3.00	2.50
2	204	-	-	-
	205	-	-	-
3	203	(24.60)	(21.40)	3.00
4	103	720	788	381
5	501	5,563	5,218	5,792
6	101	18.20	14.40	7.95
	102	18.20	14.40	9.00
7	401	4.60	3.40	0.80

The association has not built for many years and therefore the relevant metrics reflect this (2, 3, 4). Similarly, the major reinvestment undertaken in Trafalgar Court across 2021/22 shows in 1, 5, 6 & 7. This is 'good' for some, most obviously Metric 1, but not for Metric 6, 7 and the 'headline' (HSHC) figure 5 (RSH 501). However, the regulator's most recent analysis 'Value for money metrics and reporting 2021' was published in Feb 2022, which said that the 2021 HSHC median for Housing for Older People (HfOP) was £5,500 down from £6,440 due to the postponement of major work during pandemic restrictions. Therefore, the association's figures of £5,218 in 2021 & £5,563 in 2022 shows that it provides excellent VfM in this regard even while undertaking an expensive project. Separately, using the NHF's Local Economic Impact Calculator 2022 based on the number of units, it is estimated that the association has a Gross Value-Added impact in the region of £992,504 a year, as well as the effect of its employee income being £534,862.

The Directors key measurements of VfM success are 1. Repairs, 2. Voids and 3. Satisfaction.

Repairs. In common with other benchmarking members, the association undertakes 100% of Emergency repairs within 24 hours (the target is 95%). For urgent repairs, the target for most members is for 95% to be complete within 7 days. CESSA HA meets this comfortably and out-performs the other members by 3% even though reporting on doing so in 5 days (HMPI 70). For routine repairs, the target for most members is for 92% to be complete within 28 days. CESSA HA achieved 94% despite its goal being within 21 days.

Voids management. This is important in order to maximise income and minimise losses and the association has performed well in this regard – around 2% (HMHO 30), despite the need to renovate flats between occupants and the additional challenges for sheltered providers of finding applicants ready to move when vacancies happen to occur.

Satisfaction. For all these reasons, the association's tenants appear well satisfied (STA 01), at 95%, compared with the peer median of 96%.

The Directors have not set arbitrary targets for efficiency reductions given: the low costs already illustrated; the ratio achieved of planned to responsive maintenance; the minimal arrears and bad debts; and the fact that its basic rents are below the formula.

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Assessment of how the association is achieving value for money (continued)

VfM Gains: Many improvements have been made in schemes whether remodelled or not, including new kitchens, double glazing, upgraded fire alarm systems, hearing induction loops and the replacement of baths by showers. The association is a member of Procurement for Housing and conducts its own health & safety assessments. Achievements in 2022:

General

- 2 replacement Directors were recruited by June.
- The National Housing Federation's 'Together with Tenants' has been embedded in our work.

Re the Short-term objective (remodelling and review strategy):

- The revised "erosh" accreditation was passed with flying colours.

Re the medium-term objective (improving VfM). The following progress has been made:

- In CESSAC House, more of the showers have been converted into wet-rooms.
- Installation of electric vehicle charging has been explored and deferred until tenants start requesting this since charges would be incurred whether being used or not.
- What wasn't part of the plan for 2022 was replacing the calorifier for Block C at Glamis Court, which developed a leak that was liable to get worse. The opportunity was taken to implement one of the recommendations from the Carbon Footprint report at a cost of £21.5k. Similarly, a boiler had to be replaced in CESSAC House at a cost of £8.3k.

Re the long-term objective (keeping its properties viable or planning their replacement)

- The extensive work on Trafalgar Court's south-facing external walls finished in February.
- The pull-cord system in St George's (£56K) Court was replaced.

Plans for 2023:

General

Re the short-term objective (Regulation & erosh):

- Regulation will require an increase in the amount of Tenant surveys we have to undertake each year. We will survey all 5 HA schemes in 2023.
- Undertake the erosh accreditation assessment successfully.

Re the medium-term objective (improving VfM):

- The replacement of the pull-cord system in CESSAC House (£55K).
- In CESSAC House, it is hoped to convert more showers into wet-rooms, and to replace the aged radiators in communal areas and old double flats (£10k).
- At Glamis, to replace the dilapidated bin storage area (over £9k); at Dhekelia Court up to £25k on kitchen & shower rooms for old doubles; at St George's replacing some old radiators (£10k) and internal redecoration on the 1st floor & Guest Rooms.

Re the long-term objective (viability). Exploration of the installation of Photovoltaic Cells (PV) on the roofs of each scheme to produce electricity has been initiated and will be considered further as part of the carbon footprint recommendations this year.

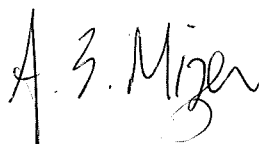
CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

2023. The Association will continue to suffer losses for the first 3 months of the year due to the unforeseen rise in energy costs relative to the service charges set from 1 April 2022, despite the Government's Energy Bill Relief Scheme. The need to reflect all the new costs in the service charges from 1 April 2023 was the main reason Directors chose to limit the rise in basic rent to 7%. CESSA HA will continue to ensure the best possible use is made of the resources by listening to the feedback from tenants and other stakeholders. It will use this information in planning and delivering its long-term maintenance programme and excellent services to tenants.

On behalf of the board



Commander A E Mizen RN

Director

19 April 2023

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED

Opinion

We have audited the financial statements of Church of England Soldiers', Sailors' and Airmen's Housing Association Limited (the 'association') for the year ended 31 December 2022 set out on pages 16 to 37. 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 association's affairs as at 31 December 2022 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing 2022.

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 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 directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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.

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the association and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Board Report.

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

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on pages 3 - 12, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Identification and assessment of irregularities including fraud

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

- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the association, including The Co-operative and Community Benefit Societies Act 2014, The Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing 2022;
- we obtained an understanding of the legal and regulatory framework applicable to the entity and how the entity is complying with that framework by making appropriate enquiries of management as well as considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations;
- we made enquiries of those charged with governance and management concerning:
 - the risks of fraud;
 - instances of non-compliance with laws and regulations or knowledge of actual, suspected, or alleged fraud is documented during the period;
- we allocated an engagement team that we considered collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED

Audit response to the risk of irregularities including fraud

Based on the results of our risk assessment, our procedures included, but were not limited to:

- performing analytical procedures to identify any unusual or unexpected relationships.
- evaluating whether the selection and application of accounting policies by the entity that may be indicative of fraudulent financial reporting resulting from management's effort to manage earnings.
- assessing whether judgements and assumptions made in determining the accounting estimates set out in note 2 were indicative of potential bias.
- agreeing financial statement disclosures to underlying supporting documentation.
- reading the minutes of meetings of those charged with governance.
- testing of journal entries to address the risk of fraud through management override.
- incorporating an element of unpredictability in the selection of the nature, timing, and extent of our audit procedures.
- corroborating the business rationale for transactions outside the normal course of business.

Conclusions regarding the risks of irregularities including fraud

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

We considered our audit was capable of detecting irregularities due to:

- the effectiveness of the entity's internal controls;
- the nature, timing and extent of audit procedures performed; and
- the absence of contradictory evidence.

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

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


Jones Avens Limited

Chartered Accountants
Statutory Auditor

19/4/23

Piper House
4 Dukes Court
Bognor Road
Chichester
West Sussex
PO19 8FX

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED

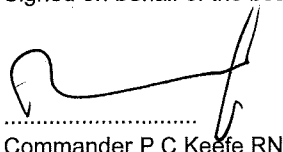
INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2022

		2022	2021
	Notes	£	£
Turnover	3	1,268,266	1,168,359
Administrative expenses		(1,047,152)	(1,004,878)
Operating surplus	5	221,114	163,481
Interest receivable and similar income	8	39,773	30,495
Interest payable and similar expenses	9	(29,000)	(21,000)
Fair value gains and losses on investments	10	(60,939)	45,122
Surplus before taxation		170,948	218,098
Taxation	11	-	-
Surplus for the financial year		170,948	218,098
Other comprehensive income			
Actuarial (deficit)/gains on defined benefit pension schemes	20	(231,000)	140,000
Total comprehensive income for the year		(60,052)	358,098

The Income and Expenditure Account has been prepared on the basis that all operations are continuing operations.

Signed on behalf of the board



Commander P C Keefe RN

Secretary



Mr D J Foster FCA

Director



Colonel C E H Ackroyd TD RD
DL (Vice Chairman)

Director

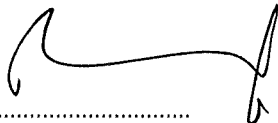
CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED

BALANCE SHEET

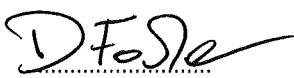
AS AT 31 DECEMBER 2022

	Notes	2022 £	£	2021 £	£
Fixed assets					
Tangible assets	12	3,739,724		3,686,936	
Investments	13	360,757		417,199	
		<u>4,100,481</u>		<u>4,104,135</u>	
Current assets					
Debtors	15	13,931		35,063	
Cash at bank and in hand		888,398		765,704	
		<u>902,329</u>		<u>800,767</u>	
Creditors: amounts falling due within one year	16	<u>(139,623)</u>		<u>(134,937)</u>	
Net current assets		<u>762,706</u>		<u>665,830</u>	
Total assets less current liabilities		<u>4,863,187</u>		<u>4,769,965</u>	
Creditors: amounts falling due after more than one year	17	<u>(2,341,147)</u>		<u>(2,377,873)</u>	
Provisions for liabilities SHPS Defined Benefit Pension	18	<u>(266,000)</u>		<u>(76,000)</u>	
Net assets		<u>2,256,040</u>		<u>2,316,092</u>	
Capital and reserves					
Called up share capital	21	24		24	
Income and expenditure reserve		2,256,016		2,316,068	
Total equity		<u>2,256,040</u>		<u>2,316,092</u>	


The financial statements were approved by the board of directors and authorised for issue on and are signed on its behalf by:



 Commander P C Keefe RN
 Secretary



 Mr D J Foster FCA
 Director



 Colonel C E H Ackroyd TD RD
 DL (Vice Chairman)
 Director

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	Share capital £	Income and expenditure reserve £	Total £
Balance at 1 January 2021		24	1,957,970	1,957,994
Period ended 31 December 2021:				
Surplus for the year		-	218,098	218,098
Other comprehensive income:				
Actuarial gains on defined benefit plans		-	140,000	140,000
Total comprehensive income for the year		-	358,098	358,098
Balance at 31 December 2021		24	2,316,068	2,316,092
Period ended 31 December 2022:				
Surplus for the year		-	170,948	170,948
Other comprehensive income:				
Actuarial gains on defined benefit plans		-	(231,000)	(231,000)
Total comprehensive income for the year		-	(60,052)	(60,052)
Issue of share capital	21	2	-	2
Forfeited shares		(2)	-	(2)
Balance at 31 December 2022		24	2,256,016	2,256,040

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £	£	2021 £	£
Cash flows from operating activities					
Cash generated from operations	22		295,755		195,585
Investing activities					
Purchase of tangible fixed assets		(180,339)		(138,575)	
Purchase of fixed asset investments		(14,236)		(45,805)	
Proceeds from other investments and loans		9,739		39,739	
Interest received		3,684		2,946	
Dividends received		8,089		9,549	
Net cash used in investing activities			(173,063)		(132,146)
Financing activities					
Proceeds from issue of shares		2		-	
Net cash generated from/(used in) financing activities			2		-
Net increase in cash and cash equivalents			122,694		63,439
Cash and cash equivalents at beginning of year			765,704		702,265
Cash and cash equivalents at end of year			888,398		765,704

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

Information

Church of England Soldiers', Sailors' and Airmen's Housing Association Limited is a Co-operative and Community Benefit Society and a private registered provider of social housing in the United Kingdom. The registered office is 1 Shakespeare Terrace, 126 High Street, Portsmouth, Hampshire, PO1 2RH. The nature of the association's operations and principal activities are the rental and management of social housing sheltered flats.

The association constitutes a public benefit entity as defined by FRS 102.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"), the Statement of Recommended Practice for Social Housing Providers 2018 Update (SORP), and with the Accounting Direction for private registered providers of social housing in England 2022. The financial statements are also prepared under the requirements of the Housing and Regeneration Act 2008 and the Co-operative and Community Benefit Societies Act 2014.

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

The financial statements have been prepared on the historical cost convention, modified to include the revaluation of certain financial instruments at fair value.

1.2 Going concern

The directors have at the time of approving the financial statements, a reasonable expectation that the association has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

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

Turnover represents rental and service charges income receivable in the year net of rent and service charge losses from voids, revenue grants and the amortisation of government grants.

Interest income is recognised using the effective interest method and dividend income is recognised as the association's right to receive payment is established.

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.4 Tangible fixed assets

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

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

Freehold land and buildings	Up to one hundred years straight line basis
Fixtures and fittings	Ten years straight line basis
Office equipment	Four years straight line basis
Vehicles	Ten years straight line basis

Freehold land and assets in the course of construction are not depreciated.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in income and expenditure.

Major components of housing properties, including roofs (70 years), double glazing (30 years), boilers and heating (15 to 30 years), bathrooms (30 years), kitchens (30 years), lifts (25 years) and electrics (40 years), have been accounted for and depreciated separately from the connected housing property, over their expected useful economic lives and are included in housing properties.

The useful economic lives of all tangible fixed assets are reviewed annually.

1.5 Impairment of fixed assets

Assets not measured at fair value are reviewed for any indication that the asset may be impaired at each balance sheet date. The level at which an impairment is assessed is considered at scheme level. The key indicators considered are:

- A change in demand for a property.
- Obsolescence of a property.
- A change in government policy.

If such indication exists, the recoverable amount is estimated and compared to the carrying amount. Where the carrying amount exceeds its recoverable amount, an impairment loss is recognised in expenditure through the statement of comprehensive income. No such indications were noted and therefore no review was considered necessary.

1.6 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.7 Financial instruments

The association has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial assets are recognised in the association's balance sheet when the association becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Basic financial assets

Basic financial assets, which include rent arrears and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Other financial assets classified as fair value through income and expenditure are measured at fair value.

Other financial assets

Other financial assets, including investments in equity instruments, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in income and expenditure, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Rent arrears, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Impairment of financial assets

Financial assets, other than those held at fair value through income and expenditure, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in income and expenditure.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

Classification of financial liabilities

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

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities are initially measured at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Other financial liabilities classified as fair value through income and expenditure are measured at fair value.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

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

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the association's obligations are discharged, cancelled, or they expire.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

1.8 Taxation

The association has charitable status with HM Revenue and Customs and no charge to Corporation Tax tax arises on these results. Deferred tax is therefore also not applicable.

The association is not registered for VAT and all expenditure is shown inclusive of VAT.

1.9 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the association is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.10 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

Payments are also made to a multi employer defined benefit pension scheme. The cost of providing benefits under defined benefit plans is determined separately for each plan using the projected unit credit method, and is based on actuarial advice.

The change in the net defined benefit liability arising from employee service during the year is recognised as an employee cost. The cost of plan introductions, benefit changes, settlements and curtailments are recognised as an expense in measuring profit or loss in the period in which they arise.

The net interest element is determined by multiplying the net defined benefit liability by the discount rate, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in profit or loss as other finance revenue or cost.

Remeasurement changes comprise actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit liability excluding amounts included in net interest. These are recognised immediately in other comprehensive income in the period in which they occur and are not reclassified to profit and loss in subsequent periods.

The net defined benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information, and in the case of quoted securities is the published bid price. The value of a net defined benefit pension asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

1.11 Government grants

Social housing or other government grants are received to finance social housing properties. These grants are recognised at the fair value of the asset received or receivable. Where the assets are accounted for using the cost model then the government grant is accounted for using the accruals model. The difference between the fair value of the asset and the consideration is recognised as a liability and amortised over the useful economic life of the asset. This amortisation is recognised within turnover.

Under certain circumstances, primarily following the sale of a property, the grant is repayable or recyclable but this is often restricted to the net proceeds of sale. Where government grants are required to be recycled, a liability is included to recognise this obligation.

Government grants received as a contribution to revenue expenditure, including from the coronavirus job retention scheme, are recognised in the statement of comprehensive income on a systematic basis over the period in which the landlord recognises the related costs for which the grant is intended to compensate. The related expenditure is included under administrative expenses. Grants are recognised in the same period as the related expenditure provided the conditions for receipt have been satisfied and there is reasonable assurance that the grant will be received.

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

2 Judgements and key sources of estimation uncertainty

In the application of the association's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Multi employer defined benefit pension scheme

Payments are made to a multi-employer defined benefit pension scheme. The board has relied upon the information received from TPT Retirement Solutions in order to account for the Association's share of the scheme's assets and liabilities from 1 January 2019, the first date for which this information is available. See notes 18 and 20.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Estimated useful lives

The useful life of housing properties and their components has been estimated using the National Housing Federation matrix of property components as a basis.

Multi employer defined benefit pension scheme

In estimating the value of the Association's share of defined benefit pension scheme obligations, fair value of assets and net liability, TPT Retirement Solutions makes a number of assumptions regarding the impact of current and future factors, these are outlined in note 20.

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

3 Social housing turnover and costs

	2022 £	2021 £
Rents receivable excluding service charges	796,636	764,556
Service charges receivable	427,523	362,783
Guest room income receivable	3,910	1,770
Other sundry income	3,471	1,893
Coronavirus Job Retention Scheme grants receivable	-	631
Amortisation of capital grants	36,726	36,726
	<u>1,268,266</u>	<u>1,168,359</u>
Social housing activity expenditure	(1,047,152)	(1,004,878)
	<u>221,114</u>	<u>163,481</u>
Operating surplus/(deficit) from social housing activities	<u>170,948</u>	<u>218,098</u>
Net surplus/(deficit) from social housing activities	<u>170,948</u>	<u>218,098</u>
Void losses	<u>(12,867)</u>	<u>(22,733)</u>

4 Accommodation owned and in management

	Number of units at 31 December 2022	Number of units at 31 December 2021
Completed units:		
Sheltered housing let at social rent	191	191
	<u>191</u>	<u>191</u>

5 Operating surplus

	2022 £	2021 £
Operating surplus for the year is stated after charging/(crediting):		
Remuneration, exclusive of VAT, payable to the external auditors:		
Auditing of the accounts	4,633	4,228
Accountancy services	1,718	1,523
Depreciation of owned tangible fixed assets	118,106	109,224
Deficit on disposal of tangible fixed assets	9,445	4,906
	<u>133,902</u>	<u>120,881</u>

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

6 Employees

The average monthly number of persons (including members of the executive team) employed by the association during the year was:

	2022 Number	2021 Number
Management	7	6
Scheme managers	4	4
Cleaners	9	9
Maintainers	2	2
	<u>22</u>	<u>21</u>
Average full time equivalent (based on a 35 hour week)	<u>14</u>	<u>14</u>

Their aggregate remuneration comprised:

	2022 £	2021 £
Wages and salaries	352,297	352,258
Social security costs	27,761	27,460
Pension costs	29,479	33,992
	<u>409,537</u>	<u>413,710</u>

There are no employees who received more than £60,000 as their employee package.

	2022 £	2021 £
Defined contribution schemes:		
Included within pension costs above is the following charge to income and expenditure in respect of defined contribution schemes	<u>27,066</u>	<u>23,534</u>

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

7	Board and key management personnel remuneration	2022 £	2021 £
	Remuneration for qualifying services	37,949	37,113
	Association pension contributions to defined contribution schemes	3,795	3,711
		<u>41,744</u>	<u>40,824</u>

No remuneration was receivable by non-executive board members.

The highest paid director received £37,949 (2021 - £37,113) remuneration (excluding pension contributions).

For the purposes of the above disclosures, "Director" also includes the Chief Executive and any other person who is a member of the executive management team, or its equivalent, of the association.

Chief Executive Remuneration. The Chief Executive, the only Senior Executive, is one of the members of staff jointly employed with a related party, Church of England Soldiers', Sailors' & Airmen's Clubs (CESSAC). The Chief Executive is not a Director, but was an ordinary member of the association's defined contribution pension scheme (The Social Housing Pension Scheme administered by The Pension Trust) carrying no special terms. He has no other individual pension arrangement to which either entity makes a contribution. The main outputs of the two entities are: CESSAC's Charity Centres; and sheltered housing. The latter encompasses schemes belonging to the association and those managed by CESSAC for Greenwich Hospital. The division of the costs for all joint employees is regularly reassessed in proportion to the value of contribution to each entity. The 2019 re-assessment of the share of such costs led to CEO's being 50% each for 2020 and subsequent years to the association and to CESSAC. (Until 2019 CEO's shares had been 34% & 66% respectively). This resulted in the share of costs below (excluding national insurance contributions):

	2022	2021
CESSAC Emoluments	£37,948	£37,113
Association Emoluments	£37,949	£37,113
Total Emoluments	£75,897	£74,226
CESSAC pension contribution	£3,795	£3,711
Association pension contribution	£3,795	£3,711
Total pension contributions	£7,590	£7,422

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

8 Interest receivable and similar income

	2022 £	2021 £
Interest income		
Interest on bank deposits	3,684	2,946
Interest from defined benefit scheme asset	28,000	18,000
Total interest revenue	31,684	20,946
Other income from investments		
Dividends received	8,089	9,549
Total income	39,773	30,495
Investment income includes the following:		
Interest on financial assets not measured at fair value through income and expenditure	3,684	2,946

9 Interest payable and similar expenses

	2022 £	2021 £
Other finance costs:		
Interest on defined benefit scheme liability	29,000	21,000

10 Gains and losses on investments

	2022 £	2021 £
Fair value gains/(losses) on financial instruments		
Change in value of financial assets held at fair value through profit or loss	(57,372)	42,272
Other gains/(losses)		
(Loss)/gain on disposal of financial assets held at fair value through profit or loss	(3,567)	2,850
	(60,939)	45,122

11 Taxation

The association has charitable status with HM Revenue & Customs and on the basis of these financial statements no provision has been made for corporation tax.

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

12 Tangible fixed assets

Housing properties

Housing properties for letting £

Cost

At 1 January 2022	5,818,098
Additions: works to existing properties	143,028
Disposals	(27,393)

At 31 December 2022	5,933,733
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Depreciation and impairment

At 1 January 2022	2,243,552
Depreciation charged in the year	93,074
Eliminated in respect of disposals	(17,948)

At 31 December 2022	2,318,678
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Carrying amount

At 31 December 2022	3,615,055
At 31 December 2021	3,574,546

Other

	Fixtures and fittings £	Office equipment £	Vehicles £	Total £
Cost				
At 1 January 2022	249,838	9,948	35,743	295,529
Additions	37,311	-	-	37,311
Disposals	(7,901)	-	-	(7,901)
At 31 December 2022	279,248	9,948	35,743	324,939
Depreciation and impairment				
At 1 January 2022	156,698	7,461	18,980	183,139
Depreciation charged in the year	18,970	2,487	3,575	25,032
Eliminated in respect of disposals	(7,901)	-	-	(7,901)
At 31 December 2022	167,767	9,948	22,555	200,270
Carrying amount				
At 31 December 2022	111,481	-	13,188	124,669
At 31 December 2021	93,140	2,487	16,763	112,390

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

13 Fixed asset investments

	2022 £	2021 £
Investments	360,757	417,199

The investments are recognised at fair value through income or expenditure and have an original cost of £286,484 (2021: £301,908).

Movements in fixed asset investments

	Charles Stanley share portfolio £
Cost or valuation	
At 1 January 2022	417,199
Additions	14,236
Valuation changes	(57,372)
Disposals	(13,306)
At 31 December 2022	360,757
Carrying amount	
At 31 December 2022	360,757
At 31 December 2021	417,199

14 Financial instruments

	2022 £	2021 £
Carrying amount of financial assets		
Instruments measured at fair value through profit or loss	360,757	417,199

15 Debtors

	2022 £	2021 £
Amounts falling due within one year:		
Social housing rent arrears	2,657	6,239
Other debtors	1,292	2
Prepayments	9,982	28,822
	13,931	35,063

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

16 Creditors: amounts falling due within one year

	Notes	2022 £	2021 £
Government grants	19	36,726	36,726
Trade creditors		57,497	31,728
Rents paid in advance		1,308	2,155
Other creditors		3,575	8,375
Accruals		40,517	55,953
		<u>139,623</u>	<u>134,937</u>

17 Creditors: amounts falling due after more than one year

	Notes	2022 £	2021 £
Government grants	19	<u>2,341,147</u>	<u>2,377,873</u>

18 Provisions for liabilities

	Notes	2022 £	2021 £
Retirement benefit obligations	20	<u>266,000</u>	<u>76,000</u>
		<u>266,000</u>	<u>76,000</u>

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

19 Government grants

Deferred income is included in the financial statements as follows:

	2022 £	2021 £
Current liabilities	36,726	36,726
Non-current liabilities	2,341,147	2,377,873
	<u>2,377,873</u>	<u>2,414,599</u>
	2022 £	2021 £
Social Housing Grant received		
At 1 January 2022	3,672,646	3,672,646
At 31 December 2022	<u>3,672,646</u>	<u>3,672,646</u>
Amortisation		
At 1 January 2022	1,258,047	1,221,321
Amortised during the year	36,726	36,726
At 31 December 2022	<u>1,294,773</u>	<u>1,258,047</u>
Carrying amount		
At 31 December 2022	<u>2,377,873</u>	<u>2,414,599</u>

Deferred income is comprised of social housing government grants which are amortised over the useful economic life of the assets which they finance. Included above are amounts which fall due to be amortised after five years totalling £2,194,243 (2021: £2,230,969).

20 Retirement benefit schemes

The association offers new employees a choice of two pensions schemes: defined benefit (CARE 1/80th) or defined contribution.

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

20 Retirement benefit schemes

(Continued)

Defined benefit schemes

The company operates a defined benefit scheme for qualifying employees. Under the scheme the employees are entitled to retirement benefits as a percentage of final salary on attainment of a retirement age of 67. No other post retirement benefits are provided.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 September 2020 by TPT Retirement Solutions with the 31 December 2022 position projected from the 30 September 2020 data. 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.

The figures in note 20 are necessarily entirely based on the Accounting Disclosure provided to the association by The Pensions Trust (TPT Retirement Solutions). TPT's disclosure is provided from a tool that makes a number of approximations, which is why many of the figures in the Note (and where they are taken elsewhere in the accounts) are rounded to the nearest thousand. A further complication is that some of the staff are jointly employed by CESSAC, for example, so TPT does not (and cannot) take into account the fact that some of the employers pension costs are only part-funded by the association. Therefore some of the figures in note 20 will inevitably be higher than those relevant to the association alone, e.g. notes 6 and 7 record the costs included in the I&E & balance sheet.

Key assumptions

	2022 %	2021 %
Discount rate	5.07	1.81
Expected rate of salary increases	3.65	3.98
Inflation (RPI/CPI)	3.20/2.65	3.57/2.98
Allowance for commutation of pension for cash at retirement	75	75

The above rates are given as at the 31 December 2020 and 2019 respectively.

Mortality assumptions

Assumed life expectations on retirement at age 65:

	2022 Years	2021 Years
Retiring today		
- Males	21.1	21.6
- Females	23.7	23.5
Retiring in 20 years		
- Males	22.4	22.9
- Females	25.2	25.1

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

20 Retirement benefit schemes

(Continued)

Amounts recognised in the profit and loss account

	2022 £	2021 £
Current service cost	4,000	13,000
Net interest on defined benefit liability/(asset)	1,000	3,000
Other costs and income	4,000	4,000
Total costs	9,000	20,000

Amounts taken to other comprehensive income

	2022 £	2021 £
Actual return on scheme assets	641,000	(84,000)
Less: calculated interest element	28,000	18,000
Return on scheme assets excluding interest income	669,000	(66,000)
Actuarial changes related to obligations	(438,000)	(74,000)
Total costs/(income)	231,000	(140,000)

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

	2022 £	2021 £
Present value of defined benefit obligations	1,146,000	1,676,000
Fair value of plan assets	(880,000)	(1,600,000)
Deficit in scheme	266,000	76,000

Reconciliation of opening and closing balances of the defined benefit obligation

	2022 £
Liabilities at 1 January 2022	1,676,000
Current service cost	4,000
Benefits paid	(136,000)
Contributions from scheme members	7,000
Actuarial gains and losses	(438,000)
Interest cost	29,000
Other	4,000
At 31 December 2022	1,146,000

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

20 Retirement benefit schemes

(Continued)

The defined benefit obligations arise from plans which are wholly or partly funded.

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

	2022 £
Fair value of assets at 1 January 2022	1,600,000
Interest income	28,000
Return on plan assets (excluding amounts included in net interest)	(669,000)
Benefits paid	(136,000)
Contributions by the employer	50,000
Contributions by scheme members	7,000
At 31 December 2022	<u>880,000</u>

The actual return on plan assets was £641,000 (2021 - £84,000).

Fair value of plan assets at the reporting period end

	2022 £	2021 £
Debt instruments	43,000	101,000
Property	40,000	72,000
Global equity	8,000	299,000
Bonds and securities	33,000	195,000
Liability driven investments	364,000	476,000
Infrastructure	126,000	99,000
Other	266,000	358,000
	<u>880,000</u>	<u>1,600,000</u>

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

Schedule of Contributions

The table below sets out the future deficit contribution payments the company is expected to pay TPT Retirement Solutions

01/01/2023 - 31/12/2023	43,831
01/01/2024 - 31/12/2024	46,241
01/01/2025 - 31/12/2025	48,785
01/01/2026 - 30/09/2026	51,468
01/01/2027 - 30/09/2027	54,299
01/01/2028 - 30/09/2028	13,754

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

21 Share capital

	2022 £	2021 £
Ordinary share capital		
Issued and fully paid		
Brought forward	24	24
Issued during the year	2	-
Forfeited during the year	(2)	-
	<u>24</u>	<u>24</u>
24 Ordinary of £1 each	<u>24</u>	<u>24</u>

These shares do not carry any right to a dividend, cannot be redeemed and do not give any provision for a distribution on a winding up. All members are entitled to vote at General Meetings.

22 Cash generated from operations

	2022 £	2021 £
Profit for the year after tax	170,948	218,098
Adjustments for:		
Finance costs	29,000	21,000
Investment income	(39,773)	(30,495)
Loss on disposal of tangible fixed assets	9,445	4,906
Depreciation and impairment of tangible fixed assets	118,106	109,224
Gains and losses on investments	60,939	(45,122)
Pension scheme non-cash movement	(42,000)	(40,000)
Movements in working capital:		
Decrease/(increase) in debtors	21,132	(17,928)
Increase in creditors	4,686	12,628
Decrease in deferred income	(36,726)	(36,726)
Cash generated from operations	<u>295,757</u>	<u>195,585</u>

23 Analysis of changes in net funds

	1 January 2022 £	Cash flows £	31 December 2022 £
Cash at bank and in hand	<u>765,704</u>	<u>122,694</u>	<u>888,398</u>