Swan Housing Association Limited
Annual Report and Financial Statements

2023/24

Registered Society 28496R

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Board Members, Executive Directors, Advisors and Bankers

Board	Arvinda Gohil (Chair) Hilary Gardner Simon Clark Nathan Warren David Soothill
Secretary	Nicole Seymour
Registered Office	Chamber Court Castle Street Worcester England WR1 3ZQ
Registered Number	Co-operative & Community Benefit Societies Act 2014 Registration Number: 28496R Registered by the Regulator of Social Housing Number: L4145
External Auditor	KPMG LLP One Snowhill Snow Hill Queensway Birmingham B4 6GH
Internal Auditor	PricewaterhouseCoopers LLP One Chamberlain Square Birmingham B3 3AX
Solicitor	Gowling WLG LLP Two Snowhill Birmingham B4 6WR
Banker	Royal Bank of Scotland Plc 29 East Walk Basildon Essex, SS14 1HD

Principal Activities

Swan Housing Association Limited ("Swan Housing Association", "the Association") is a registered provider of social housing operating in Essex and East London. Swan Housing Association has grown since the initial stock transfer of 2,000 homes in Basildon from the Commission for New Towns in 1994, to owning and managing over 11,000 homes with more than 22,500 residents.

We provide general needs housing services, services to leaseholders, NHS keyworker accommodation, supported housing accommodation and care services. We also manage properties on behalf of other housing providers including a Private Finance Initiative scheme with the London Borough of Newham.

Swan Housing Association was acquired by Sanctuary Housing Association on 8th February 2023, and consequently, the Association and its subsidiaries ("Swan Group") are members of the "Sanctuary Group", with Sanctuary Housing Association as 'Ultimate Parent'.

Sanctuary Housing Association includes the Association in its consolidated financial statements. The consolidated financial statements of Sanctuary Housing Association are prepared in accordance with UK-adopted international accounting standards (IFRS).

The Association has applied the exemption from preparing consolidated accounts. This annual report and financial statements relate only to the Association as an individual entity. Where there may be references to the wider Swan group, this is to aid understanding of the Association's performance.

The Accounting Direction for private registered providers of social housing allows for narrative reporting exemptions within Housing Associations if those metrics are reported at a higher Group level. On this basis, Value for Money reporting requirements for the Association are reported within the consolidated Sanctuary Group annual report.

Corporate Strategy 2023-2024

The last few years have been unprecedented in term of challenges faced by housing associations in general and the Association in particular. Throughout this time we have continued to work towards the key elements of our Corporate Strategy. Since the business combination, the Association has adopted Sanctuary Group's 2023 to 2026 Corporate Strategy of:

- Putting our customers first;
- Investing in our assets; and
- Growing our services.

Putting our customers first is at the heart of everything we do. Over the life of the strategy, we will focus on designing new operating models and ways of engaging that give our customers reliable, easy-to-access and personalised services.

Investing in our assets gives our customers confidence that the homes they live in are safe, secure and fit for the future. We'll increase our investment in our customers' homes, including investing in energy efficiency retrofits, as part of our journey to become carbon neutral.

Growing our services remains a core part of our strategy. As a provider of housing and care services, we recognise that Swan Housing Association has a role to play in ensuring the continued success of these sectors in the areas we operate in and will therefore seek opportunities to expand our services in line with our core social purpose.

Business and Financial Review

Operating environment and future direction

While significant improvements have been made during the past year to mitigate the issues which led the Association to enter into a merger in the first place, the Association has continued to encounter financial challenges, mainly brought about by the level of debt associated with the investment decisions made in previous years in the commercial arms of the greater Swan Group, implemented by the previous management. Steps taken in the past year to improve the financial position include assigning the lease on the modular build factory one, alignment of operations into Sanctuary Group structures, integration of finance systems, sale of the Laindon site to Beech Grove Homes, a fellow subsidiary of the Group parent company and the rationalisation of office space as part of the Sanctuary Group's office strategy.

While still requiring financial support from the Group parent company, the amount of debt in the Association has increased, which combined with its current level of financial performance, required the successful re-negotiation of loan covenants with the Lloyds Banking Group and NatWest, which took place during the current year (note 18).

The next year will continue to see a number of changes as the full integration with the Sanctuary Group is finalised, including the housing management and maintenance systems integration expected by the end of March 2025 and preparations to dispose of modular factory two and assets considered surplus to requirements.

Swan Housing Association's rating with the Regulator of Social Housing is incorporated into Sanctuary Group's G1/V2 rating. In May 2022 the Regulator of Social Housing issued a regulatory notice against the Association relating to a breach of the Home Standard due to outstanding compliance matters. Significant improvements have been made to ensure the safety of the Association's customers over the past two years, resulting in the Regulator of Social Housing considering all the issues giving rise to the notice being resolved and withdrawing the notice on 13 December 2023.

Despite the uncertainties of the year, performance in many areas remains positive, with arrears at 2.63% (2023: 1.76%).

Credit ratings

The Association is rated by Standard and Poor's Global Ratings (S&P). The rating on both the Association and the £250 million 3.65% senior secured bond due in 2048 issued by Swan Housing Capital PLC was upgraded to BBB+ from BB- in February 2023 following completion of the merger.

On 27th February 2024, S&P aligned its rating of the Association with that of Sanctuary Housing Association and upgraded both the Association and the £250 million bond issue to:

- A (negative) its long-term issuer credit rating on Swan Housing Association Limited; and
- A (negative) its long-term issue credit rating on the £250 million 3.625% senior secured bond due 2048 issued by Swan Housing Capital PLC.

The credit rating alignment reflects S&Ps view that they consider the Association a 'core subsidiary of the Sanctuary Group'.

Swan Housing Association Financial Performance

Key Financial Metrics	2024	2023
Operating surplus/(deficit) [1]	£4.2m	(£50.8m)
Deficit before taxation [1]	(£34.1m)	(£86.3m)
Total Comprehensive loss [1]	(£35.1m)	(£83.8m)
Operating surplus from social housing lettings (note 3) [2]	£11.9m	£19.0m
Turnover	£87.3m	£80.3m
Reserves	(£20.2m)	£14.9m
Net Debt Per Unit [3] (2023 restated)	£49.6k	£48.0k
Interest Cover	23.6%	29.1%
Current Tenant Arrears	2.63%	1.76%

[1] Includes £1.9 million of impairment for development schemes (2023: £6.8 million), £nil million of impairment for software (2023: £1.5 million) and cladding and fire safety provisions recognised totalling £0.5 million (2023: £39.9 million).
[2] The methodology for allocation of central costs has been revised to be consistent with other Sanctuary Group companies. Prior year figures have not been restated.
[3] Calculated as net debt in the Association (excluding financial instrument fair value and PFI loans) of £560 million divided by 11,301 owned social housing units (2023 restated: net debt £531 million divided by 11,064 units).

The Board is reporting an operating surplus of £4.2 million (2023: £50.8 million deficit). This includes the surplus on sale of fixed assets of £2.2 million (2023: £0.9m). There was £1.9 million of impairment recognised by the Association in the year for development schemes, compared to the prior year impairment of £6.8 million. There has been no further impairment of software used in the factories compared for the previous year of £1.5 million. Following the merger with the Sanctuary Group, a complete review was undertaken regarding potential liabilities in relation to building safety. This resulted in recognition of additional provisions totalling £39.9 million last year. Further movements this year have taken the year end balance to £42.1 million.

Turnover has increased by £7.0 million to £87.3 million (2023: £80.3 million). This increase has been driven by an increase in other social housing activities, predominantly the Forest Gate private finance initiative which saw an increase in turnover of £3.0 million and an increase in first tranche shared ownership sales of £1.7 million.

Total comprehensive loss shows a deficit of £35.1 million (2023: £83.8 million) for the year. The figure included £1.9 million of impairment costs (2023: £8.3 million). Intercompany lending has also been provided for, with a further £14.7 million being provided and written off during the current financial year (2023: £43.2 million).

Within bank debt, the Association has non-basic financial instruments totalling £62.5 million which are carried at a fair value of £78.4 million. The deficit for the year includes a gain of £7.0 million (2023: £28.3 million gain) for the movement in the fair value of the non-basic financial instruments.

There has been an actuarial loss of £1.0 million (2023: loss £1.9 million) in respect of the Association's defined benefit pension obligation for the SHPS multi-employer pension scheme. Key assumptions are updated each year.

The Association reserves have decreased by £35.1 million to negative £20.2 million (2023: positive £14.9 million).

Cash and cash equivalents have increased by £1.1 million to £16.4 million (2023: £15.3 million). Loans of £80 million (2023: £62.5 million) have been received in the year; £20 million drawn under bank facilities (2023: £10.0 million) and the remainder from Sanctuary. Loans of £51.5 million have been repaid on other bank facilities. Further analysis is provided in the Financial Risk Management section.

Going concern

The Swan Group, which includes Swan Housing Association (the Association), was acquired by Sanctuary Housing Association during the prior year. The going concern assessment performed by the members of the Association reflects the structure of the new, wider group and takes into account the availability of additional funding available via Sanctuary Group partners.

The financial statements disclose all matters of which we are aware that are relevant to the Association's ability to continue as a going concern, including all significant conditions and events, mitigating factors and management's and the board's plans.

The Association's operations, together with the factors likely to affect its future performance and financial position, are set out in the Business and Financial review on pages 4-5.

Information about the Association's approach to treasury risk management can be found on pages 8 and 9.

The Association manages its exposure to risk, and this activity is reviewed and scrutinised by the Sanctuary Group Audit and Risk Committee. Details of the Association's principal risks are discussed on page 10.

The Association has continued to face challenges during the year, with further impairments and provisions resulting in a deficit for the year of £34,131,000 (2023: deficit of £86,273,000).

The directors have prepared a going concern assessment for the Association, based on consideration of cash flow forecasts, for the period to 31 March 2026 (the going concern assessment period), which take into account a number of severe, but plausible downside scenarios, and also funding available from its parent, Sanctuary Housing Association.

The wider Sanctuary Group support provides comfort over the viability of the Association and this is evidenced by an enhanced outlook that is reflected in Standard & Poor's (S&P) upgrade to the Association's credit rating from 'BB-' to 'BBB+' immediately following the acquisition, and a further improvement to 'A' during the current year.

Sanctuary Affordable Housing Limited, a 100% subsidiary of Sanctuary Housing Association, provided loans totalling £110 million to Swan Housing Association up to 31 March 2024. Post year end, Sanctuary Affordable Housing Limited provided a further £36 million of loan finance to Swan Housing Association. The directors have received a copy of a letter of support provided by Sanctuary Housing Association to the Board of Swan Housing Association to confirm that it intends to continue, should the need arise, to provide financial and/or other support, including, if required, not seeking repayment of amounts currently made available, for a period of at least 12 months from the date of approval of these financial statements.

As with any entity placing reliance on other group entities for financial support, the Board acknowledge that there can be no certainty that this support will continue, although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Based on all of the above considerations the directors confirm that they have a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Association continues to adopt the going concern basis in its financial statements.

Governance

Members of the Board

The Members of the Board who served during the year and to the date on which the financial statements were approved, along with details of these appointments and resignations, are shown below:

Arvinda Gohil (Chair)
Hilary Gardner
Simon Clark
Nathan Warren
David Soothill

Secretary

Nicole Seymour

Code of Governance and Viability Statement

The Group Board considers that the Group and its Registered Provider subsidiaries comply with the provisions of the National Housing Federation's Code of Governance 2020.

The Board can also confirm that it has complied with the Governance and Financial Viability Standard set out by the Regulator of Social Housing. During the year, the Regulator of Social Housing gave Sanctuary Group ratings for Governance and Viability of G1 and V2 respectively (2023: G1 and V2).

The Group's viability statement can be found in the Group Annual Report and Financial Statements, available on the Group website.

Financial Risk Management

Treasury Management
The Association, as a subsidiary of the Sanctuary Group, now adopts the Sanctuary Group's treasury policy. The Group's overall treasury management strategy seeks to maintain continued financial strength through polices which support strong cash and liquidity management (including cash flow forecasting), prudent interest rate and credit risk management, the management and monitoring of its debt obligations (including covenant compliance), and the securitisation of the assets utilised in support of those debt obligations. This includes sourcing and structuring liquidity to meet the Group's future cash flow requirements by reference to the long-term financial projections.

Capital structure, facilities, and liquidity
As at 31 March 2024, the Association had facilities and drawn debt from the following sources.

Source	Facility 2024 £m	Drawn 2024 £m	Facility 2023 £m	Drawn 2023 £m
Bank Loans	225	225	274	254
Bond ([1])	250	235	250	235
Bank & Bond Total	**475**	**460**	**524**	**489**
Sanctuary Affordable Housing Limited	130	110	50	50
PFI loan	14	14	16	16
Total Debt	**619**	**584**	**590**	**555**
Cash		(16)		(15)
Net Debt		**568**		**540**
Finance Leases		3		3
Fair value adjustment of Financial Instruments		16		23
Bond issue premium and costs		4		4
Balance sheet net debt		**591**		**570**

(1) Swan Housing Capital PLC (SHC) is the issuing entity for the Bond, which is then on-lent to the Association. £15 million of the original bond remains unissued (see note 18).

Bank facilities contain Revolving Credit Facilities (RCF) and term loans, with non-bank funding provided by Sanctuary Affordable Housing Limited. In addition to the above indebtedness, the Association also has £1.69 million of performance and cash bonding outstanding.

The PFI loan amortises over the life of the contract with the current amortisation rate of £3 million per annum.

Security
Bank facilities, the Sanctuary Affordable Housing Limited loan, and the bond are secured on the Association's housing assets. The Sanctuary Housing Association loan is unsecured.

Credit Rating
Further to the February 2023 credit upgrade to BBB+ on both the Association and the £250 million bond issue, on 27th February 2024, S&P Global Ratings aligned its rating of the Association with that of Sanctuary Housing Association. S&P Global Ratings raised to:

- A (negative) its long-term issuer credit rating on Swan Housing Association Limited; and
- A (negative) its long-term issue credit rating on the £250 million 3.625% senior secured bond due 2048 issued by Swan Housing Capital PLC.

The credit rating alignment reflects S&Ps view that they consider the Association a 'core subsidiary of the Sanctuary Group'.

Events during the year

During the year Sanctuary Affordable Housing Limited increased its intra group loan facility to £130 million, of which £110 million was drawn.

Additionally, the Association repaid £50 million of bank loans maturing during the year and drew £20 million under its existing NatWest RCF; the RCF was fully drawn by 31 March 2024.

During the year, the bank loan facility agreements were renegotiated with new covenant levels agreed.

Covenants

The Association regularly monitors financial and non-financial loan covenants, taking into consideration the headroom against them, and these are reported to the Association Board, Sanctuary Group Board, and Sanctuary Group Audit and Risk Committee. Key financial covenants include interest cover, gearing ratios and asset cover.

All covenants on loan facilities have been met during the financial year. Based on the Associations financial projections and analysis, covenants will continue to be met.

Interest risk

The majority of borrowings in the Association are at fixed rates of interest using embedded swaps and the fixed rate bond. Where borrowings are at a floating rate, the impact of movements in interest rates has been scenario tested.

Interest Rate Mix	Drawn Facility	Available Facility
Fixed	60%	58%
RPI	2%	2%
Callable	8%	8%
Variable	30%	32%
	100%	**100%**

There are two fixed rate interest swaps which have a callable option by the lender. In the event the lender exercises the option, the loan will convert from a fixed rate to floating rate product. The Association does not have any non-Sterling or exchange rate exposures in the balance sheet.

Loan investments

Following significant impairments in the Association's commercial subsidiaries, during the current year intra-group loans and working capital totalling £9.3 million have been provided for in relation to Swan Commercial Services (2023: £39.4 million) and £5.4 million (2023: £nil) in relation to Swan New Homes (see note 14b).

The Association intends to continue to seek recovery of balances that have been provided for.

On 28 November 2023, Swan BQ Limited, a subsidiary of the Association, transferred its interest in Porters Place Southend-on-Sea LLP to Southend on Sea Borough Council. Loan balances receivable from Porters Place totalling £3.8m, which had previously been provided for in full, were formally written off at that date.

Principal risks and uncertainties

The Association has a risk management system identifying principal risks and uncertainties. The Board have met frequently throughout the year to consider the principal and emerging risks facing the Association and to determine how these should be managed or mitigated, as set out in the table below. The Association has adopted the Sanctuary Group risk mapping process since merger with the main risk areas identified as;

- Finance and viability;
- Property and compliance;
- Development and sales;
- Integration;
- Technology;
- People and resources;
- Operations, customer satisfaction and reputation; and
- Climate change.

Key Risk:	Controls and Mitigations:
1. Finance and viability - cashflow issues result in an inability to pay creditors as they become due and covenants are breached.	• Sanctuary Group provided a £50 million loan facility to Swan prior to acquisition and continues to provide a loan facility as required • Robust financial management put in place • Resources from the Sanctuary Group have been embedded within the Association to provide continued support
2. Property and compliance - building safety, compliance or maintenance issues arise.	• Future requirements have been determined to allow accurate assumptions for reinvestment and remediation • Group resources have been made available to support with building safety and health and safety requirements • Group support is provided in relation to existing cladding remediation works
3. Development and sales - failure to remediate the development programme, deliver sales and release joint venture investments.	• Full viability reviews of all schemes • Both modular factories have been closed • Schemes transferred from Swan to other Group entities where appropriate
4. Integration - failure to fully integrate into Sanctuary Group.	• Operational integration complete • Sanctuary brand adopted
5. Technology - data integrity or access to systems are compromised due to a cyber breach.	• Key staff identified to ensure knowledge and expertise in critical areas is retained • Specialist resources used to support operational activities • A separate data management and compliance project has been established • Regular phishing tests are undertaken to educate staff • Multifactor authentication is in place • Finance system integration completed
6. People and resources - key Swan employees leave the business, are demotivated or poorly informed regarding integration plans.	• Clear and robust communications plan established • Line management changes have taken effect in back office and operational areas
7. Operations, customer satisfaction and reputation - operations are poorly managed during integration.	• Integration planning is aligned to key policies, procedures and controls • A communications plan has been established to provide a high level of assurance to customers throughout the merger process • The Association transferred to Sanctuary Group insurance policies from 1 April 2023 Sanctuary Group has taken line management responsibility for all areas of activity
8. Climate change - climate change adversely affects or threatens the continuity of the business.	• Where possible funding will be accessed to support the decarbonisation of assets, such as the Social Housing Decarbonisation Fund. • A central Sustainability team in the Sanctuary Group monitors performance and changes to external environmental policies and regulation.

Statement of Internal Control

The Board has reviewed the effectiveness of the system of internal control, including risk management, for the year to 31 March 2024, and up to the date of signing these financial statements.

The Board acknowledges its ultimate responsibility for ensuring that the Association has in place a system of internal control that is appropriate to the various business environments in which it operates. This is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. These controls are designed to give reasonable assurance in respect of;

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

The processes in place for identifying, evaluating and managing the significant risks faced by the Association are now better understood, well documented and appropriate action has been taken to mitigate these risks.

Key elements of the system of risk management and internal control included:

- the Board being directly responsible for strategic risk management;
- use of formal policies and procedures;
- an annual review of compliance with the NHF Code;
- approval by the appropriate committee or Board of key policies, initiatives and major commitments;
- regular updates and reporting by the external auditor to the Audit and Risk Committee;
- experienced and suitably qualified staff being responsible for important business functions;
- regular monitoring of loan covenants and requirements for loan facilities;
- the Group Audit and Risk Committee reviews reports from management and from PricewaterhouseCoopers LLP (internal auditor) to provide reasonable assurance that control procedures are in place and are being followed. The Group Audit and Risk Committee receive an annual report on internal controls from the Executive Committee. The Group Audit and Risk Committee makes regular reports to the Group Board and relevant points are communicated to the Association. The Association follows formal procedures for instituting appropriate action to correct weaknesses identified in the above reporting.

Action has been taken on the following areas where internal controls have previously been identified as being weak:

- complete review and rationalisation of the development programme;
- all development now managed by the Sanctuary Group;
- closure of the modular build factories;
- revised business plan post merger to ensure long term financial viability;
- heighten focus on building and fire safety; and
- appointment of Sanctuary Group internal auditors.

On behalf of the Board, the Group Audit and Risk Committee has reviewed the effectiveness of the systems of internal control in existence in the Association for the year ended 31 March 2024 and is not aware of any material changes at the date of signing the financial statements.

Statement of the responsibilities of the Board for the report and financial statements

The Board is responsible for preparing the Board's Report and the financial statements in accordance with applicable law and regulations.

Co-operative and Community Benefit Society law requires the Board to prepare financial statements for each financial year. Under those regulations the Board have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

The financial statements are required by law to give a true and fair view of the state of affairs of the Association and of its surplus or deficit for that period.

In preparing these financial statements, the Board is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice (SORP) Accounting by Registered Housing Providers 2018 have been followed, subject to any material departures disclosed and explained in the financial statements; and;
- assess the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless it either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

The Board is responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the Association and enable them to ensure that its financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022. It is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the Association and to prevent and detect fraud and other irregularities.

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

Disclosure of information to Auditor

In the case of each of the persons who are Members of the Board at the date when this report was approved:

(a) so far as the Member is aware, there is no relevant audit information of which the Association's auditor is unaware; and
(b) they have taken all the steps that they ought to have taken as a Member of the Board to make themselves aware of any relevant audit information and to establish that the Association's auditor is aware of that information.

Independent statutory auditor

KPMG LLP have been appointed in accordance with section 93 of the Co-Operative and Community Benefit Societies Act 2014 to carry out the 2023/2024 audit. KPMG LLP has indicated its willingness to continue in office and a resolution concerning the appointment of the auditor will be proposed at the Annual General Meeting.

By order of the Board.

Signed by:
Arvinda Gohil
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Arvinda Gohil
Chair

26 September 2024

Independent auditor's report to the Board of Swan Housing Association

Opinion

We have audited the financial statements of Swan Housing Association ("the Association") for the year ended 31 March 2024 which comprise the Statement of Comprehensive Income, Statement of Financial Position and the Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view, in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, of the state of affairs of the Association as at 31 March 2024 and of its income and expenditure for the year then ended;
- comply with the requirements of the Co-operative and Community Benefit Societies Act 2014; and
- have been prepared in accordance with 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the Association in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The Association's Board has prepared the financial statements on the going concern basis as they do not intend to liquidate the Association or to cease its operations, and as they have concluded that the Association's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the Board's conclusions, we considered the inherent risks to the Association's business model and analysed how those risks might affect the Association's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the Board's use of the going concern basis of accounting in the preparation of the financial statements is appropriate; and
- we have not identified and concur with the Board's assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Association's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Association will continue in operation.

Independent auditor’s report to the Board of Swan Housing Association (continued)

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud (“fraud risks”) we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of the Board of Management, internal audit and inspection of policy documentation as to the Association’s high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Association’s channel for “whistleblowing”, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements such as the determination of retirement benefit obligations and impairment of property assets. On this audit we do not believe there is a fraud risk related to revenue recognition given the nature of the Association’s revenue stream being simple, non-complex transactions and do not contain significant judgements or estimates.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts.
- Assessing significant accounting estimates for bias.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with management (as required by auditing standards) and discussed with management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Association is subject to laws and regulations that directly affect the financial statements including financial reporting legislation, distributable profits legislation, taxation legislation, and pensions legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statements items.

Independent auditor's report to the Board of Swan Housing Association (continued)

Fraud and breaches of laws and regulations – ability to detect (continued)

Secondly, the Association is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery and employment law. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing 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, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The Association's Board is responsible for the other information, which comprises the Board's Annual Report and the Statement on Internal Financial Control. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work, we have not identified material misstatements in the other information.

Matters on which we are required to report by exception

Under the Co-operative and Community Benefit Societies Act 2014 we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

Independent auditor's report to the Board of Swan Housing Association (continued)

Board's responsibilities

As explained more fully in their statement set out on page 12, the Association's Board is responsible for: the preparation of financial statements which give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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

James Tracey
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
KPMG LLP
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

27 September 2024

Statement of Comprehensive Income

	Notes	2024	2023
		£'000	£'000
Turnover	3	87,254	80,295
Operating costs	3	(83,355)	(123,663)
Surplus on sale of fixed assets	6	2,158	937
Other income	3	10	-
Impairment	3, 9	(1,868)	(8,341)
Operating Surplus/(Deficit)	3	**4,199**	**(50,772)**
Loan and working capital released	14b	(3,775)	-
Loan and working capital provided for	14b	(10,947)	(43,172)
Interest receivable and similar income	7	3,603	3,474
Interest payable and similar charges	8	(34,186)	(24,119)
Movement in fair value of financial instruments	18	6,975	28,316
Deficit before taxation	9	**(34,131)**	**(86,273)**
Taxation	10	-	-
Deficit after taxation		**(34,131)**	**(86,273)**
Revaluation gain prior to transfer to investment property	13, 14a	-	4,375
Actuarial (loss) / gain in respect of defined benefit pension obligation	25	(995)	(1,878)
Total comprehensive loss for the year		**(35,126)**	**(83,776)**

The Association's results relate wholly to continuing activities.

The accompanying notes form part of these financial statements.

These financial statements were approved by the Board of Directors and authorised for issue on 26 September 2024 and signed on its behalf by:

Signed by:
Arvinda Gohil
EBF27C96ED594F7...

Arvinda Gohil
Chair

Signed by:
Nathan Warren
5A0577458D644DB...

Nathan Warren
Director

DocuSigned by:
Nicole Seymour
05803E631D83476...

Nicole Seymour
Company Secretary

Co-operative and Community Benefit Society Company Number: 28496R

Statement of Changes in Reserves

	Share capital £'000	Income and expenditure reserve £'000	Revaluation reserve £'000	Total £'000
Balance as at 1 April 2022	**-**	**(53,417)**	**152,132**	**98,715**
Deficit for the year	-	(86,273)	-	(86,273)
Other comprehensive income for the year	-	(1,878)	4,375	2,497
Total comprehensive loss for the year	-	**(88,151)**	**4,375**	**(83,776)**
Transfer from revaluation reserve to income and expenditure reserve	-	1,467	(1,467)	-
Balance as at 31 March 2023/ 1 April 2023	**-**	**(140,101)**	**155,040**	**14,939**
Deficit for the year	-	(34,131)	-	(34,131)
Other comprehensive income for the year	-	(995)	-	(995)
Total comprehensive loss for the year	-	(35,126)	-	(35,126)
Transfer from revaluation reserve to income and expenditure reserve	-	1,616	(1,616)	-
Balance as at 31 March 2024	**-**	**(173,611)**	**153,424**	**(20,187)**

The accompanying notes form part of these financial statements.

Statement of Financial Position

	Notes	2024 £'000	2023 £'000
Fixed Assets			
Intangible fixed assets	11	244	1,286
Tangible fixed assets – housing properties	12	710,352	708,402
Other tangible fixed assets	13	2,339	3,858
Investment Property	14a	6,050	6,050
Other Investments	14b	50	5,165
		719,035	724,761
Current Assets			
Properties held for sale	15	8,725	5,218
Debtors due within one year	16a	7,813	16,931
Debtors due after one year	16b	12,262	16,306
Cash at bank and in hand		16,370	15,267
		45,170	53,722
Creditors: amounts falling due within one year	17	(90,096)	(650,570)
Net current liabilities		(44,926)	(596,848)
Total assets less current liabilities		674,109	127,913
Creditors: amounts falling due after more than one year	18	(648,314)	(64,318)
Provision for Liabilities			
Defined benefit pension liability	25	(3,885)	(3,594)
Other provisions	19	(42,097)	(45,062)
Total net (liabilities)/assets		**(20,187)**	**14,939**
Capital and reserves			
Share capital	20	-	-
Income and expenditure reserve	20	(173,611)	(140,101)
Revaluation reserve	20	153,424	155,040
Total capital and reserves		**(20,187)**	**14,939**

The accompanying notes form part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 26 September 2024 and signed on its behalf by:

Signed by: Arvinda Gohil EBF27C96ED594F7...	Signed by: Nathan Warren 5A0577458D644DB...	DocuSigned by: Nicole Seymour 05803E631D83476...
Arvinda Gohil Chair	Nathan Warren Director	Nicole Seymour Company Secretary

Co-operative and Community Benefit Society Company Number: 28496R

Notes to the Financial Statements

1. Legal Status

Swan Housing Association (the Association) is registered in England as a Registered Society (number 28496R) and with the Regulator of Social Housing (number L4145).

At 31 March 2024 the Association held 100% of the issued ordinary share capital of the following:

Company	Activity	Country of incorporation
Swan New Homes Limited	Build of new homes	England and Wales
Swan Commercial Services Limited	Design and build contractor	England and Wales
Hera Management Services Limited*	Property management	England and Wales
Vivo Support Limited*	Care and support services	England and Wales
Swan Housing Capital Plc	Treasury	England and Wales
Swan Housing Finance Limited	Treasury	England and Wales

*Owned indirectly – 100% owned by Swan New Homes Limited

The jointly controlled entities are:

Company	Activity	Country of incorporation
Purfleet Centre Regeneration Limited (in liquidation)**	Property development	England and Wales
Purfleet Centre Regeneration Limited 1A (in liquidation)	Property development	England and Wales

** 49.9% owned by Swan New Homes Limited

The registered office address of all of the Association's subsidiaries and the jointly controlled entities is Sanctuary House, Castle Street, Worcester, England, WR1 3ZQ.

The associate entity is:

Company	Activity	Country of incorporation
Linq Investors Limited	Buying and selling of own real estate	England and Wales

Swan New Homes Limited holds 25% of shares with voting rights of Linq Investors Limited and can appoint two directors from a total of seven.

2. Principal Accounting Policies

Basis of accounting
The Association's financial statements have been prepared in accordance with UK Generally Accepted Accounting Practice ('UK GAAP') including Financial Reporting Standard 102 ('FRS102').They are also prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, Schedule 1 to the Housing and Regeneration Act 2008, the Accounting Direction for private registered providers of social housing 2022 and the Statement of Recommended Practice: Accounting by Registered Social Housing Providers 2018 (the SORP).

The financial statements are presented in pounds sterling which is the Association's functional currency. Unless otherwise stated, amounts are denominated in thousands (£'000) rounded to the nearest £1,000.

The Association is a public benefit entity.

The Association's ultimate parent undertaking, Sanctuary Housing Association includes the Association in its consolidated financial statements. The consolidated financial statements of Sanctuary Housing Association are prepared in accordance with UK-adopted international accounting standards (IFRS), are available to the public and may be obtained from Sanctuary House, Chamber Court, Castle Street, Worcester, WR1 3ZQ.

Consequently, the Association has applied the exemption from preparing consolidated accounts and these financial statements relate only to the Association as an individual entity.

Notes to the Financial Statements

2. Principal Accounting Policies

Disclosure exemptions
In these financial statements, the Association is considered to be a qualifying entity (for the purposes of FRS 102) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

(a) The requirement to present a statement of cash flows and related notes,

Alternative performance measures

In the reporting of financial information, the Association uses various Alternative Performance Measures (APMs). These measures are not defined under FRS 102 and therefore may not be directly comparable with the APMs of other businesses reporting under FRS 102.

APMs are not intended to be a substitute for, or superior to, FRS 102 measurement, but are included to provide additional useful information on the underlying trends, performance and position of the Association.

APMs are used for the following reasons:

- Where metrics have been defined by the Regulator of Social Housing (RSH) and are a compulsory requirement within the financial statements of a housing association.
- Where metrics are not defined by the RSH but are commonly used within the sector and so their use aids comparability with peers.
- Where adjustment for events outside normal operations aids users of the financial statements in understanding the Association's underlying performance.

Going Concern

The Swan Group, which includes Swan Housing Association (the Association), was acquired by Sanctuary Housing Association during the prior year. The going concern assessment performed by the members of the Association reflects the structure of the new, wider group and takes into account the availability of additional funding available via Sanctuary Group partners.

The financial statements disclose all matters of which we are aware that are relevant to the Association's ability to continue as a going concern, including all significant conditions and events, mitigating factors and management's and the board's plans.

The Association's operations, together with the factors likely to affect its future performance and financial position, are set out in the Business and Financial review on pages 4-5.

Information about the Association's approach to treasury risk management can be found on pages 8 and 9.

The Association manages its exposure to risk, and this activity is reviewed and scrutinised by the Sanctuary Group Audit and Risk Committee. Details of the Association's principal risks are discussed on page 10.

The Association has continued to face challenges during the year, with further impairments and provisions resulting in a deficit for the year of £34,131,000 (2023: deficit of £86,273,000).

The directors have prepared a going concern assessment for the Association, based on consideration of cash flow forecasts, for the period to 31 March 2026 (the going concern assessment period), which take into account a number of severe, but plausible downside scenarios, and also funding available from its parent, Sanctuary Housing Association.

The wider Sanctuary Group support provides comfort over the viability of the Association and this is evidenced by an enhanced outlook that is reflected in Standard & Poor's (S&P) upgrade to the Association's credit rating from 'BB-' to 'BBB+' immediately following the acquisition, and a further improvement to 'A' during the current year.

Notes to the Financial Statements

2. Principal Accounting Policies

Sanctuary Affordable Housing Limited, a 100% subsidiary of Sanctuary Housing Association, provided loans totalling £110 million to Swan Housing Association up to 31 March 2024. Post year end, Sanctuary Affordable Housing Limited provided a further £36 million of loan finance to Swan Housing Association. The directors have received a copy of a letter of support provided by Sanctuary Housing Association to the Board of Swan Housing Association to confirm that it intends to continue, should the need arise, to provide financial and/or other support, including, if required, not seeking repayment of amounts currently made available, for a period of at least 12 months from the date of approval of these financial statements.

As with any entity placing reliance on other group entities for financial support, the Board acknowledge that there can be no certainty that this support will continue, although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Based on all of the above considerations the directors confirm that they have a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Association continues to adopt the going concern basis in its financial statements.

Significant accounting judgements, estimates and assumptions

The Association's financial statements for the year ended 31 March 2024 are prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws, including FRS 102, "The Financial Reporting Standard applicable in the UK and Republic of Ireland").

This requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the year end and the amounts reported for revenues and expenses during the year.

Significant accounting judgements

The following are the management judgements made in applying policies of the Association that have the most significant effect on the financial statements.

Replacement of cladding and fire safety works

The aggregate cost of rectifying potential issues within 18 m+ buildings across a number of sites has been estimated as up to £116 million. However, the Association will pursue recovery from contractors, insurances and Government funding where that is available. As a result, management's expectation is that the total cost of remediation works will be materially less than this this amount. The potential requirement to recognise provisions or recovery assets in respect of these works is considered below.

FRS 102 Section 21 *Provisions and Contingencies* determines that an entity should recognise a provision when: there is an obligation at the reporting date as a result of a past event; it is probable (more likely than not) that the entity will be required to transfer economic benefits in settlement; and the amount of the obligation can be estimated reliably. The Standard emphasises that this means there must be no realistic alternative to settling the obligation. This can happen when there is a legal obligation that can be enforced by law or when the entity has a constructive obligation.

When some or all of the amount required to settle a provision may be reimbursed by another party, an entity will often remain liable for the whole amount in question so that the entity would have to settle the full amount if the third party failed to pay for any reason. In this situation, a provision is recognised for the full amount of the liability, and a separate asset for the expected reimbursement is recognised when it is virtually certain that reimbursement will be received if the entity settles the liability.

In determining whether a provision is required at the balance sheet date, management has reviewed the requirements of Section 21 of FRS 102 in conjunction with legal advice and consideration of new legislation, such as the Building Safety Act 2022, which came into force on 28 April 2022. Where reimbursement is possible then correspondence between the parties has been reviewed to determine the status of negotiations at year end and whether reimbursement could be established to be virtually certain at 31 March 2024.

Notes to the Financial Statements

2. Principal Accounting Policies

Properties where the Association was engaged under a refurbishment and management contract

A potential issue has been identified at four 18 m+ tower blocks. The Association subcontracted the original refurbishment contract to a third party; however, management has determined, after reviewing legal advice, that the Association's obligations under the contract, which encapsulate the original refurbishment, ongoing management and maintenance, mean that it ultimately remains liable for rectification of the identified deficiencies and so a provision has been recognised. Whilst every effort is being made to recover potential costs, the early stage of negotiations with the subcontractor at year end mean that a reimbursement asset has not been recognised.

Properties where the Association was engaged under a development, lease and nominations agreement

Cladding issues have been identified at three 18 m+ blocks. Similar to the previous case, the Association subcontracted the original development to a third party. As with the previous case, after reviewing legal advice, management has determined that the Association is ultimately liable for rectifying the deficiencies and so a provision has been recognised. Negotiations with the original subcontractor were not sufficiently progressed at year end to justify recognition of a reimbursement asset.

Properties where the Association is freeholder and where there was an external developer

There are six 18 m+ blocks where the Association is the freeholder, but the original development work was carried out by an external party. Drawing on application guidance within FRS 102, management have formed a view that legal obligations do not exist independently of future actions, since the properties can theoretically be sold or transferred to another party and once that has occurred, as the Association is not the developer, there would be no ongoing responsibility in respect of the building safety. This could change if specific enforcement actions were in place, but to date that is not the case. Management have also considered whether the Association's public statement that it will not pass on the cost of remediating external wall systems to leaseholders could create a constructive obligation. Management's view is that it does not, since it does no more than clarify the Association's intention to follow the requirements of the Building Safety Act and does not give a firm timebound commitment to carry out those works. Consequently, no provision has been recognised. Every effort will be made to engage the original developers to rectify the identified issues or to obtain alternative sources of funding where that is not possible.

Properties where the Association is freeholder and where the developer was a subsidiary

Three 18 m+ sites with potential issues have been identified where the developer was Swan New Homes Limited. It is management's view that where Swan New Homes was the developer that any potential liability in respect of rectification resides with them and so no provision has been recognised by the Association. Where relevant, the cash flows associated with the potential rectification works within the subsidiary have been considered in forming a view about recoverability of intercompany balances.

Development incident

Following an incident at a development site in 2020, there is an ongoing investigation by police and the Health & Safety Executive (HSE) as well as civil claims from certain effected parties. The site is owned by the Association and it's 100% owned subsidiary, Swan Commercial Services Limited, was serving as principal contractor.

Having obtained legal advice, management has determined that in respect of the criminal/HSE investigations there was insufficient progress at 31 March 2024 to deem the likelihood of a penalty probable and so the impact on the financial statements is limited to disclosure as a contingent liability. At this early stage of investigation, the broad range of possible outcomes means that quantification of any potential penalty is not possible.

Management has concluded, based on legal discussions, that despite the Association being the site owners that any civil claims associated with the incident (including damage to equipment) should be considered within its subsidiary Swan Commercial Services Limited, since they were the primary contractor responsible for hiring equipment and developing the site. No amounts have therefore been recognised within the Association.

Financial instrument classification

The Association's loans are required to be classified as either basic or non-basic financial instruments in accordance with the conditions set out under FRS102 section 11.9. Management has concluded that two of the Association's loans should be reported as non-basic. Both include an embedded mandatory swap payment on termination of the loan which results in the return to the lender being a combination of a positive fixed rate and a negative variable rate (as part of the notional swap value) which is not meeting the definition as set by FRS102 11.9a (iv).

Notes to the Financial Statements

2. Principal Accounting Policies

The Association's remaining loans each contain a prepayment option which may result in a compensation payment from the lender. Management has assessed this prepayment option against the condition set out in FRS102 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 the repayment relates to future interest payments and not the repayment of the principal amount or interest that is due.

Significant accounting estimates and assumptions

Estimates and assumptions are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed in the following sections.

Carrying value of schemes under development

The carrying value of schemes under development has been assessed using a combination of internal appraisals external valuations and independent third-party specialist assessments of costs to complete.

Properties held for sale are carried at the lower of cost and estimated selling price less costs to complete and sell.

Development schemes have been assessed for impairment based on the estimated value of shared ownership first tranche sales, plus the present value of the estimated net revenue streams from rented homes, including the retained equity in shared ownership homes, and commercial properties, less the estimated costs to complete the development.

The present value of estimated net revenue streams from rental properties is based on a discounted cash flow model using discount rates and estimates of cost appropriate to the type of tenancy. The costs to complete the development are based on the anticipated outturn cost of construction, professional services and other subcontracts, with allowances made for inflation, claims and variations, plus an allocation of the internal cost of management time and capitalised interest.

On the basis of these assessments a total impairment of £1.9 million (2023: £6.8 million) was recognised across all development schemes.

Recoverability of intercompany balances

At 31 March 2024 there were loans (included within investments) from the Association to subsidiaries Swan Commercial Services Limited £33.7 million (2023: £25.8 million) and Swan New Homes Limited £5.4 million (2023: £5.1 million); the Association also had trading balances with the respective parties of £15.0 million (2023: £13.6 million) (net debtor) and £0.3 million (net debtor) (2023: £1.3 million (net creditor)).

Management conducted an assessment of recoverability of these balances, based on financial projections for the subsidiaries, which reflect future development expenditure, sales income, defects payments and outflows in relation to the previously mentioned development incident.

The developments included in the projections are all forecast to be completed and sold by March 2028, with no further development activity assumed in the subsidiaries after that time and therefore it is deemed appropriate to use the projected balances at that date to assess current recoverability.

Based on this assessment it was concluded that amounts due from both Swan New Homes and from Swan Commercial Services should be fully provided for. Provisions have therefore been recognised against investments and intercompany trade debtors with the provision movement presented as part of a separate line item within the Statement of total Comprehensive Income called 'loan and working capital provided for'. The Association intends to continue to seek recovery of balances that have been provided for.

Notes to the Financial Statements

2. Principal Accounting Policies

Replacement of cladding and fire safety works

As previously detailed under significant accounting judgements, there are a number of different scenarios, which have each been considered in turn to determine if a provision should be recognised. In quantifying the required provisions, sources of estimation uncertainty exist in relation to both the nature of the required works and the cost of the works. Estimates have, where possible, been based on third-party information, with adjustments to reflect indexation (due to the timing of the original estimates compared to the date of review), additional contingency and value added tax. However, these estimates are high level and based on the scope of works identified in initial assessments, so whilst they represent a reasoned basis for quantifying the provisions, there is potential that the final outcome could be materially different. The table below summarises the amounts recognised.

Scenario	**Provision amount**	**Other information**
Properties where the Association was engaged under a refurbishment and management contract	£31.4 million (2023: £31.8 million) (£33.5 million before discounting)	No reimbursement asset
Properties where the Association was engaged under a development, lease and nominations agreement	£10.7 million (2023: £8.1 million) (£11.3 million before discounting)	No reimbursement asset

Defined pension liability valuation

The defined benefit obligation is based on several 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 25). The net defined benefit pension liability at 31 March 2024 was £3.9 million (2023: £3.6 million).

During the year ended 31 March 2022, the trustee of the scheme conducted a review of the application of historic changes to scheme member benefits. The review found that, in some cases, changes to benefits provided by the scheme may have been implemented at a time or in a way that may not be in accordance with scheme rules. In response to the review, the trustee will be seeking direction from the courts, on behalf of scheme employers, on how to interpret these rules. Should the courts direct that some changes were made in a way not permitted by the scheme rules, this could give rise to an increase in member benefits and an additional liability for the Association. Due to the uncertainty surrounding this review, the pension obligations stated in the financial statements do not reflect any additional liability that may arise from this review, which is not expected to complete until the final quarter of 2024.

Fair value measurement

Management utilises the services of a specialist third party treasury advisor to calculate the fair value of its financial instruments. The valuation techniques include discounted cash flow pricing models with observable inputs. The most significant inputs into those models are interest rate yield curves, developed from publicly quoted rates and market available information.

All valuations have been compared to similar market transactions or alternative third-party pricing services to ensure current market conditions are properly represented.

Movements in fair value between periods are due to changes in observable inputs, which can shift due to changes in demand and supply in public market rates and market information, and due to time factor in the above instruments' pricing in a discounted cash flow pricing model.

Notes to the Financial Statements

2. Principal Accounting Policies

Turnover
Turnover comprises rental income receivable in the year, service charge income, income from shared ownership first tranche sales, unitary charge income from a private finance initiative (PFI) and other services included at the contracted or invoiced value (excluding VAT chargeable) of goods and services supplied in the year and grants receivable in the year.

Unitary charge income is recognised in accordance with the financial close model which apportions the income between the Statement of Comprehensive Income for housing management services and the Statement of Financial position for income accrued during the construction phase of the contract.

Donations received under the gift aid scheme in the Association from its subsidiaries are recognised as turnover as it relates to the principal activities of the Association .

Interest
Interest is capitalised on borrowings related to the development of qualifying assets, to the extent that it accrues in respect of the period of development if it represents interest on borrowings specifically financing the development programme after deduction of related grants received in advance.

Other interest payable is charged to income and expenditure in the year. Interest is recognised as income when receivable.

Taxation
Current tax is recognised for the amount of corporation tax payable in respect of the taxable surplus for the current or past reporting periods using the rates and laws that have been enacted or substantively enacted at the reporting date. As a result of the Association's status as a charity, the Association is largely exempt from corporation tax.

VAT
The Association and the majority of its subsidiaries are included in a Group VAT registration in the name of Sanctuary VAT Group since 1st April 2023 (formerly in a Group VAT registration in the name of Swan Housing Association Limited). The majority of the Association's income, being rents, is exempt for VAT purposes, but other Group members generate taxable income. This combination gives rise to a partial exemption calculation. Expenditure for non-taxable activities is therefore shown inclusive of VAT and the input VAT recovered is credited against operating costs. Expenditure on taxable activities is shown exclusive of VAT. The balance of VAT payable or recoverable at the year-end is included as a current liability or asset.

Termination benefits
Termination benefits are in relation to payment in lieu of notice and settlement for loss of office and are recognised as an expense in the statement of comprehensive income. A liability and expense is recognised for termination benefits when the entity is demonstrably committed to a termination.

Intangible assets
Computer software is carried at cost less accumulated amortisation and impairment losses. Costs relating to the development of computer software for internal use are capitalised. Costs include the total cost of external products or services and any labour costs directly attributable to the development.

Amortisation is charged on a straight-line basis over the expected useful life of the software and is commenced when the asset is ready for operational use. The expected useful life is considered to be four years.

Investment Property
Investment property is property which is held either to earn rental income or for capital appreciation or for both.

Investments in subsidiaries
Investments in subsidiaries represent amounts subscribed as share capital to, or on-lent by, the Association to its subsidiaries under the Group's internal financing arrangements and are stated at cost less impairment in the Association's financial statements.

Investments in jointly controlled entities (joint ventures)
An entity is treated as jointly controlled where the Association is party to an agreement with one or more parties from outside the Group to undertake an economic activity that is subject to joint control. In the consolidated accounts, interests in jointly controlled entities are accounted for using the equity method.

Loans due from a jointly controlled entity are included in investments where the amounts are intended for use on a continuing basis in the jointly controlled entities activities. The loans are subsequently accounted for as a basic financial instrument. Investments in jointly controlled entities are stated at cost less impairment in the Association's financial statements.

Notes to the Financial Statements

2. Principal Accounting Policies

Housing properties cost and depreciation
Housing properties are stated at cost less accumulated depreciation and impairment losses Where parts of an item of Housing properties have different useful lives, they are accounted for as separate items of tangible fixed assets.

Tangible Fixed Assets – Housing Properties consists of housing properties for social rent and shared ownership properties. The provision of social housing is akin to supplying a service and therefore property held for the primary purpose of providing social benefits should be excluded from the scope of investment property and accounted for as tangible fixed assets. Housing properties are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. The cost of such properties includes the following:

a) Cost of acquiring land and buildings;
b) Construction costs including internal equipment and fitting;
c) Directly attributable development administration costs;
d) Cost of capital employed during the development period;
e) Expenditure incurred in respect of improvements and extensions to existing properties; and
   Construction costs incurred but not yet certified at the reporting date.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic or social benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Expenditure on housing properties, capable of generating increased future rents, extends their useful life, or significantly reduces future maintenance costs, is capitalised. Other repairs and maintenance are charged to the Statement of Comprehensive Income during the financial year in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Structure	40 to 125 years
Doors and door entry systems	10 to 40 years
Bathrooms	15 to 40 years
External works	20 to 25 years
Heating systems	15 to 40 years
Kitchens	30 years
Lifts	10 years
Green technologies	25 years
Roof coverings	50 years
Windows	40 years
Electrical wiring	30 years

The acquisition and disposal of properties is accounted for on the date when completion takes place.

Other tangible fixed assets
Assets are stated at cost (this includes the original purchase price of the asset and the costs attributable to bringing the asset into its working condition for its intended use) less accumulated depreciation, which is charged on a straight-line basis to write off assets over their expected economic useful lives as follows:

Freehold land and buildings (offices) and improvements	10 to 40 years
Leasehold land and buildings (offices)	Over the period of the lease
Furniture and equipment	4 to 10 years
Motor vehicles	4 to 7 years
Computer equipment (excluding software)	4 to 10 years

Development costs
Costs associated with development projects are capitalised where they are directly attributable to bringing the properties into working condition for their intended use. Such costs generally include professional fees, directly attributable staff salary costs incurred in administering the development programme and loan interest attributable to the scheme. Costs incurred on schemes which are identified as abortive are written off in the year in which the scheme is classified as abortive.

Notes to the Financial Statements

2. Principal Accounting Policies

Lease obligations
Where assets are financed by leasing arrangements which transfer substantially all the risks and rewards of ownership, they are classified as finance leases and are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payment during the term of the lease. The corresponding leasing commitments are shown as obligations to the lessor. Rentals paid under operating leases, including those paid under temporary social housing leases, are charged to the Statement of Comprehensive Income on a straight-line basis over the lease term.

Properties for sale
Properties held for sale are stated at the lower of cost and net realisable value and relate to the proportions of shared ownership properties allocated as first tranche sales, whether under construction or completed. Cost comprises materials, direct labour and direct development overheads. Net realisable value is based on estimated sales price after allowing for all further costs of completion and disposal.

Government grants
Government grants include grants receivable from Homes England, local authorities and other government organisations. Government capital grants received prior to the transition to FRS102 have been accounted for under the performance method and recognised as income. Capital grants for housing properties received post transition are accounted for under the accruals method within creditors and recognised in income over the useful life of the property structure.

Social Housing and other capital development grants may be repayable under certain circumstances, primarily following the sale of a property. Provision for repayment in the Recycled Capital Grant Fund is made in the Statement of Financial Position when properties which have previously received grant funding are sold.

Grants relating to revenue are recognised as income over the same period as the expenditure to which they relate once reasonable assurance has been gained that any conditions associated with the grant have been met.

Pensions
The Association participates in a multi-employer defined benefit scheme, the Social Housing Pension Scheme (SHPS), which the Association has closed to new entrants.

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 25). The calculation of the obligation also incorporates the impact of the various High Court rulings and GMP rulings where appropriate.

The net defined benefit liability at the year ended 31 March 2024 is £3.9 million (2023: £3.6 million).

The current service costs and costs from settlements and curtailments are charged against operating surplus in the Consolidated Statement of Comprehensive Income. Interest is calculated on the net defined benefit liability. Remeasurements are reported in Other Comprehensive Income. Note 25 contains further details.

Swan Housing Association Limited currently operate defined contribution pension schemes for active members. The charge to expenditure represents the employer contribution payable to the schemes for the accounting period.

Financial instruments
Financial instruments which meet the criteria of a basic financial instrument as defined in Section 11 of FRS102 are accounted for under an amortised cost model. The effective interest rate method, which applies the interest rate that exactly discounts the estimated future cash flows to the carrying amount of the financial instrument at initial recognition, has been used to calculate amortised cost. Any related fees and transaction costs are also amortised using this method.

Loan modifications are assessed on a case by case basis and where modifications are deemed to be substantial the instrument is derecognised. Where modifications are considered to be non-substantial they are accounted for in accordance with Section 11 of FRS102.

Non basic financial instruments are recognised at fair value using a valuation technique. At each year end the instruments are revalued to fair value with the movements posted to the Statement of Comprehensive Income.

The Association has not adopted hedge accounting for financial instruments.

Loan issue costs
Costs in relation to the issuance of basic debt instruments are amortised over the life of the instrument. Costs in relation to non-basic debt instruments are expensed as incurred. The discount/premium arising on bond issues are spread evenly over the remaining life of the bond, with a resulting movement in finance costs each year.

Notes to the Financial Statements

2. Principal Accounting Policies

Provision for liabilities
Provisions are recognised when the Association has a present obligation (legal or constructive) as a result of a past event, it is probable that the Association will be required to settle the obligation and a reliable estimate can be made of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Reserves
The Association establishes reserves for specific purposes where their use is subject to external restrictions and designated reserves where reserves are earmarked for a particular purpose.

Revaluation reserves
On transition to FRS102 the revaluation reserve was credited with the difference between the fair value of housing properties and the historical cost carrying value. As a result, housing properties carried at revaluation pre transition are carried at deemed cost.

The depreciation charges and disposal costs relating to housing properties carried at deemed cost therefore contain an element of cost that is attributable to revaluation. Annual transfers between the income and expenditure and revaluation reserves are made to reconcile the reserve accounts.

On acquisition by Sanctuary Group on 8th February 2023, the revaluation reserve was credited with the difference between the fair value of commercial units held within other tangible fixed assets and the historical cost carrying value. Subsequent to revaluation commercial property was transferred to Investment Property.

Notes to the Financial Statements

3. Turnover, operating costs and operating surplus by class of business

	Turnover	Other income	Operating costs	2024 Surplus/ (deficit)	2023 Surplus/ (deficit)
	£'000	£'000	£'000	£'000	£'000
Income and expenditure:					
From social housing lettings (note 4)	64,792	-	(52,896)	11,896	19,042
Other social housing activities:					
Supporting people contract income	2,788	-	(2,788)	-	(654)
Group management services[1]	-	-	-	-	(13,149)
Home ownership and managed properties	1,141	-	(935)	206	-
First tranche shared ownership sales	4,661	-	(4,661)	-	(712)
Forest Gate private finance initiative (PFI)	9,241	-	(7,941)	1,300	(1,946)
Surplus on sale of fixed assets (note 6)	-	2,158	-	2,158	937
Gift Aid receivable	-	10	-	10	-
Insurance proceeds receivable	-	-	-	-	1,003
Development	90	-	(73)	17	197
Cladding and health & safety[2]	-	-	(9,475)	(9,475)	(11,673)
Cladding and fire safety (PFI)[3]	-	-	495	495	(31,809)
Impairment (notes 2, 9)	-	-	(1,868)	(1,868)	(8,341)
Other	4,031	-	(4,031)	-	(3,667)
Total other social housing activities	21,952	2,168	(31,277)	(7,157)	(69,814)
Non-social housing activities:					
Commercial rents	510	-	(1,050)	(540)	-
Total non-social housing activities	510	-	(1,050)	(540)	-
Total social housing activities	**87,254**	**2,168**	**(85,223)**	**4,199**	**(50,772)**

[1] The methodology for allocation of central costs has been revised to be consistent with other Sanctuary Group companies. Prior year figures have not been restated.

[2] Cladding and health & safety costs of £9,475,000 (2023: £11,673,000) relate to expenditure incurred for waking watch, cladding provisions and other health and safety costs.

[3] Cladding and fire safety costs (PFI) of -£495,000 (2023: £31,809,000) relate to expenditure incurred for waking watch, cladding provisions and other health and safety costs on properties held under the Forest Gate private finance initiative.

4. Particulars of income and expenditure from social housing lettings

	General Needs Housing £'000	Sheltered & Supported £'000	NHS Trust Keyworker £'000	Shared Ownership £'000	Total 2024 £'000	Total 2023 £'000
Income from lettings						
Rents	45,428	2,118	7,758	1,479	56,783	54,856
Amortised government grant	212	-	-	22	234	548
Service charges	5,654	1,548	-	557	7,759	7,808
Other income	16	-	-	-	16	891
Turnover from social housing lettings	**51,310**	**3,666**	**7,758**	**2,058**	**64,792**	**64,103**
Management	(6,268)	(2,681)	(940)	(237)	(10,126)	(13,658)
Services	(16,635)	(1,133)	(1,854)	(117)	(19,739)	(8,703)
Routine maintenance	(12,965)	(833)	(283)	(58)	(14,139)	(7,834)
Planned maintenance	(2,879)	(135)	154	-	(2,860)	(6,116)
Bad debts	24	(60)	(51)	-	(87)	(428)
Depreciation of housing properties	(5,031)	(271)	(444)	(199)	(5,945)	(8,322)
Operating costs on social housing lettings	**(43,754)**	**(5,113)**	**(3,418)**	**(611)**	**(52,896)**	**(45,061)**
Operating surplus on social housing lettings	**7,556**	**(1,447)**	**4,340**	**1,447**	**11,896**	**19,042**
Void losses	(173)	(240)	(729)	-	(1,142)	(758)

Notes to the Financial Statements

5. Members' emoluments and employee information

The Members of the Board who served during the year are set out on page 2. Members of the board receive salaries in their capacity as employees of the parent undertaking, Sanctuary Housing Association, and their costs were not recharged as they were incidental to their services provided to other Sanctuary Group companies. Expenses borne by the ultimate parent undertaking are negligible.

In the prior year, the aggregate amount of remuneration for Members of the Board that was borne by the Association were as follows:

	Salary	Pension contributions & payments in lieu of pension contributions	Social security costs	Benefits in kind
2023:	**£'000**	**£'000**	**£'000**	**£'000**
Executive Members	1,092	39	131	5
Highest paid senior executive	258	11	36	-
Non-Executive Members	128	-	4	-

Other costs – totalled £99,000 for compensation for loss of office in 2023.

The cost of remuneration for one executive member was borne in the prior year by the Sanctuary Group on the Association's behalf for the period between 8th February 2023 to 31st March 2023. This cost is not included within the aggregate amount of remuneration for the Association's board members shown above.

The average numbers of persons employed by the Association expressed both in full time equivalents and numbers of staff members (including senior executives but excluding Board Members), analysed by category, were as follows:

	2024 FTEs	2023 FTEs
Administration staff	181	230
Site based staff	33	66
	214	296

The aggregate payroll cost of these persons was as follows:	2024 £'000	2023 £'000
Wages and salaries	10,121	14,977
Social security costs	1,138	1,618
Pension costs	456	623
	11,715	17,218

6. Surplus on sale of fixed assets

	Social Housing Properties £'000	Non-Social Housing Properties £'000	2024 £'000
Disposal proceeds	2,430	2,550	4,980
Carrying value of fixed assets sold	(1,460)	(1,362)	(2,822)
	970	1,188	2,158

	Social Housing Properties £'000	Non-Social Housing Properties £'000	2023 £'000
Disposal proceeds	1,568	-	1,568
Carrying value of fixed assets sold	(631)	-	(631)
	937	-	937

The carrying value of housing assets sold includes recycled capital grant as detailed in note 18. Also included in the current year is the surplus on sale of the office building, Pilgrim House, of £1,188k.

7. Interest receivable

	2024 £'000	2023 £'000
Interest receivable from joint venture	121	110
Bank interest receivable *	11	9
PFI Bank interest receivable *	28	15
Interest on PFI contract debtor *	1,107	1,274
Interest from other group undertakings	2,336	2,066
	3,603	3,474

* Bank interest receivable has been re-presented to split out PFI interest

8. Interest payable and similar charges

	2024 £'000	2023 £'000
Bank loans	14,571	11,777
Bank loans on PFI *	955	1,123
Loan from parent	5,786	1,828
Bond	8,450	8,450
Net interest expense from defined benefit pension obligation (see note 25)	153	57
Other bank charges	1,818	410
Finance lease charges	352	320
Interest on GLA Grant	2,820	1,787
	34,905	25,752
Less: Interest capitalised (Average Rate 5.25% (2023: 4.55%))	(719)	(1,633)
	34,186	**24,119**

* Bank loan interest payable has been re-presented to split out PFI interest

9. Deficit before taxation

	2024 £'000	2023 £'000
The deficit before taxation for the year is stated after charging/(crediting):		
Auditor's remuneration		
- Fees payable to the Association's auditor for the financial statement audit	273	465
Depreciation on housing properties (note 12)	6,220	8,322
Depreciation on other tangible fixed assets (note 13)	407	515
Amortisation on other intangible fixed assets (note 11)	1,042	1,111
Operating lease charges	356	544
Group service fees receivable from other group undertakings (note 24)	-	(3,164)
Impairment of development projects	1,868	6,817
Impairment on other intangible fixed assets	-	1,524
Loan and working capital released	3,775	-
Loan and working capital provided	10,947	43,172

10. Taxation

	2024 £'000	2023 £'000
Current tax:		
UK corporation tax on deficit for the year	-	-
Deferred tax:		
Origination and reversal of timing differences	-	-
Total tax charge	-	-
Tax reconciliation to total tax charge		
Deficit before taxation	(34,131)	(86,273)
Deficit multiplied by standard rate of Corporation Tax in the UK of 25% (2023: 19%)	(8,533)	(16,392)
Exempt activities	8,533	16,392
Total tax charge on deficit for the year	-	-

Deferred taxation

The Association is and intends to remain a charity and as such it is not subject to Corporation Tax (or deferred tax) on its profits provided its resources are utilised for charitable purposes. Hence no deferred tax asset is available to be recognised in respect of matters such as the Association's pension funding liability.

11. Intangible fixed assets

	Software £'000
Cost	
At 1 April 2023	4,877
Additions	-
At 31 March 2024	4,877
Amortisation and Impairment	
At 1 April 2023	(3,591)
Impairment	-
Amortisation charge for the year	(1,042)
At 31 March 2024	4,633
Net Book Value	
At 31 March 2024	244
At 31 March 2023	1,286

12. Tangible fixed assets – housing properties

Housing properties:	General/ special needs £'000	Completed shared ownership housing properties £'000	Completed NHS keyworker £'000	Properties held under finance leases £'000	Under construction £'000	Total £'000
Cost:						
At 1 April 2023	648,443	34,319	64,876	2,997	76,666	827,301
Additions	13,088	-	-	-	450	13,538
Disposals	(798)	(174)	-	-	-	(972)
Completions	4,751	-	-	-	(4,751)	-
Reclassifications	(1,877)	(857)	-	-	-	(2,734)
Net transfer to inventory WIP	(308)	-	-	-	(2,225)	(2,533)
At 31 March 2024	663,299	33,288	64,876	2,997	70,140	834,600
Depreciation and Impairment:						
At 1 April 2023	(46,096)	(1,002)	(26,203)	(2,626)	(42,972)	(118,899)
Disposals	-	5	-	-	-	5
Impairment charge for the year	-	-	-	-	(1,868)	(1,868)
Reclassifications	2,901	(167)	-	-	-	2,734
Depreciation charge for the year	(5,671)	-	(519)	(30)	-	(6,220)
At 31 March 2024	(48,866)	(1,164)	(26,722)	(2,656)	(44,840)	(124,248)
Net book value:						
At 31 March 2024	614,433	32,124	38,154	341	25,300	710,352
At 31 March 2023	602,347	33,317	38,673	371	33,694	708,402

12. Tangible fixed assets – housing properties (continued)

Housing properties

The £2.5 million net transfer to inventory work in progress (2023: £11.9 million transfer from inventory work in progress) includes movements to reflect changes in the tenure mix on development schemes under construction.

All completed housing stock was restated at deemed cost on transition for FRS102 based on a formal valuation undertaken by Savills, Chartered Surveyors. The deemed cost was based on the Existing Use Value for Social Housing (EUV-SH) for accounts purposes as at 31 March 2014.

The Association annually reviews the carrying values of schemes under development to determine if they are impaired. Impairment assessments use a combination of internal appraisals, external valuations and independent third-party specialist assessments of costs to complete. Further details about the general methodology are included within note 2 on page 24.

In the prior two years, the Association recognised write downs across a number of schemes, resulting in a brought forward impairment against housing properties under construction of £43.0 million.

The current year review resulted in recognition of an additional £1.9 million of impairment on development projects at Purfleet. Full details are included in note 2 on page 24.

Social Housing Assistance

Total accumulated social housing grant received or receivable at 31 March:	2024 £'000	2023 £'000
Recognised in the Statement of Comprehensive Income (cumulative)	4,407	4,173
Held as deferred income (note 18)	46,623	46,971
Repayable grant and interest (note 18)	48,752	45,932
	99,782	97,076

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13. Other tangible fixed assets

	Freehold offices	Computer equipment	Office equipment & fittings	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 April 2023	3,427	1,894	2,354	7,675
Additions	-	-	250	250
Disposals	(1,700)	-	-	(1,700)
At 31 March 2024	1,727	1,894	2,604	6,225
Depreciation				
At 1 April 2023	(532)	(1,659)	(1,626)	(3,817)
Charge for the year	(73)	(112)	(222)	(407)
Dep'n on Disposal	338	-	-	338
At 31 March 2024	(267)	(1,771)	(1,848)	(3,886)
Net Book Value				
At 31 March 2024	1,460	123	756	2,339
At 31 March 2023	2,895	235	728	3,858

14a. Investment Property

	Commercial units £'000
Valuation	
At 1 April 2023	6,050
At 31 March 2024	6,050

The full Investment Property portfolio was valued on 8 February 2023 by an independent, qualified valuer at a market value of £6,050k. The board have determined that no significant events have occurred to result in a material change in value between the date of acquisition and the year-end date of 31 March 2024, therefore no subsequent valuation has been performed.

14b. Other Investments

On 28 November 2023, Swan BQ Limited, a subsidiary of the Association, transferred its interest in Porters Place Southend-on-Sea LLP to Southend on Sea Borough Council. Loan balances receivable from Porters Place totalling £3.8m, which had previously been provided for in full, were formally written off at that date.

As at 31 March 2024, the Association has loans to subsidiary undertakings of £39.1 million made up of balances to Swan Commercial Services £33.7 million (2023: £25.8 million) and Swan New Homes £5.4 million (2023: £5.1 million). The Association has assessed recoverability of these loans and determined that they should be fully provided for.

Loans to Subsidiary Undertakings have a margin of 2.00% over the average borrowing cost for Swan HA and have a repayment date of 31 March 2024. Loans are secured on the Subsidiaries assets.

	Shares in Subsidiary Undertakings £'000	**Loan to Porters Place £'000**	**Loan to Swan Commercial Services £'000**	**Loan to Swan New Homes £'000**	**Total £'000**
Investment b/fwd	50	3,775	25,752	5,115	34,692
Provision for impairment	-	(3,775)	(25,752)	-	(29,527)
At 1 April 2023	50	-	-	5,115	5,165
Net advances during the year	-	-	7,924	315	8,239
Provision movements	-	3,775	(7,924)	(5,430)	(9,579)
Amounts written off	-	(3,775)	-	-	(3,775)
At 31 March 2024	50	-	-	-	50

In addition to the provision for bad and doubtful debts within investment balances of £39.1 million (2023: £29.5 million), a further £1.4 million has been provided for during the year within trading balances of group subsidiaries (note 16). This results in the loan and working capital provided total of £10.9 million (2023: £43.2 million) as shown in the Statement of Comprehensive Income. The Association intends to continue to seek recovery of balances that have been provided for.

14b. Other Investments (continued)

At 31 March 2024 Swan Housing Association Limited held 100% of the issued ordinary share capital of the following:

Company	Activity	Country of incorporation
Swan New Homes Limited	Build of new homes	England and Wales
Swan Commercial Services Limited	Design and build contractor	England and Wales
Hera Management Services Limited*	Property management	England and Wales
Vivo Support Limited*	Care and support services	England and Wales
Swan Housing Capital Plc	Treasury	England and Wales
Swan Housing Finance Limited	Treasury	England and Wales

*Owned indirectly – 100% owned by Swan New Homes Limited

The jointly controlled entities are:

Company	Activity	Country of incorporation
Purfleet Centre Regeneration Limited (in liquidation)*	Property development	England and Wales
Purfleet Centre Regeneration Limited 1A (in liquidation)*	Property development	England and Wales

* 49.9% owned by Swan New Homes Limited. Swan New Homes Limited holds 50% of the voting rights.

All of Swan Group's subsidiaries and the jointly controlled entities' registered office is Chamber Court, Castle Street, Worcester, WR1 3ZQ.

The associate entity is:

Company	Activity	Country of incorporation
Linq Investors Limited	Buying and selling of own real estate	England and Wales

Swan New Homes Limited own 408 shares with voting rights in Linq Investors Limited (LIL), representing 25% of the Company's voting share capital.

15. Properties held for sale

	2024 £'000	2023 £'000
Shared ownership - work in progress	4,565	3,874
Shared ownership - completed	-	1,344
Other development schemes	4,160	-
Total stock and properties held for sale	8,725	5,218

During the year the Association expensed as cost of sale costs related to Shared Ownership properties held for sale amounting to £4.7m (2023: £3.7m).

16. Debtors

	2024 £'000	2023 £'000
a) Due within one year		
Gross arrears of rent and service charges	1,504	1,346
Less: provision for bad and doubtful debts	(1,308)	(681)
Net arrears of rent and service charges	196	665
PFI contract debtor	3,596	-
Amounts due from Group undertakings	321	8,014
Other debtors	203	6,586
Prepayments and accrued income	3,497	1,666
	7,813	16,931
b) Due after one year		
PFI contract debtor	12,262	16,306
	12,262	16,306

Amounts due from Group undertakings are unsecured, do not incur interest and are repayable on demand.

17. Creditors: amounts falling due within one year

	2024 £'000	2023 £'000
Bank loan (note 18)	1,559	276,860
Amounts owed to Group undertakings (loans) (note 18)	-	238,674
Sanctuary loan	-	50,000
PFI loan (note 18)	3,509	2,411
Trade creditors	4,110	4,138
Amounts owed to Group undertakings (trading balances)	3,650	8,778
Other taxation and social security	2,036	620
Other creditors	2,324	2,309
Deferred grant (note 18)	234	565
Repayable grants and interest (note 18)	48,752	45,932
Recycled capital grant fund (note 18)	455	619
Interest payable	3,358	2,279
Accruals and deferred income	20,109	17,385
	90,096	650,570

Trading balances due to Group undertakings are unsecured, do not incur interest and are repayable on demand.

In the prior year, bank loans (excluding PFI loans) were presented as due within one year because at 31 March 2023, the Association did not have a unilateral right to defer repayment beyond 12-months. Subsequent to the 31 March 2023, amendments have been made to the terms of these facilities and they are presented in accordance with the contractual flow of funds as repayment. Full details are included in note 18.

Amounts due to Group undertakings relate to the bond issued by Swan Housing Capital. The amount is secured on association assets, incurs interest and is not repayable on demand. This balance was presented in the previous year as due within one year because at 31 March 2023, the Association did not have a unilateral right to defer repayment beyond 12-months. Subsequent to the 31 March 2023 year-end, the bond is recognised within amounts due after more than one year (note 18).

As part of the acquisition negotiations in November 2022, a £50 million loan was provided by Sanctuary. The interest rate is 2% over SONIA. The loan from Sanctuary was classified as falling due within one year at 31 March 2023. During the year, Sanctuary provided a further £60 million of loan finance to the Association and all amounts are now classified as falling due after more than one year (note 18).

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

	2024 £'000	2023 £'000
Bank loans (see analysis below)	239,268	-
PFI Bank loan	10,578	14,087
Sanctuary loan	110,000	-
Amounts owed to Group undertakings (loans)	238,514	-
	598,360	14,087
Finance leases	3,024	3,024
Recycled capital grant fund	541	801
Deferred grant (see analysis below)	46,389	46,406
	648,314	64,318

Loans due after 1 year		
Housing loans	509,346	-
Financial instruments at fair value	78,436	-
PFI loan	10,578	14,087
	598,360	14,087

In 2023, two of the Association's lenders agreed to modify their testing of interest cover, which is based on the audited statutory financial statements of the Association. Consequently, there was no event of default that would result in acceleration of loan repayments. Notwithstanding no event of default had occurred, nor was continuing, nor notice of enforcement issued by the lenders, an unconditional right to defer payment solely in accordance with FRS 102 did not exist as at 31 March 2023 due to the modification of the interest calculation to be tested on the final audited financial statements, and so loans from these lenders totalling £276.9 million were presented as due less than one year in the prior year. The bond balance of £238.7 million was also presented as due less that one year in the previous year for the same reason as the bank loans.

In the current financial year, the situation has not occurred and so loans have been presented in accordance with the future contractual cashflows.

Loans and Bond maturity (excluding PFI loans which are considered separately below)

	2024 £'000	2023 £'000
Falling due less than one year	1,559	542,623
Falling due within one to two years	157,079	-
Falling due two to five years	13,752	-
Falling due after five years	401,015	-
	573,405	542,623
Fair value adjustments for non-basic financial instruments	15,936	22,911
	589,341	565,534

The bank loans above are drawn from bi-lateral loan facilities of £279 million. Bank loans are secured by charges on specific properties and floating charges over the Association's assets and are repayable at variable and average fixed rates of interest up to 6.25%. Loans of £80.0 million have been drawn in the year and loans of £51.5 million repaid.

On 5 March 2015 the Swan Group arranged a £250 million bond with £150 million issued immediately and £100 million retained. The bond has a coupon rate of 3.625%, matures in 2048 and has a remaining life of 24 years. Security for the bond has been provided in the form of housing assets.

The original £150 million bond was issued at discount of £1.6 million in 2015. The £60 million retained bond issued in July 2016 generated a £3.3 million premium on issue. The £25m retained bond issued in March 2020 generated a £4.0 million premium on issue. The discount and premiums are being amortised over the remaining life of the bond using the effective average interest rate method.

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

	2024	2023
PFI loan:	**£'000**	**£'000**
Falling due less than one year	3,509	2,411
Falling due within one to two years	2,708	3,509
Falling due two to five years	7,870	8,835
Falling due after five years	-	1,743
	14,087	16,498

The PFI loan is provided by Royal Bank of Scotland plc and repayable in full by 2028. Interest is payable at 6.21% per annum for the remainder of the facility.

	2024	2023
	£'000	**£'000**
Finance leases – falling due after one year	3,024	3,024

Finance leases represent the capital funding advanced under finance lease arrangements for a total of 35 properties. These entail the funder purchasing the freehold of properties on the open market and leasing them to Swan Housing Association Limited for 25 years from 2001. Stratton Property Holdings Limited has a put option to sell the properties and Swan Housing Association Limited has a call option to purchase the properties at any time, both at historic cost, at which point the liability will be settled.

	2024	2023
Analysis of Recycled Capital Grant Fund:	**£'000**	**£'000**
Balance at 1 April	1,420	1,871
Grants recycled	316	168
Interest accrued	60	-
Repayment of grant	(361)	(619)
Other	(439)	-
Balance at 31 March	996	1,420

The amounts included in the Recycled Capital Grant Fund which are outstanding for three or more years that are potentially due for repayment to the Homes England or the Greater London Authority are £85,000 (2023: £618,000).

	2024	2023
Analysis of Deferred Grant:	**£'000**	**£'000**
Balance at 1 April	46,971	45,017
Grant additions during the year	-	974
Released to income during the year	(234)	(548)
Grant recycled	-	-
Grant repaid	-	-
Grant transferred	-	-
Other	(114)	1,528
Balance at 31 March	46,623	46,971
Amounts to be released within one year	234	565
Amounts to be released in more than one year	46,389	46,406
	46,623	46,971

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

	2024	2023
Analysis of Repayable Grant:	**£'000**	**£'000**
Balance at 1 April	45,932	44,145
Interest recognised on GLA Grant	2,820	1,787
Balance at 31 March	48,752	45,932
Amounts to be released or repaid within one year	48,752	45,932
Amounts to be released in more than one year	-	-
	48,752	45,932

19. Provision for liabilities

Provision for cladding and fire safety	**2024**	**2023**
	£'000	**£'000**
Balance at 1 April	45,062	10,213
Costs charged to provision in the year	-	(5,049)
Provision de-recognised in the year	(5,164)	-
Unwind of discounting within provision	1,716	-
Provision recognised in the year	483	39,898
Balance at 31 March	42,097	45,062

Provisions for a sum of £42.1 million (2023: £45.1 million) are in relation to cladding and fire safety works where the Association has contractual obligations to external parties to rectify the issues. At one site a reimbursement asset of £5.2 million that was recognised within other debtors (note 16) has been de-recognised during the year. Further details are included in note 2 - significant accounting judgements, estimates and assumptions. Cladding provisions have been discounted at a risk free rate based on UK Gilts.

20. Share capital and reserves

Share Capital	2024 £	2023 £
Outstanding at 1 April	18	18
Shares of £1 each allotted issued and fully paid at 31 March	18	18

The shares have limited rights. They carry no entitlement to a dividend, are not repayable and do not carry rights to participate in a winding up. They carry an entitlement to vote at the annual and special meetings of the Association. When shares are cancelled the amount paid up becomes the property of the Association.

Income and expenditure reserve
The income and expenditure reserve includes all current and prior year retained surpluses and losses.

Revaluation reserve
On transition to FRS102 the revaluation reserve was credited with the difference between the fair value of housing properties and the historical cost carrying value. As a result, housing properties carried at revaluation pre transition are carried at deemed cost.

During the year ended 31 March 2023, commercial properties were reclassified from property, plant and equipment to investment property. The reclassification of these properties was as a result of an alignment with Sanctuary Group's accounting policies (see note 2). The full Investment Property portfolio was valued by an independent, qualified valuer at that date at a value of £6,050k. As a result, the revaluation reserve was credited with the difference between the fair value of commercial properties and historical cost carrying value of £4,375k. The commercial property portfolio was subsequently transferred to Investment Property (see note 14a).

21. Commitments

i) Capital Commitments at the end of the financial year for which no provision has been made:

	2024 £'000	2023 £'000
Contracted but not provided	376	6,639
Authorised but not yet contracted	3,215	-

These will be funded by existing cash and facilities, future sales, and anticipated continuing support of Sanctuary.

ii) future minimum lease payments under non-cancellable operating leases for equipment, motor vehicles and buildings are as follows:

Operating leases which expire:	2024 £'000	2023 £'000
Within one year	277	356
Between two and five years	842	729
Greater than five years	611	604
	1,730	1,689

22. Contingent liabilities

Following an incident in 2020 at a development site owned by the Association, where its subsidiary Swan Commercial Services Limited, was acting as principal contractor, there is an ongoing investigation by police and the HSE as well as civil claims from certain effected parties.

In respect of the criminal/HSE investigations there was insufficient progress at 31 March 2024 to deem the likelihood of a penalty probable and at this early stage of investigation, the broad range of possible outcomes means that quantification of any potential penalty is not possible.

Civil claims in relation to the incident have been reflected within the Association's subsidiary Swan Commercial Services Limited, the primary contractor. No amounts have been recognised within the Association (see also accounting judgements in note 2).

23. Analysis of completed property units

At 31 March 2024 housing stock comprised:

	Owned and managed number of units	
Social housing:	**2024**	**2023 (restated)**
General needs	7,358	7,327
General needs affordable rent	343	342
Supported housing accommodation	300	284
Housing for older people	79	79
NHS keyworker accommodation	904	905
Shared ownership	832	829
Home ownership	1,380	1,163
Social housing leased outside Group tenancy agreement	105	135
	11,301	11,064
Non-social housing:		
Commercial	45	45
Market rented accommodation	22	22
	67	67
Total housing stock	11,368	11,131

The total units owned and managed as at 31 March 2024 equates to 11,368 (2023 restated: 11,131). The change in the year relates to units developed less units sold.

Following a reassessment of the data, total units owned and managed by the Association have been restated for 2023 to reflect Sanctuary methodology and allow comparability.

24. Related party disclosures

The Association had the following activity with non-regulated entities in the Group.

Entity	Description	Transaction	2024 £'000	2023 £'000
Swan BQ Limited	Regeneration Partner	Gift aid	10	-
		Total	10	-
Swan New Homes Limited	Land Property Sales & Management Service	Construction Services	-	(4,415)
		Charges	21	-
		Management Fee	-	2,275
		Interest charged	1,966	1,069
		Total	1,987	(1,071)
Swan Commercial Services Limited	Construction and Management Services	Construction Services	-	(6,026)
		Charges	132	197
		Management Fee	-	846
		Interest charged	370	993
		Total	502	(3,990)
Swan Housing Capital	Treasury	Bond Interest charged	(8,450)	(8,450)
		Total	(8,450)	(8,450)
Hera Management Services Limited	Property Management Services	Trading Activity	(18)	21
		Management Fee	-	21
		Interest charged	-	4
		Total	(18)	46
Vivo Support Limited	Care Services	Trading Activity	(2,055)	2,071
		Management Fee	-	22
		Interest charged	-	-
		Total	(2,055)	2,093
Total			(8,024)	(11,372)

Swan Housing Association Limited provides management, operational and other services to its subsidiaries under the terms of procedure agreements. Details of the amount charged to the subsidiaries within the Group are shown above under the heading "Management Fee".

The Association has trading activity with Purfleet Centre Regeneration Limited (PCRL). PCRL is a joint venture held by the Association's subsidiary Swan New Homes Limited. The principal activity of the joint venture is the regeneration of the centre of Purfleet, Thurrock. During the year ended 31 March 2024 no activity took place between PCRL and the Association and no balances were due between the two entities.

PCRL has a 100% subsidiary entity, PCRL 1A Limited (PCRL 1A). PCRL 1A's principal activity is the development of phase 1A specifically within the regeneration of the centre of Purfleet, Thurrock. During the year ended 31 March 2024, the Association recognised £3,725,000 (2023: £6,941,000) of costs in relation to the PCRL 1A development to Assets Under Construction and Inventory. At year end, the balance of the scheme held within Assets Under Construction was £8,301,000 (2023: £7,845,000) and within Inventory was £4,358,000 (2023: £2,957,000). The balance due to PCRL1A at year end 31 March 2024 was £nil (2023: £612k).

The Association had an agreement to provide a £15.0m junior loan facility to Porters Place Southend-on-Sea LLP. Porters Place Southend-on-Sea LLP was a joint venture held by the Association's subsidiary Swan BQ Ltd. The principal activity of the joint venture is that of property development and the provision of new neighbourhood facilities at a development known as the Queensway Estate, Southend. On 28 November 2023, Swan BQ Ltd transferred their interests in Porters Place Southend-on-Sea LLP to Southend on Sea Borough Council. As at 28 November 2023 £3.8 million (2023: £3.8 million) of the junior loan was drawn with £120k (2023: £109k) interest paid. The loan facility also ended on 28 November 2023, resulting in a loan write off in the year of £3.8 million.

24. Related party disclosures

The Association had the following balances with non-regulated entities in the Group.

Entity	Description	Balance	2024 £'000	2023 £'000
Sanctuary Maintenance Contractors Limited	Maintenance Services	Trading balance	(359)	-
		Total	(359)	-
Swan New Homes Limited	Land Property Sales & Management Service	Loan	5,430	5,115
		Trading balance	305	(1,258)
		Provision for bad / doubtful debt – loan	(5,430)	-
		Provision for bad / doubtful debt – trading	(305)	-
		Total	-	3,857
Swan Commercial Services Limited	Construction & Management Services	Loan	33,676	25,752
		Trading balance	15,012	13,644
		Provision for bad / doubtful debt - loan	(33,676)	(25,752)
		Provision for bad / doubtful debt – trading	(15,012)	(13,644)
		Total	-	-
Swan Housing Capital	Treasury	Trading balance	-	(610)
		Total	-	(610)
Hera Management Services Limited	Property Management Services	Trading balance	17	1,375
		Total	17	1,375
Vivo Support Limited	Care Services	Trading balance	(594)	(272)
		Total	(594)	(272)
Total			(936)	4,350

25. Pensions

Social Housing Pension Scheme ('SHPS')
The Association participates in SHPS, a multi-employer scheme which provides benefits to non-associated participating employers. The scheme is a defined benefit pension scheme in the UK. The scheme is classified as a 'last-man standing arrangement'. Therefore, the Association 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.

The most recent formal actuarial valuation was completed as at 30 September 2020 and rolled forward, allowing for the different financial assumptions required under FRS102, to 31 March 2024 by a qualified independent actuary.

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. The calculation of the obligation also incorporates the impact of the various High Court rulings and GMP rulings where appropriate.

25. Pensions

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.

The net defined benefit liability at the year ended 31 March 2024 is £3.9 million (2023: £3.6 million).

PRESENT VALUES OF DEFINED BENEFIT OBLIGATION, FAIR VALUE OF ASSETS AND DEFINED BENEFIT LIABILITY

	2024 £'000	**2023 £'000**
Fair value of plan assets	14,650	15,318
Present value of defined benefit obligation	(18,535)	(18,912)
Defined benefit liability to be recognised	**(3,885)**	**(3,594)**

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE FAIR VALUE OF PLAN ASSETS

	2024 £'000	**2023 £'000**
Fair value of plan assets at the start of the year	15,318	24,982
Interest income	730	699
Experience on plan assets (excluding amounts included in interest income) (loss) / gain	(1,755)	(10,691)
Contributions by the employer	880	827
Benefits paid and expenses	(523)	(499)
Fair value of plan assets at the end of the year	**14,650**	**15,318**

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION

	2024 £'000	**2023 £'000**
Defined benefit obligation at the start of the year	18,912	27,445
Expenses	23	23
Interest expense	883	756
Actuarial loss due to scheme experience	(114)	337
Actuarial gains due to changes in demographic assumptions	(32)	(41)
Actuarial gains due to changes in financial assumptions	(614)	(9,109)
Benefits paid and expenses	(523)	(499)
Defined benefit obligation at the end of the year	**18,535**	**18,912**

DEFINED BENEFIT COSTS RECOGNISED IN STATEMENT OF COMPREHENSIVE INCOME (SOCI)

	2024 £'000	**2023 £'000**
Expenses	23	23
Net interest	153	57
Defined benefit costs recognised in statement of comprehensive income (SOCI)	**176**	**80**

DEFINED BENEFIT COSTS RECOGNISED IN OTHER COMPREHENSIVE INCOME

	2024 £'000	**2023 £'000**
Experience on plan assets (excluding amounts included in net interest cost) – (loss) / gain	(1,755)	(10,691)
Experience gains and losses arising on the plan liabilities – (loss)	114	(337)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – gain	32	41
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – gain	614	9,109
Total amount recognised in other comprehensive income – (loss) / gain	**(995)**	**(1,878)**

25. Pensions

ASSETS

	2024 £'000	2023 £'000
Global Equity	1,460	286
Absolute Return	572	166
Distressed Opportunities	516	464
Credit Relative Value	480	578
Alternative Risk Premia	465	28
Fund of Hedge Funds	190	-
Emerging Markets Debt	858	82
Risk Sharing	76	1,128
Insurance-Linked Securities	588	387
Property	1,480	659
Infrastructure	12	1,750
Private Debt	576	682
Opportunistic Liquid Credit	573	655
High Yield	2	54
Opportunistic Credit	-	1
Cash	289	110
Corporate Bond Fund	-	-
Liquid Credit	-	-
Long Lease Property	95	462
Secured Income	437	703
Liability Driven Investment	5,962	7,055
Currency Hedging	(6)	29
Net Current Assets	25	39
Total assets	**14,650**	**15,318**

KEY ASSUMPTIONS

	2024 % per annum	2023 % per annum
Discount Rate	4.85	4.70
Inflation (RPI)	3.25	3.30
Inflation (CPI)	2.85	2.90
Salary Growth	2.85	2.90
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2024 imply the following life expectancies:

	Life expectancy at age 65 (years) 2024	Life expectancy at age 65 (years) 2023
Male retiring in 2024	20.9	21.0
Female retiring in 2024	23.4	23.4
Male retiring in 2044	22.2	22.2
Female retiring in 2044	24.9	24.9

26. Financial assets and liabilities

Treasury strategy is explained in the Financial Risk Management section of the Board's Report and includes the approach to interest rate and counterparty risk management (see pages 8-9).

Financial assets
Financial assets are sterling denominated and include:

	2024 £'000	2023 £'000
Loans to subsidiaries and Joint Ventures (note 14b)	-	5,115
Short term Debtors (note 16a)	4,316	15,265
Long term Debtors (note 16b)	12,262	16,306
Cash at bank and in hand	16,370	15,267
Total financial assets	32,948	51,953

Financial assets include loans to subsidiaries and joint ventures, all short term debtors (with the exception of prepayments and accrued income), long term debtors and cash balances held at bank and in hand.

Financial liabilities excluding trade creditors – interest rate risk profile
The Association's financial liabilities are sterling denominated. After taking into account various interest rate swaps, the interest rate profile of the Association's financial liabilities at 31 March was:

	2024 £'000	2023 £'000
Fixed rate	399,088	401,498
RPI linked	12,500	12,500
Floating rate	172,390	141,449
Total borrowings*	583,978	555,447

*The above figures exclude finance leases and fair value adjustments on non-basic financial instruments.

The floating rate financial liabilities comprise bank loans that bear interest at rates based on SONIA. Changes to contracts as a direct consequence of IBOR reform are on an economically equivalent basis with FRS 102 11.19 applied, meaning there is no immediate gain or loss arising.

The fixed rate financial liabilities have a weighted average interest rate of 4.47% (2023: 4.55%) and weighted average period for which it is fixed is 19.8 years (2023: 18 years).

The debt maturity profile is shown in note 18.

Borrowing facilities
The Association has undrawn borrowing facilities. The undrawn facilities available at 31 March in respect of which all conditions precedent had been met were as follows:

	2024 £'000	2023 £'000
Expiring in less than 2 years	-	-
Expiring in more than 2 years	-	20,000

26. Financial assets and liabilities

Fair value of financial assets and liabilities

	Book value		Fair value	
	2024	**2023**	**2024**	**2023**
	£'000	**£'000**	**£'000**	**£'000**
Primary financial instruments held or issued to finance the Association's operations				
Financial assets	32,948	51,953	32,948	51,953
Current portion of long term borrowing at amortised cost	5,068	51,470	5,068	51,470
Long term borrowings at fair value through statement of comprehensive income	78,436	85,411	78,436	85,411
Long term borrowings at amortised cost*	519,434	444,501	524,838	452,938

The fair value of long-term borrowings includes the fair value position of the embedded interest rate swaps. There is no requirement to post collateral against the out of the money mark to market positions.

*In this context, borrowings relating to bank loans have not been presented as short-term in line with note 18, since the required presentation under FRS 102 has no bearing on the expected timing of cash flows.

27. Post balance sheet events

Post year end, the Association received a further £36 million of loan finance from Sanctuary Affordable Housing Limited, a 100% subsidiary of Sanctuary Housing Association.

The Association has also repaid, post year end, in June 2024, £35.0 million of repayable grant and associated interest. This is included within the balance of repayable grants and interest in note 18.

These two events do not change the value recognised within the current year financial statements, as they are non-adjusting post year end events.