

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 2024

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

INFORMATION

| | |
|-----------------------------------|---|
| Directors | Mr I H Currie FCA Ms G Grindell MSc Commander S J Snowball RN Mr D J Foster FCA Mr S D Rice Lieutenant Colonel D B Ruffle RE Lieutenant Commander A Sard MBE RN Rear Admiral A R Rymer CEng (Chairman) Colonel C E H Ackroyd TD RD DL (Vice Chairman) |
| Secretary | Lt Col Joseph Petty |
| FCA registration number | 21222R |
| Registered Provider number | L0104 |
| Registered office | 1 Shakespeare Terrace 126 High Street Portsmouth Hampshire PO1 2RH |
| Auditors | Sumer Audit Piper House 4 Dukes Court Bognor Road Chichester West Sussex PO19 8FX |
| Bankers | Lloyds Bank Plc Palmerston Road Southsea Hampshire PO5 3QQ |

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

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

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

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 2024.

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 (VfM) to tenants and successfully completed its annual assessment by "erosh" in 2024. There was an expected operating surplus (£286k), with the total comprehensive income further boosted by some gains on investments, net interest received and an improvement in the defined benefit pension scheme to £361k.

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

Principal risks are; cost of living increases, compounded by inflationary rises for essential goods and services; e.g. energy and heat, which remain exacerbated by the Government's cap on basic rent increases on 1 April 2023. HA has responded, quickly, to the Energy Act and the Heat Network Regulations consultations as they have appeared. However, we still await the most critical detail that should be contained in the technical standards which are not expected to appear until the end of 2025/26. Changes are due to be implemented in April 2025 starting with a requirement to register with the Energy Ombudsman. The requirement, thereafter, still remains unclear, other than that Ofgem will assume its regulatory enforcement powers from January 2026. All heat networks will need to register with Ofgem for regulation by January 2027. However, whilst Sheltered Housing providers like HA may be given longer to become compliant, it is unlikely that they would be given any exemptions. Therefore, once final details are known, further work may be quickly required to ensure full compliance, the costs and scope of which, are currently unknown.

Political risks. The Social Housing (Regulation) Act - The Regulator for Social Housing (RSH) has been tasked to introduce, in early 2025, the new competence and conduct standard, together with other requirements for providers to meet the new access to information requirements (STAIRS) to enable residents to request access to information from their landlord regarding the management of their home in a similar way to the Freedom of Information act for local authority tenants.

The Renters (Reform) Bill - Following the new Labour Government's commitment to proceed with a revised and enhanced version, this cleared the House of Commons and was now being debated, clause-by-clause, at Committee Stage. Revisions agreed include new rules about payment of the 'initial' rent, that would only be payable once a tenancy had been 'entered' into – i.e. after both parties had signed the tenancy agreement. This could be in the 'permitted pre-tenancy period' between the agreement being signed and the tenancy starting. Requesting a 'deposit' in advance of a tenancy starting would be prohibited. There remains significant uncertainty about what policies the Government may continue to introduce or impose and timelines still remain unclear. This includes the next rent settlement and any catch-up mechanism to recover the difference between the 2023 rent cap and the Formula; the detail of which has yet to be confirmed and a matter that is being closely monitored by the NHF and CESSA HA.

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

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

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 result of the 2023 valuation has shown a decrease in liability). 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 five-year agreement with Greenwich Hospital that is 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 remained relatively stable this year, and increased by £28k at year end.

Development and Performance

The association priority is the sustainability of its current schemes and to this end it has spent over £4.92 m 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

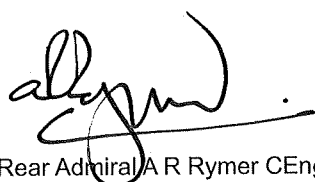
Our short-term objectives are to meet the changed regulatory requirements regarding tenant satisfaction measures and re-accredit with erosh.

Our medium-term objective is to improve the service and the 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 other eligible applicants 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 Rymer CEng (Chairman)

Director

6 May 25

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

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

The directors present their annual report and financial statements for the year ended 31 December 2024.

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:

Mr I H Currie FCA
Ms G Grindell MSc
Commander S J Snowball RN
Mr D J Foster FCA
Mr S D Rice
Lieutenant Colonel D B Ruffle RE
Lieutenant Commander A Sard MBE RN
Rear Admiral A R Rymer CEng (Chairman)
Colonel C E H Ackroyd TD RD DL (Vice Chairman)

All directors hold one share in the association.

Results

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

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

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 2024

Auditor

A quinquennial review of the auditor was conducted by the directors in 2023 and a resolution proposing that Sumer Audit 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 assurance 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 2024

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 2023. 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 Chair was re-elected in Jun 23 after 9 years in order both to lead the search for the CEO's imminent relief on retirement and to provide continuity for the new incumbent. Active recruiting of a new Chair has begun as the new CEO has assumed post.
- 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 4 times in 2024 with 94% 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 2025. 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 2024

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 requirements:

- a. Result of the self-assessment. The association confirms its compliance with the code, which is reassessed annually. In 2024, CESSA HA appointed the Vice-Chair as the member Responsible for Complaints. Most issues are resolved informally, indeed of the only 3 issues raised in 2024 all were resolved at Stage 1 and there were no Stage 2 complaints at all. Six 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 or housing conditions. The few issues in 2024 all related to queries about the outcomes of reported Anti-Social Behaviour dealt with under the association's Anti-Social Behaviour policy.
- d. Organisational learning. The only lessons were: there was one instance of HA failing to respond to a formal complaint within expected timescales as it had been accompanied by a Subject Access Request; the resulting delay led to a Stage 1 Complaint from the Tenant. Information on an anticipated response date should also be provided at the same time.
- e. HOS Complaints. While no complaints were escalated to the HOS in 2024, on 9 October it became apparent that in July 2023 (unbeknownst to the Association) a 2023 Stage 2 complaint about HA's refusal to allow viewing of CCTV footage had been escalated to the Housing Ombudsman's Service. It also transpired that HOS had found themselves unable to investigate the case (it fell outside of their jurisdiction).

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

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

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 wellbeing, 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 £4.86m 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.

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 2024

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 October 2022 to 30 September 2023) 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 a biannual 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. It can be seen from below that the association achieves an enviably low (good) ratio.

| | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|-----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Responsive maintenance | £37,784 | £41,072 | £47,497 | £65,240 | £48,390 | £70,129 |
| Cyclical (Planned) | £62,351 | £80,393 | £71,958 | £47,210 | £80,370 | £98,350 |
| Major Planned - capitalised | £126,014 | £92,796 | £164,241 | £180,339 | £114,562 | £121,183 |
| Major Planned - other | £276,934 | £229,714 | £54,186 | £0 | £0 | £0 |
| Ratio Responsive : Planned | 0.08 | 0.10 | 0.16 | 0.29 | 0.25 | 0.32 |

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 (T&SM) 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. Finally, in November 24 the Directors' approved the recruitment of a dedicated Asset Manager who will join Head Office in 2025; significantly enhancing the management, maintenance and safety of our Housing Schemes.

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 IT system will be reviewed again in 2025 with an intention to upgrade systems to meet migration to Windows11+.

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 2024

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 for new lettings 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. This club is comprised of 35 smaller housing associations, primarily providing Housing for Older People (HfOP) in London and the South East.

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

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

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

| Key metric | RSH | | CESSA | CESSA | Peer median |
|------------|-----|---|---------|---------|-------------|
| | | | 2024 | 2023 | |
| | | Stock managed (number of units) | 191 | 191 | |
| | | Turnover £'000 | 1,549 | 1,443 | |
| 1 | 304 | Reinvestment % | 1.89 | 1.64 | 2.50 |
| 2 | 204 | New supply delivered (Social housing units) % | - | - | - |
| | 205 | New supply delivered (Non-social housing units) % | - | - | - |
| 3 | 203 | Gearing (RSH and Scorecard measure) % | (36.77) | (29.54) | 3.00 |
| 4 | 103 | EBITDA MRI (as a percentage of interest) % | 748 | 613 | 381 |
| 5 | 501 | Headline social housing cost per unit (HSHC) | 6,286 | 5,908 | 5,792 |
| 6 | 101 | Operating margin (overall) % | 19.07 | 17.33 | 7.95 |
| | 102 | Operating margin (social housing lettings) % | 19.07 | 17.33 | 9.00 |
| 7 | 401 | Return on Capital Employed (ROCE) % | 5.36 | 4.80 | 0.80 |

The association has not built for many years and therefore the relevant metrics reflect this (2, 3, 4). However, the regulator's most recent analysis 'Value for money 2024 accessible data' said that the HSHC median for HfOP was £6,945 up from £5,864. Therefore, the association's figures of £6,286 in 2024 & £5,908 in 2023 shows that it still provides excellent VfM in this regard. Separately, using the NHF's Local Economic Impact Calculator 2024 based on the number of units, it is estimated that the association has a Gross Value-Added impact in the region of £934,135 a year, as well as the effect of its employee income being £521,996.

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%). Under the new TSM, this KPI has changed (now RPO2) and combines the previous categories of urgent and routine. These are now reported against the target time we set ourselves: urgent repairs in 5 days and routine 21. Our achievement was an impressive 100% for urgent and 98.2% for routine repairs (most members aim for 95% of urgent to be complete within 7 days and 92% within 28 days).

Voids management. This is important in order to maximise income and minimise losses and the association has performed well in this regard – around 1% (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 (TP 01), at 95%, compared with the peer median of 92%.

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 2024

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 2024:

General

- The new CEO was recruited.
- The association's strategy was monitored and will undergo its biennial review in 2025.
- Directors' approval has been received to recruit a dedicated Assistant Manager.
- The Revised Tenant Satisfaction Measures were introduced in April 2024 and have been exploited appropriately to measure performance and service delivery.

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

- The same Act required an increase in the amount of Tenant surveys and so all 5 schemes were undertaken in 2023 (next in 2025).
- The organisation was re-accredited by "erosh".

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

- The analogue to digital switchover at Glamis Court was completed at the close of the year, a four-year project to replace the door entry and emergency alarm systems at all schemes.
- The fibre-broadband installation at Glamis Court was also completed leaving only St. Georges' Court to be upgraded.
- All necessary Fire Risk Assessment (FRAs) and Compartmentation Reports had also been commissioned and provided. These will now be scrutinised to understand the implications for HA.
- Install double glazing in parts of St. George's & Trafalgar (£48k) (Carbon Footprint Report).

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

- The impact on revised Heat Network Regulations has been monitored to ensure compliance.
- The need to remodel some pairs of former bedsits is considered as voids are presented.

Plans for 2025:

General

- Identify and recruit a new Chair and Vice-Chair.
- Recruit replacements for any Directors retiring.
- Complete the review of the association's name in light of the RAF's replacement of 'airmen' by 'aviators'.
- Better exploit the Housing Management Software to automate work.

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

- Monitor the implications of the Energy Bill, the Procurement Act and Heat Network Regulations.
- Undertake the erosh re-accreditation assessment successfully.

Re the medium-term objective (improving VfM):

- Monitor the energy contracts to deliver best VfM for tenants.
- The total of Planned Maintenance expected will cost £363,780.

Re the long-term objective (viability).

- React to Heat Network Regulations to complete works and ensure compliance.
- Further data will be gathered in 2025/6 so that a properly-considered decision can be made about whether to install Photovoltaic Cells (PV) on the roofs of each scheme and if this would include batteries. It is recognised that this would reduce tenants' electricity costs but would need to be paid for by the association as part of the carbon footprint recommendations.

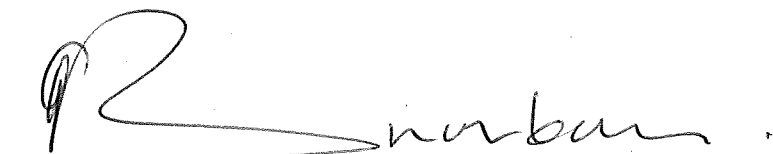
CESSA HA will continue to ensure the best possible use is made of the resources by listening to the feedback from tenants and other stakeholders. It will use this information in planning and delivering its long-term maintenance programme and excellent services to tenants.

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

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

On behalf of the board

A handwritten signature in black ink, appearing to read 'Snowball', with a large, stylized initial 'S'.

Commander S J Snowball RN

Director

Date: 6 May 25

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 2024 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 2024 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.



Sumer Audit

14 May 2025

Chartered Accountants
Statutory Auditor

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

Sumer Audit is a trading name of Sumer Auditco Limited

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

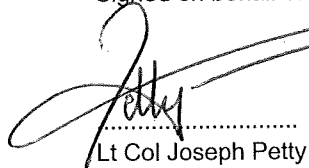
INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2024

| | | 2024 £ | 2023 £ |
|---|---------|-------------|-------------|
| Turnover | Notes 3 | 1,549,670 | 1,443,048 |
| Operating expenditure | | (1,263,416) | (1,199,424) |
| Operating surplus | 5 | 286,254 | 243,624 |
| Interest receivable and similar income | 8 | 82,820 | 68,792 |
| Interest payable and similar expenses | 9 | (53,000) | (56,000) |
| Fair value gains and losses on investments | 10 | 27,615 | 24,151 |
| Surplus before taxation | | 343,689 | 280,567 |
| Taxation | 11 | - | - |
| Surplus for the financial year | | 343,689 | 280,567 |
| Other comprehensive income | | | |
| Actuarial gain on defined benefit pension schemes | 20 | 17,000 | 14,000 |
| Total comprehensive income for the year | | 360,689 | 294,567 |

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

Signed on behalf of the board


Lt Col Joseph Petty

Secretary



Mr I H Currie FCA

Director



Lieutenant Commander A Sard
MBE RN

Director

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

BALANCE SHEET

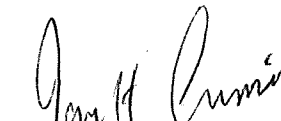
AS AT 31 DECEMBER 2024

| | Notes | 2024 £ | £ | 2023 £ | £ |
|--|-------|------------------|---|------------------|---|
| Fixed assets | | | | | |
| Tangible assets | 12 | 3,714,607 | | 3,724,252 | |
| Investments | 13 | 422,771 | | 389,148 | |
| | | <u>4,137,378</u> | | <u>4,113,400</u> | |
| Current assets | | | | | |
| Debtors | 15 | 108,909 | | 29,972 | |
| Cash at bank and in hand | | 1,300,981 | | 1,055,501 | |
| | | <u>1,409,890</u> | | <u>1,085,473</u> | |
| Creditors: amounts falling due within one year | 16 | (207,276) | | (120,845) | |
| Net current assets | | <u>1,202,614</u> | | <u>964,628</u> | |
| Total assets less current liabilities | | <u>5,339,992</u> | | <u>5,078,028</u> | |
| Creditors: amounts falling due after more than one year | 17 | (2,267,695) | | (2,304,421) | |
| Provisions for liabilities SHPS Defined Benefit Pension | 18 | (161,000) | | (223,000) | |
| Net assets | | <u>2,911,297</u> | | <u>2,550,607</u> | |
| Capital and reserves | | | | | |
| Called up share capital | 21 | 25 | | 24 | |
| Income and expenditure reserve | | 2,911,272 | | 2,550,583 | |
| Total equity | | <u>2,911,297</u> | | <u>2,550,607</u> | |

The financial statements were approved by the board of directors and authorised for issue on 06 May 2025 and are signed on its behalf by:


Lt Col Joseph Petty

Secretary


Mr J H Currie FCA

Director


Lieutenant Commander A Sard
MBE RN
Director

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2024

| | Notes | Share capital £ | Income and expenditure reserve £ | Total £ |
|--|-------|--------------------|-------------------------------------|------------|
| Balance at 1 January 2023 | | 24 | 2,256,016 | 2,256,040 |
| Period ended 31 December 2023: | | | | |
| Surplus for the year | | - | 280,567 | 280,567 |
| Other comprehensive income: | | | | |
| Actuarial gains on defined benefit plans | | - | 14,000 | 14,000 |
| Total comprehensive income for the year | | - | 294,567 | 294,567 |
| Issue of share capital | 21 | 1 | - | 1 |
| Forfeited shares | | (1) | - | (1) |
| Balance at 31 December 2023 | | 24 | 2,550,583 | 2,550,607 |
| Period ended 31 December 2024: | | | | |
| Surplus for the year | | - | 343,689 | 343,689 |
| Other comprehensive income: | | | | |
| Actuarial gains on defined benefit plans | | - | 17,000 | 17,000 |
| Total comprehensive income for the year | | - | 360,689 | 360,689 |
| Issue of share capital | 21 | 1 | - | 1 |
| Balance at 31 December 2024 | | 25 | 2,911,272 | 2,911,297 |

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

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2024

| | Notes | 2024 £ | £ | 2023 £ | £ |
|---|-------|-----------|-----------|-----------|-----------|
| Cash flows from operating activities | | | | | |
| Cash generated from operations | 23 | | 333,850 | | 258,930 |
| Investing activities | | | | | |
| Purchase of tangible fixed assets | | (121,183) | | (113,380) | |
| Purchase of fixed asset investments | | (25,361) | | (25,559) | |
| Proceeds from other investments and loans | | 19,353 | | 21,319 | |
| Interest received | | 30,733 | | 18,131 | |
| Dividends received | | 8,087 | | 7,661 | |
| Net cash used in investing activities | | | (88,371) | | (91,828) |
| Financing activities | | | | | |
| Proceeds from issue of shares | | 1 | | 1 | |
| Net cash generated from financing activities | | | 1 | | 1 |
| Net increase in cash and cash equivalents | | | 245,480 | | 167,103 |
| Cash and cash equivalents at beginning of year | | | 1,055,501 | | 888,398 |
| Cash and cash equivalents at end of year | | | 1,300,981 | | 1,055,501 |

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

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 2024

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 2024

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 2024

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 2024

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.

1.12 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

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 2024

3 Social housing turnover and costs

| | 2024 £ | 2023 £ |
|--|--------------------|--------------------|
| Rents receivable excluding service charges | 924,047 | 850,404 |
| Service charges receivable | 565,555 | 548,401 |
| Guest room income receivable | 5,880 | 6,750 |
| Other sundry income | 17,462 | 767 |
| Amortisation of capital grants | 36,726 | 36,726 |
| | <u>1,549,670</u> | <u>1,443,048</u> |
| Social housing activity expenditure | <u>(1,263,416)</u> | <u>(1,199,424)</u> |
| Operating surplus/(deficit) from social housing activities | <u>286,254</u> | <u>243,624</u> |
| Net surplus/(deficit) from social housing activities | <u>343,689</u> | <u>280,567</u> |
| Void losses | <u>(14,142)</u> | <u>(12,710)</u> |

4 Accommodation owned and in management

| | Number of units at 31 December 2024 | Number of units at 31 December 2023 |
|--------------------------------------|--|--|
| Completed units: | | |
| Sheltered housing let at social rent | 191 | 191 |
| | <u>191</u> | <u>191</u> |

5 Operating surplus

| | 2024 £ | 2023 £ |
|--|--------------|--------------|
| Operating surplus for the year is stated after charging/(crediting): | | |
| Exchange losses/(gains) | (1,247) | - |
| Remuneration, exclusive of VAT, payable to the external auditors: | | |
| Auditing of the accounts | 8,250 | 4,850 |
| Accountancy services | 1,789 | 1,635 |
| Depreciation of owned tangible fixed assets | 121,575 | 122,447 |
| Deficit on disposal of tangible fixed assets | <u>9,253</u> | <u>6,405</u> |

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

6 Employees

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

| | 2024 Number | 2023 Number |
|--|----------------|----------------|
| Management | 6 | 6 |
| Scheme managers | 4 | 4 |
| Cleaners | 8 | 8 |
| Maintainers | 2 | 2 |
| | <u>20</u> | <u>20</u> |
| Average full time equivalent (based on a 35 hour week) | <u>12</u> | <u>12</u> |

Their aggregate remuneration comprised:

| | 2024 £ | 2023 £ |
|-----------------------|----------------|----------------|
| Wages and salaries | 420,918 | 392,701 |
| Social security costs | 36,584 | 32,422 |
| Pension costs | 24,084 | 32,145 |
| | <u>481,586</u> | <u>457,268</u> |

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

| | 2024 £ | 2023 £ |
|--|---------------|---------------|
| Defined contribution schemes: | | |
| Included within pension costs above is the following charge to income and expenditure in respect of defined contribution schemes | <u>31,843</u> | <u>29,554</u> |

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

| 7 | Board and key management personnel remuneration | 2024 £ | 2023 £ |
|---|---|---------------|---------------|
| | Remuneration for qualifying services | 42,009 | 39,661 |
| | Association pension contributions to defined contribution schemes | 3,796 | 3,966 |
| | | <u>45,805</u> | <u>43,627</u> |

None of the Directors (or any persons connected with them) received any remuneration during the year, but 7 of them were reimbursed a total of £1,306 travelling expenses (2023 - 8 were reimbursed £813).

The highest paid director received £42,009 (2023 - £39,661) 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):

| | 2024 | 2023 |
|----------------------------------|---------|---------|
| CESSAC Emoluments | £42,009 | £39,660 |
| Association Emoluments | £42,009 | £39,661 |
| Total Emoluments | £84,018 | £79,321 |
| CESSAC pension contribution | £3,796 | £3,966 |
| Association pension contribution | £3,796 | £3,966 |
| Total pension contributions | £7,932 | £7,932 |

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

8 Interest receivable and similar income

| | 2024 | 2023 |
|--|---------------|---------------|
| | £ | £ |
| Interest income | | |
| Interest on bank deposits | 30,383 | 18,131 |
| Interest from defined benefit scheme asset | 44,000 | 43,000 |
| Other interest income | 350 | - |
| | <u>74,733</u> | <u>61,131</u> |
| Total interest revenue | 74,733 | 61,131 |
| Other income from investments | | |
| Dividends received | 8,087 | 7,661 |
| | <u>82,820</u> | <u>68,792</u> |
| Total income | 82,820 | 68,792 |

Investment income includes the following:

| | | |
|--|---------------|---------------|
| Interest on financial assets not measured at fair value through income and expenditure | 30,383 | 18,131 |
| | <u>30,383</u> | <u>18,131</u> |

9 Interest payable and similar expenses

| | 2024 | 2023 |
|--|---------------|---------------|
| | £ | £ |
| Other finance costs: | | |
| Interest on defined benefit scheme liability | 53,000 | 56,000 |
| | <u>53,000</u> | <u>56,000</u> |

10 Gains and losses on investments

| | 2024 | 2023 |
|--|---------------|---------------|
| | £ | £ |
| Fair value gains/(losses) on financial instruments | | |
| Change in value of financial assets held at fair value through profit or loss | 27,357 | 24,071 |
| Other gains/(losses) | | |
| Gain on disposal of financial assets held at fair value through profit or loss | 258 | 80 |
| | <u>27,615</u> | <u>24,151</u> |

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 2024

12 Tangible fixed assets

Housing properties

Housing properties for letting
£

Cost

| | |
|---|-----------|
| At 1 January 2024 | 5,938,149 |
| Additions: works to existing properties | 66,861 |
| Disposals | (30,623) |
| At 31 December 2024 | 5,974,387 |

Depreciation and impairment

| | |
|------------------------------------|-----------|
| At 1 January 2024 | 2,365,199 |
| Depreciation charged in the year | 96,149 |
| Eliminated in respect of disposals | (24,970) |
| At 31 December 2024 | 2,436,378 |

Carrying amount

| | |
|---------------------|-----------|
| At 31 December 2024 | 3,538,009 |
| At 31 December 2023 | 3,572,950 |

Other

| | Fixtures and fittings £ | Office equipment £ | Vehicles £ | Total £ |
|------------------------------------|----------------------------|-----------------------|---------------|------------|
| Cost | | | | |
| At 1 January 2024 | 321,185 | 9,948 | 35,743 | 366,876 |
| Additions | 54,322 | - | - | 54,322 |
| Disposals | - | - | (12,000) | (12,000) |
| At 31 December 2024 | 375,507 | 9,948 | 23,743 | 409,198 |
| Depreciation and impairment | | | | |
| At 1 January 2024 | 179,496 | 9,948 | 26,130 | 215,574 |
| Depreciation charged in the year | 23,051 | - | 2,375 | 25,426 |
| Eliminated in respect of disposals | - | - | (8,400) | (8,400) |
| At 31 December 2024 | 202,547 | 9,948 | 20,105 | 232,600 |
| Carrying amount | | | | |
| At 31 December 2024 | 172,960 | - | 3,638 | 176,598 |
| At 31 December 2023 | 141,689 | - | 9,613 | 151,302 |

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

13 Fixed asset investments

| | 2024 £ | 2023 £ |
|-------------|-----------|-----------|
| Investments | 422,771 | 389,148 |

The investments are recognised at fair value through income or expenditure and have an original cost of £287,864 (2023: £281,587).

Movements in fixed asset investments

| | Charles Stanley share portfolio £ |
|--------------------------|---|
| Cost or valuation | |
| At 1 January 2024 | 389,148 |
| Additions | 25,361 |
| Valuation changes | 28,605 |
| Disposals | (20,343) |
| At 31 December 2024 | 422,771 |
| Carrying amount | |
| At 31 December 2024 | 422,771 |
| At 31 December 2023 | 389,148 |

14 Financial instruments

| | 2024 £ | 2023 £ |
|---|-----------|-----------|
| Carrying amount of financial assets | | |
| Instruments measured at fair value through profit or loss | 422,771 | 389,148 |

15 Debtors

| | 2024 £ | 2023 £ |
|---|-----------|-----------|
| Amounts falling due within one year: | | |
| Social housing rent arrears | 8,952 | 11,858 |
| Other debtors | 60,753 | 3,230 |
| Prepayments | 39,204 | 14,884 |
| | 108,909 | 29,972 |

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

16 Creditors: amounts falling due within one year

| | Notes | 2024 £ | 2023 £ |
|------------------------------------|-------|----------------|----------------|
| Other taxation and social security | | 12,988 | - |
| Government grants | 19 | 36,726 | 36,726 |
| Trade creditors | | 110,598 | 26,154 |
| Rents paid in advance | | 7,346 | 4,526 |
| Other creditors | | 16,757 | 1,428 |
| Accruals | | 22,861 | 52,011 |
| | | <u>207,276</u> | <u>120,845</u> |

17 Creditors: amounts falling due after more than one year

| | Notes | 2024 £ | 2023 £ |
|-------------------|-------|------------------|------------------|
| Government grants | 19 | <u>2,267,695</u> | <u>2,304,421</u> |

18 Provisions for liabilities

| | Notes | 2024 £ | 2023 £ |
|--------------------------------|-------|----------------|----------------|
| Retirement benefit obligations | 20 | <u>161,000</u> | <u>223,000</u> |
| | | <u>161,000</u> | <u>223,000</u> |

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

19 Government grants

Deferred income is included in the financial statements as follows:

| | 2024 £ | 2023 £ |
|--------------------------------------|------------------|------------------|
| Current liabilities | 36,726 | 36,726 |
| Non-current liabilities | 2,267,695 | 2,304,421 |
| | <u>2,304,421</u> | <u>2,341,147</u> |
| | | |
| | 2024 £ | 2023 £ |
| Social Housing Grant received | | |
| At 1 January 2024 | 3,672,646 | 3,672,646 |
| At 31 December 2024 | <u>3,672,646</u> | <u>3,672,646</u> |
| Amortisation | | |
| At 1 January 2024 | 1,331,499 | 1,294,773 |
| Amortised during the year | 36,726 | 36,726 |
| At 31 December 2024 | <u>1,368,225</u> | <u>1,331,499</u> |
| Carrying amount | | |
| At 31 December 2024 | <u>2,304,421</u> | <u>2,341,147</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 £2,120,791 (2023: £2,157,517).

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 2024

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 2023 by TPT Retirement Solutions with the 31 December 2024 position projected from the 30 September 2023 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

| | 2024 | 2023 |
|---|-----------|-----------|
| | % | % |
| Discount rate | 5.33 | 4.72 |
| Expected rate of salary increases | 3.79 | 3.61 |
| Inflation (RPI/CPI) | 3.26/2.79 | 3.15/2.61 |
| Allowance for commutation of pension for cash at retirement | 75 | 75 |

The above rates are given as at the 31 December 2024 and 2023 respectively.

Mortality assumptions

Assumed life expectations on retirement at age 65:

| | 2024 | 2023 |
|----------------------|-------|-------|
| | Years | Years |
| Retiring today | | |
| - Males | 20.5 | 21 |
| - Females | 23 | 23.4 |
| Retiring in 20 years | | |
| - Males | 21.8 | 22.2 |
| - Females | 24.4 | 24.9 |

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

20 Retirement benefit schemes

(Continued)

Amounts recognised in the profit and loss account

| | 2024 £ | 2023 £ |
|---|-----------|-----------|
| Net interest on defined benefit liability/(asset) | 9,000 | 13,000 |
| Other costs and income | 4,000 | 4,000 |
| Total costs | 13,000 | 17,000 |

Amounts taken to other comprehensive income

| | 2024 £ | 2023 £ |
|---|-----------|-----------|
| Actual return on scheme assets | (4,000) | (111,000) |
| Less: calculated interest element | 44,000 | 43,000 |
| Return on scheme assets excluding interest income | 40,000 | (68,000) |
| Actuarial changes related to obligations | (57,000) | 54,000 |
| Total costs/(income) | (17,000) | (14,000) |

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

| | 2024 £ | 2023 £ |
|--|-----------|-----------|
| Present value of defined benefit obligations | 1,081,000 | 1,159,000 |
| Fair value of plan assets | (920,000) | (936,000) |
| Deficit in scheme | 161,000 | 223,000 |

Reconciliation of opening and closing balances of the defined benefit obligation

| | 2024 £ |
|-----------------------------------|-----------|
| Liabilities at 1 January 2024 | 1,159,000 |
| Benefits paid | (84,000) |
| Contributions from scheme members | 6,000 |
| Actuarial gains and losses | (57,000) |
| Interest cost | 53,000 |
| Other | 4,000 |
| At 31 December 2024 | 1,081,000 |

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

20 Retirement benefit schemes

(Continued)

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

| | 2024 £ |
|--|----------------|
| Fair value of assets at 1 January 2024 | 936,000 |
| Interest income | 44,000 |
| Return on plan assets (excluding amounts included in net interest) | (40,000) |
| Benefits paid | (84,000) |
| Contributions by the employer | 58,000 |
| Contributions by scheme members | 6,000 |
| At 31 December 2024 | <u>920,000</u> |

The actual return on plan assets was £4,000 (2023 - £111,000).

Fair value of plan assets at the reporting period end

| | 2024 £ | 2023 £ |
|------------------------------|----------------|----------------|
| Debt instruments | - | 47,000 |
| Property | 44,000 | 63,000 |
| Global equity | 106,000 | 76,000 |
| Bonds and securities | 4,000 | 5,000 |
| Liability driven investments | 295,000 | 423,000 |
| Infrastructure | - | 88,000 |
| Other | 471,000 | 234,000 |
| | <u>920,000</u> | <u>936,000</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

| | |
|-------------------------|--------|
| 01/01/2025 - 31/12/2025 | 48,785 |
| 01/01/2026 - 30/12/2026 | 51,468 |
| 01/01/2027 - 30/12/2027 | 54,299 |
| 01/01/2028 - 30/03/2028 | 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 2024

21 Share capital

| | 2024 £ | 2023 £ |
|-------------------------------|-----------|-----------|
| Ordinary share capital | | |
| Issued and fully paid | | |
| Brought forward | 24 | 24 |
| Issued during the year | 1 | 1 |
| Forfeited during the year | - | (1) |
| | <u>25</u> | <u>24</u> |
| 25 Ordinary of £1 each | | |

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 Capital commitments

At the year end the Association was committed to the completion of major works to upgrade the Glamis Court entry system from analogue to digital. The cost to complete these works was £54,322, this was paid for in January 2025, with the work being completed in February 2025. The work was funded from the Association's cash at bank.

23 Cash generated from operations

| | 2024 £ | 2023 £ |
|--|----------------|----------------|
| Profit for the year after tax | 343,689 | 280,567 |
| Adjustments for: | | |
| Finance costs | 53,000 | 56,000 |
| Investment income | (82,820) | (68,792) |
| Loss on disposal of tangible fixed assets | 9,253 | 6,405 |
| Depreciation and impairment of tangible fixed assets | 121,575 | 122,447 |
| Gains and losses on investments | (27,615) | (24,151) |
| Pension scheme non-cash movement | (54,000) | (42,000) |
| Movements in working capital: | | |
| Increase in debtors | (78,937) | (16,042) |
| Increase/(decrease) in creditors | 86,431 | (18,778) |
| Decrease in deferred income | (36,726) | (36,726) |
| Cash generated from operations | <u>333,850</u> | <u>258,930</u> |

24 Analysis of changes in net funds

| | 1 January 2024 £ | Cash flows £ | 31 December 2024 £ |
|--------------------------|------------------------|-----------------|--------------------------|
| Cash at bank and in hand | <u>1,055,501</u> | <u>245,480</u> | <u>1,300,981</u> |

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

MANAGEMENT INFORMATION

FOR THE YEAR ENDED 31 DECEMBER 2024

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

DETAILED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2024

| | 2024 | 2024 | 2023 | 2023 |
|--|------|-----------|------|-----------|
| | £ | £ | £ | £ |
| Turnover | | | | |
| Rents receivable excluding service charges | | 938,189 | | 863,114 |
| Service charges receivable | | 565,555 | | 548,401 |
| Void losses | | (14,142) | | (12,710) |
| Guest room income | | 5,880 | | 6,750 |
| Other income | | 17,462 | | 767 |
| Amortisation of capital grants | | 36,726 | | 36,726 |
| | | <hr/> | | <hr/> |
| | | 1,549,670 | | 1,443,048 |

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

DETAILED PROFIT AND LOSS ACCOUNT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

| | 2024 £ | 2024 £ | 2023 £ | 2023 £ |
|--|-----------|-------------|-----------|-------------|
| Operating expenditure | | | | |
| Wages and salaries | 378,909 | | 353,040 | |
| Social security costs | 36,584 | | 32,422 | |
| Staff training | 4,783 | | 4,801 | |
| Staff pension costs defined contribution | 28,047 | | 25,588 | |
| Staff pension costs defined benefit (allocation) | 835 | | 760 | |
| Defined benefit scheme - all payments | 45,406 | | 43,831 | |
| Defined benefit scheme - pension contras | (54,000) | | (42,000) | |
| Directors' remuneration | 42,009 | | 39,661 | |
| Directors' pension costs - defined contribution scheme | 3,796 | | 3,966 | |
| Rent re licences and other | 11,640 | | 10,909 | |
| Service charge payable | 15,832 | | 14,084 | |
| Rates | 12,381 | | 9,446 | |
| Cleaning | 17,840 | | 10,512 | |
| Power, light and heat | 224,413 | | 238,068 | |
| Repairs and maintenance | 70,129 | | 48,390 | |
| Cyclical repairs and maintenance | 98,350 | | 81,552 | |
| Garden maintenance and landscaping | 20,911 | | 19,908 | |
| Renewals and replacements | 25,922 | | 20,399 | |
| Service repairs and contracts | 28,292 | | 31,745 | |
| Premises insurance | 31,738 | | 22,407 | |
| Computer running costs | 8,560 | | 6,073 | |
| Motor running expenses | 1,641 | | 1,506 | |
| Travelling expenses | 1,195 | | 1,654 | |
| Professional subscriptions | 11,032 | | 10,461 | |
| Legal and professional fees | 12,557 | | 29,578 | |
| Pension scheme administration charges | 7,687 | | 7,177 | |
| Non audit remuneration paid to auditors | 2,147 | | 1,962 | |
| Audit fees | 9,900 | | 5,820 | |
| Bank charges | 4,052 | | 3,698 | |
| Bad and doubtful debts | - | | 920 | |
| Printing and stationery | 1,873 | | 2,145 | |
| Books, periodicals, reference materials | 321 | | 1,878 | |
| Advertising | 2,951 | | 2,913 | |
| Telecommunications | 1,898 | | 1,882 | |
| Sundry expenses | 6,956 | | 6,341 | |
| Social and welfare fund expenditure | 15,210 | | 15,145 | |
| Committee expenses | 2,038 | | 1,930 | |
| Depreciation | 121,575 | | 122,447 | |
| Profit or loss on disposal of tangible assets | 9,253 | | 6,405 | |
| Profit or loss on foreign exchange | (1,247) | | - | |
| | | (1,263,416) | | (1,199,424) |
| Operating profit | | 286,254 | | 243,624 |

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

DETAILED PROFIT AND LOSS ACCOUNT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

| | 2024 £ | 2024 £ | 2023 £ | 2023 £ |
|--|-----------|-----------|-----------|-----------|
| Interest receivable and similar income | | | | |
| Bank interest received | 30,383 | | 18,131 | |
| Other interest received on financial instruments | 350 | | - | |
| Interest from defined benefit scheme asset | 44,000 | | 43,000 | |
| Other dividends - receivable | 8,087 | | 7,661 | |
| | | 82,820 | | 68,792 |
| Interest payable and similar expenses | | | | |
| Interest on defined benefit scheme liabilities | | (53,000) | | (56,000) |
| Other gains and losses | | | | |
| Change in fair value of financial assets measured at FVTPL | 27,357 | | 24,071 | |
| Profit or Loss on disposal on financial assets measured at FVTPL | 258 | | 80 | |
| | | 27,615 | | 24,151 |
| Profit before taxation | 22.18% | 343,689 | 19.44% | 280,567 |