Annual report and financial statements

For the year ended 31 March 2024

Registered number: 04263691
Regulator registration number: L4385
Charity registration number: 1104723

Contents

About Two Rivers Housing

Two Rivers Housing is proud to be a community-based social housing provider serving the Forest of Dean, Gloucestershire, and the surrounding area.

With roots deep in the Forest of Dean, we manage around 4,600 homes and provide homes for affordable and social rent, Shared Ownership and supported living for elderly and vulnerable people.

Everyone should have a warm, safe, affordable home. This is the vision that drives us and keeps tenants at the heart of our organisation. With an annual turnover of around £30m, we are big enough to make a positive impact in our communities but small enough to really get to know our tenants.

Our G1/V1 ratings, which are the highest ratings available and are confirmed annually by the Regulator of Social Housing, reflect the strength and financial viability of our organisation and our ability to continue to be there for the thousands of families that depend on us for the long-term.

Our customers

It's important that we understand who our customers are and what they want and need from their housing provider. We offer a range of tenancy options to support local housing need, as at the 31 March 2024:

- 63.2% of our tenants lived in our general needs properties.
- 12.4% lived in our supported HomePlus schemes.
- 6.9% were Shared Owners.

We also have a number of customers on affordable rent, intermediate rent and market rent tenures and a small number of leaseholders.

- Almost 37% of our general needs and HomePlus tenants receive full or partial housing benefit.
- On average, our tenants have been living in our homes for just over nine years.
- Over half of our tenants (51.5%) are under the age of 55 and 20.5% are aged 70 or older.

Understanding who lives in our homes, is a crucial step in making sure that we continue to provide homes that meet local housing needs and the needs of the families that live in them.

Our Homes

We are committed to increasing the number of affordable homes in our neighbourhoods and pledged to build 1,000 new homes by 2028. So far, we have built 702 and have a healthy pipeline of developments that will see us meet that target over the next four years.

Over the past year, we have built 178 new homes (2023: 99), which included:

136 affordable or social rent homes
42 Shared Ownership homes

Alongside this, we have continued to invest in our homes.

In 2023/2024, we obtained funding from the Social Housing Decarbonisation Fund to make energy improvements to 54 of our homes. We have also started a two-year programme utilising funding from the government's ECO4 grant programme, which will provide energy improvement works to around 160 more.

In 2023/2024, we used this funding to complete work in 130 of our homes, making them more energy efficient and helping to tackle the effects of the cost-of-living crisis for our tenants.

Our vision: Everyone should have a warm, safe, affordable home.

Our values:

Integrity: We value honesty, sincerity, and doing the right thing.

Collaboration: We value all contributions and know we achieve more when we share ideas and work #twogether.

Ambition: We value high standards and seek creative solutions to improve people's lives.

Respect: We value, support and respect other people, recognising everyone is different and has the right to hold different views.

Ethics: We value honourable and conscientious behaviour and always aim to treat people fairly.

In 2024, we undertook a review of our organisation's values to ensure that they reflect the kind of organisation that we want to be. True values speak to the heart of an organisation and set out how we expect our team and tenants to act, working with tenants and colleagues we will relaunch our values in 2024.

Company information

The Directors who served from 1 April 2023 up to the date of approval of these financial statements were as follows:

Executive Directors

Chief Executive: Hayley Selway BA (Hons) CMCIH

(Appointed 1 December 2023)

Hayley joined us from Cardiff Community Housing where she had held the position of Chief Executive. During her time at CCHA, Hayley built a values driven, top performing housing association with customers at its heart. She has also held senior roles at Taff Housing Association, Tal Calon Community Housing, Vale of Glamorgan County Borough Council and Blaenau Gwent County Borough Council.

Chief Executive: Garry King BA (Hons), MBA (Dip), DIP Housing Admin. FCIH

(Resigned 31 March 2024)

Appointed to Chief Executive in 2002 having led the LSVT from the Forest of Dean District Council. He completed housing training at Sheffield Hallam University and then became a trainee with Bristol City Council, followed by senior roles in local authorities.

Deputy Chief Executive: Carol Dover BA (Hons), ACMA

Joined Two Rivers Housing in March 2019 and was appointed Deputy Chief Executive in May 2024. Previously Head of Finance at Connexus in Herefordshire. She has also worked in senior finance roles at The University of Worcester, Marches HA and Wyevale Garden Centres.

Corporate Director – Property: Ian Atkinson MRICS

(Resigned December 2023)

Joined Two Rivers Housing in June 2023. Previously Director of Estates, Facilities and IT at Milestone Trust. Prior to this, he was Director of Assets and Property Services at Tai Calon Community Housing and has also held director level roles at Adra and Monmouthshire Housing.

Company Secretary

Carol Dover BA (Hons), ACMA (Appointed 1 October 2023)

Garry King BA (Hons). MBA (Dip), DIP Housing Admin FCIH (Resigned 1 October 2023)

Company information

The Directors who served from 1 April 2023 up to the date of approval of these financial statements were as follows:

Group Board Members

Chair: Yvonne Leishman OBE BA FCIH

Yvonne is a former President of the Chartered Institute of Housing and Chair of HouseMark. She received an OBE for services to housing. Yvonne is an experienced Managing Director and joined the Board in 2017.

Vice Chair: Tim Jackson FCA BSc

Executive Director of Transformation at Newport City Homes, a qualified Accountant who has worked in the commercial, public and not-for-profit sectors. Joined in May 2018.

Edward Pearce BA (Hons) FRICS FRSA FRGS

Director of Strategic Asset Management at Orbit Homes, a Fellow of RICS and RSA and member of BIFM. He joined the Board in 2019.

Jonathan Higgs MBA

Currently Chief Executive of Raven Housing Trust, Jonathan has a wealth of experience in the social housing sector including as Chief Executive at Oxford Citizens Housing Association.

Audrey James BACP (Appointed 1 April 2024)

Audrey is an Accredited Psychodynamic Psychotherapist. She has been a Two Rivers Housing tenant for 15 years and has previously worked as a Housing Officer for the Guinness Trust and Raglan Housing Association.

Charlotte Marshall BA (Hons)

Former CEO for Bidvest Noonan which provided primarily security and cleaning services to national customers. Charlotte also held the position of Senior Vice President at Iron Mountain, a business that delivers physical and digital document storage across the globe.

Sharon Wilkins BSC Hons (Appointed 1 April 2024).

Sharon is the Director of Homes and Communities at Newport City Homes. She is a strategic housing professional, with more than 14 years' experience in the development of customer and engagement strategies.

Susan Holmes (Resigned 1 April 2024)

More than 35 years' experience in housing, social care and the voluntary sector. Susan joined the board in 2016.

Rita Jones (Resigned 1 April 2024)

Rita has had a varied career including as a Pub Landlady. She is a Two Rivers Housing tenant and joined the Board in 2016.

Co-opted Board Members

Tim Sharpe MBA, B.Eng C.Eng

Non-Executive Director and the Chair of the Centigen Board. Tim was formerly Managing Director of a specialist investment and asset management company working in partnership with public organisations in the health, education, and transport infrastructure sectors.

Subsidiary Board Members

Two Rivers Developments

Chair: Edward Pearce
Company Secretary: Lynne Dunstone (Appointed 1 October 2023)
Richard Chappell (Appointed 18 May 2024)
Jonathan Higgs (Appointed 1 April 2024)
Yvonne Leishman
Carol Dover (Company Secretary resigned 1 October 2023)
Susan Holmes (Resigned 1 April 2024)

Centigen Facilities Managament Limited

Chair: Tim Sharpe
Company Secretary: Lynne Dunstone (Appointed 1 October 2023)
Charlotte Marshall
Richard Chappell
Carol Dover (Company Secretary resigned 1 October 2023)
Stephen Pippard (Resigned 31 July 2023)

Two Rivers Initiatives - dissolved 21 March 2024

Chair: Rita Jones
Company Secretary: Garry King
Christopher Hillidge
Sara Beven
Susan Holmes
Yvonne Leishman

Company Secretary: Carol Dover BA (Hons), ACMA

Registered Office: Rivers Meet Cleeve Mill Lane, Newent, Gloucestershire, GL18 1DS

Company Registration Number: 04263691

Charity Registration Number: 1104723

External Auditor: Beever and Struthers, 15 Bunhill Row, London, EC1Y 8LP

Principal Bankers: Barclays Bank, PO Box 3333, One Snowhill, Snowhill Queensway, Birmingham, B3 2WN

Solicitors:	Anthony Collins Solicitors	Wright Hassall	Trowers & Hamlins
	134 Edmund Street,	Olympus Avenue,	10 Colmore Row,
	Birmingham,	Royal Leamington Spa,	Birmingham,
	B3 2ES	CV34 6BF	B3 2QD

Statement from the Chair and Chief Executive

The past year has been one of significant change for both our organisation and the housing sector and that is set to continue during the coming months. As we write, the new government is forming and setting out its plans for the future of our country following a landslide Labour victory.

Similarly, our Group Board and newly formed executive team are reviewing our plans and setting the direction for the future of Two Rivers Housing. As part of this work, we have been listening to our tenants to understand what matters most to them and ensure that our priorities are aligned to their needs and what they want from their housing provider.

It is really important for us to understand how our tenants feel about their homes and the services we provide. Their feedback is crucial in helping us make improvements and plan for the future and, throughout the year, we have taken steps to ensure that our tenants are heard at all levels of our organisation.

In 2024, we established our Tenants' Voice Committee. This group is made up of tenants and members of our Group Board including the Chair and now forms part of our governance structure. It provides tenants with direct access to our Board Members and ensures that their thoughts, opinions and ideas are fed directly to our decision makers.

In our first set of published Tenant Satisfaction Measures, almost eight out of ten tenants (79%) told us that, overall, they are satisfied the service we provide. We also saw improvements in key areas such as the maintenance of our homes (78% satisfied), the safety of our homes (84% satisfied) and complaints handling, which improved by 8% from the previous year (41% satisfied).

But our tenants also told us that we need to do better in some areas. This includes our repairs service, how we handle anti-social behaviour and how we look after communal areas and shared spaces in our neighbourhoods. We also know that our repairs service and anti-social behaviour were key drivers of complaints during the year, alongside the maintenance of our grassed areas.

We have used this feedback to review and amend our corporate strategy. Going forward this will include two additional strategic priorities that focus on improving our neighbourhoods and working with local and national partners to build stronger relationships with our communities. Alongside our four existing priorities, these will ensure that we are focussing on the things that matter most to our tenants and the wider communities that we serve.

Like the government, Two Rivers Housing is under new leadership. Hayley joined us in December 2023 and officially took over from Garry King in February 2024. Ted Pearce will also take on the role of Group Chair from October 2024 as Yvonne Leishman reaches the end of her tenure.

We also have two new Executive Directors joining Hayley and Deputy Chief Executive Carol Dover.

Jonathan Jones will take on the role of Executive Director of Homes in July 2024 and Liz Evans will join us in the newly created role of Executive Director of People and Neighbourhoods in September. Strengthening our executive team in this way will help ensure that our physical assets (the property we own) and the people that are part of our organisation (our tenants, our team and our partners) have equal representation within the executive team. This will lead to better balanced, more informed decision making and the best results for our tenants and the organisation.

Statement from the Chair and Chief Executive continued

Our priority for the year ahead is to put tenants at the heart of the organisation, to listen to their experiences and act on their feedback to make things better for everyone, and to empower our team to deliver on our behalf.

As a starting point, we have reviewed our organisation's values. Working with our Tenants' Voice Committee, Colleague Forum, Senior Management Group and the wider team we have created a set of values that speak to the heart of our people and our organisation. These will create the foundation for a culture built on service and trust across the Group.

We have used feedback from our tenants to develop our new corporate strategy and ensure that we are focussed on the right areas. We are also making changes to our services, processes and team to ensure that we are best placed to act on the feedback that we receive and can deliver improvements for our tenants.

Real change does not happen overnight, but we promise to continue to listen to what our tenants are telling us, make improvements to our services, and support the communities that we serve.

#Twogether we can create a world where everyone has a warm, safe, affordable home.

Hayley Selway
Chief Executive

Yvonne Leishman OBE
Chair

Report of the Board of Management and Strategic Report

Principal activities

Two Rivers Housing is a company limited by guarantee, Registered Number: 04263691. It is also registered with, and regulated by, the Regulator of Social Housing (RSH) in accordance with the Housing and Regeneration Act 2008, Registered No. L4385.

We are a not-for-profit organisation providing homes and support services to people and communities across the Forest of Dean, Gloucestershire, and the surrounding areas. The organisation was formed following the largescale voluntary transfer of properties from the Forest of Dean District Council in 2003.

On 31 March 2024, we managed 4,617 homes including 4,561 social housing homes with related support, twelve market rent homes, and 44 leasehold homes.

tworivers HOUSING

- Asset holding
- Borrower
- Charitable registered provider

CENTIGEN FACILITIES MANAGEMENT

- Non-charitable
- Non-asset holding
- Limited company
- Maintenance and facilities maintenance

tworivers DEVELOPMENTS LTD

- Non-charitable
- Non-asset holding
- Limited company
- Development/ property company

Two Rivers Housing is the parent of the Group, which has two subsidiaries:

Two Rivers Development Limited designs, builds, and sells homes for both Two Rivers Housing and open market sales. Any profits it generates are gift-aided to the parent company. It also includes the Tandem Living brand, which sells properties on the open market on behalf of Two Rivers Developments.

Centigen Facilities Management Limited (Centigen FM) delivers maintenance and facilities management to Two Rivers Housing and external organisations. Centigen Facilities Management also includes the TwoCan brand, which provides estate agent services for homeowners and other housing associations.

Tandem Living and **TwoCan Estate Agents** are brands promoting products and services that are delivered by Two Rivers Developments and Centigen Facilities Management respectively.

Two Rivers Initiatives is a charitable and community benefit society providing support and funding for community activities and initiatives. It was dissolved on 21 March 2024.

Report of the Board of Management and Strategic Report continued

Public benefit

In setting out the Group's aims and objectives, the Group Board gave careful consideration to the Charity Commission's general guidance on public benefit.

The Group Board confirms that the Group complies with the public benefit criteria through:

- The provision of social housing.
- Ensuring that rents are charged within the parameters of the Group's rent policy and in accordance with the Regulator's Rent Standard and guidance.
- Ensuring that housing is let on the basis of need.
- Ensuring that it serves and represents its tenants, whatever their circumstances or background, in line with its Equality, Diversity, and Inclusion Policy.

Working #Twogether - partnerships

Our performance is boosted by strong partnerships with its key stakeholders. These include community groups, specialist organisations, and other local and national associations. These relationships enable us to deliver on our promises and meet our objectives and commitments to our customers in an efficient and effective manner.

#Twogether with tenants and customers

As a community-based housing association, we are small enough to really understand and get to know our customers. Over the last couple of years, we have invested in both understanding who our customers are and creating opportunities for them to influence decision making and help shape our services.

There is still work to be done in this area, but we took several significant steps towards this in 2023/2024 to help ensure that tenants have meaningful involvement in the design, review, and development of our services.

- **Tenants' Voice Committee**: In 2024, we launched our Tenants' Voice Committee. Made up of tenants and members of the Board including the Group Chair, this committee provides a direct link between tenants and the Board. It forms part of our governance structure and meets every two months to review all areas of our services, ensuring that the opinions and thoughts of our tenants are heard at the highest levels of our organisation.
- **Tenant Satisfaction Measures**: In line with the Transparency, Influence and Accountability Standard, we have fully adopted the Tenant Satisfaction Measures (TSM). We have shared interim results with tenants throughout the year in our Tenant Topics magazine and will publish the full year's results in line with the regulatory requirements in 2024/2025.
- **Community Connectors**: In 2023, we created two new Community Connector roles. These colleagues are tasked with working closely with tenants and local partnerships to provide additional support, represent our organisation at community and partner events and be an additional resource to facilitate two-way conversation between our organisation and tenants.

Alongside this, we have continued to invest in and grow our closed Facebook Group, which is used to collect real-time feedback on smaller issues and is a platform for tenants to raise issues and share ideas for solutions. Our Chief Executive held our first Facebook Live session in March 2024, providing an opportunity for tenants to ask questions directly and hear our plans for improving our services firsthand.

Report of the Board of Management and Strategic Report continued

We also continue to publicise all the ways that tenants can share their feedback and ideas with us through our tenant communications, including our social media channels, website and quarterly Tenant Topics magazine.

#Twogether with colleagues

Our people play a vital role in the success of our organisation, and we recognise the importance of ensuring that their voice is heard at all levels of the organisation. Not only does this foster a culture of trust, but it also empowers our team to be brave and make decisions for the benefit of our customers and our organisation.

In 2023, we launched our Colleague Forum. This group is made up of colleagues from across the organisation and attended by members of the Senior Management Group, Assistant Directors and members of the executive team. It meets regularly to discuss issues that impact our colleagues or the organisation and is an opportunity for our team to raise concerns, review policy changes, and feedback to the leadership team.

Honest conversation and respect are the fundamental building blocks of a strong culture, and we took several steps to strengthen this amongst our team in 2023/2024, including:

- **Two Talk Live sessions:** These monthly sessions bring the whole team together and provide an open forum for colleagues to question the leadership and learn about the role of other teams across the Group. It provides an opportunity for teams to share their successes and challenges with the group and has started to rebuild connections between teams that had been damaged during the silo working that the COVID-19 pandemic created.
- **Senior Management Group:** Following a review of its membership and structure at the beginning of 2023, the Senior Management Group (SMG) was relaunched. This group is charged with ensuring the operational delivery of the Corporate Strategy and is responsible for running the operations on a day to day basis. It meets monthly to discuss and resolve operational issues, ensure that operational plans are aligned to the organisation strategy and escalate issues to the executive team where required.
- **Working better #Twogether at an operational level:** In January 2024, we made the decision to physically move our operational teams into a single space at our Rivers Meet office. The high level of turnover within our asset and housing directorates, coupled with a silo working mentality, which developed as a result of the COVID-19 pandemic had damaged connections between the teams and these needed to be strengthened. The move has already started to strengthen cross-team working and problem solving and has also helped teams gain an understanding of the interdependencies between our asset and housing teams.
- **Organisation values:** Towards the end of the financial year, we started work to review our brand strategy, which includes a review of our organisation values. Values need to come from the heart of the organisation and should hold meaning for the organisation, its team and its customers. We engaged with our Tenants' Voice Committee, the Senior Management Group, Colleague Forum and our wider team to create a set of values that underline the type of organisation we want to be. These were discussed and agreed by the Group Board in May and will be launched in 2024.

Over the next 12-18 months we will continue to work with our team to build a strong work community where people are able to bring their whole selves to work, challenge and call out behaviours that don't align to our values.

Report of the Board of Management and Strategic Report continued

#Twogether with partners

As a community-based housing provider, we have built strong connections with local authorities, community partners and national bodies that share our values and beliefs. Working with these partners enables us to reach further into the communities that we serve and provide additional help and support where it is needed.

- We are active members of PlaceShapers, The Cinderford Regeneration Board, the GFirst Local Enterprise Partnership, the Gloucestershire Homes and Communities Partnership, and the Forest Economic Partnership. We also work with the police, health services, and local authorities to support safe, healthy, sustainable communities.
- We work with Gloucestershire Homeseeker Plus and Herefordshire Homepoint to ensure that the allocation of our homes is needs led, fair, and transparent. and with local authority partners to deliver affordable housing and support efforts to reduce homeless in our communities by making homes available as temporary accommodation.
- As one of the largest providers of affordable housing in the area, we have developed a strong working relationship with the Forest of Dean District Council. We also have good working arrangements with Stroud District Council, Gloucester City Council, Tewkesbury Borough Council, Cotswold District Council and Herefordshire Council.
- The consortium we founded with Stroud District Council and Cheltenham Borough Homes to bid for funding from the Social Housing Decarbonisation Fund (SHDF) in 2020, has continued to be successful in acquiring funding for energy improvement works. Tenants from all three organisations and Gloucester City Homes, who joined the consortium in 2022, are now benefitting from warmer, more energy efficient homes.
- Our community engagement team has continued to build on its programme of community events. Working with local partners, it has increased our capacity to provide additional events and support to our tenants and the wider community. The team has obtained several small grants to help fund regular activities at our HomePlus centres and support our event programme. This includes free Holiday Clubs, which provide entertainment for children, support for parents and a healthy lunch for everyone. These events not only increase our visibility within our neighbourhoods, but also offer another opportunity for tenants to share their feedback and thoughts in a less formal environment.
- Our development team has a healthy pipeline of development opportunities and continues to build and strengthen relationships with our development partners. Alongside this, they work with Homes England and local authorities to obtain additional funding to support our development programme and deliver Value for Money for tenants. In 2023/2024, they successfully obtained funding from Homes England for our land-led development at Marian's Walk, which also has funding from NHS Gloucestershire to provide accessible bungalows and the regeneration of Johnstone Close a former assisted living site in Staunton.
- Our partnership with Eastington Community Land Trust also took a significant step forward at the end of the year when planning permission was granted for 31 new affordable homes at its Homegrounds site. Work is expected to start on site later this year with the homes being available for social rent and Shared Ownership from 2025.

Report of the Board of Management and Strategic Report continued

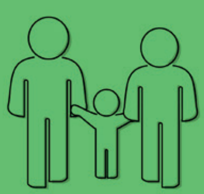
Strategic report

Everyone should have a warm, safe, affordable home. This is the belief that we were founded on over 20 years ago and we remain committed to improving and increasing the availability of affordable housing in our neighbourhoods.

To ensure that we continue to focus on delivering the right things, the Group Board and executive team set out four strategic priorities in the 2021-2024 Corporate Strategy. Together these provide the foundation for the development and delivery of the Group's strategic and operational plans and help ensure that we continue to deliver on our promise to ensure that everyone in our communities can live in a warm, safe, affordable home,

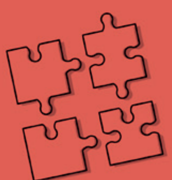
Provide quality, sustainable homes

- We understand our assets and manage them effectively.
- We are investing in improving our homes.
- We provide a great repairs service.
- We are reducing our carbon footprint.
- We have a healthy pipeline of new developments.



Deliver a great customer experience

- We understand who our customers are, what they need and respond to them effectively.
- We provide services that are inclusive, fair, and accessible for all.
- We are engaging with our customers in new ways.
- We invest in our colleagues to deliver excellent service.



Be a great place to work

- We are engaged, passionate and feel valued and trusted.
- We feel empowered to make a difference.
- We have the opportunity to develop and grow.
- We are committed to being diverse and inclusive.

Be a strong, viable organisation

- We understand and manage our costs.
- We use data to monitor and manage performance.
- We are growing our organisation.
- We are financially strong and well governed.
- We make the best use of technology to drive improvements.

Together, these provide guidance for the Senior Management Group, which is responsible for setting operational plans that support the strategic direction of the Group and enable it to deliver its core purpose.

Report of the Board of Management and Strategic Report continued

The change in the organisation's leadership, has provided an opportunity to review these priorities to ensure that they remain the relevant and will continue to deliver for our organisation going forward.

In March 2024, Chief Executive Hayley Selway began this review. Working with the Senior Management Group (SMG) and executive team, she undertook a review of the four priorities and shared her thoughts with the Group Board at a workshop in May. Together they reviewed the current position of the organisation, the four strategic pillars and external environment in which we are operating, as well as the likely future demands on the organisation and its resources.

The Corporate Strategy has been updated to reflect this review and the key priorities for 2024-2025 are set out on page 33.

Group financial performance

We take a long-term approach to managing our finances and overall, we continue to maintain a strong financial position and have delivered a Group surplus of £4.9m for the year (2022/2023: £2.9m) with the Association also producing a surplus of £4.8m (2022/2023: £2.8m).

Due to the actuarial adjustments in respect of pension schemes the total comprehensive loss for the Group is £0.035m (2022/2023: surplus of £7.5m) and at an Association level it is a loss of £0.137m (2022/2023: surplus of £7.4m).

The Group's three-year income and expenditure account, statement of financial position and cashflows are summarised below.

Income and expenditure account	**2024**	**Target 2024**	**2023**	**2022**
Turnover	**30,738**	28,505	28,333	24,928
Operating surplus	**7,912**	**6,349**	**6,886**	**7,657**
Interest receivable, other income and taxation	**1,570**	542	893	47
Interest payable and similar charges	**(4,544)**	(4,925)	(4,901)	(4,876)
Surplus for the year	**4,938**	**1,966**	**2,878**	**2,828**
Statement of Financial Position				
Net book value of housing properties	**208,823**	212,879	184,086	171,631
Total assets less current liabilities	**224,451**	229,615	217,460	225,066
Cash and short term investments	**22,901**	12,713	43,984	51,588
Outstanding loan balance	**142,559**	146,850	147,850	147,850
Retained surplus	**65,230**	61,194	65,265	57,788
Cashflow				
Net cash from operating activities	**16,664**	9,163	14,779	13,779
Cash from property sales	**1,285**	660	1,839	2,180
Acquisition and construction of properties	**(32,872)**	(30,198)	(20,116)	(17,558)
Grants received	**2,635**	1,857	398	396
Net funding requirement	**(5,000)**	(1,000)	-	39,899

Report of the Board of Management and Strategic Report continued

Our turnover increased by £2.4m. This was predominantly from increased rental income and a one-off receipt of £0.5m relating to a legal settlement, which offset the lower receipts from Shared Ownership sales.

Our overall operating surplus increased by £1.0m to £7.9m in 2023/2024 (2022/2023: £6.9m) however, operating costs increased by £1.5m to £21.0m. This was due to increased maintenance costs.

The key drivers of performance in 2023/2024 relative to last year are set out below:

- Social housing turnover has increased by £2.2m. This was generated from 178 new homes coming into management and a 7.0% increase in rents being applied to our social housing properties.
- Our management costs increased by £0.3m to £5.4m in comparison to 2022/2023. This increase was driven by:
  - Enhancements to our colleague reward package, that will help ensure that we remain an attractive employer and address current retention issues.
  - An increase in agency costs to provide support for recruitment and enable us to fill vacant positions.
  - An increase in the cost of insurance
  - Additional investment in cybersecurity measures to safeguard the organisation against these threats.
- Our overall management costs per property increased marginally to £1,183 (2022/2023: £1,159). This is 11% lower than budget, which was set at £1,325 for the year.
- Maintenance costs increased by £0.8m overall. This reflects the increase in the volume of repairs, increased material costs, and ongoing maintenance and improvements to our homes.
- We were able to generate £0.8m in surplus through the disposal of fixed assets. This includes income generated from the staircasing of Shared Ownership homes, where additional shares are purchased by the Shared Owner.
- We were also able to reduce our finance costs by £0.3m to £4.9m (2022/2023 £5.2m), due to reducing our borrowing by £5m and capitalising a higher level of interest payable.
- Higher investment returns also generated a positive benefit of £0.7m in interest receivable.

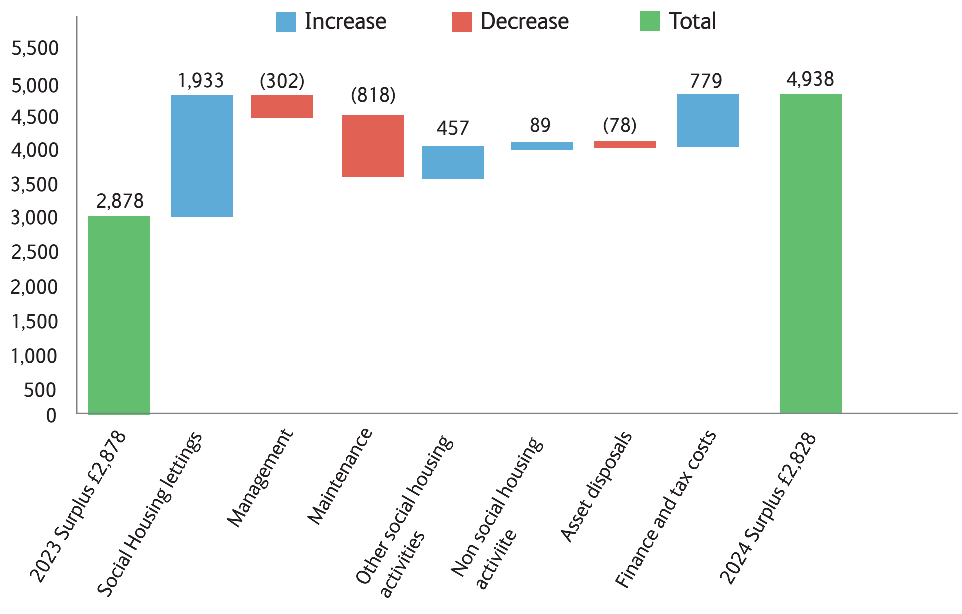
The operating margin, excluding surplus on disposal of fixed assets, is 23.1%. This is higher than the 2022/2023 position of 20.5% and is a result of the increase in turnover.

Our housing properties portfolio grew by £24.7m to £208.8m (2022/2023: £184.1m). This was generated by a mix of capital maintenance works and continued growth from our development programme.

The key movements in delivering the 2023/2024 results relative to 2022/2023 are presented in the chart on page 16.

Report of the Board of Management and Strategic Report continued

Surplus 2024 vs 2023



In summary, the positive impact of higher income from social housing lettings and interest receivable have absorbed the exposure from higher maintenance costs. The surplus generated for the year will be reinvested and used to improve our existing homes, build new homes, and deliver improvements to the services that we provide to our tenants.

Treasury management

In accordance with the Treasury Policy, neither the Group nor any of its subsidiary undertakings have any abnormal exposure to price, credit, liquidity, and cash flow risks arising from its trading activities. We do not enter any hedging transactions and no trading in financial instruments is undertaken.

The organisation is funded by a combination of retained reserves, short- and long-term funding facilities and grants from government and local authorities.

We have a formal Treasury Management Policy, agreed by the Group Board and reviewed annually. This policy establishes the framework within which treasury risk is effectively managed and group covenant compliance is delivered. It states which types of financial instruments can be authorised for use, covering both borrowings and investments. In addition, the policy identifies the maximum value of financial instruments and with whom they may be agreed.

The main risk arising from the Group's financial instruments is liquidity risk. We have adopted a policy that balances the need to keep cash levels necessary only to meet immediate business requirements but also protecting the long-term position by taking advantage of long-term rates, when the opportunity arises. The overall aim is to manage our exposure to interest rates and refinancing, to diversify the funding sources, and to have a debt profile that supports the needs of the Group.

Our interest rate policy for borrowings is to be between 60% and 100% fixed. As of 31 March 2024, 96% of our borrowings were at fixed rates. The interest rate strategy aims to ensure that movements in interest rates will not significantly impact on the surplus before tax.

One loan with Barclays worth £5.85m includes an embedded swap. This includes termination rights giving the right to convert the debt to variable on set dates each quarter and is therefore treated as variable, not fixed. There are no current plans to convert this to variable debt.

The refinancing exercise completed in 2020, created a debt portfolio which meets the requirements of the current Corporate Strategy and allows us to meet our aspirations for development until at least 2026.

As of 31 March 2024, we have funding in place in the form of a £62.85m fully drawn bank loan, with phased repayments over the next 12 years, and a fully drawn £80m private placement. In addition to this, there is an undrawn five-year £50m revolving credit facility.

On 31 March 2024, total loan facilities amounted to £192.9m, with borrowings of £142.9m (2022/2023: 147.9m). The rates for these facilities range from 2.45% for the private placement to 6.18% for the older loans.

During the year, we renewed the revolving credit facility, which is the principal source of liquidity for future commitments.

All treasury activities are controlled and monitored by the Deputy Chief Executive with the assistance of external consultants as required and are carried out in accordance with policies and strategies approved by the Group Board. The Group Board undertakes regular reviews of treasury management activity and covenant compliance.

Cash flow

Cash inflows and outflows for the year ended 31 March 2024 are set out in the cash flow statement on page 56.

Net cash inflows from operating activities are from the management of housing stock. Returns on investment and servicing of finance are due to interest income and interest charges on loans.

The net cash outflow from capital expenditure is the spend on capitalised repairs to existing homes, and spend on the development of new homes, which has been capitalised, less grant and sales proceeds from properties sold under the 'Right to Buy' or 'Right to Acquire' schemes, plus spend on other fixed assets.

The Group generated net cash from operating activities of £16.7m (2022/2023: £14.8m). After investing and financing activities, cash and bank balances for the year ended 31 March 2024 stood at £22.9m (2022/2023: £44.0m), a reduction of £21.1m during the year.

Current liquidity

Our treasury management policy requires that each Group member will maintain a minimum level of liquidity such that there is:

i. Liquid funds equal to forecast net cash outflow for three months (subject to a minimum of £5m), made up of sufficient operational liquidity to meet the next four weeks' forecast gross cash outflow.
ii. Medium-term funding equal to forecast net cash outflow for six months.
iii. Long-term funding equal to forecast net cash outflow.

We finance our operations through a mixture of retained profits, bank funding, and private placement funding at fixed rates of interest.

Liquidity remains strong. As of 31 March 2024, there was £21.4m of available but undrawn bank facilities (2023: £14.6m) and a cash balance of £22.9m (2023: £44.0m).

The annual review of the strategy and funding requirement confirmed that we had sufficient liquidity in place to last until at least 2026.

The Group Board does not consider there to be any seasonal effects on the borrowing requirements.

Report of the Board of Management and Strategic Report continued

Generally, the main factor influencing the amount and timing of borrowings is the pace of the planned maintenance and improvement programme and development activity. These have a significant impact due to the timing of payments to contractors and receipt of any capital grants.

Loan Covenants

Our performance against the tightest loan covenants is as follows:

	Covenant	Performance
Interest Cover	110%	1.72%
Asset Cover	111%	1.58%
Gearing	60%	45.8%
On-lending	5.5%	0.21%

Reserves Policy

Our reserves policy requires us to have six months of operating cost in reserves in order to meet our short-term obligations. This equates to £10m.

The Group's reserves at the end of the financial year were £65.2m (2022/2023: £65.3m). This is after the small negative transfer of £0.1m on the comprehensive income for the financial year (2022/2023: positive transfer of £7.5m).

Accounting policies

The principal accounting policies are set out in Note 2 to the financial statements on pages 57 to 69.

Value for Money (VfM) and performance against our strategic objectives

Delivering value for our customers is embedded throughout our organisation and is a key consideration across all our services, projects and decision making. When looking at how we provide Value for Money, we go beyond monetary savings, combining this with the additional social value that a community-based housing provider like ours can deliver.

The current inflationary market has stretched the financial resources of our customers and there are limited opportunities to increase our income. As a result, we have concentrated on protecting our current income streams and maximising Value for Money where we incur costs. Value for Money is a key consideration when we set our plans and strategies and is captured, reviewed and discussed throughout the year.

Report of the Board of Management and Strategic Report continued

Measuring Value for Money

Our Corporate Strategy objectives flow from our vision. To help ensure that we are focusing on the right things, we developed four organisation priorities:

- Provide quality, sustainable homes
- Be a great place to work
- Deliver a great customer experience
- Be a strong, viable organisation

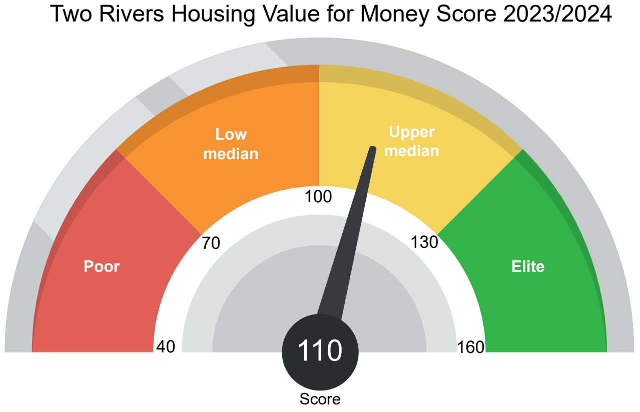
The work we undertake in each of these areas will help move our organisation forward and ensure we continue to deliver on our vision to ensure that people living in our neighbourhoods have a warm, safe, affordable home. We set measurable objectives under each of these areas, which are reviewed annually by the Group Board. Our progress against these objectives is regularly reported to the Group Board and executive team and continually assessed against Value for Money measures.

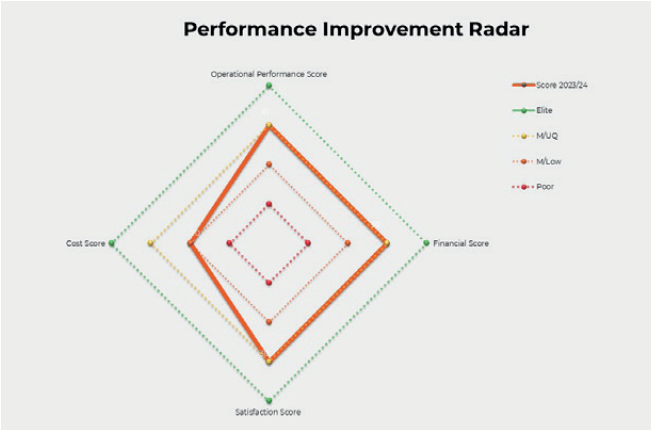
Alongside this, we benchmark our objectives against our past performance and, wherever possible the performance of similar housing providers. This allows us to understand our performance, tackle areas of underperformance and drive further Value for Money gains across the organisation.

In addition to the objectives set out in our Corporate Strategy, the Group Board sets specific Value for Money targets. These include the seven metrics included in the Value for Money Standard published by the Regulator of Social Housing on 1 April 2018. In summary, our approach to Value for Money involves making the best use of our resources to deliver the best results for our customers in the most efficient way possible.

Demonstrating how we achieve this is complex, so to help us measure our performance in this area we benchmark our performance against a peer group. We work with specialist consultants i4H to provide an independent, external assessment of our performance against the Value for Money metrics in comparison to our peer group. We also benchmark against the PlaceShapers membership, which are closely aligned to our values and how we operate. Combined this provides a strong indication of how we are delivering against the Value for Money metrics.

The benchmarking results conclude that, overall we are achieving mid/upper quartile performance against our i4H peer group.





Report of the Board of Management and Strategic Report continued

Value for Money measure	2023/2024 Results	2023/2024 Median	2023/2024 Score
Total cost per unit	£4,562	£3,930	20
Total operational performance score	260	250	30
Total customer satisfaction score	130	125	30
Total financial score	250	200	30
Total Value for Money score	**110**	**100**	**110**

We continued to deliver strong financial performance for the year ending 31 March 2024. Costs are targeted based on the priorities set out in the Corporate Strategy and the high-cost area of major and cyclical works represents a deliberate investment in our homes, which meets a key strategic objective. A significant increase in major works is consistent with the highest reinvestment level in the peer group.

Regulatory Value for Money (VfM) Sector metrics

The Regulator for Social Housing (RSH) has outlined what it expects registered providers to deliver in relation to Value for Money (VfM) in its 2018 Value for Money Standard. The VfM Standard requires us to understand our costs, the outcomes of delivering specific services, and the underlying factors which impact these costs.

The Regulator's seven VfM metrics enable us to compare our performance against the whole global accounts sample and PlaceShaper members. Performance is assessed relative to the forecast target, with reference to the prior year's sector performance. Our performance against these metrics are set out in the table below.

	Two Rivers Housing			**Whole Sector (Median)**	**PlaceShapers (Median)**
	Actual 2024	*Target	**Actual 2023	(Median)	(Median) ****2023
Reinvestment	**16.2%**	14.0%	11.0%	6.7%	6.7%
New supply delivered % (Social housing)	**3.9%**	2.14%	2.3%	1.3%	1.2%
New supply delivered % (Non-social housing)	**-**	-	-	-	-
Gearing	**57.3%**	63.0%	67.1%	45.3%	46.3%
EBITDA MRI / Interest cover %	**171.8%**	131%	158%	128.4%	143.10%
Headline social housing cost per unit	**£4,447**	£4,467	£3,954	£4,586	£4,462
Operating margin % - Social Housing	**19.8%**	18.7%	18.5%	19.8%	19.1%
Operating margin % - Overall	**23.1%**	20.5%	20.5%	18.2%	19.2%
Return on Capital Employed	**3.5%**	2.8%	3.1%	2.8%	2.9%

RAG Rating: Actual 2023/2024 vs *Target; **Actual 2022/2023, ***Sector Median 2022/2023, **** PlaceShapers 2022/2023

Report of the Board of Management and Strategic Report continued

Further performance benchmarking against the i4H Benchmarking peer group are set out below.

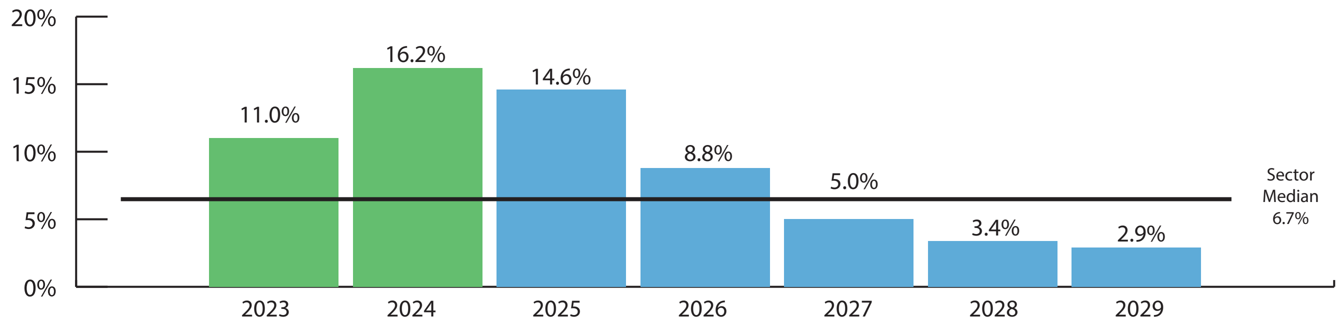
FY24 - Financial indicators	FY23	FY24	Median
Reinvestments	11.05%	16.20%	5.40%
New supply delivered % (Social housing) %	2.25%	3.90%	1.30%
Gearing ratio %	67.30%	57.30%	52.70%
EBITA MRI interest cover %	162.47%	171.80%	130.00%
Headline social housing cost per unit £	£3,952	£4,443	£5,393
Operating margin % (Overall)	21.62%	23.10%	18.30%
Operating margin % (SHL)	18.48%	19.81%	19.81%
Return on capital employed (ROCE)	3.17%	3.50%	3.10%
Total score	**240**	**250**	**200**

In comparison to the iH4 peer group, we continue to be a mid/upper quartile performer. Our financial performance reflects our strategic objective to invest in and develop new homes, which has increased significantly compared to 2022/2023.

The information below, provides commentary on our 2023/2024 performance for each of the Regulator's VfM sector metrics. It also provides a brief description of the metric, and forecasts for future performance against these based on our business plan projections.

Report of the Board of Management and Strategic Report continued

Reinvestment



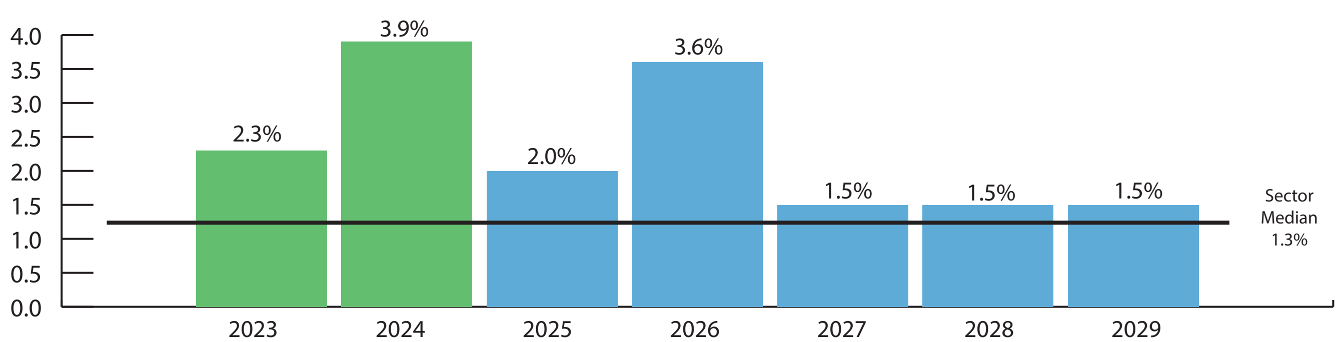
This metric looks at the investment in properties (both existing and new homes) as a percentage of the value of total properties held. In 2023/2024, we delivered a significant improvement achieving a reinvestment percentage of 16.2% up from 11% in the previous year and exceeding the target set for the year.

The 2023 global accounts analysis indicates that reinvestment in existing homes increased at a substantially higher rate than reinvestment in new homes. This reflects the sector's priority of meeting the Decent Homes Standard and sustainability targets.

In 2023/2024, our major repairs investment costs increased by 31% to £1,359 per property from £1,034 in the previous financial year. This will continue to rise steadily for the five-year period up to 2028, reflecting our desire to maintain and improve quality and energy efficiency of our homes.

Our performance is in line with the national trend of increasing costs for 2022/2023 and 2023/2024, as the sector continues to see significant increases in costs for planned, routine, and capitalised repairs. Increased costs for both routine and landlord compliance repairs have been key drivers of this alongside an increase in damp related work and prevention in 2023/2024. This is likely to increase further in 2024/2025.

New supply delivered



This sets out the number of new social housing and non-social housing homes that have been acquired or developed in the year as a proportion of total social housing homes and non-social housing homes owned at the period end. In terms of delivering new social housing homes, our performance is at upper quartile and is better than both the sector and our peer groups.

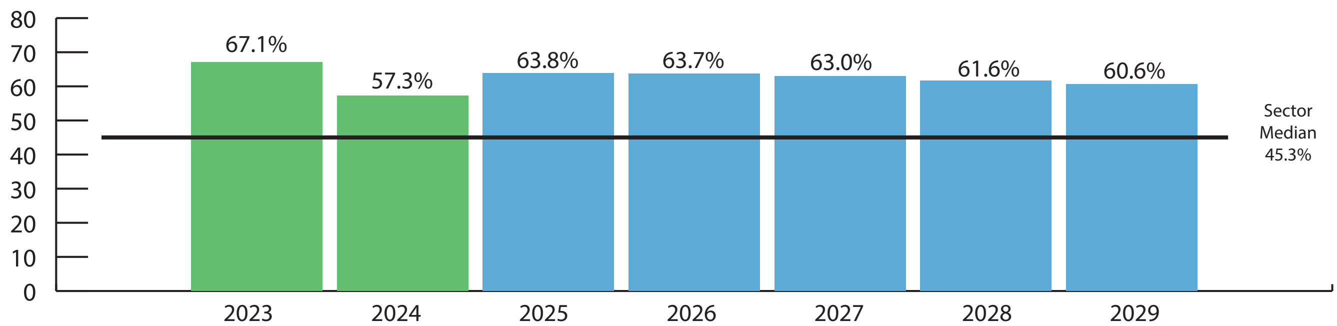
Report of the Board of Management and Strategic Report continued

We have continued to meet our commitment to deliver new affordable homes and added 178 new homes in 2023/2024 delivering a three-year average of 120 homes per year. The prior year position was also ahead of the sector median and the benchmarking group.

It is acknowledged that developer and planning delays, legal issues and programme delivery spanning multiple financial years, can all have an impact on the delivery of new homes. Despite these challenges, our pipeline of development remains healthy, and we remain on track to deliver 1,000 homes by 2028.

We are not planning to build any homes that are not for social housing needs.

Gearing



This metric measures net loans (incl. finance lease obligations) as a percentage of the value of housing properties and is an approximate indication of capacity. More highly geared associations may have less capacity to develop further.

It is not uncommon for Large Scale Voluntary Transfer (LSVT) providers, and those that are developing, to be more highly geared. As with all ratios, the position does have to be viewed with caution. If the cost paid for initial housing stock acquisition was particularly low due to the level of work that was required to be carried out being reflected in the purchase price (as was the case with Two Rivers Housing), then as the Association develops and pays full build costs for new stock, the additional loans will start to dwarf the initial costs and the ratio will start to increase.

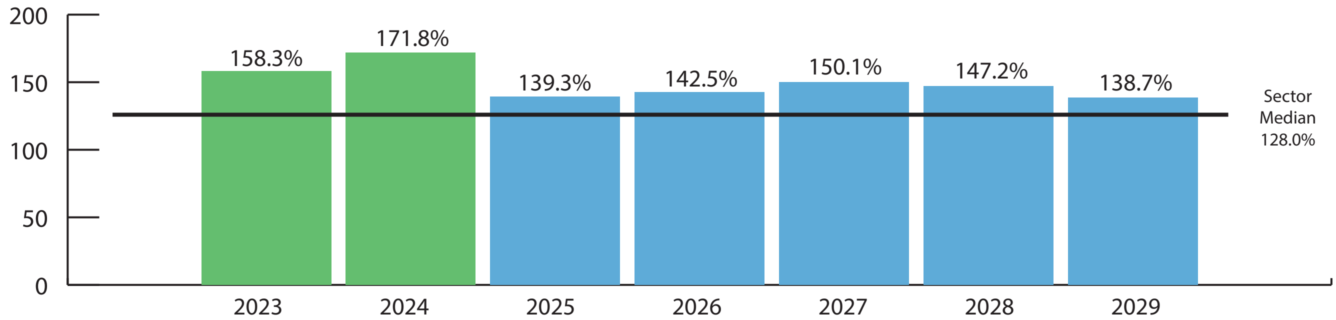
This metric does not permit the inclusion of short-term investments in its calculation. To take advantage of preferential interest rates, our funds have been invested in short-term, fixed-rate investments which is permitted under our Treasury Policy. This delivers greater Value for Money for the organisation.

Our gearing ratio does remain higher than the averages for the sector, PlaceShapers and the benchmarking group, but this is indicative of the fact that we geared up to develop more homes and is relative to the low historical cost on transfer. Our position is better than anticipated due to higher levels of cash being held. Overall, a high gearing ratio can be offset against high new delivery performance, which is consistent with our strategic objectives.

In terms of our ability to continue raising finance for future loans, while this ratio is considered, it is likely to be less important than EBITDA MRI, asset cover based on existing use valuation, and debt per unit.

Report of the Board of Management and Strategic Report continued

EBITDA MRI interest cover



The EBITDA MRI interest cover measure is a key indicator for liquidity and investment capacity It seeks to measure the level of surplus that a registered provider generates compared to interest payable; the measure avoids any distortions stemming from the depreciation charge.

Strong interest cover is required to service existing debt and support continued investment. A high interest cover ratio is not automatically a good thing as it may indicate that there is capacity to borrow further to develop, although it does need to be taken into context with the other financial indicators.

In 2018, the Group Board set the strategic objective to deliver 1,000 new homes by 2028. To support this, additional funding was secured which has resulted in higher interest payable costs. This, combined with higher operating expenditure has driven this indicator down in cmparison to the position five years ago.

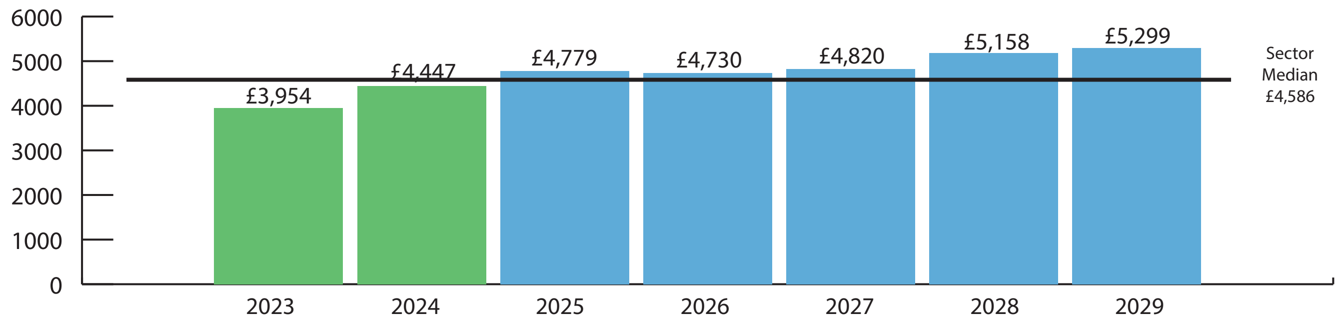
Despite higher maintenance expenditure, there has been an improvement in the EBITDA MRI interest cover compared to 2022/2023. This is due to the level of cash and short-term investments held during the year, higher investment rates (which generated higher interest receivable), and reducing net interest costs.

While the forecast position for this ratio is weaker, it is in line with the tolerances set by the Group Board and the strategic objective to fund the substantial development pipeline and continued investment in our homes.

For 2023/2024, our performance against this metric is ahead of the 2023 Global Accounts sector average and both the PlaceShapers and benchmarking peer group.

Report of the Board of Management and Strategic Report continued

Headline social housing cost per unit



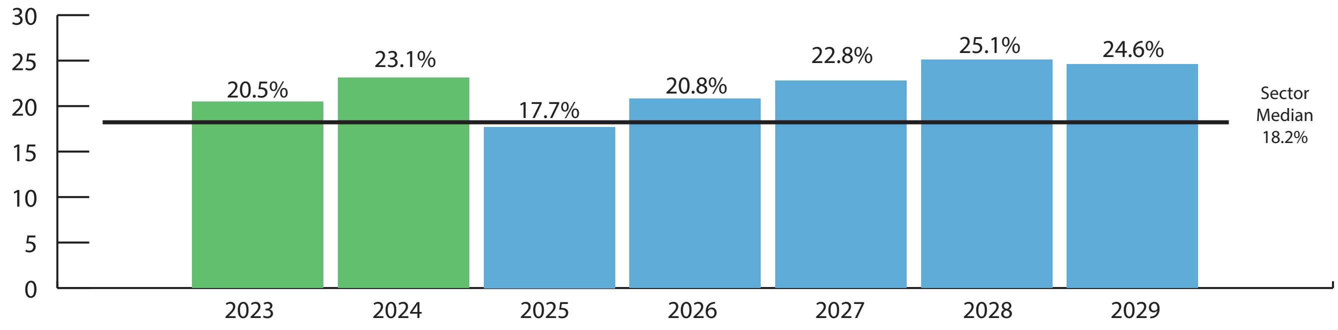
This is an indication of the total costs of providing social housing (as defined by the Regulator of Social Housing) divided by the total number of homes.

Our cost per property is marginally lower than the target for 2023/2024. In comparison to 2022/2023 figures, the cost per unit has increased by £479 (12%), of which £307 was driven by an increase in major repairs capital investment in our homes and is therefore not a negative outcome. Management costs have been relatively contained despite continued inflationary pressures, minimising this exposure.

We performed substantially better than the sector median and PlaceShapers and in the upper quartile of our peer group in 2022/2023. However, performance has slipped into the mid/upper quartile for 2023/2024.

Looking ahead, this metric will likely see a steady increase which is linked to the higher levels of investment in improving the energy performance and quality of our homes.

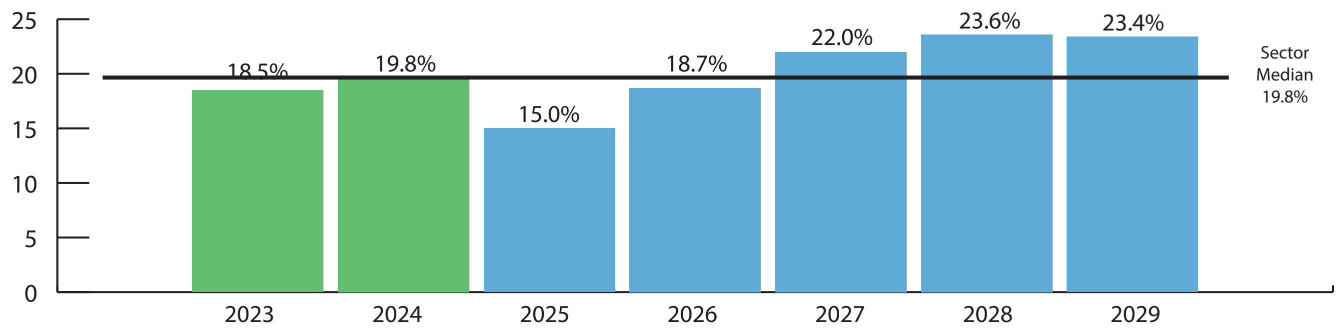
Operating margin – Overall



The operating margin demonstrates the profitability of the operating assets before exceptional expenses are considered. It is split into operating margin overall and operating margin for social housing lettings only. Increasing margins are an indicator of the improving financial efficiency of a business, but this must be balanced against the registered provider's core purpose and objectives.

Report of the Board of Management and Strategic Report continued

Operating margin – Social Housing Lettings Only



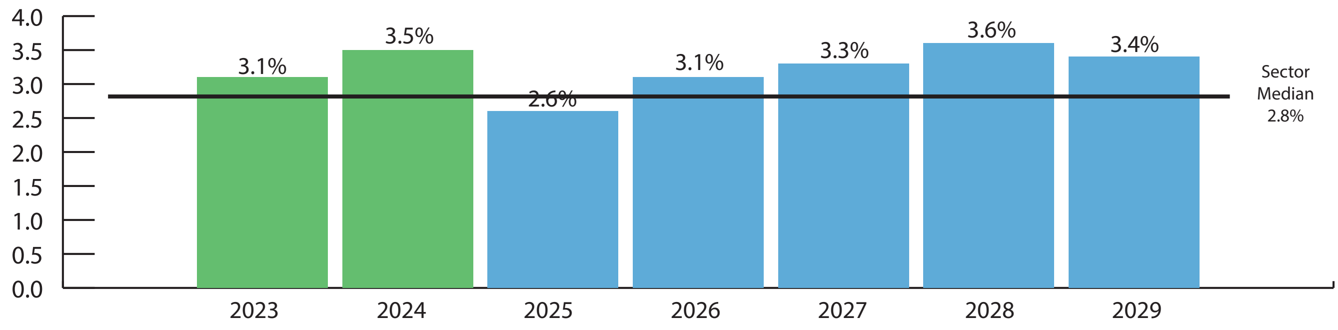
Our Overall operating margin is at 23.1% and is in the mid/upper quartile compared to our peer group and at the median for the social housing operating margin. Continuing pressure from routine maintenance repairs demand and cost inflation is driving the deterioration in operating margins across the sector.

In comparison to the Placeshaper group, the global accounts indicate that our performance was ahead of the sector and PlaceShaper group's 2022/2023 median position.

Our housing management costs are high due to higher expenditure incurred in supporting our communities through the services we provide. These include debt and welfare advisory services, managing anti-social behaviour, intensive housing management of our sheltered homes (HomePlus) and maintaining the quality of and investing in our homes.

With the cost of providing support services to our HomePlus tenants removed from the analysis (these are covered by service charges), the Group's costs are more aligned to the median position but remain in the lower quartile.

Return on capital employed (ROCE)



This ratio measures how well a provider manages its capital to generate a financial return. To some extent this ratio is influenced by when the assets of an organisation were acquired in historic cost terms as this can greatly affect the denominator.

We perform well against this metric and have surpassed the 2023/2024 target. We are also performing ahead of the sector and PlaceShaper's median for 2022/2023.

Report of the Board of Management and Strategic Report continued

Key performance indicators

In addition to the regulatory metrics, the Group Board sets organisation specific Key Performance Indicators (KPIs) annually to ensure performance can be monitored against our strategic priorities. The 2023/2024 performance against these KPIs are detailed below.

Strategic Priority	Strategic Performance Indicator	2023/2024 Target	2023/2024 Achievement
Deliver a great customer experience.	Overall Customer Satisfaction % (TSM)	86%	79%
	Customer service training delivered to colleagues	95%	95%
	% of callbacks completed on time	85%	56%
	'You said, we did' actions completed	6	12
	% repairs 'Right First Time'	91%	90.8%
Provide quality, affordable homes.	Complete Stock condition survey programme	100%	80%
	Void turnaround time	<30 days	22.3 days
	% of homes with EPC rating of C or above	60%	56.6%
	% of agreed planned programme completed	90%	65%
	No. of new homes delivered three-year average.	100	120 (2024: 178)
Be a great place to work.	% Voluntary colleague turnover	<14%	15.85%
	% colleague sickness	<4%	2.19%
	% PDP completions	95%	91%
	Maintain external people accreditation	IIP Gold or similar	IIP Gold
Be a strong, viable organisation.	Operating Margin EBITDA MRI	23.47%	30.2%
	Management cost per unit	£1,325	£1,183
	Regulatory ratings	G1 / V2	G1/V1
	% Rent arrears	<1.5%	0.68%
	% Void rent loss	<1.5%	1.06%
	Landlord compliance	100%	98.5%

Report of the Board of Management and Strategic Report continued

Operational indicators

Performance indicator	2022/2023 result	2023/2024 result	Peer median
Rent collected (including arrears b/f)	100.09%	100.07%	94.86%
Current tenant arrears (excluding voids)	0.96%	0.68%	3.00%
Rent loss due to voids - GN & HfOP	1.13%	0.99%	1.20%
Average time to complete repairs (days)	22.00	21.94	24.50
Average relet time (days)	33.81	21.59	28.18
Percentage of repairs completed at the first visit	90.64%	89.23%	84.00%
Satisfaction with last repair (Tramsactional)	88.30%	85.46%	90.25%
Appointments kept %	76.08%	85.40%	94.12%
Gas safety certificate %	99.98%	99.98%	N/A
SAP rating	69.48	71.05	74.15
Total score	**210**	**260**	**250**

Our operational performance has improved from last year and we now sit in the mid-upper quartile in comparison to our peer group. This has been driven by improvements to the time it takes to relet our homes and repairs that were completed on the first visit. Overall our peer group has seen a reduction in performance against both of these metrics, which has also contributed to our improved position.

Rent loss at void stage and average relet times have improved during the year and remain at mid-upper quartile.

Our repairs performance has also continued to improve following the trend from previous years. As a result, the average days to complete repairs and the percentage of repairs completed on the first visit have remained in the upper quartile performance.

While we are at upper quartile performance for the average time taken to complete repairs, performance remains outside of our target of 20 days. Customer satisfaction with repairs has also declined slightly and remains in the mid-lower quartile. This is likely the result of the backlog in our responsive repairs service caused by a substantial increase in the volume of repairs and challenges in recruitment, which has made it challenging to reduce this during the year.

We have seen a significant improvement in the percentage of appointments kept, however this remains in the lower quartile in comparison to our peers.

Overall, our Tenant Satisfaction Measures show an improving picture for our repairs service and our performance is currently in the mid-upper quartile. This is a positive result against a backdrop of declining performance across the housing sector, however we remain committed to improving on the current position and have increased the number of staff in this area to address this.

We have continued to invest in the energy efficiency of our homes and made good use of funding streams available to support this work including the Social Housing Decarbonisation Fund and ECO4 grants. Despite this, our SAP rating performance remains in the lower quartile. Analysis conducted by i4H has found a correlation between older units and a lower SAP rating, which indicates that SAP performance should be considered as part of the Asset Management and Disposal Strategy.

Report of the Board of Management and Strategic Report continued

Our performance in terms of rent arrears remains in the upper quartile for collection and arrears. This is an area that we have consistently outperformed the sector in and demonstrates strong internal controls and procedures to help tenants manage their rent accounts.

Performance against Corporate Plan objectives 2023/2024

Provide quality, sustainable homes

Everyone should have a warm, safe, affordable home. This is the belief that underpins everything we do, and we remain committed to increasing the availability of affordable housing in our neighbourhoods and investing in, understanding, and managing our homes effectively.

Asset management and building safety

We continue to deliver strong performance when it comes to landlord safety and compliance and the overall quality of our homes is good. As of 31 March 2024, our landlord compliance gas safety checks were up to date with the exception of one property, which had an outstanding gas safety certificate. This was due to the tenant not allowing us to enter the property to complete the work and, in line with our No Access Policy, we have started legal action to gain access to the property and complete the work.

In addition to the one outstanding gas safety certificate, we had three homes that did not meet the Decent Homes Standard at the end of the financial year. This was due to severe damp and mould issues. Work has been completed on all three of these properties and they now meet the Standard.

In line with our third party assurance programme, we asked a specialist consultant to audit and undertake HHSRS assessments on a percentage of homes, with a particular focus on those that had previously had damp and mould issues.

As a result of this work, we identified concerns around the location of carbon monoxide detectors in a small number of our homes. Following this we commissioned further surveys to ensure that we understood the extent of the issue and worked with our gas engineering contractor to complete immediate actions and any necessary work. An advisory note was sent to the Regulator of Social Housing, which included the actions we were taking to rectify the issue. At the time this report was published, all these issues had been resolved.

All other landlord compliance duties were up to date at the end of the financial year.

In 2022, we started a full stock condition survey programme. This work continued throughout the year and 80% of our homes have now been surveyed giving us a clearer understanding of the condition of our homes. We experienced some access issues during the programme, which has impacted our ability to reach 100% completion and will continue to work with tenants to complete this work over the coming months.

We take a tactical approach to the management of our homes. Where a home becomes financially unviable or unsustainable to retain from a housing management perspective we may take the decision sell of the property. During the year, six homes were sold generating a surplus of £643,000. The funds generated from the sale of these properties are reinvested in delivering new homes or in improving existing homes.

During the year, we reduced our void turnaround time from 33.8 days to 22.3 days, ensuring that we can relet these homes to families as quickly as possible. This has also reduced rent lost during the void period.

Report of the Board of Management and Strategic Report continued

New build and regeneration

In 2018, we pledged to build 1,000 new affordable homes in our neighbourhoods by 2028. During 2023/2024, we took handover of 178 new homes (136 for rent and 42 Shared Ownership Properties).

Our pipeline of development opportunities is strong, and we have continued to strengthen relationships with our development partners and nurture new partnerships during the year.

At the end of the financial year, we were granted planning permission for 31 new affordable homes at a site in Eastington on the outskirts of Stroud this will be delivered in partnership with Eastington Community Land Trust. We also broke ground at our land-led site in Berry Hill in the Forest of Dean, where we will be working with local developers Mike Etheridge Construction, the Forest of Dean District Council, Homes England, and NHS Gloucestershire to deliver 17 new affordable homes including two fully accessible bungalows.

Our regeneration project at Johnstone Close has also moved forward, with demolition work expected to start in July 2024. Just after the end of the last financial year, we received news that Homes England will provide funding to support this project, which will deliver 20 new affordable homes for social rent and Shared Ownership.

Investing in our homes

We invested £6.2m (2023: £4.54m) in improving our homes in 2023/2024. This included our planned maintenance programme and energy improvement programmes. As part of these programmes, we installed new doors and windows in 79 homes, 71 new bathrooms and 16 new kitchens.

With the cost-of-living crisis continuing to put pressure on the finances of our tenants, investing in energy improvement work continues to be an important part of ensuring that our homes are warm and affordable to heat. In the last two years, we have completed energy improvement works in 162 of our homes with further work planned in around 80 more during 2024/2025. This work has been partly funded by grants from the Social Housing Decarbonisation Fund and the government's ECO4 programme. Accessing this funding has enabled us to stretch our financial resources further and deliver this work in more of our homes.

Repairs and maintenance

We continued to face significant pressures on our repair's budgets in 2023/2024. This was driven by an increase in the number of repairs reported, additional fire safety work and additional resources needed to tackle damp and mould issues within our homes. As a result, we took the difficult decision to defer some of our planned improvement work, so that resources could be deployed in these key areas.

The increased demand for repairs combined with resourcing challenges in our repairs team, has resulted in a high level of outstanding repairs at the end of the year. We took steps to address this in quarter three and bought in some external resource to support our repairs team but have further work to do in this area. We are committed to addressing the outstanding repairs work and will continue work to reduce this in 2024/2025.

Damp and mould

In quarter three, we undertook a review of how we deal with damp and mould issues in our homes. Following this we have made several improvements to our processes including the creation of a dedicated damp and mould team within the property services team, the introduction of three, six and 12 month follow-up calls to any property that has previously reported a damp and mould issue, and an internal awareness campaign to remind the wider team of our responsibilities for tackling damp and mould in our homes.

Report of the Board of Management and Strategic Report continued

Our stock condition survey programme has ensured that any damp and mould issues that have not been reported by tenants are captured. Initially, properties that had previously reported damp and mould and hose that may be more prone to damp and mould issues were prioritised within the survey programme. The initial stock condition survey programme is nearing completion however, we will continue to build regular property surveys into our property services programme.

To provide assurance on our stock condition survey programme, we asked property specialists Savill's to complete additional survey work on 20% of the properties that had reported a damp and mould issues. This helped to ensure that the assessments by our in house surveyors were consistent and accurate. This has provided assurance that our assessment of damp and mould cases is in line with best practice and enabled us to prioritise cases based on the severity of the issues.

Damp and mould continues to be a significant risk for all social housing providers. It can be difficult to identify the root cause of the issue and often takes time to resolve fully. New legislation due to come into force in 2024, sets out strict timelines for properties to be surveyed and work to begin to rectify any issues identified. We are working to these timescales and monitoring our performance against them and will continue to improve our approach to ensure that we meet these going forward.

Delivering a great customer experience

Customers remain at the heart of the organisation.

During 2023/2024, we have continued to rebuild and strengthen our relationship with tenants. We have worked with partners across the community to re-establish a programme of events, which provide opportunities for tenants to access our team, as well as teams from other services across the community.

Influence and engagement

Our co-designed Tenant Engagement Framework was adopted in 2023/2024. Following this we disbanded our Challenge & Change Group and recruited tenants to join our new Tenants' Voice Committee. This forms part of our governance structure and provides a direct link between tenants and our Group Board.

The committee meets every two months to review and scrutinise all aspects of our organisation and the services we provide and is made up of tenants and members of the Group Board including the Chair. We provide tenant members of the group with training and support that enables members to constructively challenge our team and hold us to account on behalf of our tenants.

We conduct regular surveys and polls with tenants utilising our closed Facebook Group and automated surveys following key events such as the completion of a repair. In March 2024, we held our first Facebook live session with Chief Executive Hayley Selway. This gave tenants the opportunity to submit questions ahead of the session and join us live to hear from Hayley directly for the first time.

We also regularly publicise how tenants can get involved, raise an issue or share their thoughts and feedback with us through our customer facing channels and openly encourage tenants to get in touch.

To help us strengthen the important role we play in our communities, we invested in two new Community Connector roles. As part of their role, they represent us at community and partner events, working with local authorities and other partners to help resolve issues for tenants and gathering feedback in a less formal environment.

They help the wider team understand the customer perspective and work with them to deliver improvements to our services based on the feedback they receive. They facilitate some of our customer research including polls, surveys and focus groups on behalf of the organisation and run regular events and activities for our tenants and the wider community to attend.

Report of the Board of Management and Strategic Report continued

Tenant Satisfaction Measures

The Regulator for Social Housing (RSH) launched a new set of Tenant Satisfaction Measures in 2023. These must be collated, reported and published annually going forward and, for us, replace the Housemark STAR survey, which we previously used to benchmark customer satisfaction.

We work with an independent research agency to contact tenants, undertake the survey, and report the results to us. This ensures that the surveys are independently verified and gives us the ability to benchmark our results against around 100 other social housing providers that also use their services. While this is a relatively small sample size, it is an indication of how we might be performing in comparison to other providers.

We conduct the surveys in three waves across the year, contacting around 1,200 tenants each year. Our full Tenant Satisfaction Measures results for 2023/2024 can be found on our website.

We achieved an ‘Overall Satisfaction’ score of 79% for the year ending 31 March 2024. This is 2% down on our 2023 results and 7% off our target of 86% for the year. However, in comparison to the providers working with our research agency, this puts us in the upper quartile.

While this benchmarking suggests that we are performing in the upper quartile for 11 of the 12 perception measures, we remain committed to improving our performance in the areas that matter most to our tenants. This includes focussing on improving our repairs service and how we handle complaints.

Handling Complaints

We take complaints very seriously and are committed to learning from the experiences of our tenants and using their feedback to improve our services and how we deliver them.

We have seen a reduction in formal complaints in comparison with 2022/2023. This has been driven in part by our new early resolution option, which was introduced in line with the Housing Ombudsman Code in 2023/2024. We believe that this is positive for everyone involved, as it provides a quick solution for the tenant and reduces the impact on resources needed to investigate formal complaints. Early resolution is offered as an option to all tenants who raise a complaint, but the tenant can choose to use our formal complaints process at any time.

All feedback, including complaints, is crucial in helping us understand how our tenants feel about their homes and our services. It helps us identify where we need to make improvements, what matters most to the people living in our homes and informs our future plans. We actively encourage tenants to share their experiences and feedback with us and have continued to increase and improve the ways in which tenants can share their feedback with our team throughout the year.

We are committed to building a strong customer-focussed culture across the organisation, which values, respects, and learns from the feedback we receive from our customers.

Report of the Board of Management and Strategic Report continued

Learning from complaints

It is really important for us to understand how our tenants feel about their homes and the services we provide. Their feedback is crucial in helping us make improvements and plan for the future. As a result of the feedback we received from tenants we have:

- Continued to use lessons learned from complaints to continually improve our services and processes.
- Improved our approach to handling damp and mould cases, including establishing a dedicated team to manage all cases, simplifying our internal processes and raising awareness of our responsibilities amongst our team.
- Committed to completing a review of our repairs service with our Tenants' Voice Committee in order to understand the needs of our tenants and agree an action plan to improve the service we offer to tenants.
- Reviewed how we manage anti-social behaviour cases and made changes to our tenancy compliance team and the processes used to manage anti-social behaviour. This has included implementing a risk-based approach that reviews the severity of anti-social behaviour against tenant vulnerabilities.
- Started work to strengthen our culture and bring customer service back into the heart of everything we do. This has included a review of our values and an increased focus on customer service in our strategic priorities, which will be launched in 2024.

All feedback, including complaints, is an opportunity for us to learn and we will continue to listen to our tenants and work with them to improve our services.

Complaints reviewed by the Housing Ombudsman Service

In total, we received six new enquiries from the Housing Ombudsman during the year and we had received determinations from the Ombudsman on four cases. In these determinations, the Ombudsman issued one severe maladministration for record keeping and one severe maladministration for complaints handling. In one of the cases the Ombudsman found no maladministration on our part and closed the other case on the grounds that reasonable redress had already been applied.

Many of these relate to legacy issues and we recognise that our handling of complaints has not been effective in the past. However, we have made significant improvements to our complaints handling processes and invested in our customer insight team, who administer complaints on behalf of the organisation, which has led to improvements in this area.

In line with the Complaints Handling Code, we submitted and published our Complaints Handling Code Self-Assessment in March 2024. This is available on our website and sets out in detail how we are now meeting and exceeding the Complaints Handling Code.

Being customer focussed

Culture plays an important role both in how complaints are handled and how customers are treated within an organisation. We recognise the need to strengthen our organisation's culture, which has been weakened following a number of factors including the COVID-19 pandemic, a significant turnover of team members, additional pressures on teams caused by recruitment difficulties and a change in leadership.

As a starting point, we have reviewed our company values. True values come from the heart of the organisation, its people, and its customers. They set the foundation for the type of organisation we want to be and act as a promise to our customers in terms of what they can expect from our people and our services.

In consultation with our team and customers, the Group Board and executive team have agreed a set of values that speaks to the heart of our organisation and the people that we represent. These will be developed further in 2024.

We also rolled out customer service training to all colleagues in quarter three, to emphasise the need to keep customers at the heart of all our decision making, services, and the day to day activity that we all undertake.

Report of the Board of Management and Strategic Report continued

Be a great place to work

In order to deliver on our vision, we need to attract and retain the best people, which is why we are committed to being a great place to work. This means empowering our team to make a difference, providing opportunities for people to develop and grow, and ensuring that our people are engaged and feel valued.

Recruitment and reward

Like many similar organisations in the area, we have faced challenges in recruiting new team members and, though levels are reducing compared to recent years, we have continued to experience high levels of staff turnover.

In recognition of this, we conducted a review of our reward offering at the beginning of 2023. To ensure that the organisation remained competitive within the local market, we benchmarked all salaries and enhanced our pension provision. We also included a salary sacrifice option for all team members to enable them to save for retirement in the most efficient way possible and introduced an electric car scheme. The annual pay award for 2024/2025 will further enhance our reward offer and ensures that we remain a Real Living Wage employer as a minimum.

To improve the experience of new starters, we introduced a new on-boarding platform, which provides all the information, training, and paperwork for new team members in a single place.

Alongside this, we have reviewed our induction process and will be making changes to this during 2024/2025. We hope that this will not only create a more efficient process for onboarding new colleagues but also enhance the experience for those joining our organisation going forward.

We also celebrated the achievements and long-service of our team members at our Christmas event in December.

Investing in our team

We are committed to investing in our team, we want them to enjoy coming to work and be brilliant at what they do. To achieve this, we need to invest in them and provide opportunities for them to grow and develop. We also need to make sure that they have the right training and knowledge to complete their work safely.

To support this, we created a training matrix for every role within our organisation. This sets out the basic training needs for compliance, the role, and the development of individuals for every position in the organisation. We have also invested in a new e-learning platform that will provide a significant proportion of this training in an easy and convenient way for both our field-based colleagues and those that usually work from a laptop.

In addition to this, we are currently reviewing the requirements of the Professional Standard to ensure that we are able to respond effectively to the new requirements.

Apprenticeships

This year we relaunched our Apprentice Academy, with six apprentices joining our organisation in our housing, property services, finance and Centigen teams. This is a great opportunity to grow and develop the next generation of housing professionals, while providing hands on experience to those joining the working world.

In 2024, we recruited for a Business Administration Apprentice to join our Building Safety and Asset Management team. This will provide an excellent opportunity for an apprentice to work within our energy improvement and building safety programmes.

Supporting our team

The cost-of-living crisis continues to impact our tenants, but as an organisation we recognise that our team is not immune to these challenges. We are limited in our ability to increase salaries, so alongside the annual pay review we have launched a number of initiatives at our Rivers Meet office and hub sites to provide extra support to our team. This includes:

- A dedicated wellbeing room for colleagues to access for quiet reflection or as a prayer room when required.
- Free period products in our bathrooms to help tackle period poverty.
- The introduction of a 'Grub Hub' that provides snacks and lunch options for those colleagues that need them. Colleagues who can afford to, are asked to make a donation to cover the costs of the food they take to help cover the costs of running it.

Equality, diversity, and inclusion

We are committed to understanding who lives behind the doors of our homes and ensuring that our organisation reflects the communities that we serve. We are at the beginning of our equality, diversity, and inclusion journey and have taken several steps forward during the financial year.

Building on the training with our Board and Senior Management team that was completed at the beginning of 2023, we have increased activity around celebrating the different cultures that our team may come across in our communities. We have also encouraged colleagues to share their experiences at our Two Talk Live sessions providing real insight into the traditions of their culture.

In 2023, we submitted our first return to the National Housing Federation, allowing us to compare the diversity of our organisation to similar companies and published our EDI information on our website. To give us an idea of whether our team is representative of the communities that we serve, we compared our results to the National Census information for the areas in which we operate. This was shared with the Group Board and indicated that, as an organisation, we do broadly reflect the communities we serve.

We have also reviewed our Equality, Diversity and Inclusion Policy. While there is still work to do in this area, these steps have started to broaden our teams understanding of equality, diversity, and inclusion and encouraged people to think differently.

Be a strong, viable organisation

As a registered charity and social housing provider, we have a duty to ensure that we understand and manage our costs effectively. We take a long-term approach to financial planning and are committed to achieving a minimum of G1/V2 rating from the Regulator of Social Housing (RSH).

In November 2023, the RSH confirmed our regulatory status as G1/V1, which means that we have maintained the highest ratings from the Regulator for the last 19 years. This achievement underlines our desire to be a financially sound, well-run organisation.

Protecting the organisation

Budgets and financial performance is monitored across the Group, with budget holders receiving detailed financial information on a monthly basis and a business partnering approach being deployed across the organisation.

In 2022, we began a long-term project to enable us to understand and use our business information more effectively. Work in this area continues to progress with further development of our Power BI capability, which is providing better data quality and more effective reporting and monitoring. Progress on this was delayed due to recruitment and retention issues around the Data Analyst role, however this has been resolved and we are now able to continue to progress in this area.

Report of the Board of Management and Strategic Report continued

Given the increase in cyber incidents both in the sector and globally, we took action to enhance our cyber security. We have put enhanced monitoring and further strengthened our systems security to ensure that we are best placed to protect the organisation from cyber-crime. We also retained our Cyber Essentials Plus accreditation, following the completion of its assessment process.

Value for Money

As previously stated in this report, Value for Money is embedded right across the Group. However, we have delivered several key initiatives during the year that have helped ensure that resources are used efficiently, reduce waste and maximise returns these include:

- The dissolution of Two Rivers Initiatives. This has simplified our organisation structure reducing administrative costs and freeing up resource that can be used elsewhere.
- Effectively managing our cashflow. This has delivered higher investment returns and provided an additional income of £1.57m from interest received.
- Review of VAT partial exemption, which generated £40,000 in VAT savings.
- Successful bidding of grant for energy efficiency works resulted in savings of £1.83m.
- Tendering of the materials contract to reduce the administration costs and to ensure better control of purchases.

In addition to the activities detailed above, savings delivered through department-led initiatives totalled £353,000 (2022/2023: £469,000) with further procurement efficiencies delivered through the CHIC framework totalling £401,000 (2022/2023: £569,000).

Summary

On balance, our overall performance compares well with our peers, although there is room for improvement particularly around our service delivery and customer satisfaction. Improving our communication with our tenants and investing in the repairs team will stand us in the best position to improve overall satisfaction and deliver on our Value for Money commitments and better understanding of our homes will ensure that we make the best use of our resources in future.

Report of the Board of Management and Strategic Report continued

Looking forward to 2024/2025

We recognise that we are operating in a significant period of change, both for the organisation and the housing sector in general. New legislation, changes in customer expectations, the economic climate and what is likely to be political upheaval following the general election will all have an impact on the organisation and it's important that the Board sets a clear direction for the future of the organisation.

As a result, the Chief Executive and the Board conducted a review of our Corporate Strategy to ensure that this continues to support the delivery of the organisation's vision to ensure that everyone has a warm, safe, affordable home.

To deliver on our vision, we understand that we need to look beyond the bricks and mortar of our homes and the services we provide. The neighbourhoods that our tenants live in and the support available to help them live happy and fulfilled lives are equally important and as a community-based organisation, we have an important role to play in shaping these places.

As a result, the Board has taken the decision to increase the number of strategic priorities from four to six. This will help us ensure that we continue to invest in our communities and work with our local and national partners to shape the neighbourhoods where our tenants live and support the communities that we serve. The new Corporate Strategy will set the direction for our organisation for the next five years and will be launched in 2024. It will focus on six key areas:

- Delivering a great customer experience
- Providing modern, warm, safe and sustainable homes
- Being a great place to work
- Being a strong, well-run business
- Creating neighbourhoods where people love to live
- Working #Twogether for our communities

To ensure that we are delivering against these priorities, the Group Board has set a number of key performance indicators (KPIs), which will be monitored by the executive team. Updates on these will be shared with the wider team and the Board throughout the year to help us highlight where we need to focus our efforts and celebrate key milestones and achievements.

The agreed KPIs for the 2024/2025 are set out on page 38.

Centigen Facilities Management Limited

Following the end of the 2023/2024 financial year, we completed a review of the Group's structure to simplify administration, help us deliver a best-in-class service for tenants and provide better Value for Money to our tenants. As a result of this review, the Group Board approved the transfer of Centigen Facilities Management to Two Rivers Housing (the parent company) on 31 July 2024.

We intend to complete this transfer by the end of the 2024/2025 financial year.

Report of the Board of Management and Strategic Report continued

2024/2025 Key Performance Indicators

A great customer experience

- % Overall satisfaction with the service provided by the landlord: **Trend (2024: 79%)**
- Satisfaction with repairs: **Trend (2024: 80%)**
- Repairs completed within target timescale: **Trend (2024: 56.9%)**
- Housing Ombudsman upheld in Last 12 Months: **Trend (2024: 6 cases)**
- No. of complaints per 1,000 homes: **Trend Stage 1 (2024: 29) Stage 2 (2024: 3)**
- Complaints responded to within Complaint Handling Code timescales: **Trend Stage 1 (2024: 69%) Stage 2 (2024: 82%)**

Modern, warm, safe, sustainable homes

- Satisfaction that the home is safe: **Trend (2024: 84%)**
- Satisfaction that the home is well-maintained: **Trend (2024:78%)**
- Landlord compliance - YTD: **100%**
- Decent Homes Standard Compliance: **100%**
- Homes at or above EPC rating C: **60.4%**
- No. of new homes: **94**
- % of homes with a stock condition survey within last 5 years: **100%**
- Void turnaround time - YTD (calendar days): **30 days**

A great place to work

- Colleague satisfaction: **Trend**
- Voluntary colleague turnover %: **<12%**
- Colleague absence %: **<4%**

A strong, well-run business

- EBITDA MRI: **139.3%**
- Social housing operating margin: **15%**
- Regulatory judgement (G/V): **G1 / V2**
- % Rent arrears: **<1.5%**
- % Void rent loss: **<1.5%**
- No of accidents reported: **Trend (2024: 32)**
- No. of RIDDOR reported accidents: **Trend (2024: 1)**

Neighbourhoods where people love to live

- Satisfaction that the landlord makes a positive contribution to neighbourhoods: **Trend (2024: 75%)**
- Satisfaction that the landlord keeps communal areas clean and well-maintained: **Trend (2024: 67%)**
- Satisfaction with the landlord's approach to handling anti-social behaviour: **Trend (2024: 67%)**
- No. of anti-social behaviour cases per 1,000 homes: **Trend (2024: 39)**

Working #Twogether for our communities

- Delivery of the social value commitments within the Value for Money Strategy.
- No. of community groups supported through Two Rivers Housing corporate social responsibilities.

Report of the Board of Management and Strategic Report continued

Forecast financial performance

We produce a 30-year financial forecast, which is reviewed on an annual basis. The following tables set out a five-year picture of our forecast targets:

Statement of Comprehensive Income £'000	**Actual 2024**	**Target 2025**	**Target 2026**	**Target 2027**	**Target 2028**	**Target 2029**
Turnover	**30,738**	**32,706**	36,224	**36,515**	**36,289**	35,676
Operating costs	**(23,636)**	**(26,924)**	(28,700)	**(28,201)**	**(27,176)**	(26,916)
Other surplus/(deficit)	**810**	**599**	616	**629**	**641**	654
Operating surplus	**7,912**	**6,381**	**8,140**	**8,943**	**9,754**	**9,414**
Surplus for the year	**4,938**	**1,440**	**2,901**	**3,115**	**4,102**	**3,440**

	Actual 2024	**Target 2025**	**Target 2026**	**Target 2027**	**Target 2028**	**Target 2029**
Reinvestment	**16.2%**	14.6%	8.8%	5.0%	3.4%	2.9%
New supply delivered %						
- Social housing	**3.90%**	2.0%	3.6%	1.5%	0.4%	1.5%
- Non-social housing	-	-	-	-	-	-
Gearing	**57.3%**	63.8%	63.7%	63.0%	61.6%	60.6%
EBITDA MRI / Interest cover %	**171.8%**	139.3%	142.5%	150.1%	147.2%	138.7%
Headline social housing cost per unit	**£4,433**	£4,779	£4,730	£4,820	£5,158	£5,299
Operating margin % - Social Housing	**19.8%**	15.0%	18.7%	22.0%	23.6%	23.4%
Operating margin % - Overall	**23.1%**	17.7%	20.8%	22.8%	25.1%	24.6%
Return on Capital Employed	**3.6%**	2.6%	3.1%	3.3%	3.6%	3.4%

This plan has been stress tested for a 'perfect storm' of events that the Group Board considers might impact it. Further stress testing confirms resistance to the factors modelled including adverse movements in inflation, interest, sales values, and high value one-off financial events.

It is apparent that the impact of inflation on costs over the next few years will be a challenge. The stress testing of the plan considers more extreme economic scenarios than the one being currently experienced. Where remedies are required to ensure compliance with funding covenants, mitigating actions have been identified.

Report of the Board of Management and Strategic Report continued

Cost-of-living crisis

The cost-of-living crisis has continued to impact our customers and our organisation. While inflation has now started to slow down and return to levels more in line with the Bank of England's target rate, the effects of the steep price rises are still being felt.

The costs of materials, recruitment and salaries have risen sharply over the last 18 months and continue to be high. In order to offset some of the cost pressures on the organisation, we took the difficult decision to set the annual rent increase for 2023/2024 in line with the government's 7% cap.

We recognise that for some tenants, this increase would be unattainable and those on lower incomes will be forced to make difficult choices as they tried to make their incomes stretch further. To assist those facing hardship, a tenant support fund was made available. This was administered by our welfare, benefit and debt advisors and used to support our most vulnerable tenants.

Corporate governance

We are governed by a Group Board which is made up of seven non-executive members and one co-opted member plus the Group's Chief Executive and the Company Secretary. Details of the Group Board are set out in the Company Information section of this report on page 4. Meetings are held at least five times per year.

With increasing regulation and the challenges facing the sector, the Group Board agreed to increase its size to 10 non-executive members at a meeting held in May 2024. Work to recruit the additional Board Members will start during 2024/2025 in line with the succession plan.

The subsidiaries have been established by the Group Board to support the achievement of our corporate objectives. The Chair and membership of each Subsidiary Board is determined by the Group Board, who set out the responsibilities and delegated authority for each subsidiary. The Chair shall either be a Group Board Member or a co-opted member of the Group Board.

During 2023/2024, the Group was supported by three committees: the Audit & Risk Committee, the Governance and People Committee and the Funding Committee. Membership of these committees is drawn from the Group Board. The Funding Committee, which was established to support the refinancing project in 2020, was re-instated in April 2023 to consider the extension of an existing funding facility. This has now concluded.

In 2024/2025, a new tenant led committee was established. The Tenants' Voice Committee held its first constituted meeting on 1 May 2024. The committee is to become a fully constituted part of the Group's governance arrangements with up to three Board members appointed to it to provide a direct link between tenants and Board Members. Tenant members of the committee were required to apply and attend training sessions to ensure they understand their role and responsibilities.

Executive Directors are not Group Board Members and act as executives within the authority delegated to them by the Group Board.

The Group has insurance policies that indemnify both its Board Members, Executive Directors and officers against liability when acting for the Group.

Report of the Board of Management and Strategic Report continued

Compliance with the Regulatory Standards

The Regulatory Standards comprise the Economic Standards (the Governance and Financial Viability, Value for Money, and Rent Standards) and the Consumer Standards (which will be replaced from 1 April 2024 and include the Tenancy Standard, the Neighbourhood and Community Standard, the Safety and Quality Standard and the Transparency, Influence and Accountability Standard).

One of the core Economic Standards is Governance and Financial Viability. This requires Registered Providers (RPs) to have effective governance arrangements in place that deliver their aims, objectives and intended outcomes for tenants and potential tenants in an effective, transparent, and accountable manner. It also requires RPs to manage their resources effectively, to make sure their viability is maintained while ensuring that social housing assets are not put at undue risk.

The changes to the Consumer Standards, which are a result of the landmark Social Housing Regulation Act, come into effect from 1 April 2024. They will apply to all social landlords, including councils and housing associations.

Under the new Standards landlords will need to:

- ensure tenants are safe in their homes.
- listen to complaints made by tenants and respond promptly to put things right.
- be accountable to tenants and treat them with fairness and respect.
- know more about the condition of every home they manage and the needs of the people who live in them.
- collect and use data effectively across a range of areas, including repairs.

Most social housing tenants live in decent homes, but RSH is clear that all landlords can improve standards. To hold landlords to account, it will:

- inspect larger landlords regularly to check they are meeting the outcomes set out in the Standards.
- scrutinise data about tenant satisfaction, repairs and other relevant issues.
- continue to push landlords to protect tenants and put things right when there are problems.
- use a range of tools when needed, including new enforcement powers.
- continue to focus on the financial viability and governance of housing associations as part of its integrated regulation.

The Housing Ombudsman Service (HOS) and Regulator of Social Housing (RSH) are now required to have a Memorandum of Understanding (MoU) to reflect their new powers under the 2023 Act. The MoU is a statutory document and aims to formalise and strengthen the working partnership between both parties. The updated Memorandum sets out a framework of communication, cooperation and exchange of information between the RSH and HOS and explains how they will work together to deliver their respective roles.

The Group Board has undertaken a self-assessment of compliance with the Economic Standards and the new Consumer Standards, which are due to come into force from 1 April 2024. Taking account of the Regulator of Social Housing Code of Practice the Group Board was able to confirm that Two Rivers Housing is compliant with the Regulatory Standards.

Report of the Board of Management and Strategic Report continued

Housing Ombudsman Service

The Housing Ombudsman Service's (HOS) Complaints Handling Code ('the Code') seeks to ensure that landlords resolve complaints raised by tenants quickly and that they use learning from complaints to drive service improvements. It aims to help to create a positive complaint handling culture between a landlord and its customers.

The Code was revised with from 1 April 2022 and providers were expected to be compliant with the updated Code by 1 October 2022. These revisions were incorporated into the Group's Complaints Policy and approved by the Group Board in May 2022.

Following the approval of the Social Housing (Regulation) Act 2023, a further update to the Code was implemented with effect from 1 April 2024. This gives the Code a statutory footing and strengthens the Ombudsman's role in monitoring compliance.

A key change to the code was the requirement to have a member of the Group Board designated as the 'Member Responsible for Complaints'. Non-executive Director Sharon Wilkins has been appointed to this role for Two Rivers Housing.

The Code also requires landlords to carry out an annual self-assessment against the Code to ensure their complaint handling remains in line with its requirements. The results of this assessment must be published and made available to tenants. The Group Board reviewed our performance against the self-assessment in March 2024, and this was published on our website 31 March 2024.

National Housing Federation Code of Governance 2020

The Group Board adopted the National Housing Federation's Code of Governance 2020 with effect from April 2022. In July 2023, the Group Board considered its self-assessment against the Code for 2022/2023 and concluded that we complied with all four principles of the Code, but that we were only partially compliant with three specific requirements.

During 2023/2024, the actions required to achieve full compliance were completed and the organisation is now fully compliant with the Code. The actions we took to meet these requirements are set our below:

- Information regarding equality, diversity and inclusion (ED&I) of our workforce has been published on our website and Tenant Census data was considered by the Group Board to help them understand the how our workforce reflects the communities we serve.
- Facilitated by external advisors we tested the Group's Business Continuity Plan.

The Group's Non-Executive Director Succession Planning and Recruitment Policy permits a normal tenure of seven years for all new appointments. The Group Board approved this policy and approach in preparation for adopting the Code and is satisfied that this is in the organisation's best interest as it provides stronger governance.

Under this policy and in accordance with the constitution, the Group Board is permitted to extend the tenure of Board Members up to a maximum of nine years, to meet the needs of the business. This approach complies with the provisions within the Code.

Report of the Board of Management and Strategic Report continued

Internal controls assurance

The Group Board is responsible for ensuring that the Group maintains a system of internal control that is appropriate to the business environments in which it operates.

Internal control systems are designed to meet the particular needs of the organisation and the risks to which it is exposed. The Group Board recognises that no system of internal control can provide absolute assurance against material misstatement or loss or eliminate risk of failure to achieve business objectives. The system of internal control is however designed to manage key risks to provide reasonable assurance that planned organisation objectives and outcomes are achieved.

It also exists to give reasonable assurance with respect to:

- the reliability of financial and operational information,
- safeguarding of the organisation's assets and interests.

The purpose of this statement is to enable the Group Board in turn to give its assurance on the adequacy of those controls. The Group Board is required to acknowledge its responsibility for:

- Internal controls, giving reasonable assurance against material misstatement or loss.
- Procedures in respect of risk management.
- Ensuring arrangements for providing effective internal controls are incorporated into normal governance procedures.
- Information on the process adopted for addressing material control aspects of significant problems disclosed in the Annual Report and Accounts.
- Confirming that the Group Board has reviewed the effectiveness of these systems of control.
- Complying with all relevant law.

The main elements of our internal control framework are:

- Regular Board meetings with matters formally reserved for decision by the Board outlined in the rules of the organisation and Board Terms of Reference. Reserved matters include a defined range of issues relating to strategic, operational, and financial matters.
- Standing orders and financial regulations.
- Clearly defined organisational structures and Scheme of Delegation.
- Counter fraud and whistleblowing policies.
- Code of Conduct and probity policies.
- Declarations by Board Members and colleagues as part of the controls framework to ensure there are no conflicts of interest.
- Register of Interests of Board Members.
- Accounting and treasury policies.
- Robust business strategies with annually approved 30-year financial plan and operating budget.
- Regular financial and key performance indicator reporting, with remedial action being taken where necessary.
- Strict controls regarding cyber security to prevent data misuse; loss and corruption and ensure ongoing services.
- Data Strategy.
- Risk Strategy and Policy setting out the risk management framework and risk appetite.
- Health and safety management framework.
- Continuing reviews of Value for Money and procurement strategies.

Report of the Board of Management and Strategic Report continued

In addition, wherever feasible, segregation and separation of duties has been undertaken to maximise control.

Control is further strengthened by the use of RSM as our internal auditors. The internal auditors prepared a plan, which was approved by the Group Audit and Risk Committee and was delivered and monitored by the committee and Group Board during the year.

We have a number of policies in place in respect of preventing, detecting, and investigating fraud and the Group Board is satisfied that these effectively manage the risk of fraud.

There were two suspected fraud cases and one attempted fraud identified during the year, which have been fully instigated with no evidence of fraud being substantiated.

There have been no reported breakdowns of internal control causing significant or material loss to the Group.

The Group Board has received the Chief Executive's annual report, has conducted its annual review of the effectiveness of the systems of internal control and has taken account of any changes needed to maintain the effectiveness of the risk management and control process.

The Group Board confirms that there is an on-going process for identifying, evaluating, and managing significant risks faced by the Group. This process has been in place throughout the year up to the date of the Annual Report and is regularly reviewed by the Group Board.

The General Data Protection Regulation (GDPR) and UK Data Protection Act 2018

The General Data Protection Regulation came into effect on the 25 May 2018 and applies to the personal data companies hold or process relating to EU citizens. While the UK is no longer a part of the EU, the UK data protection legislation remains broadly equivalent to GDPR. Its overall goal is to safeguard personal data and enforce data security rights and protections. At the same time, it forces organisations to think about the data they collect and how they use it.

Two Rivers Housing is committed to the proper and appropriate use of data held regarding customers and colleagues, storing it securely and only retaining it while there is valid reason to do so.

Health and safety

The Group Board is aware of its responsibilities on matters relating to health and safety and the Group has detailed policies and procedures in place. The Group complies with the Health and Safety at Work Act 1974 and other relevant legislation.

In 2024, we received a Gold Award from the Royal Society for the Prevention of Accidents (RoSPA) for the eleventh year running. The RoSPA awards scheme receives entries from organisations around the world and recognises achievements in health and safety management systems, including practices such as leadership and workforce involvement.

Report of the Board of Management and Strategic Report continued

Risk management

It is important to continually assess which risks are relevant to the association in the context of the current uncertain macroeconomic climate, taking into account current issues around high inflation and the cost-of-living.

We have a comprehensive risk management framework in place. During 2023/2024, the Group Board and management reviewed and updated the risk management framework, strategy, policy, and risk appetite in line with the recommendations from our external risk advisors. The annual external risk review provided substantial assurance with recommendations to further enhance the framework to be implemented during 2024/2025.

The Group Board completed an in-depth review of the risk appetite, which resulted in further clarification of the risk appetite against each risk category to enhance the understanding across the organisation. This was done in conjunction with the review of the findings reported in the Sector Risk Profile published by the Regulator of Social Housing and resulted in an update of our risk appetite statement with a clear level of risk being assigned to business activities.

The Group Board keeps the risk appetite of the Group under review in the context of these and other strategic risks, alongside how the organisation can meet its core purpose and organisation objectives, while also fulfilling its co-regulatory responsibilities. This is facilitated using metrics set out in the risk appetite statement to enable the Group Board and committees to assess whether performance remains within parameters agreed.

Alongside this, horizon scanning to capture any areas that should be kept under review is undertaken at each meeting of the Group Audit and Risk Committee.

The highest risks in terms of their impact and probability are discussed by the Group Audit and Risk Committee on a quarterly basis and are reported through to the Group Board. The report identifies action taken to manage risks as well as new and emerging risks.

A programme of deep dives into the top risks, provides greater scrutiny and validation that the controls and assurance are in place.

Third party assurance is obtained where possible to ensure that Group Audit and Risk Committee and Board have confidence that risks are effectively minimised. For example, Two Rivers Housing have used external advisers to complete stock condition surveys, cyber risks and review its Treasury Management Policy.

The Group Board continues to monitor the risk and exposures that may arise from economic uncertainty exacerbated by the war in the Ukraine, the cost-of-living crisis and in particular the inflationary pressures that we and our tenants are facing.

The Deputy Chief Executive reports to the Group Audit and Risk Committee and the Group Board on the effectiveness of the internal control environment.

The key strategic risks that the Group Board considers, and the actions that have been taken to mitigate these and strengthen controls are set out on pages 46 and 47.

Report of the Board of Management and Strategic Report continued

Strategic risk	Controls and actions
1. Repairs and maintenance	• Effective procurement for key works programmes with regular meetings with contractors to discuss performance. • Regular monitoring and Group Board oversight of repairs backlog and level of work in progress. • Customer surveys to monitor satisfaction with the service. • Feedback from tenants (Tenant Satisfaction Surveys – Accuity). • Effective procurement of major repairs programmes. • Robust action on properties suffering from leaks / damp / mould.
2. Building safety and landlord compliance	• Specialist team in place with subject experts embedded across the Group. • Oversight of activity by Board, Leadership Forum, and Health and Safety Working Group. • Regular monitoring and quarterly reporting via Health and Safety Dashboard and Assets Directorate Performance Dashboard. • Management plans in place for key risk areas – fire, asbestos, etc. • Independent external deep dive audit across all areas of landlord compliance undertaken in 2023/2024. • Internal audit assessments.
3. Reputation and key stakeholder relationships	• Communications Strategy in place. • Communications plans in place for key projects. • Networks developed and joint working in place.
4. Quality homes/asset management.	• Asset Management Strategy in place. • External validation of stock condition (five-yearly). • Programme of internal stock condition surveys with 80% achieved by March 2024. • Disposal Strategy in place.
5. Data security / confidentiality	• Cyber security, systems and data strategy and management controls and practices in place. • Well established data protection/ iGovernance system, iGov group and dedicated roles in place. • Cyber Essentials Plus certification. • Cyber insurance. • Data protection and cyber security training for colleagues. • Penetration testing conducted on a rolling basis. • Data Strategy and Governance Framework in place.
6. Changes in the external environment	• Strategically focused executive team. • Exposure to the housing market limited to 30% of the development programme. • Welfare, debt and benefit advice team in place to support financially vulnerable tenants. • Contingency plans for LCHO schemes including tenure change and buy backs. • Additional scrutiny in appraisal process of schemes with a sales element. • Prudent assumptions on sales values and proportion of equity sold.

Continued on page 47.

Report of the Board of Management and Strategic Report continued

Strategic risk	Controls and actions
7. Regulatory judgement	• Internal audit programme reviewed and approved annually. • Regular audits of regulatory requirements. • Internal controls framework reviewed annually. • Board assurance framework reviewed annually to ensure delivery of key strategic objectives, with performance monitored quarterly by Board.
8. Staff recruitment / retention	• People strategy developed with input from specialist advisors. • Reward and remuneration strategy completed and implemented from April 2023. • Benchmarking of reward and remuneration benefits. • Monitoring of equality, diversity, and inclusion in place. • Launch of colleague survey in 2024.
9. Customer satisfaction	• Current Customer Experience Strategy to be reviewed in line with new corporate plan. • Independent annual tenant surveys undertaken to assess satisfaction levels. • Complaints management training delivered to key colleagues. • Monthly reporting of complaints identifying key learnings to inform service delivery changes.
10. Delivering Net Carbon Zero	• Environmental Strategy • Rolling programme of stock condition surveys • Retrofitting to improve energy performance – with initial focus on worst performing homes to ensure affordable warmth. • Maximising energy performance of new homes. • Monitoring plans for changes in property standards.

The Group Board is continuing to monitor the dynamic operating environment and implement further actions to ensure that the risks arising are managed appropriately and activities remain within the agreed risk appetite.

Statement of compliance

The Group Board confirms that this strategic review has been prepared in accordance with the principles set out in the Housing SORP: 2018 Update Statement of Recommended Practice for registered social housing providers.

Two Rivers Housing is fully compliant with the Governance and Viability standard following the review undertaken during the year.

Yvonne Leishman OBE
Chair

Statement of the Board responsibilities

The Group Board is responsible for preparing the Strategic Report of the Board of Management and financial statements in accordance with applicable law and regulations.

The Companies Act 2006 and Registered Social Housing Legislation require the Group Board to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Group and Association and of the income and expenditure of the Group and Association for that period. In preparing these financial statements the Group Board is required to:

- select suitable accounting policies and then apply them consistently.
- make judgments 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 accounts on the going concern basis unless it is inappropriate to presume that the Group and Association will continue in business.

The Group Board is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Group and Association and enable it to ensure that the financial statements comply with the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022. It has general responsibility for taking reasonable steps to safeguard the assets of the Group and Company and to prevent and detect fraud and other irregularities.

Disclosure of information to the auditors

We, the Group Board members, who are also the Directors of the Company, who held office at the date of approval of these Financial Statements set out above, each confirm, so far as we are aware, that:

- there is no relevant audit of which the Group's and Association's auditors are unaware; and
- we have taken all the steps that ought to have been taken as Directors in order to make ourselves aware of any relevant audit information and to establish that the Group's and Association's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006. In approving the Strategic Report of the Board of Management, we also approve the Strategic Report included therein, in our capacity as Company Directors.

The Report of Board, the Strategic Report and the Financial Statements were approved by the Group Board on 18 July 2024 and signed on its behalf by:

Yvonne Leishman OBE
Chair

Independent Auditor's report to the members of Two Rivers Housing

Opinion

We have audited the financial statements of Two Rivers Housing (the 'parent company') and its subsidiaries (the 'Group') for the year ended 31 March 2024, which comprise the Consolidated and Association Statement of Comprehensive Income, the Consolidated and Association Statement of Financial Position, the Consolidated and Association Statement of Changes in Reserves, the Consolidated Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies in Note 2. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group and of the parent company's affairs as at 31 March 2024, and of the Group's income and expenditure and the parent company's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Housing and Regeneration Act 2008, and the Accounting Direction for Private Registered Providers of Social Housing 2022.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

Independent Auditor's report to the members of Two Rivers Housing continued

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Statement from the Chair and Chief Executive, Report of the Board and the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Statement from the Chair and Chief Executive, Report of the Board and the Strategic Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Statement from the Chair and Chief Executive, Report of the Board and the Strategic Report.

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

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

In addition, we have nothing to report in respect of the following matter where the Housing and Regeneration Act 2008 requires us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained.

Responsibilities of the Group Board

As explained more fully in the Group Board Members' responsibilities statement set out on page 41, the Group Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Group Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Group Board is responsible for assessing the Group and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Group Board either intends to liquidate the Group or the parent company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

- We obtained an understanding of laws, regulations and guidance that affect the Group and parent company, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws, regulations and guidance that we identified included the Companies Act 2006, the Statement of Recommended Practice for registered housing providers: Housing SORP 2018, the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2022, Tax Legislation, Health and Safety Legislation, and Employment Legislation.
- We enquired of the Group Board and reviewed correspondence and Group Board meeting minutes for evidence of non-compliance with relevant laws and regulations. We also reviewed controls the Group Board have in place, where necessary, to ensure compliance.
- We gained an understanding of the controls that the Group Board have in place to prevent and detect fraud. We enquired of the Group Board about any incidences of fraud that had taken place during the accounting period.
- The risk of fraud and non-compliance with laws and regulations was discussed within the audit team and tests were planned and performed to address these risks. We identified the potential for fraud in the following areas: laws related to the construction and provision of social housing recognising the regulated nature of the Group's activities.
- we reviewed financial statements disclosures and supporting documentation to assess compliance with relevant laws and regulations discussed above.
- We enquired of the Group Board about actual and potential litigation and claims.

Independent Auditor's report to the members of Two Rivers Housing continued

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

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

Use of the audit report

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

Beever and Struthers

Michael Tourville FCA
Senior Statutory Auditor

For and on behalf of
Beever and Struthers
Chartered Accountants and Statutory Auditor
150 Minories
London
EC3N 1LS

Date: 26 September 2024

Consolidated and Association Statement of Comprehensive Income

		Group		Association	
		2024	2023	**2024**	2023
	Note	**£'000**	£'000	**£'000**	£'000
Turnover	3	**30,738**	28,333	**30,893**	28,523
Cost of sales	3	**(2,629)**	(2,994)	**(2,629)**	(2,994)
Operating expenditure	3	**(21,002)**	(19,536)	**(21,295)**	(19,775)
(Loss)/gain in respect of investment properties		**(5)**	195	**(5)**	195
Surplus on disposal of property, plant and equipment	4	**810**	888	**808**	866
Operating surplus	3	**7,912**	6,886	**7,772**	6,815
Interest receivable	5	**1,570**	893	**1,607**	915
Interest and financing costs	6	**(4,544)**	(4,901)	**(4,543)**	(4,900)
Surplus before tax	7	**4,938**	2,878	**4,836**	2,830
Taxation	10	**-**	-	**-**	-
Surplus for the year		**4,938**	2,878	**4,836**	2,830
Actuarial (loss)/gain in respect of pension scheme	19	**(4,973)**	4,599	**(4,973)**	4,599
Total comprehensive (loss)/income for the year		**(35)**	7,477	**(137)**	7,429

The Association has no other recognised gains or losses. The notes on pages 57 to 95 form an integral part of these financial statements.

The financial statements were approved by the Group Board on 18 July 2024 and signed on its behalf by:

Yvonne Leishman OBE
Chair

Tim Jackson
Vice Chair

Carol Dover
Deputy Chief Executive

Consolidated and Association Statement of Financial Position

		Group		Association	
		2024	2023	**2024**	2023
	Note	**£'000**	£'000	**£'000**	£'000
Fixed assets					
Housing properties	**11**	**208,823**	184,086	**209,037**	184,286
Other tangible fixed assets	**12**	**3,616**	3,951	**3,355**	3,651
Intangible assets	**13**	**34**	50	**34**	50
Investment properties	**14**	**480**	485	**480**	485
		212,953	188,572	**212,906**	188,472
Current assets					
Properties held for sale	**15**	**1,997**	1,404	**1,997**	1,404
Inventories		**98**	-	-	-
Debtors	**16**	**908**	934	**1,535**	1,558
Short-term investments		-	20,000	-	20,000
Cash and cash equivalents		**22,901**	23,984	**22,760**	23,766
		25,904	46,322	**26,292**	46,728
Creditors: Amounts falling due within one year	**17**	**(14,406)**	(17,434)	**(14,247)**	(17,138)
Net current assets		**11,498**	28,888	**12,045**	29,590
Total assets less current liabilities		**224,451**	217,460	**224,951**	218,062
Creditors: Amounts falling due after more than one year	**18**	**(159,159)**	(156,845)	**(159,159)**	(156,845)
Defined benefit pension (liability)/asset	**19**	**(62)**	4,650	**(62)**	4,650
Net assets		**65,230**	65,265	**65,730**	65,867
Capital and reserves					
Revenue reserve		**65,230**	65,265	**65,730**	65,867
Total reserves		**65,230**	65,265	**65,730**	65,867

The notes on pages 57 to 94 form an integral part of these financial statements.
The financial statements were approved by the Group Board on 18 July 2024 and signed on its behalf by:

Yvonne Leishman OBE
Chair

Tim Jackson
Vice Chair

Carol Dover
Deputy Chief Executive

Registered number: 04263691

Consolidated and Association Statement of Changes to Reserves

	Group		Association	
	Revenue reserve	Total	Revenue reserve	Total
	£'000	£'000	£'000	£'000
At 31 March 2022	57,788	57,788	58,438	58,438
Surplus for the year	2,878	2,878	2,830	2,830
Actuarial gain in respect of pension schemes	4,599	4,599	4,599	4,599
At 31 March 2023	65,265	65,265	65,867	65,867
Surplus for the year	4,938	4,938	4,836	4,836
Actuarial gain in respect of pension schemes	(4,973)	(4,973)	(4,973)	(4,973)
At 31 March 2024	65,230	65,230	65,730	65,730

Consolidated statement of cash flows

	Note	2024 £'000	2023 £'000
Net cash generated from operating activities	**21**	**16,665**	14,779
Cash flows from investing activities			
Purchase of property, plant, and equipment		**(32,872)**	(20,116)
Purchase of intangible assets		**(1)**	(50)
Proceeds from sale of property, plant, and equipment		**1,285**	1,839
Grants received		**2,635**	398
Interest received		**1,570**	893
Net cash flows from investing activities		**(27,383)**	(17,036)
Cash flows from financing activities			
Interest paid		**(5,365)**	(5,347)
Repayment of borrowings		**(5,000)**	-
Net cash flows from financing activities		**(10,365)**	(5,347)
Net (decrease) in cash and cash equivalents		**(21,083)**	(7,604)
Cash and cash equivalents at beginning of year	**21**	**43,984**	51,588
Cash and cash equivalents at end of year	**21**	**22,901**	43,984

Cash and cash equivalents comprise:

		2024 **£'000**	2023 £'000
Cash at bank		**22,901**	23,984
Short term deposits		**-**	20,000
Total		**22,901**	43,984

The notes on pages 57 to 94 form an integral part of these financial statements.

Notes to the financial statements

1. Legal status and principal activities

Two Rivers Housing is a company limited by guarantee registered under the Companies Act 2006 and is a registered provider of social housing in England. The address of its registered office and principal place of business are as disclosed on page three of these financial statements.

Two Rivers Housing's principal activity is to provide social housing.

Two Rivers Housing has two subsidiaries; Two Rivers Development Limited and Centigen Facilities Management Limited are both registered under the Companies Act 2006. Two Rivers Initiatives, which transferred its reserves to TRH in September 2023 and was dissolved on 21 March 2024, was registered under the Cooperative and Community Benefit Societies Act 2014.

2. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year, unless otherwise noted.

Basis of accounting

The financial statements of the Group and Association have been prepared under the historical cost convention, modified where appropriate to include certain items at fair value, in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council and comply with the Companies Act 2006, Statement of Recommended Practice for Registered Social Housing Providers 2018 (SORP), the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

Two Rivers Housing Group is a public benefit entity, as defined in FRS 102 and applies the relevant paragraphs prefixed 'PBE' in FRS 102.

The financial statements are presented in Sterling (£), which is also the Group's functional currency. All amounts in the financial statements have been rounded to the nearest £1,000.

Basis of consolidation

The Group accounts consolidate the accounts of the Association and all its subsidiaries at 31 March each year.

The consolidated financial statements incorporate the financial statements of the Association and entities controlled by the Group (and its subsidiaries). Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

All intra-group transactions, balances, income, and expenses are eliminated in full on consolidation.

Disclosure exemptions

The individual accounts of Two Rivers Housing have adopted the following disclosure exemptions:

- the requirement to present a statement of cash flows and related notes.

Notes to the financial statements

2. Accounting policies (continued)

Going concern

The Group's business activities, its current financial position, and factors likely to affect its future development are set out within the Report of the Board. The Group has in place long-term debt facilities, which provide adequate resources to finance committed reinvestment and development programmes, along with the Group's day-to-day operations. The Group also has a long-term business plan, which shows that it can service these debt facilities while continuing to comply with lenders' covenants. As at 31 March 2024, the Group had available cash balances of £22.9m, and a further £21.4m of secured but undrawn loan facilities that could be drawn at short notice.

The Group Board's assessment of going concern involves several subjective judgements including, but not limited to, potential increased rent arrears, delayed rent collections, increased voids, reduction in property prices and delays in property sales and costs associated with achieving energy efficient homes. In making its assessment the Group Board has also considered the potential mitigations available to manage the potential impact on its cashflows and liquidity.

A wide-ranging multivariate stress test has been run on the business plan including the normal suite of scenarios that are tested regularly.

The stress testing is based on scenarios provided by the Group's funding advisors and risk management advisors including indices on consumer prices, house prices, and interest rates.

The multivariate stress tests include the impact of sensitivities on the Association's cash flow requirements, compliance with debt facilities, as well as covenant compliance. Mitigating actions, for example delays in non-essential expenditure, changes to the development programme and staff cost reductions, have been identified for all scenarios. This stress testing found that the business plan is robust and does not affect the Group's ability to meet its obligations but would require the EBITDA MRI covenant with Barclays to be renegotiated to an EBITDA only covenant.

On this basis, the Group Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, being a period of at least twelve months after the date on which the report and financial statements are signed.

The Group Board has also considered the foreseeable future for its going concern assessment to cover the period to 31 March 2024.

On this basis, the Group Board continues to adopt the going concern basis in the financial statements.

As a key provider of affordable housing in the Gloucestershire and the surrounding area, the Association will ensure that it continues to keep its tenants safe by maintaining its homes and completing necessary health and safety works, as well as working with its tenants to support them with paying their rent.

Significant management judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates, and assumptions that affect the application of policies and reported amounts of assets and liabilities, income, and expenses.

The following are management judgements in applying the accounting policies of the Group that have the most significant effect on the amounts recognised in the financial statements:

Notes to the financial statements

2. Accounting policies (continued)

Classification of loans as basic

Two Rivers Housing has a number of loans that have a break clause, which is applicable where the loan is repaid early and could result in a break cost. The loans in question are fixed rate loans. In a prepayment scenario that results in a break gain, the loans agreement provides for the repayment of the capital at par. Management has assessed the clause against the condition set out in FRS 102 11.9b, which states that for a loan to be classified as basic there should be no contractual provision that results in the holder losing the principal amount or any interest attributable to current or prior periods. Management has concluded that the loans are basic on the basis that any repayment relates to future interest payments and not the repayment of the principal amount or interest that is due.

Management have considered the terms of the loan agreements and concluded that they do meet the definition of a basic financial instrument, therefore such instruments are held at amortised cost.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income, and expense is provided.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Impairment of social housing properties

As part of the Group's continuous review of the performance of its assets, management identify any impairment triggers, which may affect any homes, or schemes. Such triggers include increasing void losses, government policy changes (such as welfare reform changes, rent caps or rent reductions), any significant damage or repairs required to any homes, failure to meet energy efficiency standards, or where the decision has been made to dispose of the properties. These factors are considered to be an indication of impairment.

Where there is evidence of impairment, the recoverable amount of the fixed assets affected is determined and any impairment losses are charged to the Statement of Comprehensive Income.

Management has considered the detailed criteria set out in the SORP and the triggers listed above in order to assess whether an indicator of impairment exists. Their judgement is that there is one impairment charge totalling £55k in 2023/2024 (2022/2023: £zero). This relates to the impairment of components in a sheltered scheme that will be demolished in the summer of 2024.

Useful lives of depreciable assets

Tangible fixed assets are depreciated over their useful lives. Management reviews the useful lives of depreciable assets at each reporting date based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software and IT equipment and changes in homes standards, which may require more frequent replacement of key components.

The key judgements and estimates applied in respect of housing property are contained within these notes and include the useful economic life of properties and that properties have no residual value at the end of useful life.

Accumulated depreciation of housing properties, as at 31 March 2024, was £60.6m. The carrying amount of the housing properties was £208.8m at the year ended 31 March 2024.

Notes to the financial statements

2. Accounting policies (continued)

Defined benefit pension schemes

Management's estimate of the defined benefit obligation is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the liability and the annual defined benefit expenses (as analysed in Note 19).

Two Rivers Housing has adjusted the net asset to reflect the asset ceiling, which is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The net defined benefit pension asset at 31 March 2024 was £62k.

Fair value measurement

Management uses valuation techniques to determine the fair value of assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases the assumptions on observable data as far as possible, but this is not always available. In that case, management uses the best information available. Estimated fair values may vary from the actual prices.

Fair value measurements were applied to investment properties in the year. Refer to Note 14 for more details.

Provisions

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

Turnover

Turnover represents rent and service charges receivable (net of rent and service charge losses from voids) and disposal proceeds of current assets such as properties developed for outright sale or Shared Ownership first tranche sales at completion together with revenue grants from local authorities and the Homes England and charitable fees and donations.

Rental income is recognised when the property is available for let, net of voids.

Service charge income and costs are recognised on an accrual basis. The Group operates both fixed and variable service charges on a scheme by scheme basis. Where variable service charges are used, the charges will include an allowance for the surplus or deficit from prior years, with the surplus being returned to tenants by a reduced charge and a deficit being recovered by a higher charge. Until these are returned or recovered, they are held as creditors or debtors in the Statement of Financial Position. Where periodic expenditure is required, a provision may be built up over the years, in consultation with the tenants; until these costs are incurred this liability is held in the Statement of Financial Position within long-term creditors.

Grants received from non-government sources are recognised under the performance model. If there are no specific performance requirements, the grants are recognised when received or receivable. If there are specific performance requirements, the grant is recognised in turnover, when the performance requirements are met.

Where developments have been financed wholly or partly by Social Housing Grant (SHG) and other grants, the income is recognised in turnover (using the accruals model) over the estimated useful life of the assets (excluding land), which it funds. For housing properties this is over the estimated useful life of the structure of the asset.

Where major works have been financed wholly or partly by capital works grants, the income is recognised in turnover (using the accruals model) over the estimated useful life of the components which it funds.

Notes to the financial statements

2. Accounting policies (continued)

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

Other income is included at the invoiced value of goods and services provided.

Gift Aid income

Donations received under the Gift Aid scheme to the parent association (Two Rivers Housing), from its subsidiaries are recognised as turnover upon receipt as it relates to the principal activities of the Association and is eliminated on consolidation.

Taxation

As Two Rivers Housing ais registered as a charity with HM Revenue and Customs by virtue of S.478 Corporation Tax Act 2010, they are exempt from corporation tax. Two Rivers Developments Limited and Centigen Facilities Management are liable to corporation tax on their taxable surpluses.

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a change attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Association's subsidiaries operate and generate taxable income.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met, and;
- Where timing differences relate to interests in subsidiaries, associates and joint ventures and the Group can control their reversal and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair value of liabilities acquired and the amount that will be assessed for tax.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Value Added Tax

The Group charges VAT on some of its income and is able to recover part of the VAT it incurs on expenditure. All amounts disclosed in the financial statements are inclusive of VAT to the extent that it is suffered by the Group and not recoverable. The balance receivable or payable at the year-end is within the current assets or current liabilities.

Notes to the financial statements

2. Accounting policies (continued)

Short-term debtors and creditors

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

Provisions

Provisions are recognised when the Group has an obligation at the reporting date as a result of a past event, it is probable that an outflow of economic benefits will be required in settlement and the amount can be reliably estimated. The Group makes a provision for rental arrears, which are considered to be non-recoverable. The full value of former tenant debt is provided for. The provision for current tenant debt is calculated based upon the value of the debt.

Employee benefits

A liability is recognised to the extent of any unused holiday pay entitlement, which has accrued at the reporting date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the reporting date.

Property, plant, and equipment – housing properties

Housing properties are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the cost of acquiring land and buildings, directly attributable development costs, and borrowing costs directly attributable to the construction of new housing properties during the development. Capitalisation ceases when substantially all the activities that are necessary to get the asset ready for use are complete. Housing properties under construction are stated at cost and are not depreciated. These are reclassified as housing properties on practical completion.

Depreciation is charged so as to write down the net book value of housing properties to their estimated residual value, on a straight-line basis, over their useful economic lives. Freehold land is not depreciated.

Improvements

Where there are improvements to housing properties that are expected to provide incremental future benefits, these are capitalised and added to the carrying amount of the property. Any works to housing properties, which do not replace a component or result in an incremental future benefit are charged as expenditure in surplus or deficit in the Statement of Comprehensive Income.

Major components

Major components of housing properties, which have significantly different patterns of consumption of economic benefits, are treated as separate assets and depreciated over their expected useful economic lives at the following annual rates:

Traditional housing structure	100 years
Roofs	60 years
Non-traditional housing structure and garages	30 years
Electrics	30 years
Solar panels	30 years
External wall insulation	30 years
Doors and windows	20 years
Kitchens	20 years
Bathrooms	20 years
Heating and ventilation systems	15 years

Notes to the financial statements

2. Accounting policies (continued)

Properties held on long leases are depreciated over their estimated useful economic lives or the lease duration if shorter.

Leaseholders

Where the rights and obligations for improving a housing property reside with the leaseholder or tenant, any works to improve such properties incurred by the Association is recharged to the leaseholder and recognised in surplus or deficit in the Statement of Comprehensive Income along with the corresponding income from the leaseholder or tenant.

Impairment of social housing properties

An assessment is made at each reporting date as to whether an indicator of impairment exists. If such an indicator exists, an impairment assessment is carried out and an estimate of the recoverable amount of the asset is made. Where the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognised in surplus or deficit in the Statement of Comprehensive Income. The recoverable amount of an asset is the higher of its value in use and fair value less costs to sell. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets (cash-generating unit) that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets.

An impairment of £55k is reported for 2023-24.

Properties held for their social benefit are not held solely for the cash inflows they generate and are held for their service potential. Where assets are held for their service potential, value in use is determined by the present value of the asset's remaining service potential plus the net amount expected to be received from its disposal. Depreciated replacement cost is taken as a suitable measurement model.

An impairment loss is reversed if the reasons for the impairment loss have ceased to apply.

Investment properties

Investment property includes commercial and other properties not held for the social benefit of the Group. Investment property is measured at cost on initial recognition, which includes purchase cost and any directly attributable expenditure, and subsequently at fair value at the reporting date. Fair value is determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate adjusted, if necessary, for any difference in the nature, location, or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Statement of Comprehensive Income. There are no restrictions on realisation or remittance of income or disposal proceeds.

Other tangible fixed assets

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

2. Accounting policies (continued)

The expected useful economic lives are as follows:

Freehold offices:	
Doors and windows	20 years
Kitchens	20 years
Bathrooms	20 years
Heating systems	15 years
Electrics	30 years
Mechanical installations	20 years
Lift	15 years
External works	20 years
Furniture, fixtures and fittings	5 years
Vehicles	5 years
Computer equipment	5 years

Intangible assets

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

Computer software	5 years

Leased assets

At inception, the Group assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

Where assets are financed by hire purchase contracts and leasing agreements that give rights approximating to ownership (finance leases), they are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as obligations to the lessor in creditors. They are depreciated over the shorter of the lease term and their economic useful lives.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the Statement of Comprehensive Income over the term of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

Operating leased assets.

Leases that do not transfer all the risks and rewards of ownership, are classified as operating leases. Payments under operating leases are charged to surplus or deficit in the Statement of Comprehensive Income on a straight-line basis over the period of the lease. Reverse premiums and similar incentives received on leases to enter into operating lease agreements are released to Statement of Comprehensive Income over the term of the lease.

Stock and properties held for sale

Stocks of materials are stated at the lower of cost and net realisable value being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

2. Accounting policies (continued)

Properties developed for outright sale and land held for sale are included in current assets as they are intended to be sold and are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes materials, direct labour and an attributable proportion of overheads based on normal levels of activity.

At each reporting date, stock and properties held for sale are assessed for impairment. If there is evidence of impairment, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Statement of Comprehensive Income.

Shared Ownership property sales

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

Where this would result in a surplus on the disposal of the current asset that would exceed the anticipated overall surplus, the surplus on disposal of the first tranche is limited to the overall surplus by adjusting the costs allocated to current or non-current assets.

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

Cash and cash equivalents

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

Investments

Investments that are publicly traded or whose fair value can be measured reliably are measured at fair value at the reporting date with changes in fair value recognised in surplus or deficit in the Statement of Comprehensive Income. Other investments are measured at amortised cost less impairment.

Social Housing Grant and other government grants

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

Under the accruals model, the grant is held in the Statement of Financial Position as deferred income. Government grants are recognised using the accrual model and are classified either as a grant relating to revenue or a grant relating to assets. Grants relating to revenue are recognised in income on a systematic basis over the period in which related costs for which the grant is intended to compensate are recognised.

Where a grant is receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support with no future related costs, it is recognised as revenue in the period in which it becomes receivable.

Grants relating to assets are recognised in income on a systematic basis over the expected useful life of the asset.

Grants received for housing properties are recognised in income over the expected useful life of the housing property structure.

Where a grant is received specifically for components of a housing property, the grant is recognised in income over the expected useful life of the component.

Notes to the financial statements

2. Accounting policies (continued)

Grants received from non-government sources are recognised as revenue using the performance model where the grant is held as deferred income and released to income only when any performance-related conditions are met.

Recycling of grants

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

For Shared Ownership staircasing sales, when full staircasing has not taken place, the recycling of the grant may be deferred if the net sales proceeds are insufficient to meet the grant obligation relating to the disposal and is not recognised as a provision. On subsequent staircasing sales, the requirement to recycle the grant becomes an obligation if sufficient sales proceeds are generated to meet the obligation and a provision is recognised at this point.

On disposal of an asset for which government grant was received, if there is no obligation to repay the grant, any unamortised grant remaining within liabilities in the Statement of Financial Position related to this asset is derecognised as a liability and recognised as revenue in surplus or deficit in the Statement of Comprehensive Income.

Service charge sinking funds and service costs

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

Loans

All loans held by the Group are classified as basic financial instruments in accordance with FRS 102. They are measured at transaction price plus transaction costs initially, and subsequently at amortised cost using the effective interest rate method. Loans repayable within one year are not discounted. Arrangement fees, agency fees and related legal fees payable when entering new loans are capitalised then charged to the Statement of Comprehensive Income over the life of the loan via the effective interest method. Loan finance issue costs are amortised over the life of the related loan. Loans are stated in the Statement of Financial Position at the amount of the net proceeds after issue, plus increases to account for any subsequent amounts amortised.

Loan finance issue costs

Loan finance issue costs are amortised over the life of the related loan.

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

Where loans are redeemed during the year, any redemption penalty and any connected loan finance issue costs are recognised in the Statement of Comprehensive Income account in the year in which the redemption took place.

Notes to the financial statements

2. Accounting policies (continued)

Interest payable

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. Borrowing costs are calculated using the effective interest rate, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of a financial instrument and is determined on the basis of the carrying amount of the financial liability at initial recognition. Under the effective interest method, the amortised cost of a financial liability is the present value of future cash payments discounted at the effective interest rate and the interest expense in a period equals the carrying amount of the financial liability at the beginning of a period multiplied by the effective interest rate for the period.

Capitalisation of interest and administration costs

Interest on loans financing development is capitalised up to the date of the completion of the scheme and only when development activity is in progress. Administration costs relating to development activities are capitalised only to the extent that they are incremental to the development process and directly attributable to bringing the property into its intended use.

Reserves

Reserves are held to ensure, as far as is reasonably possible, that Two Rivers Housing's future expenditure objectives can be met. Reserves will be used for maintaining and improving housing properties. Reserves will be a minimum of six months of operating cost in order to meet short-term obligations and will not exceed three years of operating costs. Reserves will only be used providing all loan covenants can be met.

Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets carried at amortised cost comprise rent arrears, trade and other receivables and cash and cash equivalents. Financial assets are initially recognised at fair value plus directly attributable transaction costs.

After initial recognition, they are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

If there is objective evidence that there is an impairment loss, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced accordingly. A financial asset is derecognised when the contractual rights to the cash flows expire, or when the financial asset and all substantial risks and reward are transferred.

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

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

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

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

Financial assets and financial liabilities are measured at transaction price initially plus, in the case of a financial asset or financial liability, not at fair value through the Statement of Comprehensive Income, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

2. Accounting policies (continued)

At the end of each reporting period, financial instruments are measured as follows, without any deduction for transaction costs the entity may incur on sale or other disposal:

- Debt instruments that meet the conditions in paragraph 11.8(b) or 11.8(bA) of FRS 102 are measured at amortised cost using the effective interest method, except where the arrangement constitutes a financing transaction. In this case the debt instrument is measured at the present value of the future payments discounted at a market rate of interest for a similar debt.
- Commitments to receive or make a loan to another entity, which meet the conditions in para 11.8(c) of FRS 102 are measured at cost less impairment.
- Investments in non-convertible preference shares and non-puttable ordinary shares or preference shares are measured at:
  - Fair value with changes in fair value recognised in the Statement of Comprehensive Income if the shares are publicly traded or their value can otherwise be measured reliably, and;
  - At cost less impairment for all other such investments.

Financial instruments held by the Group are classified as follows:

- Cash is held at cost.
- Financial assets, such as current asset investments and receivables are classified as loans and receivables and held at amortised cost using the effective interest method.
- Financial liabilities such as bonds and loans are held at amortised cost using the effective interest method.
- Loans to or from subsidiaries including those that are due on demand are held at amortised cost using the effective interest method.
- Commitments to receive or make a loan to another entity, which meet the conditions above are held at cost less impairment.
- An investment in another entity's equity instruments other than non-convertible preference shares and non-puttable ordinary and preference shares are held at fair value.
- Derivatives, such as interest rate swaps, are classified as financial assets or financial liabilities at fair value.

Financial assets and financial liabilities at fair value, are classified using the following fair value hierarchy:

a. The best evidence of fair value is a quoted price in an active market.

b. When quoted prices are unavailable, the price of a recent transaction for an identical asset, adjusted to reflect any circumstances specific to the sale, such as a distress sale, if appropriate.

c. Where there is no active market or recent transactions then a valuation technique is used to estimate what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal business considerations.

Pensions

Multi-employer defined benefit pension schemes

The Group participates in two industry wide multi-employer defined benefit pension schemes where it is possible for individual employers as admitted bodies to identify their share of the assets and liabilities of the pension scheme. These schemes are the Social Housing Pension Scheme (SHPS) and the Local Government Pension Scheme (LGPS). For these schemes the amounts charged to operating surplus are the costs arising from employee services rendered during the period and the cost of plan introductions, benefit changes, settlements and curtailments. They are included as part of staff costs. The net interest cost on the net defined benefit liability is charged to revenue and included within finance costs.

Notes to the financial statements

2. Accounting policies (continued)

Remeasurement comprising actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in other comprehensive income.

If the present value of the defined benefit obligation is less than the fair value of plan assets at the reporting date, the plan has a surplus. In this situation, the Group will only recognise the plan surplus as a defined benefit plan asset only to the extent that it is able to recover the surplus, either through reduced contributions in the future or through refunds from the plan. The Group will cap the net asset at the asset ceiling.

The asset ceiling methodology assumes that the employer has no unconditional right to a refund from the fund and therefore there is no economic benefit available as a refund, but it assumes that the economic benefit is available as a reduction in future contributions.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the Group in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method. The actuarial valuations are obtained at least triennially and are updated at each Statement of Financial Position date.

Defined contribution scheme

The Group participates in a defined contribution scheme where the amount charged to surplus or deficit in the Statement of Comprehensive Income in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the Statement of Financial Position. Assets of the scheme are kept separately from those of the Association.

Notes to the financial statements

3. Particulars of turnover, cost of sales operating costs and operating surplus – Group

2024	Note	Turnover	Cost of sales	Operating expenditure	Surplus on disposal and investment gains	Operating surplus
		£'000	£'000	£'000	£'000	£'000
Social housing lettings	**3a**	26,107	-	(20,936)	-	5,171
Other social housing activities						
First tranche property sales		3,743	(2,629)	-	-	1,114
Other activities		576	-	(44)	-	532
Garages		152	-	(17)	-	135
		4,471	(2,629)	(61)	-	1,781
Activities other than social housing activities						
Market rent		76	-	-	-	76
Other		84	-	(5)	-	79
		160	-	(5)	-	155
Surplus on disposal of property, plant, and equipment		-	-	-	810	810
(Loss)/gain in respect of investment properties		-	-	-	(5)	(5)
Total		**30,738**	**(2,629)**	**(21,002)**	**805**	**7,912**

2023	Note	Turnover	Cost of sales	Operating expenditure	Surplus on disposal and investment gains	Operating surplus
		£'000	£'000	£'000	£'000	£'000
Social housing lettings	**3a**	23,884	-	(19,471)	-	4,413
Other social housing activities						
First tranche property sales		4,167	(2,994)	-	-	1,173
Other activities		51	-	-	-	51
Garages		150	-	(50)	-	100
		4,368	(2,994)	(50)	-	1,324
Activities other than social housing activities						
Market rent		42	-	-	-	42
Other		39	-	(15)	-	24
		81	-	(15)	-	66
Surplus on disposal of property, plant, and equipment		-	-	-	888	888
(Loss)/gain in respect of investment properties		-	-	-	195	195
Total		**28,333**	**(2,994)**	**(19,536)**	**1,083**	**6,886**

Notes to the financial statements

3. Particulars of turnover, cost of sales operating costs and operating surplus – Association

2024	Note	Turnover £'000	Cost of sales £'000	Operating expenditure £'000	Surplus on disposal and investment gains £'000	Operating surplus £'000
Social housing lettings	**3a**	26,107	-	(20,936)	-	5,171
Other social housing activities						
First tranche property sales		3,743	(2,629)	-	-	1,114
Other activities		827	-	(296)	-	531
Garages		152	-	(17)	-	135
		4,722	(2,629)	(313)	-	1,780
Activities other than social housing activities						
Market rent		18	-	-	-	18
Open market sales		-	-	-	-	-
Other		46	-	(46)	-	-
		64	-	(46)	-	18
Surplus on disposal of property, plant, and equipment		-	-	-	808	808
(Loss)/gain in respect of investment properties		-	-	-	(5)	(5)
Total		**30,893**	**(2,629)**	**(21,295)**	**803**	**7,772**

2023	Note	Turnover £'000	Cost of sales £'000	Operating expenditure £'000	Surplus on disposal and investment gains £'000	Operating surplus £'000
Social housing lettings	**3a**	23,887	-	(19,471)	-	4,413
Other social housing activities						
First tranche property sales		4,167	(2,994)	-	-	1,173
Other activities		306	-	(254)	-	52
Garages		150	-	(50)	-	100
		4,623	(2,994)	(304)	-	1,325
Activities other than social housing activities						
Market rent		16	-	-	-	16
Open market sales		-	-	-	-	-
Other		-	-	-	-	-
		16	-	-	-	16
Surplus on disposal of property, plant, and equipment		-	-	-	866	866
(Loss)/Gain in respect of investment properties		-	-	-	**195**	**195**
Total		**28,523**	**(2,994)**	**(19,775)**	**1,061**	**6,815**

Included within other activities for the Association is £46,000 gift aid received from subsidiary companies (2022/2023: £Nil).

Notes to the financial statements

3a. Particulars of income and expenditure from social housing lettings – Group and Association

	General needs housing £'000	Supported housing and housing for older people £'000	Low cost home ownership £'000	2024 total £'000	2023 total £'000
Income					
Rents receivable	21,017	2,920	1,054	**24,991**	22,707
Service charge income	167	631	37	**835**	909
Amortised government grant	232	-	23	**255**	238
Other grants	26	-	-	**26**	30
Turnover from social housing lettings	21,442	3,551	1,114	**26,107**	23,884
Expenditure					
Management	4,317	704	375	**5,396**	5,094
Service charge costs	665	616	-	**1,281**	1,031
Routine maintenance	3,948	644	-	**4,592**	4,563
Planned maintenance	2,358	384	-	**2,742**	2,081
Major repairs expenditure	1,119	182	-	**1,301**	1,173
Bad debts	97	16	8	**121**	201
Abortive development	11	-	-	**11**	11
Depreciation of housing properties	4,350	709	378	**5,437**	5,317
Impairment of housing properties	-	55	-	**55**	-
Operating costs	16,865	3,310	761	**20,936**	19,471
Operating surplus social housing lettings	4,577	241	353	**5,171**	4,413
Void losses	208	37	24	**269**	255

Notes to the financial statements

4. Surplus on disposal of property, plant and equipment – Group and Association

	Group		Association	
	2024	2023	**2024**	2023
	£'000	£'000	**£'000**	£'000
Sale of subsequent tranche Shared Ownership properties and other properties	**1,285**	1,839	**1,282**	1,817
Costs of sale	**(144)**	(503)	**(144)**	(503)
Carrying value of fixed assets	**(331)**	(448)	**(330)**	(448)
Surplus on disposal of property, plant and equipment	**810**	888	**808**	866

5. Other finance income

	Group		Association	
	2024	2023	**2024**	2023
	£'000	£'000	**£'000**	£'000
Bank interest receivable	**1,570**	893	**1,570**	893
Interest due from Group companies	**-**	-	**37**	22
	1,570	893	**1,607**	915

6. Interest and financing costs

		Group		Association	
		2024	2023	**2024**	2023
	Note	**£'000**	£'000	**£'000**	£'000
Bank loans and overdrafts		**5,378**	5,352	**5,377**	5,351
Loan amortisation		**234**	120	**234**	120
Unwinding of discounts on provisions		**(49)**	(45)	**(49)**	(45)
Net interest on defined benefit liability	19	**(221)**	(4)	**(221)**	(4)
		5,342	5,423	**5,341**	5,422
Interest capitalised		**(798)**	(522)	**(798)**	(522)
		4,544	4,901	**4,543**	4,900

During the 2023/2024 financial year, £5m was repaid to Barclays Bank. This results in facilities available totalling £192.85m, of which £142.85m is currently drawn.

The funding is measured at fair value, net of transaction costs using the effective interest method. The fair value adjustment of the loan facilities in place during the year is (£49,000) (2022/2023: £45,000).

Borrowing costs have been capitalised based on a capitalisation rate of 3.46% (2022/2023: 3.45%), which is the weighted average of rates applicable to the Group's general borrowings outstanding during the year.

Notes to the financial statements

7. Surplus on ordinary activities before taxation

Surplus on ordinary activities before taxation is stated after charging/(crediting):

	Group		Association	
	2024	**2023**	**2024**	**2023**
	£'000	**£'000**	**£'000**	**£'000**
Depreciation of housing stock	**5,437**	5,317	**5,438**	5,317
Depreciation of property, plant and equipment	**225**	184	**180**	173
Amortisation of intangible assets	**17**	28	**17**	28
Impairment of housing stock	**55**	-	**55**	-
Amortised government grants	**(255)**	(238)	**(255)**	(238)
Surplus on disposal of fixed assets	**(810)**	(888)	**(810)**	(888)
Auditors' remuneration (excluding VAT)	**37**	36	**29**	27
Fees payable to the company's auditors for other services				
- Other services	**3**	2	**2**	2
- Tax compliance services	**3**	5	**2**	1
Operating lease rentals	**222**	198	**3**	3

8. Employee costs

	Group		Association	
	2024	**2023**	**2024**	**2023**
	£'000	**£'000**	**£'000**	**£'000**
Wages and salaries	**5,261**	5,191	**3,721**	3,661
Social security costs	**531**	543	**383**	391
Other pension costs	**684**	390	**560**	326
	6,476	6,124	**4,664**	4,378

The increase in other pension costs relates to the introduction of the pension salary sacrifice scheme, which results in a corresponding reduction in wages and salaries. The full-time equivalent number of staff who received emoluments, excluding pension contribution, in excess of £60,000 were shown below:

	2024	2023
Salary Band (£)	**Number**	Number
60,000 – 69,999	**4**	5
70,000 – 79,999	**2**	1
80,000 – 89,999	-	-
90,000 – 99,999	-	-
100,000 – 109,999	-	-
110,000 – 119,999	-	2
120,000 – 129,999	**1**	-
130,000 – 139,999	-	-
140,000 – 149,999	-	-
150,000 – 159,999	-	1
160,000 - 169,999	**1**	-
Total	**8**	9

8. Employee costs (continued)

The average number of employees (including Executive Directors) by category employed during the year:

	Group		Association	
	2024 Number	2023 Number	2024 Number	2023 Number
Administration	**73**	69	**66**	62
Property management	**21**	21	**21**	21
Housing for older people and housing management	**23**	24	**23**	24
Repairs team	**34**	33	**-**	-
Cleaners and grounds maintenance	**14**	13	**-**	-
	165	160	**110**	107

Average number of full time equivalent staff employed during the year (including Executive Directors):

	Group		Association	
	2024 FTE	2023 FTE	2024 FTE	2023 FTE
	155	150	**102**	100

The basis of the calculation of the full-time equivalents was calculated on 40 hours per week for the repairs team, 39.25 for the grounds maintenance and cleaning teams, and 37 hours for all other staff.

9. Directors' remuneration and transactions

Directors who are executive staff members	2024 £'000	2023 £'000
Wages and salaries	**413**	388
Social security costs	**53**	53
Pension costs	**68**	58
	534	499

Remuneration of the highest paid director, excluding pension contribution	2024 £'000	2023 £'000
Emoluments	**166**	150

The Chief Executive is an ordinary member of the pension scheme. The pension is a final salary scheme funded by annual contributions by the employer and employee. No enhanced or special terms apply.

Notes to the financial statements

9. Director's remuneration and transactions (continued)

Non-executive Board members

The following Non-executive Board Members received the following remuneration during the financial year.

	2024 £'000	2023 £'000
Ms Susan Holmes	**6**	5
Mr Neil Sutherland	**-**	4
Mrs Rita Jones	**4**	4
Mr Tim Jackson	**6**	5
Miss Yvonne Leishman	**11**	9
Mr Ted Pearce	**5**	5
Mr Tim Sharpe	**6**	3
Mr Kevin Shaw	**-**	1
Mr Jonathan Higgs	**4**	4
Mrs Charlotte Marshall	**4**	1
Mrs Sharon Wilkins	**3**	-
Miss Audrey James	**1**	-
	50	41

10. Taxation

	Group		Association	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Corporation tax:				
Current tax on surplus for the year	**40**	14	-	-
Adjustments in respect of previous years	**(40)**	(14)		-
	-	-	-	-
Deferred Tax	-	-	-	-
Total tax	-	-	-	-
Reconciliation of the total tax charge				
Surplus on ordinary activities before tax	**4,938**	2,878	**4,836**	2,830
Tax charged at standard rate of 19% (2022: 19%)	**1,235**	547	**1,209**	538
Effect of:				
Utilisation of tax losses	**(40)**	(14)	-	-
Surplus arising with charitable status	**(1,195)**	(533)	**(1,209)**	(538)
Deferred tax not recognised	-	-	-	-
	-	-	-	-

Notes to the financial statements

11. Tangible fixed assets – housing properties - Group

	Completed properties	Properties under construction	Completed Shared Ownership	Shared Ownership under construction	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 April 2023	210,776	5,801	21,772	1,872	240,221
Transfer	363	2	(363)	(2)	-
Additions	-	19,648	-	9,227	28,875
Components capitalised	4,898	-	-	-	4,898
Disposals	(1,143)	-	(229)	-	(1,372)
Schemes completed in the year	21,073	(21,073)	4,685	(4,685)	-
Tenure changes	233	-	(233)	-	-
Transfers from properties held for sale	(6)	-	169	-	163
Transfer to properties held for sale	-	-	-	(3,344)	(3,344)
At 31 March 2024	235,831	4,376	26,164	3,070	269,441
Depreciation					
At 1 April 2023	(54,178)	-	(1,957)	-	(56,135)
Transfer	(38)	-	38	-	-
Charge for the year	(5,046)	-	(391)	-	(5,437)
Impairment	(55)	-	-	-	(55)
Eliminated on disposals	936	-	28	-	964
Eliminated on transfer to properties held for sale	45	-	-	-	45
Tenure changes	(33)	-	33	-	-
At 31 March 2024	(58,369)	-	(2,249)	-	(60,618)
Net book value					
At 31 March 2024	**177,462**	**4,376**	**23,915**	**3,070**	**208,823**
At 31 March 2023	156,560	5,801	19,853	1,872	184,086

	2024 £'000	2023 £'000
Works to existing properties in year		
Revenue	**8,635**	7,817
Capital	**4,898**	3,371
Total	**13,533**	11,188
New homes	**28,875**	16,923
Total	**42,408**	28,111

All property is freehold. Additions in the year include £798,000 of capitalised interest (2022/2023: £522,000) and £354,000 of capitalised development overheads (2022/2023: £272,000). There is a £55k impairment relating to the net book value of components at a scheme that will be demolished in the summer of 2024.

Notes to the financial statements

11. Tangible fixed assets – housing properties – Association

	Completed properties £'000	Properties under construction £'000	Completed Shared Ownership £'000	Shared Ownership under construction £'000	Total £'000
Cost					
At 1 April 2023	210,413	5,999	22,135	1,874	240,421
Transfer	363	2	(363)	(2)	-
Additions	-	19,659	-	9,230	28,889
Components capitalised	4,898	-	-	-	4,898
Disposals	(1,143)	-	(229)	-	(1,372)
Schemes completed in the year	21,072	(21,072)	4,685	(4,685)	-
Tenure changes	233	-	(233)	-	-
Transfers from properties held for sale	(6)	-	169	-	163
Transfer to properties held for sale	-	-	-	(3,344)	(3,344)
At 31 March 2024	235,830	4,588	26,164	3,073	269,655
Depreciation					
At 1 April 2023	(54,178)	-	(1,957)	-	(56,135)
Transfer	(38)	-	38	-	-
Charge for the year	(5,046)	-	(391)	-	(5,437)
Impairment	(55)				(55)
Eliminated on disposals	936	-	28	-	964
Eliminated on transfer to properties held for sale	45	-	-	-	45
Tenure changes	(33)	-	33	-	-
At 31 March 2024	(58,369)	-	(2,249)	-	(60,618)
Net book value					
At 31 March 2024	**177,461**	**4,588**	**23,915**	**3,073**	**209,037**
At 31 March 2023	156,560	6,001	19,853	1,872	184,286

	2024 £'000	2023 £'000
Works to existing properties in year		
Revenue	**8,635**	7,817
Capital	**4,898**	3,371
Total	**13,533**	11,188
New homes	**28,889**	16,924
Total	**42,422**	28,112

All property is freehold. Additions in the year include £798,000 of capitalised interest (2022/2023: £522,000) and £354,000 of capitalised development overheads (2022/2023: £272,000). There is a £55k impairment relating to the net book value of components at a scheme that will be demolished in the summer of 2024.

Freehold land and buildings with a carrying amount of £129m (2022/2023: £130m) have been pledged to secure borrowings of the Association. The Association is not allowed to pledge these assets as security for other borrowings or to sell them to another entity.

Notes to the financial statements

12. Property, plant, and equipment – other

Group	Office premises £'000	Motor vehicles	Computer equipment £'000	Fixtures and fittings £'000	Plant and machinery £'000	Total £'000
Cost						
At 1 April 2023	4,748	274	413	109	129	5,673
Additions	(175)	-	67	-	5	(103)
Disposals	-	-	(19)	-	(7)	(26)
At 31 March 2024	4,573	274	461	109	127	5,544
Depreciation						
At 1 April 2023	(1,225)	-	(285)	(109)	(103)	(1,722)
Charge for the year	(127)	(33)	(53)	-	(12)	(225)
Disposals	-	-	12	-	7	19
At 31 March 2024	(1,352)	(33)	(326)	(109)	(108)	(1,928)
Net book value						
At 31 March 2024	**3,221**	**241**	**135**	**-**	**19**	**3,616**
At 31 March 2023	3,523	274	128	-	26	3,951

Association	Office premises £'000	Motor vehicles	Computer equipment £'000	Fixtures and fittings £'000	Plant and machinery £'000	Total £'000
Cost						
At 1 April 2023	4,748	-	411	100	78	5,337
Additions	(175)	-	67	-	-	(108)
Disposals		-	(19)	-	-	(19)
At 31 March 2024	4,573	-	459	100	78	5,210
Depreciation						
At 1 April 2023	(1,225)	-	(283)	(100)	(78)	(1,686)
Charge for the year	(127)	-	(53)	-	-	(180)
Disposals	-	-	11	-	-	11
At 31 March 2024	(1,352)	-	(325)	(100)	(78)	(1,855)
Net book value						
At 31 March 2024	**3,221**	**-**	**134**	**-**	**-**	**3,355**
At 31 March 2023	3,523	-	128	-	-	3,651

Notes to the financial statements

13. Intangible fixed assets – Group and Association

Group	Computer software £'000	Total £'000
Cost		
At 1 April 2023	497	497
Additions	1	1
As at 31 March 2024	**498**	**498**
Amortisation		
At 1 April 2023	(447)	(447)
Charge for the year	(17)	(17)
As at 31 March 2024	**(464)**	**(464)**
Net book value		
As at 31 March 2024	**34**	**34**
As at 31 March 2023	50	50

14. Investments

14a. Investment properties

	Group		Association	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Investment properties as at 1 April 2023	**485**	290	**485**	290
(Loss)/gain from adjustment in fair value	**(5)**	195	**(5)**	195
Investment properties as at 31 March 2024	**480**	485	**480**	485

Market rented properties are treated as investment properties. Changes in the value of market rented properties are taken to the Statement of Comprehensive Income. The last market valuation, which resulted in a reduction of £5k, was carried out in March 2024 by a qualified valuer in accordance with the RICS Valuation – Professional Standards 2014.

14b. Principal Group investments

The parent Association and the Group have investments in the following subsidiary undertakings, associates and other investments, which principally affected the surpluses or net assets of the Group.

Subsidiary undertaking	Legal form	Principal activity	Holding (%)
Two Rivers Developments	Limited company	Developing properties on behalf of Two Rivers Housing.	100
Centigen Facilities Management Limited	Limited company	Facilities management and grounds maintenance for Two Rivers Housing and external clients.	100

The assets of Two Rivers Initiatives were transferred to Two Rivers Housing on 12 September 2023 and the subsidiary was dissolved on 21 March 2024.

The Group Board intends to strike off Centigen Facilities Management Limited during the year ended 31 March 2025 and transfer the business assets into the parent company, Two Rivers Housing.

Notes to the financial statements

15. Inventories and properties held for sale

	Group		Association	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Inventories				
Maintenance stock	**98**	-	-	-
Properties held for sale				
Shared Ownership first tranche sale properties - completed	**376**	349	**376**	349
Shared Ownership first tranche sale properties - under construction	**1,580**	1,055	**1,580**	1,055
Properties held for voluntary disposal	**41**	-	**41**	-
	1,997	1,404	**1,997**	1,404

16. Debtors – amounts falling due within one year

	Group		Association	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Rent arrears	**1,274**	1,229	**1,274**	1,229
Provision for bad debts	**(1,146)**	(1,106)	**(1,146)**	(1,106)
Trade debtors	**163**	95	**151**	73
Amounts owed by Group undertakings	**-**	-	**647**	687
Other debtors	**104**	292	**99**	286
Other taxation and social security	**-**	-	**-**	-
Prepayments and accrued income	**513**	424	**510**	389
	908	934	**1,535**	1,558

17. Creditors – amounts falling due within one year

		Group		Association	
	Note	2024	2023	2024	2023
		£'000	£'000	£'000	£'000
Bank loans		**5,850**	10,850	**5,850**	10,850
Rents received in advance		**1,083**	850	**1,081**	848
Trade creditors		**810**	507	**747**	378
Amounts owed to Group undertakings		**-**	-	**462**	43
Other taxation and social security		**126**	148	**93**	108
Other creditors		**849**	1,212	**840**	1,202
Government grants	**18**	**264**	236	**264**	236
Accruals and deferred income		**5,424**	3,631	**4,910**	3,473
		14,406	17,434	**14,247**	17,138

In line with government guidance, the Group's aim is to pay purchase invoices within 30 days of receipt, or earlier if agreed with the supplier.

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

	Group		Association	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Other creditors				
Bank loans	**136,708**	136,741	**136,708**	136,741
Government grants	**21,489**	19,385	**21,489**	19,385
Government grants - capital works	**683**	462	**683**	462
Recycled capital grant fund	**279**	257	**279**	257
	159,159	156,845	**159,159**	156,845

The loans are secured on freehold housing properties. Interest is payable at rates ranging from 2.45% to 6.18% (2022/2023: 2.45% to 6.18%). The total accumulated amount of capital grant received or receivable at the Statement of Financial Position date is £22.979m (2022/2023: £20.576m).

	Group		Association	
	2024	2023	2024	2023
Bank loans	£'000	£'000	£'000	£'000
Due within one year	**5,850**	10,850	**5,850**	10,850
Due between one and two years	**-**	-	**-**	-
Due between two and five years	**47,000**	27,000	**27,000**	27,000
After five years	**90,000**	110,000	**110,000**	110,000
	137,000	137,000	**137,000**	137,000
Effective interest rate adjustment	**82**	130	**82**	130
Less: Facility arrangement fee	**(373)**	(389)	**(373)**	(389)
Due after one year	**136,709**	136,741	**136,709**	136,741
Total borrowings	**142,559**	147,591	**142,559**	147,591
Deferred income – government grants				
At 1 April 2023	**20,083**	19,899	**20,083**	19,899
Grants receivable	**2,635**	398	**2,635**	398
Grant recycled	**25**	48	**25**	48
Transfer to RCGF	**(34)**	(24)	**(34)**	(24)
Transfer to other creditors	**(15)**	-	**(15)**	-
To profit/loss on disposal	**(3)**	-	**(3)**	-
Amortisation to Statement of Comprehensive Income	**(255)**	(238)	**(255)**	(238)
At 31 March 2024	**22,436**	20,083	**22,436**	20,083
Due within one year	**264**	236	**264**	236
Due after one year	**22,172**	19,847	**22,172**	19,847
Recycled capital grant fund				
At 1 April 2023	**257**	276	**257**	276
Inputs to RCGF	**34**	24	**34**	24
Recycling of grant	**(25)**	(48)	**(25)**	(48)
Interest accrued	**13**	5	**13**	5
At 31 March 2024	279	257	279	257

Notes to the financial statements

19. Retirement benefit schemes

Defined contribution schemes

The Group operates defined contribution retirement benefit schemes for qualifying employees.

Defined benefit schemes

The Group operates defined benefit schemes for qualifying employees. Under the schemes, the employees are entitled to retirement benefits varying between 1% and 2% per cent of final salary on attainment of Normal Pension Age (which varies by scheme but has a minimum age of 65). Both schemes offer some flexibility for earlier or later retirement, subject to an actuarial adjustment. No other post-retirement benefits are provided. The schemes are funded schemes.

The total net receipt charged to Statement of Comprehensive Income in the year ended 31 March 2024 was £261,000 (2022/2023: net expense £162,000) broken down as follows:

Impact	2024 £'000	2023 £'000
SHPS DB Scheme	**(94)**	(78)
LGPS DB Scheme	**(167)**	240
Total cost relating to defined benefit scheme	**(261)**	162

The total net position charged to the Statement of Financial Position is broken down as follows:

	2024 £'000	2022 £'000
SHPS DB Scheme	**(326)**	(307)
LGPS DB Scheme	**264**	4,957
Total cost relating to defined benefit scheme	**(62)**	4,650

1) The Gloucestershire County Council Pension Fund

This is a defined benefit statutory scheme, administered in accordance with the Local Government Pension Scheme Regulations 1997, as amended.

The most recent actuarial valuations of scheme assets and the present value of the defined benefit obligation were carried out on 31 March 2024 by Hymans Robertson LLP. The present value of the defined benefit obligation, the related current service cost and past service cost was measured using the projected unit credit method.

	Valuation at	
	2024	2023
Key assumptions used:		
Discount rate	**2.75%**	2.95%
Salary increase rates	**3.25%**	3.45%
Future pension increases (CPI)	**4.85%**	4.75%

19. Retirement benefit schemes (continued)

Mortality assumptions:

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2021 model, with a 10% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long-term rate of improvement of 1.5% p.a. for both males and females. Based on these assumptions, the average future life expectancies at age 65 for the Employer are summarised below:

	Males	Females
Current pensioners:	21.1 years	23.8 years
Future pensioners:	23.2 years	25.9 years

* Figures assume members aged 45 as at the last formal valuation date

Historic mortality

Life expectancies for the prior period end are based on the Fund's VitaCurves. The allowance for future improvements are shown below:

Current pensioners	Future Pensioners
CMI 2021 model, with a 0% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long term rate of improvement of 1.5% p.a.	CMI 2021 model, with a 0% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long term rate of improvement of 1.5% p.a.

Please note that the mortality assumptions used to value the Obligations in the Employer's Closing Position are different to those used to value the Obligations in the Employer's Opening Position.

A commutation allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits.

All other demographic assumptions are as per the latest funding valuation of the employer.

	2024 £'000	2023 £'000
Current service cost	**277**	434
Net interest cost	**(233)**	(11)
	44	423
Recognised in other comprehensive income		
Income (OCI)	**4,860**	(4,672)
Total (income) / cost relating to defined benefit scheme	**(1,675)**	(4,249)

Notes to the financial statements

19. Retirement benefit schemes (continued)

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

	2024 £'000	2023 £'000
Present value of defined benefit obligations	**(13,735)**	(13,710)
Fair value of scheme assets	**20,578**	18,667
Effect of the asset ceiling on the net asset	**(6,579)**	-
Net asset recognised in the Statement of Financial Position	**264**	4,957

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

	2024 £'000	2023 £'000
At 1 April	**13,710**	18,879
Service cost	**277**	434
Interest cost	**649**	511
Actuarial (gains) and losses	**102**	84
Contributions from scheme participants	**(495)**	(381)
Benefits paid	**(508)**	(5,817)
At 31 March	**13,735**	13,710

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

	2024 £'000	2023 £'000
At 1 April	**18,667**	19,404
Interest income	**882**	522
Actuarial gains and (losses)	**102**	84
Contributions from the employer	**211**	183
Contributions from scheme participants	**(495)**	(381)
Benefits paid	**1,211**	(1,145)
At 31 March	**20,578**	18,667

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

	Fair value of assets	
	2024 %	2023 %
Equities	**65**	66
Bonds	**21**	21
Property	**12**	12
Cash	**2**	1

19. Retirement benefit schemes (continued)

Projected pension expense for the year to 31 March 2025

	Assets	Obligations	Asset Ceiling	Net asset/ (liability)	
	£'000	£'000	£'000	£'000	% of pay
Projected current service cost	-	251	-	(251)	(21.5%)
Total service cost	**-**	**251**	**-**	**(251)**	**(21.5%)**
Interest income on plan assets	996	-	-	996	85.5%
Interest cost in defined benefit obligation	-	665	-	(665)	(57.1%)
Interest on the effect of the asset ceiling	-	-	(319)	(319)	(27.4%)
Total net interest cost	**996**	**665**	**(319)**	**12**	**1.0%**
Total included in Statement of Comprehensive Income	**996**	**916**	**(319)**	**(239)**	**(20.5%)**

The current service cost includes an allowance for administration expenses of 0.7% of payroll. The monetary value is based on a projected payroll of £1,165,000.

The contributions paid by the employer are set by the Fund Actuary at each triennial valuation, or at any other time as instructed to do so by the Administering Authority. The estimated employer contributions for the period to 31 March 2024 will be approximately £211,000.

Sensitivity

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Change in assumptions at 31 March 2024	Approximate % increase to employer liability	Approximate monetary amount (£000)
0.1% decrease in real discount rate	2%	263
One year increase in life member expectancy	4%	549
0.1% increase in salary increase rate	0%	35
0.1% increase in the pension increase rate	2%	233

2) The Pensions Trust – Social Housing Pension Scheme

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

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

The last published triennial valuation of the scheme for funding purposes was carried out as at 30 September 2020. This valuation revealed a deficit of £1.522bn. A Recovery Plan was put in place with the aim of removing this deficit by 30 September 2026.

In December 2020, the NHF published a briefing note, which advised that if experience over the three years to 30 September 2020 had been in line with 2017 expectations, it is estimated that the deficit at the 2020 valuation when measured on a 2017 consistent basis would have fallen to broadly around £1bn. At 2017, the deficit was projected to have been completely extinguished by the end of the current recovery period in March 2026.

Notes to the financial statements

19. Retirement benefit schemes (continued)

However, due to market movements being worse than expected since 2017 (in part but not entirely from the impact of COVID-19), we are in a downside scenario at this valuation, and the funding level at 30 September 2020 when measured on a 2017 consistent basis is estimated to be broadly around 77%, with a deficit of broadly around £1.5bn.

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

For financial years ending on or after 31 March 2020, it is now possible to obtain sufficient information to enable the company to account for the Scheme as a defined benefit scheme.

Contingent Liability – Social Housing Pension Scheme

We have been notified by the Trustee of the Scheme that it has performed a review of the changes made to the Scheme's benefits over the years and the result is that there is uncertainty surrounding some of these changes. The Trustee has been advised to seek clarification from the Court on these items. This process is ongoing, and the matter is unlikely to be resolved before the end of 2024 at the earliest. It is recognised that this could potentially impact the value of Scheme liabilities, but until Court directions are received, it is not possible to calculate the impact of this issue, particularly on an individual employer basis, with any accuracy at this time. No adjustment has been made in these financial statements in respect of this potential issue.

PRESENT VALUES OF DEFINED BENEFIT OBLIGATION, FAIR VALUE OF ASSETS AND DEFINED BENEFIT ASSET (LIABILITY)	31 March 2024 £'000	31 March 2023 £'000
Fair value of plan assets	**1,357**	1,401
Present value of defined benefit obligation	**1,683**	1,708
Surplus (deficit) in plan	**(326)**	(307)
Unrecognised surplus	-	-
Defined benefit asset (liability) to be recognised	**(326)**	(307)

Notes to the financial statements

19. Retirement benefit schemes (continued)

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION	Period ended 31 March 2024 £'000	Period ended 31 March 2023 £'000
Defined benefit obligation at start of period	**1,708**	2,588
Current service cost	-	14
Expenses	**4**	3
Interest expense	**81**	71
Member contributions	**16**	16
Actuarial losses (gains) due to scheme experience	**(3)**	(130)
Actuarial losses (gains) due to changes in demographic assumptions	**(18)**	(4)
Actuarial losses (gains) due to changes in financial assumptions	**(16)**	(767)
Benefits paid and expenses	**(89)**	(83)
Liabilities acquired in a business combination	-	-
Liabilities extinguished on settlements	-	-
Losses (gains) on curtailments	-	-
Losses (gains) due to benefit changes	-	-
Exchange rate changes	-	-
Defined benefit obligation at end of period	**1,683**	1,708

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT ASSETS	Period ended 31 March 2024 £'000	Period ended 31 March 2023 £'000
Fair value of plan assets at start of period	**1,401**	2,276
Interest income	**69**	64
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	**(150)**	(974)
Contributions by the employer	**110**	102
Contributions by plan participants	**16**	16
Benefits paid and expenses	**(89)**	(83)
Assets acquired in a business combination	-	-
Assets distributed on settlements	-	-
Exchange rate changes	-	-
Fair value of plan assets at end of period	**1,357**	1,401

The actual return on plan assets (including any changes in share of assets) over the period from 31 March 2023 to 31 March 2024 was (£81,000) (2022/2023: (£910,000).

Contribution by the employer includes a past service deficit payment of £76,817 (2022/2023: £72,812).

19. Retirement benefit schemes (continued)

DEFINED BENEFIT COSTS RECOGNISED IN STATEMENT OF COMPREHENSIVE INCOME (SOCI)	Period ended 31 March 2024 £'000	Period ended 31 March 2023 £'000
Current service cost	-	14
Expenses	**4**	3
Net interest expense	**12**	7
Losses (gains) on business combinations	-	-
Losses (gains) on settlements	-	-
Losses (gains) on curtailments	-	-
Losses (gains) due to benefit changes	-	-
Defined benefit costs recognised in statement of comprehensive income (SoCI)	**16**	24

DEFINED BENEFIT COSTS RECOGNISED IN STATEMENT OF COMPREHENSIVE INCOME (SOCI)	Period ended 31 March 2024 £'000	Period ended 31 March 2023 £'000
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	**(150)**	(974)
Experience gains and losses arising on the plan liabilities - gain (loss)	**3**	130
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	**18**	4
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	**16**	767
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)	**(113)**	(73)
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost) - gain (loss)	-	-
Total amount recognised in other comprehensive income - gain (loss)	**(113)**	(73)

Notes to the financial statements

19. Retirement benefit schemes (continued)

ASSETS	Period ended 31 March 2024 £'000	Period ended 31 March 2023 £'000
Global equity	**135**	26
Absolute return	**53**	15
Distressed oppportunities	**48**	42
Credit relative value	**44**	53
Alternative risk premia	**43**	3
Fund of Hedge Funds	**18**	8
Emerging markets debt	**79**	103
Risk sharing	**7**	35
Insurance-linked securities	**55**	60
Property	**137**	160
Infrastructure	**1**	-
Private debt	**53**	62
Opportunistic illiquid credit	**53**	60
High yield	**-**	5
Cash	**27**	10
Long lease property	**9**	42
Secured income	**41**	64
Liability driven investment	**553**	646
Currency hedging	**(1)**	3
Net current assets	**2**	4
Total assets	**1,357**	1,401
Currency hedging	**3**	(9)
Net current assets	**4**	6
Total assets	**1,401**	2,276

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

Key Assumptions

	31 March 2024 % per annum	31 March 2023 % per annum
Discount rate	**4.91%**	4.85%
Inflation (RPI)	**3.14%**	3.18%
Inflation (CPI)	**2.78%**	2.78%
Salary growth	**3.78%**	3.78%
Allowance for commutation of pension for cash at retirement	**75% of maximum allowance**	75% of maximum allowance

Notes to the financial statements

19. Retirement benefit schemes (continued)

The mortality assumptions adopted at 31 March imply the following life expectancies:

	2024 Life expectancy at age 65 (Years)	2023 Life expectancy at age 65 (Years)
Male retiring in 2020	**20.5**	21
Female retiring in 2020	**23**	23.4
Male retiring in 2040	**21.8**	22.2
Female retiring in 2040	**24.4**	24.9

20. Financial instruments

The carrying values of the Group and Association's financial assets and liabilities are summarised by category below:

		Group		Association	
		2024	2023	2024	2023
	Note	£'000	£'000	£'000	£'000
Financial assets					
Measured at undiscounted amount receivable					
Rent arrears and other debtors	**16**	**128**	123	**128**	123
Amounts due from related undertakings	**16**	**-**	-	**647**	687
Trade debtors	**16**	**163**	95	**151**	73
Short-term investments		**-**	20,000	**-**	20,000
Cash and cash equivalents		**22,901**	23,984	**22,760**	23,766
		23,192	44,202	**23,686**	44,649

		Group 2024 £'000	Group 2023 £'000	Association 2024 £'000	Association 2023 £'000
Financial liabilities					
Measured at amortised cost					
Loans payable	**17,18**	**142,559**	147,591	**142,559**	147,591
Pension deficit funding liability	**19**	**62**	(4,650)	**62**	(4,650)
Measured at undiscounted amount payable					
Bank overdraft	**17**	**-**	-	**-**	-
Rent received in advance	**17**	**1,083**	850	**1,083**	850
Trade creditors	**17**	**810**	507	**750**	378
Corporation tax	**17**	**-**	-	**-**	-
Amounts owed to related undertakings	**17**	**-**	-	**459**	43
Other taxation and social security	**17**	**126**	148	**93**	108
Other creditors	**17**	**849**	1,212	**840**	1,202
		145,489	145,658	**145,846**	145,522

Notes to the financial statements

20. Financial instruments continued

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

	Group	
	2024	2023
	£'000	£'000
Interest income and expense		
Total interest income for financial assets at undiscounted amount	**1,570**	893
Total interest expense for financial liabilities at amortised cost	**4,311**	4,890

21. Statement of cash flows

	2024	2023
	£'000	£'000
Cash flow from operating activities		
Surplus for the year	**4,938**	2,878
Adjustment for non-cash items:		
Depreciation of property, plant and equipment	**5,717**	5,501
Amortisation of intangible assets	**17**	28
(Increase) in inventories	**2,528**	2,991
Decrease/(increase) in debtors	**26**	(142)
Increase in creditors	**1,565**	670
Corporation tax	**-**	-
Adjustments relating to pension scheme	**(40)**	166
Loss/(gain) in respect of investment properties	**5**	(195)
Adjustments for investing or financing activities:		
Gain on sale of property, plant and equipment	**(810)**	(888)
Government grants utilised in the year	**(255)**	(238)
Interest payable	**4,544**	4,901
Interest received	**(1,570)**	(893)
Taxation	**-**	-
Cash generated by operations	**16,665**	14,779
Cash and cash equivalents		
Cash at bank and in hand	**22,901**	43,984
Cash and cash equivalents	**22,901**	43,984

21. Statement of cash flows continued

21a. Analysis of changes in net debt

	As at 1 April 2023 £'000	Cashflows £'000	Other changes £'000	As at 31 March 2024 £'000
Cash	1,484	417	-	**1,901**
Money market deposits	22,500	(1,500)	-	**21,000**
Fixed term investments	20,000	(20,000)	-	**-**
Banks loans due less than one year	(10,850)	5,000	-	**(5,850)**
Bank loans due more than one year	(136,741)	218	(185)	**(136,708)**
Finance lease commitments	(565)	185	-	**(380)**
Total	(104,172)	(15,680)	(185)	**(120,037)**

22. Financial commitments

Capital commitments are as follows:

	Group		Association	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Contracted for but not provided for	**25,361**	28,141	**21,710**	28,141
Approved by the Directors but not contracted for	**15,655**	16,118	**3,461**	2,495
Total Capital Commitments	**41,016**	44,259	**25,171**	30,636

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

	Group		Association	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Payments due:				
- within one year	**204**	201	**3**	3
- between one and five years	**176**	364	**3**	-
- after five years	**-**	-	**-**	-
Total operating leases	**380**	565	**6**	3

The leases mainly relate to vehicles but also include leases on photocopiers.

Notes to the financial statements

23. Housing stock

	Group		Association	
	2024 Units	2023 Units	2024 Units	2023 Units
Social housing accommodation				
General needs housing accommodation	**2,903**	2,861	**2,903**	2,861
Housing accommodation at affordable rent	**733**	649	**733**	649
Housing accommodation at intermediate rent	**13**	11	**13**	11
Housing for older people accommodation	**595**	595	**595**	595
Shared Ownership accommodation	**317**	278	**317**	278
	4,561	4,394	**4,561**	4,394
Non-social housing accommodation				
Leaseholders	**44**	44	**44**	44
Market rent	**2**	2	**2**	2
Managed on behalf of others	**10**	10	**-**	-
	56	56	**46**	46
Total	**4,617**	4,450	**4,607**	4,440

23a. Housing stock reconciliation

	31 March 2023	Additions	Disposals	Conversions	31 March 2024
Social Housing					
General needs housing accommodation	2,862	49	(8)	-	**2,903**
Housing for older people	595	-	-	-	**595**
Intermediate rent	11	2	-	-	**13**
Affordable rent	648	85	-	-	**733**
Shared Ownership accommodation	278	42	(3)	-	**317**
	4,394	178	(11)	-	**4,561**
Non Social Housing					
Market rent	12	-	-	-	**12**
Units owned and managed	**4,406**	**178**	**(11)**	**-**	**4,573**

During the year, 178 new homes came into management. In addition, two of the properties for which the Group provided housing management services on behalf of Forest of Dean District Council were transferred to a long-lease arrangement leaving just one property for which housing management services are being provided.

In addition to the housing properties, Two Rivers Housing owns 781 garages.

Notes to the financial statements

24. Related party transactions

Tenant representative Board Members who have served during the year on the Group or subsidiary Board rent properties from the Group under the same terms and conditions as all tenants in similar properties. They are Mrs Rita Jones, Ms Sara Beven and Mr Christopher Hillidge. Ms Sara Beven and Mr Christopher Hillidge retired as Board Members of Two Rivers Initiatives following the business assets transfer in September 2023.

The aggregate amount of rent and service charges received from Tenant Board Members in the year was £11,103 (2022/2023: £15,780). The value of rent arrears at year-end from Tenant Board Members was £nil (2022/2023: nil).

- Two Rivers Housing, which is registered in England and Wales is the ultimate parent undertaking of:
- Two Rivers Developments Limited – a company limited by shares and registered in England and Wales.
- Centigen Facilities Management Limited – a company limited by shares and registered in England and Wales.

The table below details the intra-group transactions:

Non-regulated subsidiary	Transfers	Cost in year £'000	Income in year £'000	Balance at year end £'000
Two Rivers Developments Limited	Recharge of development staff and admin costs from Two Rivers Housing. Provision of design and build services from Two Rivers Developments to Two Rivers Housing in accordance with contract fees. Intercompany loan interest payable to Two Rivers Housing.	300	311	-
	Intercompany creditor	-	-	(261)
Centigen Facilities Management Limited	Recharge of minor set up costs for Centigen Facilities Management Ltd. Intercompany loan interest payable to Two Rivers Housing.	249	4,366	-
	Intercompany debtor	-	-	446

Two Rivers Housing has taken the exemption in section 33.1A of Financial Reporting Standard 102 not to disclose any further transactions with other Group members aside from those disclosed above in accordance with the Accounting Direction for Private Registered Providers of Social Housing 2022.

More about Two Rivers Housing

www.tworivershousing.org.uk

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www.linkedin.com/company/TwoRiversHousing

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www.x.com/TRHousing

Company registration number: 4263691

Homes and Communities Agency number: L4385

Registered charity number: 1104723

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