

Silva Homes Limited

A registered society under the Co-operative and
Community Benefit Societies Act 2014 no: 30230R

Silva Homes Limited

Annual report and financial statements

For the year ended 31 March 2023

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General information

Board members

The Silva board members who held office during the year and to the date of signing the financial statements were as follows:

Graeme Stanley	Chair of the Silva Board Member of the Risk & Compliance Committee
Candace Valiunas	Chair of the People Committee Senior Independent Director
Iain Bacon	Chair of the Audit Committee
David Mody	Chair of the Risk & Compliance Committee
Karen Morris-Lanz	Member of the People Committee
Maggie Porteous	Member of the People Committee Co-chair of the Customer Partnership Board
Stephen Skuse	Member of the Audit Committee Member of the Risk & Compliance Committee Chair of Forest Future Homes (from 20 May 2022)
Remon Fahim	Member of the Audit Committee Director of Forest Future Homes
Amanda Williams	Member of the Audit Committee Chair of Forest Future Homes (resigned on 11 May 2022)
Alan Ward	Chief Executive

Executive directors

The executive directors who held office during the year and to the date of signing were as follows:

Alan Ward	Chief Executive
John Andrew	Executive Director (Finance & Procurement)
Dasos Christou	Executive Director (Customer Relations)
Laura Johnson	Executive Director (Assets & Growth)
Robert Smyth	Executive Director (People, Digital & Change) - resigned 31 December 2022

Registered office: Western Peninsula
Western Road
Bracknell
Berkshire RG12 1RF

Company Secretary: Valerie Lynch

Co-operative and Community Benefit Societies Act registration number: 30230R

Regulator of Social Housing registration number: L4513

Auditor: Crowe U.K. LLP
55 Ludgate Hill
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Solicitors: Trowers & Hamlins
3 Bunhill Row
London EC1Y 8YZ

Devonshires Solicitors LLP
Finsbury Circus
London EC2M 7DT

Clarke Willmott
1 Georges Square
Bristol BS1 6BA

Group structure

At 31 March 2023, the group comprised the parent Silva Homes Ltd and Forest Future Homes Ltd, a wholly owned subsidiary and company limited by shares. Forest Future Homes is registered in the UK (no: 8814651). Within the financial statements, the consolidated financial position is referred to as 'group' and the parent entity financial position is referred to as 'association'.

Strategic report

The directors present their strategic report on the affairs of the group together with the financial statements and auditor's report for the year ended 31 March 2023. The basis of preparation of the statements is explained in note 2 on page 63.

Business background

The business commenced trading on 11 February 2008 when Silva Homes Limited (formerly known as Bracknell Forest Homes Limited) received the transfer of its housing stock from Bracknell Forest Council. The association is a charitable organisation and managed 6,957 rented and 1,081 leasehold homes as at 31 March 2023.

The association's principal activities are the management, maintenance, improvement, and development of social housing. The principal activity of Forest Future Homes Limited is the provision of design and build services.

In the first five years of operation the focus was on improving the transferred stock in accordance with the promises made to customers before transfer. Having met the promises and exceeded the targets in our initial financial plan, the focus shifted to growth. At 31 March 2023, we have built a total of 1,224 new properties including 179 in the year. We also acquired 348 homes from another housing association in 2013.

Business model

The group derives the majority of its income from the supply of properties at sub-market rent levels. Most of our properties are let to general needs tenants who have been nominated from local authority waiting lists, although the group does have the option of maintaining its own waiting lists for some of the properties notably within the Bracknell Forest area.

As well as adding to its stock of rental properties, the group also develops new properties for shared ownership. New rental properties are funded from borrowings and cash flow generated from operations. Shared ownership properties are also partly funded by the sale of the initial equity tranche and sales of subsequent tranches (staircasing).

Business strategy

In July 2021, the Silva board approved a new corporate strategy - the Silva Strategy 2021-25. The review process commenced in December 2020 when the Silva board

agreed a comprehensive and inclusive process that included engaging with colleagues, customers and a range of other stakeholders. The process included a refresh of our purpose and vision, and our proposals for focusing our energy around eight strategic priorities. The final version was approved by the Silva board at the end of July 2021.

Our strategic foundations include our purpose as a social business and our new wider vision for how we plan to develop the business over the next few years.

Our purpose articulates why we exist and the benefits that flow from what we do. It is our reason for being and against which we benchmark our decision making. This is how we describe our purpose:

Benefiting communities through our investment in homes and support for people.

Our vision contextualises everything we do, including what we are aiming for. It looks from the perspective of how other people see us; we want them to trust what we say and do. This is how we have structured our vision:

Building trust as a thriving social business by:

- *creating safe and secure places to live*
- *delivering excellent services to customers*
- *forging strong and successful relationships*
- *embracing diversity, sustainability and growth.*

Our eight themed strategic priorities are:

- *Putting customers and communities first.*
- *Maximising the delivery of new affordable homes.*
- *Investing in existing homes and keeping customers safe.*
- *Tackling climate change and promoting sustainability.*
- *Being a great place to work.*
- *Embracing technology and new ways of working.*
- *Promoting equality, diversity, & inclusion.*
- *Ensuring financial viability, good governance & value for money.*

Each of the strategic priorities is underpinned by a strategic delivery plan setting out a range of projects and timelines designed to achieve our vision. The board checks progress through a comprehensive review every six months.

Our strategy includes plans for how we aim to tackle the impacts of the climate crisis, the challenges we face for decarbonisation of the housing stock and the adoption of new and affordable technologies which work for us and our customers. It makes a positive commitment to promoting equality, diversity and inclusion across

the business. It sets out an ambition to deliver more new affordable homes whilst ensuring that we have sufficient resources available to meet the investment needs of the existing stock based on robust and up to date data and the challenges of meeting new legal and regulatory standards for building safety compliance.

We have continued to build on our work to develop organisational culture and make Silva a great place to work, with a pulse survey in December 2022 showing significant progress against ten key factors drawn from our last Best Companies survey in 2021 where we awarded ‘one to watch’ status. To deliver our strategy and address our priorities we remain fully committed to consistently meeting the highest standards of governance, managing risk, delivering value for money, and ensuring that our viability is protected by sound investments, responsible borrowing, and robust financial performance.

As a business we have changed considerably over the past five years. We put in place a lot of the people, technology and processes that we need to deliver an excellent customer experience and keep our homes and neighbourhoods at a quality that meets the needs of our customers. We are however acutely aware that whilst the latter has remained constant over the last two years the former has been under pressure and the satisfaction of our customers has declined, as it has for many social landlords over the same period.

Covid-19 had a major impact on our ability to meet the standards we set for service delivery, and we know from our annual customer perception surveys carried out in November 2021 and January 2023 that satisfaction has dipped, particularly in our ability to deliver our repairs service to meet customer expectations as well as our own performance targets and on occasions we have fallen short in our responsiveness to customers, including keeping them informed on progress with works on their homes. In 2022 we developed a set of three customer pledges on how we will improve repairs, customer service and neighbourhoods. These were published on our website and we have a more detailed action plan, for which the executive board are collectively accountable, and which has been monitored by the Silva board and our customer partnership board on a quarterly basis. While we have made some progress, particularly in improving our responsiveness to customer contact and in booking follow-up visits if repairs cannot be fixed first-time, progress has been slower than we had hoped due to the need to invest in systems which make a step change in performance, and the difficulties we have had recruiting and retaining trades operatives and managers in a very competitive employment market in our operating area.

Partnership proposals

During 2022 the board began to explore opportunities for strategic partnerships,

including merger in recognition that it has additional capacity for growth yet lacked the depth of resources required to fully realise that potential. After appraising options and potential partners Abri were selected as a preferred partner. Initial conversations focused on how Abri could support Silva's growth and other projects for collaboration including improving the customer experience in our shared locality, and joint working on decarbonisation of the housing stock.

The proposition soon developed into exploration of merger as the most effective way of fully realising the board's objectives. A strategic business case was agreed in September 2022, and an outline business case in March 2023. Consultation with customers and engagement with other stakeholders, and negotiations with lenders (to Silva and Abri), have not presented any barriers to progress, and it is envisaged that the partnership could complete in October 2023, with Silva joining Abri initially as a subsidiary with transfer of engagements to take place within a year. As part of the proposal is the creation of a new three region structure within Abri, each with its own board and managing director, with Silva forming the core of the new south east region comprising around 13,000 homes bringing critical mass to both organisations across our shared operating area.

The business case is compelling, it had (at outline stage) the unanimous support of the Silva board. Joint working to date has been very productive and generated excitement about the benefits that the partnership could bring in terms of improved services for customers, increased investment in repair and maintenance of existing homes, delivery of Silva's enhanced growth ambitions for new homes, new opportunities for colleagues within a larger group, and greater focus for stakeholder engagement and collaboration.

External influences

The cumulative impacts of Covid, Brexit, the war in Ukraine, ongoing supply chain issues, high rates of inflation and rising interest rates, all exacerbated by political turmoil in the last two quarters of 2022, have put pressures on the business and created a cost-of-living crisis which has hit the poorest and most vulnerable members of society the hardest. As a business we continued to demonstrate that we remain a strong and financially viable business able to withstand the impacts of these challenges and we have had to respond proactively to the challenges facing our existing customers and those seeking an affordable home.

Inflation (CPI 12-month rate) continued to rise post-pandemic through 2021 and 2022 reaching a high of 11.1% for the twelve months to October 2022, the highest rate of inflation for 40 years based on ONS modelling. CPI dropped in the first half of 2023 and had fallen to 6.8% for the twelve months to July 2023.

The Bank of England has attempted to stem inflation by increasing the base rate from the historic low rate of 0.1% during the two years of the pandemic with fourteen successive rate rises since December 2021 to 5.25% on 3 August 2023. It is however widely acknowledged that interest rate rises alone will not control the nature of the inflationary pressures and that government intervention in the market is required to protect the poorest households. There are significant pressures on businesses for wages to keep pace with inflation, but the Bank of England and the government sought restraint from the private sector and held out on public sector pay to the summer of 2023 against a backdrop of unrest and industrial action.

Our operating surplus for 2022/23 was better than our budget with a higher surplus from shared ownership sales together with lower operating expenditure on planned works and various projects more than offsetting higher spend on repairs and servicing costs. We saw rises in the costs of goods and services throughout the year and our budget for 2023/24 has been set within this wider context and includes contingencies to protect it from inflationary pressures whilst still seeking to ensure we obtain best value for money in our procurement and ongoing supplier management. We have market tested and adjusted salaries, agreed both non-consolidated and consolidated pay awards during the year to ensure we remain competitive in a very tight employment market.

The 2023 financial plan agreed in April 2023 demonstrates our financial strength as a business and shows that we are able to withstand most individual stress tests without impacting our viability or breaching our loan covenants. The occurrence of multi-variate simultaneous stress tests or a worst-case perfect storm combining all our stress tests would cause us to breach our tightest interest cover covenant. Should such circumstances occur we have a range of mitigating actions which can be implemented to ensure we avoid any breach of our covenants, and we are constantly monitoring the external environment to watch for signs of any such storm emerging so as to be able to take timely action if required. We have developed a range of early warning triggers, monitored by the board quarterly, that enable us to respond as required to any challenges that may occur.

Over the last few years, we have been cognisant of the impacts of supply chain issues (including materials and labour) and have incurred delays in the handover of new homes from developers. We have also been alert to the increased risk of supplier failure and have strengthened our due diligence on suppliers and worked hard to manage those relations in the best interests of the business and our customers. We carried out regular reviews of our risk register to ensure that we recognised the impacts of the pandemic, the potential impacts of a prolonged war in Ukraine, and the cost of living crisis.

Our income is driven by rents which are set by government and whilst the sector had

a five-year rent guarantee of CPI+1% (from April 2020) we were (and remain) prepared for any change in government policy, anticipating a cap in rents for 2023/24 and prudently therefore set a forecast within the government's 7% cap imposed from April 2023. We subsequently adopted the 7% cap after consultation with our customer partnership board and evaluation of the affordability for our customers. We further increased our hardship fund and relaxed some of the criteria for access to ensure that we were able to target support to those most in need.

Our proactive approach to managing rent arrears, against a backdrop of higher numbers of Universal Credit claimants and the cost of living crisis impacts for customers, has meant that we continue to perform really well compared to our peer group. Our performance in the last 3 years has been 2.59% in 2020/21, 2.42% in 2021/22, and 2.53% for 2022/23.

The Social Housing Bill received royal assent in July 2023. At the heart of the Act is a new charter which sets out seven commitments that residents should expect from their landlord. Our own customer charter launched in August 2020 is fully aligned. The Regulator of Social Housing is currently consulting on the new draft consumer standards and code of practice, which will come into effect in April 2024. We previously reviewed the principles and approach proposed, and adopted the new tenant satisfaction measures, to ensure that we are well placed in terms of future compliance.

We have adopted the National Housing Federation (NHF) Code of Governance (2020). It is a requirement under the Regulator's Governance & Financial Viability Standard to adopt a code and certify compliance each year. We carried out a self-assessment against the code for the 2022/23 and were fully compliant other than in one area where we have extended the chair's term of office beyond the nine years (6+3) that is permitted in the code, albeit we remain compliant with our rules. The non-compliance (and explanation) is reported in this annual report (see page 45). As a consequence of our non-compliance with the NHF code, we were also non-compliant with the regulator's governance standards and again have reported that in this annual report.

The Fire Safety Act 2021 received Royal Assent in April 2021. The Act increased the scope of fire safety legislation and requires the responsible person for the building needs to update their fire risk assessment and implement a fire safety management system to ensure the building is maintained in a safe condition. The Building Safety Act 2022 was given Royal Assent in April 2022 and takes forward reforms of building safety systems in line with the proposals confirmed in the response to the 'building a safer future' consultation. The Act includes new duties on building owners to manage building safety risk and duties to engage with customers on building safety. Whilst the draft legislation arising from the Hackett Report and the Grenfell Public

Inquiry Phase 1 recommendations had been working its way through the various stages, we were working on defining and implementing changes to how we manage our portfolio in readiness and so were well positioned in terms of compliance. Our only in-scope high-rise building has been registered with the new building safety regulator.

As a business we remain extremely conscious of the housing crisis in the country, which is especially acute in the south-east where the gap between average incomes and average house prices is at a premium. The increase in UK average house prices of 12.4% during the year 2021/22 widened the gap and although this slowed in 2022/23 to 3.5% the gap remains significant. Research commissioned in 2020 by the National Housing Federation, the Chartered Institute of Housing and the Local Government Association said that more than eight million people (one in seven) live in unsuitable homes. To meet demand, 340,000 new homes are needed each year including 145,000 new affordable homes (over half of which should be at social rents). The government removed its own target of 300,000 homes a year, and its local housing needs targets for local authorities, and set a revised target of 1 million homes during this parliamentary term (200,000 a year) as part of a new housing plan announced by the secretary of state in July 2023. The plan envisages greater protection for green belt and a renewed focus on building in urban areas and conversion of offices and shops to meet demand for new homes.

We are also extremely conscious of the global climate crisis and the UK government's net-zero greenhouse gas emissions target of 2050. Energy use in homes accounts for 14% of UK greenhouse gas emissions so it is vital that housing associations play their part in setting out a clear, long-term plan for achieving carbon neutrality. In October 2021, the government set out the Heat & Buildings Strategy for Climate Change setting out policies and actions in relation to developing the market for net zero heating and emphasising the importance of taking a 'fabric first' approach. Tackling the impacts of climate change is one of our eight strategic projects. We have set aside funding and engaged special consultants to support us in undertaking research and the development of pilot projects across the different archetypes within our housing stock and to work with customers colleagues and other stakeholders on changing behaviour. We have also ensured we have funding in place to deliver the government's target of all social homes being at EPC C rating or higher by 2035 (with those households in fuel poverty by 2030).

Operational performance, risk and compliance

Performance within a range of operational functions is set out below.

The Silva Strategy 2021-25 includes our target of delivering a minimum of 1,100 new homes over a rolling five-year period. We took handover of 179 new homes in

2022/23, which was 80% of our original target for the year due to delays on site, and not being able to get into contract quickly enough on new schemes to meet the 2022/23 target.

Development activity has fluctuated over 2022/23 due to rising interest rates and increase in fuel bills, we did however achieve 79 shared ownership sales in 2022/23. We have a pipeline in place for development schemes that will deliver over coming years and have set a budget of delivering 202 new homes in 2023/24 of which 171 were under contract at 31 March 2023. We had a further 91 new homes under contract for delivery future in years at that date, with a further 181 subject to contract negotiation with developers. We continue to pursue more land-led schemes in order to diversify our programme delivery and complement schemes we are developing through planning gain (\$106).

We have progressed our plans for the redevelopment of two existing blocks of flats at Bay House and Barn Close where we have secured funding from Homes England and Bracknell Forest Council but still await confirmation of planning permission.

We want to be innovative in the type of homes we build and have been successful in securing funding from Homes England for applying modular construction techniques to a site near Guildford, where we have now entered into contract with Newship Developments for the delivery of 16 new homes.

Stock investment

In 2022/23, we spent £10,889k (2021/22: £9,223k) on planned works (covering both operating and capital expenditure) to our properties. We installed 109 kitchens, 39 bathrooms and 493 new boilers. We have fire risk assessments (FRAs) in place for all blocks and are updating these FRAs on a risk-based approach, and actively managing the resulting remedial works programme. In 2022/23, we completed 45 emergency fire door replacements, 12 new door entry systems, the basement sprinkler system installation at Point Royal, the upgrade of smoke detection to LD1 standard at all remaining independent living schemes and 14 emergency light installations.

We are working through our investment programme for the ring-fenced schemes which are eight blocks of flats which were identified in 2018, needing additional investment over and above routine component replacements. For investment purposes, we have 'ring-fenced' resources for these blocks as part of our financial plan.

The refurbishment of Iveagh Court was completed in August 2021 and all the flats which were decanted during the project have now been relet. During 2022/23 we commenced a further programme of hot water cylinder replacements to improve the water pressure for our customers in Iveagh Court and the programme will be

complete in 2023/24. Two of those blocks that are categorised as ring-fenced schemes, Bay House and Barn Close, are awaiting a planning decision prior to being demolished and redeveloped (as referenced above). At Boyd Court, we progressed the design work, undertook customer consultation, and completed a procurement exercise to find a suitably qualified contractor to carry out the refurbishment. We started work on the refurbishment in Q4 of 2022/23, focusing on improving the heating and ventilation systems. Work on Campion House, Bryony House and Point Royal in 2022/23 again focused on work to ensure they meet the latest fire safety standards in order to meet the recommendations of the type 4 fire risk assessments. The installation of a sprinkler system in the basement car park at Point Royal, was completed in 2022/23. At Hambleton & Hurley Courts, we undertook customer consultation and completed the scoping of the refurbishment programme which will start in 2023/24.

Considerable progress continues to be made on improving our stock condition data to inform our programme decision making. We target the completion of 750 stock condition surveys each year and we completed 606 surveys in 2022/23, slightly below our target due to customer access issues. We also commenced a programme of PAS2035 surveys and EPCs to improve data on the energy performance and efficiency of our stock, completing 188 PAS2035 surveys and 425 EPCs by the end of the financial year.

Our current underlying stock investment programme is £282m over the 30-year period. This figure is before allowing for future inflationary cost increases and also excludes the investment needs of the ring-fenced schemes for which a further £12m has been set aside in our financial plan.

Procurement

We concluded the procurement of contracts with a total value of over £22m during the year and achieved total savings over the life of the contracts exceeding £1.1m through a combination of competitive quotes and tenders along with below inflation price increase caps on most contracts. Significant contracts procured during the year included contracts for the supply and installation of replacement kitchens and bathrooms, the refurbishment of Boyd Court, the installation of replacement hot water cylinders to improve water pressure for customers at Iveagh Court, a three year programme for EPC surveys to provide data to support future work to improve the energy efficiency of our homes, cyclical redecoration across our estates (including replacement of gutters and works to communal areas), and smart thermostat devices which will also help with the monitoring of damp and mould, along with a range of IT and health & safety services

Rent arrears

Our notional rent arrears figure at year end was 2.53% which was just above the

target of 2.5% and a slight decrease in performance from 2021/22 where we finished at 2.42%. This represents a very strong performance by our rent teams in the light of inflation and the cost-of-living pressures. The number of tenants claiming Universal Credit increased from 2,017 to 2,314 with the number in arrears at the year-end increasing from 905 to 1,212 which is 57% of all Universal Credit cases.

Voids

We had 348 void properties brought back into letting in the year to 31 March 2023 and 49 mutual exchanges. Voids performance continues to be particularly challenging. Delays in void turnaround times have been caused by a number of factors including staff shortages, sickness, varying contractor performance and additional compliance works e.g. asbestos removal. We continue to review contractor support, focus on improving quality and performance of contractors through contract management processes and recruit to vacancies in the team. This, along with other mitigations, is improving the voids turnaround times.

Responsive repairs

21,474 repairs (routine 16,214 and emergency 5,260) were completed in 2022/23. This was a significant increase compared to 2021/22 when we completed 19,604 repairs (routine 14,078 and emergency 5,526). Due to significant repair volume increases, reduced headcount due to difficulties in recruitment and the prevalence of two-person jobs it was challenging to complete routine repairs within target timescales.

We completed the mobilisation of the material supply chain contract with Travis Perkins, rolling out automated van stocks to all trades teams in 2022/23 except for gas which, due to the high volume of out of hours work required during the winter period, is not suitable for transferring to the automated service.

Customer insight & engagement

We have further developed our customer insight programme to ensure the customer voice plays a pivotal role in shaping our services. Expanding our quantitative transactional surveys to encompass areas such as development, cleaning and grounds maintenance and complaints, to capture real time customer satisfaction and feedback. Additionally, we have conducted customer events, and an annual perception survey and recently engaged in a consultation process to gather customer views on our partnership announcement and investment priorities. These efforts empower us to make informed decisions, improve experiences and align our services with our customer's needs.

We have seen a decrease in overall satisfaction levels across both our transactions surveys and our annual perception survey this year. In response, we conducted a collaborative session in April 2023, involving our customer partnership board

members, Silva board members and executive board. During this session, we utilised the insights gleaned from the annual customer perception survey to hold the business to account.

To proactively address the areas that have been highlighted as significant sources of dissatisfaction, we are currently in the process of developing an action plan. This plan aims to improve the key business areas that have been identified as critical focal points for enhancing customer satisfaction. By implementing strategic measures and targeted initiatives, we aim to drive positive change and elevate customer experience across these key areas.

Our customer partnership board continue to work with us on big strategic and policy issues and how they may affect customers. They also ensure that the processes being proposed to inform future customer facing decisions represent the most effective methodology for customer engagement and use of insight; and to then ensure that recommendations have been formulated after full consideration of the outcomes of those activities. This year, we have reinforced the customer partnership board's authority to scrutinise operational performance and customer satisfaction.

Complaints Handling

We ensure that investigations are conducted promptly and efficiently, and responses are provided within our agreed timelines. This consistent commitment to addressing customer concerns with promptness and efficiency has contributed to our strong performance in resolving complaints.

Annually, we undertake a comprehensive self-assessment aligned with the Housing Ombudsman complaint code, providing assurance of our compliance. Recently completed in April 2023, this self-assessment was reviewed by the risk & compliance committee on 30 May 2023 before being approved by the Silva board on 8 June 2023 and being scrutinised by the customer partnership board on 19 July 2023. It is now available on our website.

Colleagues

We are a people business and colleagues are at the heart of everything we do. That is why we want to maintain an experience that engages, motivates, and supports all colleagues to achieve their aims and aspirations.

We continue to provide a range of attractive colleague benefits including benchmarked pay, access to generous pension schemes, enhanced leave, enhanced sick pay, maternity, and paternity leave. We also offer health and wellbeing support including a paid health cash plan and a wellbeing contribution.

We have continued to promote our culture of ACE - accountability, creativity, and engagement. This is embedded in key practices including our job profiles, in our

recruitment process, through our quarterly performance review process and in our learning and development approach.

We also operate a robust approach to colleague performance management including the use of regular performance reviews and colleague coaching. We have also provided training and support based around our concept of 'learning paths' and enhanced our training offering in relation to health & safety.

The Silva Colleague Forum (SCF) is a voice for colleagues, and it has helped shape key decisions and activities. This includes consultation on structure changes, feedback on new policies and in the development of our colleague engagement action plan.

In December 2022 we carried out a pulse survey on ten of the key indicators from our Best Companies engagement survey and made significant improvement on 8 of them. Two indicators, that were still positive, had slipped slightly linked from 2021. The first was linked to colleagues' views on customer service, which aligns with our open and honest discussion with them on the decline in customer satisfaction scores; and the second on their view of fair pay, which we feel links closely to rising inflation and the cost-of-living crisis. We have developed actions to address both areas. In the other areas such as how they feel about Silva as a business, its leadership and management, colleague wellbeing and personal growth and wider contribution to the community, all saw very a good increase in score.

At the end of the year ending March 2023, we began a process of engaging with colleagues on the partnership proposals with Abri, aligned with consultation with customers and other stakeholders. We have focused on open and honest conversations about what the partnership means for customers and how it impacts on colleagues over time. There has been a very positive response from colleagues towards the proposals and a clear understanding of the benefits and opportunities that it bring. We (with Abri) have worked hard at providing colleagues with the support and assurance they require during a period of some uncertainty, ensuring that they remain focused on business as usual.

Equality, diversity & inclusion (EDI)

Our Silva Strategy 2021-25 sets out a number of key priorities, one of which is promoting equality, diversity, and inclusion. Underpinning this, is our EDI strategic delivery plan which sets out the strategic projects that we will undertake to ensure we embrace diversity and promote opportunities to ensure customers, colleagues and board members can thrive whatever their circumstances.

Our equality and diversity framework sets out the key principles for EDI work. Our colleague relations framework and all colleague relations policies also include a specific reference to EDI.

The Silva board receives an annual report on the race and gender pay gap and our people committee reviews our approach to EDI every six months. Promoting EDI is

one of our strategic priorities while non-compliance with statutory and regulatory requirements for EDI is one of our strategic risks. The SCF revised/updated terms of reference also includes specific responsibility for EDI.

To meet our statutory requirements, we ensure that all our policies and procedures comply with the relevant legislation and guidance including the Equality Act 2010. We also undertake equality impact assessments to identify if any further action or improvement is needed.

The diversity of our colleague base has increased significantly since 2017. In terms of gender parity, 50% of colleagues are female and 50% of colleagues are male. For ethnicity, 87.6% of colleagues identify as white British or Irish, 10.8% of colleagues describe themselves as black, Asian, or minority ethnic, and 1.6% of colleagues identify as mixed race. The average age of colleagues in the business is 44.61 years old.

While the demographic profile of our customer base is not representative of the wider population in our operating areas, this is an issue historic to social housing and the development of the new town in Bracknell. However, we have seen an increase in new customers from an ethnic minority background. We are carrying out research into any potential barriers that different groups may experience in accessing social housing.

We provide specialist housing support for older people through our independent living schemes and as part of this, customers get access to our handyman service. We also offer an aids and adaptation service which helps ensure that vulnerable customers are supported to live in our properties.

Our latest customer experience survey indicated that satisfaction with us as a landlord overall was broadly similar for ethnic minority customers compared to other customers, which is a positive indication that services are being delivered equally.

Sustainability

Our Silva Strategy 2021-25 sets out a number of key priorities, of which one is tackling climate change & promoting sustainability. Underpinning this, is our climate change & sustainability strategic delivery plan which sets out the strategic projects that we will undertake to deliver our climate change commitments.

We have previously commissioned an external review of our carbon footprint and had appointed a consultant in 2022/23 to begin work on developing a costed and timetabled commitment to achieving carbon net zero. This work is currently paused due to potential merger discussions.

We focused on improving the thermal efficiency data of our stock this year, completing 188 PAS2035 surveys and 425 EPCs (as part of a rolling programme) in 2022/23 which were used to inform our bid to wave 2 of the social housing

decarbonisation fund. Although the bid was ultimately unsuccessful, we continued to develop our strategy in 2022/23 to retrofit our stock.

We are an early adopter of the new sustainability reporting standard for social housing. This standard is a voluntary framework where housing associations can report on their environmental, social, and corporate governance (ESG) performance transparently and consistently. We believe the sector's approach towards ESG can have a huge impact, and we want to open a dialogue around best practices by sharing our story. Our ESG reports are available on our website, and they demonstrate our business performance around the sustainability agenda.

Digital & technology

All colleagues are provided with laptops, phones, or tablets and on average our annual spend on hardware and support is around £200k. Our annual software and license spend is around £650k. This is made up of 20 primary business applications, the majority of which are cloud based.

Our customer portal (My Silva) continues to provide access to a range of key digital services for customers. Over 70% of households are now registered with an active My Silva account. On average, we have around 4,800 sessions per month and the vast majority (over 80%) of this contact is from mobile devices.

We have also continued to expand our digital colleague hub, based on SharePoint software, which brings information, updates, and key documents together in one place. This is accessible to all colleagues and has been designed with a mobile friendly version for front-line colleagues.

We take a number of measures to protect ourselves and minimise the risk of and impact from a cyber-attack. This includes regular patching and upgrading of core systems and the deployment of firewalls and virus protection. Our storage is encrypted on end user devices, and we use intrusion detection and limits on access to users. We have also implemented multi-factor authentication.

We have not experienced any major cyber-attacks this year, however, we continue to be alert to any threat. We monitor two key IT risks in the risk register relating to 'the prolonged failure of core IT systems' and 'the failure to maintain the integrity and security of data', of which the threat from cyber security is a key element. We commission an annual penetration test and undertake any recommended improvement actions to further strengthen our resilience.

Projects & performance monitoring

We have continued to redesign performance reports to make them more focused and easier to read. We have also continued to increase the use of PowerBI reporting software to provide detailed analysis across key performance areas. During the year, we have also undertaken work to improve the breadth, robustness and integrity of our compliance related data reporting and monitoring.

Our project management software enables us to manage and monitor the delivery of projects. We have also continued to implement our approach to the management, production and roll-out of frameworks, policies & procedures. This ensures a consistent and well written model that makes it easy for colleagues and customers to understand our approach and what they need to do.

Health & safety

The Silva board is aware of its responsibilities on all matters relating to health and safety. The safety of our customers is of paramount importance, and we have a good health and safety track record with effective controls and systems in place. During the last year, we have continued to focus on driving continuous improvements in health and safety culture, performance and compliance.

Our operational compliance group meet monthly and is chaired by the head of health & safety to monitor and review the performance of all health and safety compliance obligations. We have a health & safety compliance dashboard for monitoring key indicators of compliance (including gas, fire, electrical, water, lifts, trees, asbestos, and damp & mould) to provide assurance we are maintaining statutory, regulatory and policy compliance.

The executive board have oversight of this group and receive monthly assurance reports. The risk & compliance committee and the Silva board receive a quarterly assurance report.

We recognise the importance of conducting our operations within a structured framework and have a suite of policies and management plans across the key areas of compliance. Our health and safety framework was last updated in May 2023. Its purpose is to outline our approach and overall arrangements for health and safety, and it links all relevant documents relating to health and safety matters. A new damp & mould policy outlining our approach to managing damp & mould to ensure that we minimise the risk to customers, their visitors, colleagues and people who work on our behalf was reviewed and approved by the risk & compliance committee in January 2023 and the damp & mould management plan was approved in March 2023 by the executive board.

We have retained health and safety consultants who provide us with advice as required and engage subject matter experts to carry out in-depth reviews (on a two-yearly programme) of our main eight compliance areas together with Construction (Design & Management) Regulations 2015 (CDM) and our safe working practices. These reviews are supported by action plans to strengthen our compliance and adherence to best practice. To maintain and continuously improve our health and safety arrangements, whilst providing ongoing assurance that arrangements are monitored and managed, we agreed a further two-year programme of in-depth reviews for 2022-24. We have had four in-depth reviews this year, these are for

water, lifts, CDM and our safe working practice guidance documents.

An annual report on health and safety was provided to the Silva board in June 2023 which acknowledges progress across all areas and sets out actions for further improvement.

Additional resources have been factored into 2023/24 budget and our 2023 financial plan, to address additional compliance requirements arising out of new and emerging building and fire safety regulations and the increased regulatory focus on damp and mould.

Managing risk

Effective risk management requires clarity of responsibilities, enabling risks to be understood and well-managed across the organisation. We are committed to continually improving our approach to the identification and management of risk, as well as ensuring that our appetite for risk enables long-term viability, sustainability, and growth for the business. Risk management is embedded within our business processes.

We have a comprehensive risk management framework in place which we apply to the identification of risks and their scoring according to impact and likelihood to direct focus on key risks. This framework was last updated in March 2022. There is a programme of mitigating controls and assurances in place in line with the three lines of defence model. We aim to align risks with agreed levels of tolerance, and actions are identified where necessary to achieve target risk scores.

We adopted a new risk management system in January 2022 which has improved the way we record and report risk. The current risk register is updated dynamically as risks emerge or evolve and reviewed regularly by the executive board, the risk & compliance committee and the Silva board. Monthly risk assurances are provided to the executive board. The Forest Future Homes board reviews its own risk register, which is also reported to the risk & compliance committee (as this is a group committee). Reporting focuses on high level (red) risks, significant adverse changes in medium (amber) risks, and the strength of controls and assurance in place to mitigate the risks.

We recognise that risk management is the responsibility of everyone within the business and expect all colleagues to understand and support our risk management culture through mindful execution of their role. We expect all our managers to promote operating within our determined risk appetite and to proactively identify and manage risk within their areas of responsibility. Risk reporting is included within our business assurance reporting and decision-making processes to ensure alignment across business functions.

The last twelve months has seen a further reduction in the impacts experienced from the Covid-19 pandemic, with most of the risk scores that had been increased over the short (6 months) to medium term (12 months) being de-escalated to pre-Covid-19 levels.

Developments in the external operating environment continue to impact operations and are assessed on a continuing basis and reported to the Silva board quarterly. These include the impacts of Brexit, the war in Ukraine and cost-of-living crisis, with notable impacts on supply chains and availability of resources as well as customer satisfaction levels. We also report on changes in legislation and regulation and economic issues such as interest rates, inflation, and economic growth. Our business continuity mitigations were tested by the pandemic, and we continue to be able to provide assurance regarding our ability to respond to challenges and a volatile risk landscape.

During the year, the Silva board and the executive board also reviewed risk appetite. Emerging risks were also considered with reference to the Sector Risk Profile report 2022 by the Regulator of Social Housing.

Our risk & compliance committee adds an additional layer of scrutiny across all aspects of risk and compliance so that additional assurance can be provided to the Silva board. The committee also carries out deep-dives into all of the red (high) residual (current) risks and key amber (medium) risks and provides challenge to risk sponsors and risk managers on scoring, mitigations, and actions.

In our year-end risk review for the quarter ending March 2023, we identified four high (red) residual (current) risks as follows:

- Gas safety non-compliance - mitigated by an updated gas safety policy and management plan, a programme of gas servicing by Gas Safe accredited engineers, mandatory staff training, gas safety management plan, data validation reports, independent quality audits, and an in-depth independent review of gas safety.
- Fire safety non-compliance - mitigated by an updated fire safety policy and management plan, a programme of fire risk assessments, monitoring of remedial actions, independent validation of fire risk assessments and remedial works, compliance checks for in-scope buildings, installation and maintenance of sprinkler systems at buildings over ten storeys, fire consultant assistance, fire brigade inspections of high risk buildings, independent quality audits and an in-depth independent review of fire safety.
- Failure to deliver development programme - mitigated by diversification into

more land-led schemes, scheme monitoring including cash flow, regeneration of existing stock opportunities, less reliance on S106 planning gain projects, undertaking joint venture opportunities with contractor and developer partners, market analysis and effective marketing to ensure we develop the right product for sale and enable sales targets to be met and monitoring of quality and outcomes of onsite delivery.

- Developer failure - s106 - mitigated by regular credit checks on developers and limitations of financial exposure to single developers, long stop completion dates, direct relationships with sub-contractors, tracking market intelligence and monitoring delays.

We also undertake a wide range of risk-based stress testing of our financial plan on an annual basis with input from our treasury advisors. For the 2023 financial plan, we applied twelve different stress tests, two multi-variate stress scenarios and a perfect storm scenario. Only two of the individual stress tests, sustained real new build cost inflation of 10% above CPI annually and an unexpected one-off cost of £5m, would result in a failure in our tightest EBITDA- MRI interest cover covenant but could be mitigated by scaling back our development programme, re-phasing our planned works programme and making some overhead savings. None of the individual stress tests result in a failure to meet our gearing covenants.

The two multi-variate stress tests are based on asset management plus economic shock (MV1) and on development shock (MV2). MV1 allows for an additional £81m investment to retrofit our stock to achieve net zero carbon, increases the cost contingency allowed to 50% for works to our ring-fenced schemes, increases annual stock investment spend by 5%, drops rent increases to CPI only, ramps up bad debt provision to 2%, adds 1% to the interest rate on our SONIA based borrowings, adds 1% to the margins on new loans from 2028/29, restricts rent increases in 2024/25 and 2025/26, and increases the provision for bad debts during the first five years of the plan. MV2 ramps up new build cost inflation to CPI+10%, reduces our shared ownership first tranche sale equity to 25%, drops sales values by 20%, and extends sale periods from three to nine months. The perfect storm combines all the individual stress tests including an unexpected one-off cost of £5m.

Both multivariate tests and the perfect storm can be accommodated within our gearing covenant but would cause us to fail our tightest EBITDA-MRI interest cover covenant. To mitigate these tests and the perfect storm we would need to stop all uncommitted development, curtail some operating costs, and reduce spend on major works whilst ensuring that building safety works and compliance checks are maintained. These mitigating actions would allow us to meet our interest cover covenants so we could weather the storm and sustain our long-term financial viability. A workshop was held with on 25 April 2023 with our leadership group to

undertake dynamic stress-testing and mitigating actions in order to demonstrate the impact of various scenarios and understand the effectiveness of different mitigating actions.

Financial performance

Income and expenditure

An operating surplus (excluding the surplus on disposal of property, plant and equipment) of £18,181k was achieved in 2022/23 compared to £14,186k in the prior year. The operating margin (excluding the surplus on disposal of property, plant and equipment) increased to 30.2% in 2022/23 from 28.9% in the prior year.

Income from rents and service charges increased by £3,280k, as a result of the rent increase of 4.1% (being the annual rate of increase in the CPI at 30 September 2021 plus 1%) together with additional rents from new homes.

Sales of first tranche shared ownership homes increased to 79 sales in the year compared to 33 in 2021/22. This resulted in a higher surplus on first tranche sales in the year of £4,073k compared to £1,273k in the prior year, with a higher margin of 31.6% achieved compared to 24.1% in 2021/22 which was lower than usual due to lower margins on a small number of properties we bought directly from a developer for re-sale and on properties we redeveloped ourselves on the site of a redundant sheltered housing scheme, both being outside of S106 development agreements on which we generate higher margins. Our budget for 2023/24 is for 65 sales at an overall average margin of 31.3%.

Operating costs were £2.2m higher in 2022/23 compared to the prior year. Factors contributing to this increase included higher management and service costs due to the impact of inflationary cost and salary increases due to the economic impact of the war in Ukraine, higher spend on responsive repairs as we continued to reduce the backlog created from the Covid-19 lockdowns, and higher major repairs operating expenditure mainly related to improving fire and other building safety.

A surplus on the disposal of property, plant and equipment of £763k was recorded in 2022/23 compared to a surplus of £4,038k in the prior year. The surplus in 2021/22 was mainly generated from the sale of two redundant independent living schemes.

Treasury management

We borrow money to fund investment activities in providing new homes. A detailed treasury management policy is in place which is regularly reviewed by the Silva board and sets out rules for borrowing activity and management of liquidity which are reflected in an annual treasury plan with responsibility delegated to the executive director (finance & procurement) for implementation. Our 'golden rules',

which are set annually by the Silva board, reflect the requirements of the treasury management policy and the loan covenants in place, with compliance ensuring long term financial viability. These rules are regularly monitored, and progress is reported through the management accounts with a detailed treasury report setting out performance made to the Silva board twice a year.

Borrowing facilities

The association has a total of £378.5m of loan facilities in place from nine lenders (2021/22: £250.5m). During the year, we put in place two fixed rate capital market facilities totalling £128.5m - £28.5m through the government's Affordable Housing Guarantee Scheme (AHGS) and £100m private placement of which we received £50m immediately and deferred £25m for one year and £25m for two years.

	Facility type	Total facility	Drawn facility	Interest rate basis
Bank loans				
AIB	Revolving credit facility	£50m	£0m	Variable - based on SONIA
Danske Bank	Revolving credit facility	£25m	£25m	Variable - based on SONIA
Santander	Revolving credit facility	£75m	£16m	Variable - based on SONIA
Barclays	Overdraft	£0.5m	-	Variable - based on SONIA
Total bank loans		£150.5m	£41m	
Other loans				
AHGS	Term loan	£28.5m	£28.5m	Fixed
BAPFIM	Term loan	£35m	£35m	Fixed
Private placement	Term loan	£100m	£50m	Fixed
THFC - AHF	Term loan	£15m	£15m	Fixed
THFC - EIB	Term loan	£25m	£25m	Fixed
THFC - bLEND	Term loan	£25m	£25m	Fixed
Total other loans		£228.5m	£178.5m	
Total facilities		£379m	£219.5m	

As at 31 March 2023, £219.5m (2022: £189m) of these facilities were drawn with 81% at fixed rates of interest (2022: 53%) and 19% at variable rates (2022: 47%).

Interest rate management

Our loan facilities are at a mix of term loans at fixed rates and revolving credit facilities at variable rates in order to provide appropriate mitigation of the risk of interest rate increases while giving flexibility over the amount drawn down.

At 31 March 2023, the weighted average interest rate on debt drawn was 3.67% (2022: 2.28%) and the weighted average term of debt drawn, taking into account the amortising schedule of loan repayments, was 13 years (2021: 14 years).

Loan covenants

When entering into loan agreements with lenders, a set of covenants are agreed which are monitored over the life of the loan to ensure compliance. The loan covenants in place were based on asset cover and interest cover. It is our policy to set a minimum performance level giving 10% headroom against the covenants when approving our financial plan giving headroom in which any adverse financial variations can be managed. Covenant performance is reported regularly to the Silva board in accordance with the group's treasury management policy. All covenants were met during 2022/23 and at the end of the year the Silva board was content that significant headroom exists against all covenants and that sufficient committed loan facilities were in place to meet our funding requirements for 2023/24.

Future funding

Our committed borrowing facilities at 31 March 2023 are £378.5m of which £219.5m is drawn. We are monitoring future funding requirements, taking into account the impact of the external environment (including the on-going impact of high inflation and interest rates, war in Ukraine, and legislative changes to incorporate the carbon reduction programme) on our operations and development plans. Our current projection is that we will not require further funds before December 2026 and our treasury management policy requires that new or extended facilities are agreed in a timely manner to ensure that the group always has sufficient access to funds to meet its obligations and deliver its strategy. Our treasury management policy requires that new or extended facilities are agreed in a timely manner to ensure that the group has sufficient access to funds to meet its obligations and deliver its strategy.

Governance

The Silva board

The Silva board is the group parent board. It is a single status board whereby its members are recruited for their skills, knowledge and experience. There are no nomination or appointment rights held by any third party. The non-executive board members are the only shareholders. The board members who served during the period are set out on page 1.

During the year, the Silva board met thirteen times including three special/ad hoc board meetings and two strategic offsite events over two days which were fully constituted and minuted as two board meetings. Furthermore, there is an urgent/efficient decision-making policy and procedure in place which allows for the Silva board and its committees to make decisions between meetings.

Governance framework

We have a comprehensive framework in place that sets out our approach to governance. The main aim of the framework is to ensure that decision making powers and delegated authorities are clear. Delegation of power by the Silva board to a committee, to the executive board collectively and as individuals, are included in this document. Delegation of financial authority is defined within the financial regulations. The framework has a number of linked documents intended to clarify and give guidance on the effective governance of the business.

As part of our board skills, performance & development policy, and to ensure compliance with the NHF code of governance, we carry out a triennial review of governance using external support to challenge and support the review. The last review was in 2021 when we adopted the new NHF Code of Governance (2020) and amended a number of our policies and committee structure. The next review would be due in 2024 subject to progress with the partnership proposal outlined earlier.

Customer partnership board

The customer partnership board is a forum to provide a key link into the strategic leadership and decision-making mechanisms within the business which impact customer services. During the year, nine customers sat on the customer partnership board. There was some turnover in the year with four members stepping down during the financial year. Due to the partnership discussions, it was agreed not to recruit to these vacancies.

Silva board members

The biographies of the Silva board members are set out below:

Graeme Stanley - Chair of the Silva Board (appointed September 2013)

Graeme is a former housing association chief executive, currently working in consultancy. He has acted in a number of non-executive director roles and is currently a board member of a farming business and property development company, MB Crocker Ltd. Graeme holds an MSc in Strategic Management and Housing and is a Fellow of the Chartered Institute of Housing.

Iain Bacon - Chair of the Audit Committee (appointed November 2016)

Iain is a chartered accountant with senior finance experience in a number of sectors and is currently working as interim chief financial officer at Shepherds Bush Housing.

Previously he held senior management roles at Great Places, GreenSquare, One Housing, Viridian, The Guinness Partnership, Centrex and Capita Group. Iain brings excellent insight into strategic issues for the social housing sector and risk management expertise.

David Mody - Chair of the Risk & Compliance Committee (appointed October 2021)
David has spent his career in risk and project management. David currently Heads up Risk Management for Surrey County Council after previously acting as a consultant for organisations looking to improve their risk management capabilities. David has spent most of his profession in the telecoms sector working for companies such as Vodafone and BT including as Head of Risk for BT. David has an MBA from Henley Management College and over 15 years of housing sector experience having sat as a non-executive director on two other boards.

Candace Valiunas - Chair of the People Committee (appointed September 2016)
Candace has had a successful and broad-based career in private equity real estate transactions and asset management. She is an experienced director and advisor to boards in the UK and continental Europe. She is currently a non-executive director of M7 Regional E-Warehouse REIT and a member of a number of investor advisory boards of M7 Real Estate sponsored funds.

Maggie Porteous - Customer Partnership Board Co-chair (appointed October 2020)
Maggie has worked her entire career with John Lewis Partnership. She recently retired after 31 years with the company. Her entire career has been focused on customer service and delivery. She also has exposure to strategic asset and property management through her career. Maggie is currently a trustee of the John Lewis Foundation and is a non-executive board director of the Sheffield Teaching Hospitals NHS Foundation Trust.

Stephen Skuse - Chair of Forest Future Homes (appointed October 2020)
The majority of Stephen's career to date has been spent in residential development. This involved significant work with housing associations. In 2017, Stephen joined Catalyst Housing as director of development delivery, and he was also their director of land and partnerships for London. Since leaving full time permanent work in June 2021 he has carried out interim roles namely at RHP where he was Executive Director of Homes and currently at Sixty Bricks in Waltham Forest. Steve was appointed as chair of Forest Future Homes board in May 2022.

Karen Morris-Lanz (appointed February 2018)
Karen is founder of Waponi HR, a consultancy partner which delivers skills, people and technology change to align business, people and digital strategies. She continues to lead HR, IT and learning and development teams delivering substantial change across a number of high-profile organisations across a diverse range of business

sectors and public sector organisations. She brings experience of introducing a number of digital initiatives to increase efficiency and has a passion for aligning people and technology.

Remon Fahim (appointed 21 October 2021)

Remon is a business accountant with over 20 years of experience in the technology, media and telecom sector as well as the professional services sector. Remon has held finance leadership positions in multinationals as well as SMEs, including, Telefonica, Serco Group, and during his early career, trained at Accenture. He is currently serving as Senior Director at Paramount Global. Remon has several years' experience delivering public sector services with local and central government, as well as previously holding the position of non-executive director at CityWest Homes. Remon has an MBA from Warwick Business School and is also a chartered management accountant.

Amanda Williams (appointed September 2016 and resigned 11 May 2022)

Amanda is chief investment officer at Aster Group and has over 25 years' experience in development, marketing and asset management for housing associations. Before that, she was director of business development at Synergy and drove the strategic direction of new-build development activity, including becoming an independent preferred investment partner. She has also been head of development for Sanctuary Housing Group and an associate director of Adams Integra (a consultancy specialising in housing development and planning) and director of development for Apex Housing.

Alan Ward (appointed April 2018)

Alan was appointed to the Silva board when he was appointed as the chief executive of Silva Homes. His biography is set out on page 28.

Subsidiary board

Forest Future Homes is the only subsidiary within the group and was incorporated in April 2013. It has its own board of directors which comprises two non-executives and two executives. All board appointments (and removals) are made by the Silva board. The governance and operational framework for the subsidiary was most recently updated in November 2021.

The members of the subsidiary board who held office during the year and to the date of signing the financial statements were as follows:

- Remon Fahim - appointed in October 2021.
- Stephen Skuse - appointed to the board as the chair in May 2022.
- Amanda Williams - appointed to the board in October 2018 and appointed as the chair in July 2021. She was removed in May 2022 following her resignation from the Silva board.

- John Andrew - appointed in September 2018.
- Laura Johnson - appointed in October 2018.

Valerie Lynch is company secretary - appointed in February 2016.

Group committees

The Silva board and the Forest Future Homes board have delegated some responsibilities to three group committees which are set out below. The membership of the three committees is agreed annually by the Silva board in line with the agreed skills matrix.

The audit committee's core responsibilities include external audit and statutory accounting, internal controls, internal audit, fraud, bribery, whistle blowing and value for money. The committee receives and considers in detail the statutory accounts and recommends them to the Silva board for approval. It also recommends the appointment of the external auditors to the Silva board. The committee agrees the internal audit plan, receives internal audit reports and considers management responses. It also recommends the appointment of the internal auditors to the Silva board. The committee's responsibilities are to carry out scrutiny in these areas and make recommendations to the Silva board as appropriate. Included within the committee's terms of reference it has the authority to investigate any activity as it sees fit and if necessary to obtain legal or other independent advice to enable it to properly conduct its business. The committee met five times during the year. Membership of the committees is set out in the general information on page 1.

The people committee's responsibilities include overseeing matters relating to board member conduct, remuneration, performance, skills and succession planning; matters relating to executive terms and conditions, remuneration and performance; colleague pay and benefits; and pension planning and provision. The committee's responsibilities are to carry out scrutiny in these areas and make recommendations to the Silva board as appropriate. The committee also has some delegated powers for colleague relations policy approval. The committee met five times during the year.

The risk & compliance committee's responsibilities include overseeing matters relating to risk identification, management, mitigation and assurance; matters relating to legal and regulatory compliance, and specifically health and safety, including scrutinising the integrity of assurance reporting. The committee's responsibilities are to carry out scrutiny in these areas and make recommendations to the Silva board as appropriate. The committee met six times during the year.

Board member remuneration

The group has remunerated its board members since 2013. The last review of board

remuneration was undertaken in June 2021 (with external advisers) as part of the wider governance review. The emoluments of the non-executive directors of the members of the board during 2021/22 were as follows:

Board member	Role	Emoluments
Graeme Stanley	Chair	£16,500
Iain Bacon	Committee chair	£9,500
Candace Valiunas	Committee chair & SID	£10,000
David Mody	Committee chair	£9,500
Karen Morris-Lanz	Board member	£7,500
Maggie Porteous	Board member & co-chair CPB	£9,500
Stephen Skuse	Board member & chair FFH	£7,932
Remon Fahim	Board member	£7,500
Amanda Williams	Board member (resigned 11 May 2022)	£909

During the year, Alan Ward was an executive member of the board but received no remuneration for services to the board. Remuneration for executives is disclosed in note 5 to the financial statements.

Attendance

The board monitors attendance at meetings and this was 98% (2022: 90%) at Silva board meetings, 100% (2022: 100%) at committee meetings and 100% (2022: 100%) at FFH board meetings.

Executive board

Day to day management of the group is delegated to the chief executive and the executive directors. As the executive board they have collective authority delegated by the Silva board and the Forest Future Homes board. They also have individual authority delegated to run their service areas and can make decisions within certain parameters and within limits set within the financial regulations. The executive board can agree further delegation to colleagues within certain parameters defined by the Silva board. The executive board terms of reference state that they can determine their own working arrangements. They meet twice a month and attend Silva board meetings.

All members of the executive board are employed on executive service contracts. Executive contracts, pay and benefits were reviewed by the people committee. Their contractual notice period is six months. The biographies of the executive board members are set out below.

Alan Ward - Chief Executive (appointed April 2018)

Alan was appointed as Silva's chief executive in April 2018. He set up his own

successful consultancy business in 2007, working for over a decade mostly with housing sector clients but also some in the education and health sectors. Prior to that, he was group chief executive of Curo Group in Bath for 10 years. He worked closely with the association on a number of consultancy assignments from 2016 to 2018 including the development of its growth strategy and new strategic plan.

John Andrew - Executive Director (Finance & Procurement) (appointed May 2018)

John previously worked as finance director at Tai Tarian, a stock transfer housing association in South Wales. Prior to that John held a number of senior roles for commercial companies including Walter Energy Inc, Reliance Security Group, BAE Systems, Anglian Water and KPMG.

Dasos Christou - Executive Director (Customer Relations) (appointed August 2019)

Before joining Silva, Dasos worked as the Head of Customer Service at Richmond Housing Partnership (RHP) for just under seven years. Prior to that, he spent 11 years employed by John Lewis and Partners, working in a variety of different managing roles including branch management, Head Office and part of the leadership team successfully launching John Lewis Financial Services.

Laura Johnson - Executive Director (Assets & Growth) (appointed September 2018)

Laura has worked in housing for over 20 years at a number of organisations. She has been the director of housing at two London boroughs. Before joining Silva, she worked as a consultant with Peabody Housing Association on development and change following their merger.

Robert Smyth - Executive Director (People, Digital & Change) (appointed May 2018). Rob left the business in December 2022. His post has remained vacant pending partnership discussions and his responsibilities distributed to the other four members of the executive board.

Financial position

The consolidated statement of comprehensive income on page 51 shows a surplus for the year of £12.6m (2022: £3.4m). Total reserves, after adjusting for the actuarial gain relating to the pension scheme, are £281.5m (2022: £255.9m). Key statistics are shown in the table below.

Group five-year summary (£000s)

Year ended 31 March	2023	2022	2021	2020	2019
Statement of income					
Turnover	60,139	49,090	50,449	50,042	45,274
Cost of sales	(8,814)	(4,011)	(5,667)	(6,706)	(4,374)
Operating costs	(33,144)	(30,893)	(28,489)	(31,659)	(28,431)
(Loss)/surplus on disposal of property, plant & equipment	763	4,038	(601)	478	874
Operating surplus	18,944	18,224	15,692	12,155	13,343
Finance costs	(6,318)	(14,829)	(6,416)	(5,925)	(5,636)
Surplus for year	12,626	3,395	9,276	6,230	7,707
Financial position					
Housing properties	499,428	459,565	429,379	411,341	380,407
Other fixed assets	1,062	1,260	1,123	1,078	1,658
Fixed asset investments	-	-	-	-	-
	500,490	460,825	430,502	412,419	382,065
Net current assets	33,653	39,183	57,282	76,912	65,994
	534,143	500,008	487,784	489,331	448,059
Loans due after one year (includes FRS 102 adjustment and premium on loan issue)	(219,994)	(194,088)	(182,778)	(191,290)	(153,902)
Other long-term liabilities	(32,631)	(50,011)	(56,785)	(53,612)	(57,808)
Reserves	(281,518)	(255,909)	(248,221)	(244,429)	(236,349)
	(534,143)	(500,008)	(487,784)	(489,331)	(448,059)

Year ended 31 March	2023	2022	2021	2020	2019
Key statistics					
Operating margin (excluding loss or surplus on disposal of property, plant & equipment)	30.2%	28.9%	32.3%	23.3%	27.5%
Operating margin (as above) excluding impairment	30.7%	29.8%	31.1%	23.3%	28.2%
Asset gearing	41.5%	39.4%	35.8%	35.8%	32.2%
EBITDA-MRI surplus	18,822	15,834	18,005	9,363	14,713
EBITDA-MRI margin %	31.3%	32.3%	35.7%	18.7%	32.5%
EBITDA-MRI interest cover	2.6	1.0 (note)	2.4	1.3	2.2
Return on capital employed	3.6%	3.6%	3.2%	2.5%	3.0%

Note: The figure for EBITDA-MRI interest cover of 1.0 in 2021/22 includes £8,951k of net finance charges which arose on the refinancing of existing term loans in

December 2021. Excluding these charges, the figure for EBITDA-MRI interest cover was 2.25.

The statistics reported above use the calculations used for the value for money measures set out later in this report and based on the definitions set out in the regulator's technical note guidance on value for money metrics which was published in May 2021. Lender covenant outcomes will not match the above figures as they are based on definitions and calculations set by the individual lenders.

The increase in operating margin in 2022/23 compared to 2021/22 was primarily due to the increase in rental income and the higher surplus from shared ownership sales, partly offset by higher management costs (including higher colleague salaries), higher spend on the catch up of routine repairs, and higher major repairs expenditure (driven by building safety compliance).

Accounting policies

The group's principal accounting policies are set out on pages 63 to 72 of the financial statements. The most significant policies impacting on the financial results relate to accounting for our housing properties.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, in accordance with Financial Reporting Standard 102 (March 2018) (FRS 102) issued by the Financial Reporting Council and comply with the Statement of Recommended Practice for registered social housing providers 2018 Update (SORP), the Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing 2022. Silva Homes Limited is a public benefit entity, as defined in FRS 102 and applies the relevant paragraphs prefixed 'PBE' in FRS 102.

Housing properties

At 31 March 2023, the group owned 6,513 housing properties for rent (2022: 6,380) and owned the freehold of 1,081 properties which have been leased on long term leases (2022: 1,084). The group also retains an interest in 444 (2022: 408) shared ownership properties.

The properties are carried in the balance sheet at deemed cost, using values based on the Existing Use Value - Social Housing (EUV-SH) as at 1 April 2014. Any additions to the stock since 1 April 2014 are recorded at cost. Property values are stated net of depreciation and accumulated impairment losses.

Pension costs

The group participates in the Royal Berkshire Local Government Pension Scheme (LGPS). This is a final salary scheme and the group's contribution rate continued at 20.8% during 2022/23 (2021/22: 20.8%) following the outcome of the 2019 triennial

valuation with employees paying at varying rates depending on their salary banding. The value of the group's share of the liabilities of the scheme decreased by £13.4m during the year (2022: decrease of £1.1m) primarily due to an increase in the discount rate applied to future pension liabilities and the value of the group's share of the assets of the scheme reduced by £0.5m as result of turbulence in financial markets (2022: increase of £2.6m). In line with the requirements of FRS102 and as shown in note 5 to the financial statements, asset capping of £0.4m has been applied the fair value of the group's share or the scheme assets, reducing the pension asset at 31 March 2023 to nil (unadjusted: £0.4m asset) compared to a deficit of £12.5m at 31 March 2022. The data underlying the assumptions used to value the liabilities along with the market value of the assets in the scheme are volatile and the group recognises the risk of future changes in the fund valuation.

Our membership of the Royal Berkshire LGPS was closed to new entrants as from 1 September 2009. This was replaced by a defined contribution scheme with Scottish Widows whereby the group makes contributions in the range of 6% to 12% depending on the employee's contribution.

During 2022/23, the group continued to monitor its pension arrangements in order to manage the financial risk associated with the defined benefit scheme. We signed a funding agreement with the administering authority of the Royal Berkshire LGPS in November 2018 which means that the scheme would continue to be valued on an ongoing basis even if there are no active members. This means we would continue to make annual contributions to fund any deficit rather than being required to make a single lump-sum payment to settle the deficit.

Financial risk management objectives and policies

The group's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. The use of financial derivatives is governed by the group's treasury management policy, which provides details of the circumstances under which use of these instruments might be considered. The group does not use derivative financial instruments for speculative purposes.

Cash flow risk - The group's activities expose it to the financial risks of changes in interest rates. In order to manage these risks, the group arranges for its loan facilities to be at an appropriate mix of fixed and variable interest rates in accordance with its treasury management policy, as shown in the table on page 22.

Credit risk - The group's principal financial assets are cash and cash equivalents, rent arrears and other receivables. The group's credit risk is primarily attributable to its rent arrears. The amounts presented in the statement of financial position are net of allowances for bad debts. The credit risk on liquid funds is limited because of the group's policy of using counterparties with high credit ratings.

Liquidity risk - In order to maintain liquidity to ensure that sufficient funds are readily available for ongoing operations and future developments the group uses a mix of long term and short-term debt finance. It is the group's policy to maintain cash deposits equivalent to three months operating cash requirement and these are held at more than one institution to spread the counterparty risk.

Strategic approach to value for money

Value for money is defined as ensuring that optimal benefit for our customers and stakeholders is derived from our use of resources and assets.

One of our eight strategic priorities in the Silva Strategy includes ensuring financial viability, good governance and value for money. Our value for money framework sets out our approach to identifying, delivering and measuring value for money across all areas of the business. It ensures we meet the regulatory requirements to set and measure strategic objectives for the business which provide value for money and deliver homes which meet a range of needs.

Our quarterly performance and compliance clinic (PCC) allows for scrutiny by our executive board and wider leadership group of our progress prior to review and challenge by the Silva board. The PCC analyses our performance against our financial targets and operational key performance indicators to ensure we are providing value for money in the provision of services for our customers, in the maintenance, repair and improvement of our housing properties and in the development of new homes.

Each of our strategic priorities has a strategic delivery group that meets once a quarter to oversee progress against strategic and operational projects within the relevant strategic delivery plan. The board receives a comprehensive report every six months at its strategic offsite event on progress against each of the eight strategic delivery plans developed to support the Silva Strategy.

Set out below is our performance against the measures set out in our value for money framework. We have compared the performance we achieved against our targets and against peer group benchmarks. The targets were based on our budget for 2022/23. We have not met all our targets, and this is largely due to challenges in the external environment including resourcing, supply chain issues and cost increases exacerbated by the political turmoil experienced in the UK as well as the war in Ukraine and other external factors through the whole year. The peer benchmark data included for comparison in the tables below is the latest available which is for 2021/22 and therefore is not a like-for-like comparison against our

2022/23 performance but gives an indication of sector benchmarks. We have included relevant comments on our performance in 2022/23 below.

A particular factor which continues to affect our value for money metrics is that we have a disproportionate amount of flatted stock much of which was built over a similar period (as part of the original new town development or its subsequent expansion), and which is consequently ageing at the same rate. As referenced earlier, we have identified a number of blocks where additional investment is required over and above routine component replacements. For investment appraisal purposes, we refer to these as the 'ring-fenced' schemes (RFS) as the resources required are ring-fenced in our financial plan. During the last quarter of 2022/23 we started work on the first phase of the refurbishment of Boyd Court and consulted with customers on the refurbishment of Hambleden & Hurley Courts which we plan to start in 2023/24. We continue to show the effect on our social housing cost per unit in table E below for those periods which are impacted by material expenditure on these schemes.

We also continue to spend significant sums in maintaining the external environment associated with our housing estates. We have large areas of open space and around 13,200 trees. In 2022/23, we spent £916k (2021/22: £889k) in meeting this commitment and whilst efficiencies will be sought it is recognised that ongoing maintenance and health and safety compliance will cost us far more than most associations of our size.

At the end of the following section, we have also set out a report of our performance against our internal value for money objectives for 2022/23. Our internal objectives for 2023/24 include the following:

Pro-active asset management

- Complete the refurbishment of Boyd Court.
- Progress the fire risk assessment remedial actions including completing our programme of ensure all communal fire doors meet the latest standard.
- Progress the redevelopment of Bay House & Barn Close.
- Complete 1,250 stock condition surveys as part of our rolling five-year survey programme, and 750 energy performance surveys to better refine our data for investment decision making and grant funding applications.
- Take handover of 202 new homes for social and affordable rent and shared ownership.
- Respond quickly and effectively to any issues of damp & mould reported by our customers and continue to roll-out our damp & mould management plan including the use of active monitoring technology.

Improving customer satisfaction

Every year we carry out an independent annual customer perception survey to understand how our customers feel about the services we provide and the areas for improvement. We aim for more than 1,000 responses that are reflective of our customer base. We then share the outcomes of the survey with customers, colleagues, the customers partnership board and the Silva board and devise an action plan around the themes that come through the survey.

In 2022/23 there were 28 actions identified of which 18 have been completed, 4 are still in progress and 6 were paused due to partnership conversations for example investment in new systems.

Delivering value for money gains

- Maintain our rent arrears at below 2.5% despite the impact that the cost-of-living crisis will be having on our customers.
- Apply our hardship fund of £30,000 to support the most vulnerable customers to sustain their tenancies.
- Deliver whole life savings and cost increase avoidance of 5% for procurement contracts signed in 2022/23.
- Reduce the average time taken to complete repairs to void properties.

Value for Money Standard and the Sector Scorecard

In the tables below, the measures marked with a star (*) are required by the regulator as part of its Value for Money Standard which was updated in April 2018. The other measures comprise the remaining elements of the Sector Scorecard.

We have set out our actual results for the last two years with a comparison to our targets for 2022/23 for the Sector Scorecard measures. We have also shown the targets which were included in our budget for 2023/24 for those measures along with a comparison to our peer group data for 2021/22 (which lag a year behind but are the latest available). The peer group comprises data from HouseMark (the leading data and insight company for the UK housing sector) for associations with between 5,000 and 10,000 units based in southern England. We previously used 2,500 units as the lower point of the range but now consider 5,000 units to be more appropriate as we have continued to add more stock through new developments.

A. Business health		Silva Homes				Peer group	
		23/24 target	22/23 actual	22/23 target	21/22 actual	21/22 upper quartile	21/22 median
(1a)	Operating margin (overall) *	28.6%	30.2%	29.1%	28.9%	26.0%	21.1%
(1b)	Operating margin (overall) - excluding impairments	28.6%	30.7%	29.1%	29.8%	-	-
(2a)	Operating margin (social housing lettings)	28.2%	30.8%	29.0%	30.7%	28.4%	25.2%
(2b)	Operating margin (social housing lettings) - excluding impairments	28.2%	31.5%	29.0%	31.7%	-	-
(3a)	EBITDA-MRI as % of interest cost *	126%	256%	244%	99%	211%	158%
(3b)	EBITDA-MRI as % of interest cost - excluding costs related to refinancing completed in 2021/22	126%	256%	244%	225%	211%	158%

Our overall operating margin of 30.2% for 2022/23 was above our target of 29.1% and above the peer group upper quartile comparator for 2021/22 of 26.0%. Our target for 2023/24 is 28.6%. During 2022/23, the operating margin on social housing lettings has improved as well as the operating margin on shared ownership first tranche property sales due to a number of low margin sales in 2021/22 that weren't repeated in 2022/23.

Our EBITDA-MRI interest figure of 256% for 2022/23 was above the target of 244% and above the peer group upper quartile comparator for 2021/22 of 211%. This higher level is driven by lower spend than budgeted on major works. This underspend in 2022/23 is budgeted to catch up in 2023/24 which along with a much increased investment budget and significantly higher interest costs is driving the lower target figure.

B. Development - capacity and supply		Silva Homes				Peer group	
		23/24 target	22/23 actual	22/23 target	21/22 actual	21/22 upper quartile	21/22 median
(4)	New supply added - social (as a % of existing stock) *	2.7%	2.5%	3.1%	2.4%	2.3%	1.4%
(5)	New supply added - non-social (as a % of existing stock) *	-	-	-	-	0.5%	0.0%
(6)	Gearing *	44.9%	41.5%	43.2%	39.4%	39.4%	46.7%

Our new supply percentage of 2.5% (179 units) for 2022/23 was below our target of 3.1% (224 units) due mainly to construction delays by developers, stemming from supply chain issues and labour shortages, and quality/snagging issues also on the part of developers associated with our s106 development programme. We have set a target of 202 units for 2023/24, of which the vast majority are already under contract.

Our gearing ratio of 41.5% was lower than our target for 2022/23 of 43.2% largely because of lower actual net debt at 31 March 2023 compared to target, due mainly to lower loan drawdowns as a result of lower than expected development and planned works spend. We expect our gearing ratio to increase further in future as we invest more in development and major repairs but for it to remain well within our lender covenants.

C. Outcomes delivered		Silva Homes				Peer group	
		23/24 target	22/23 actual	22/23 target	21/22 actual	21/22 upper quartile	21/22 median
(7)	Customer satisfaction	69%	63%	see narrative	69%	80%	76%
(8)	Reinvestment *	11.5%	10.0%	12.1%	9.0%	8.1%	6.0%
(9)	Financial investments in communities	£188k	£109k	£152k	£40k	£760k	£272k

We had set ourselves a target of returning as close as possible to our 2020/21 actual figure of 78% in 2022/23 but changed our approach to the annual perception survey and carried it out digitally rather than by telephone. We were pleased that this resulted in a higher response rate than we have received previously with 1,817 completed surveys or 26.7% of our customer base which is 40% higher than in 2021/22. However, we are disappointed with the score of 63% although it has been impacted by a number of factors, including the switch to a digital rather than telephone survey which, according to Housemark, can yield up to a 9% lower figure in overall satisfaction. Consequently, the outcome of the survey is not exactly comparable to last year and if the 9% maximum differential identified by Housemark is added would, at 72%, be better than the 2021/22 figure of 69%. Nevertheless, it is not where we want it to be and we will devise a new action plan in conjunction with our customer partnership board to address the areas that have the most impact on customer satisfaction which include repairs communication and communal areas and have set a preliminary target for 2023/24 of 69%.

Reinvestment in new and existing homes as a percentage of the value of our housing properties was 10.0% in 2022/23 compared to our target for the year of 12.1%. In 2022/23, we spent £42.7m (target £53.7m) on building new homes and £7.2m

(target £9.7m) on refurbishments and major repairs to our existing properties. These shortfalls were generally due to supply chain issues and delays in commencing refurbishment and major repair programmes. Our target for 2023/24 is to spend a total of £51.6m on new homes and £13.8m on existing homes.

In 2022/23, we spent £109k on investment in our communities which was lower than our target for the year of £152k but included increased hardship spend to help customers most in need. We have set an investment target of £188k for 2023/24 and plan to increase this further in future so as to report figures more in line with the median for our comparator group over the longer term.

D. Effective asset management		Silva Homes				Peer group	
		23/24 target	22/23 actual	22/23 target	21/22 actual	21/22 upper quartile	21/22 median
(10a)	Return on capital employed (ROCE)*	3.1%	3.6%	3.2%	3.6%	3.8%	3.0%
(10b)	Return on capital employed (ROCE) - excluding impairments	3.1%	3.6%	3.2%	3.7%	-	-
(11)	Occupancy rate - general needs	99.2%	99.0%	99.3%	99.1%	99.8%	99.6%
(12)	Ratio of expenditure on responsive repairs to planned maintenance	0.33	0.47	0.32	0.48	0.37	0.67

Our overall return on capital employed stayed consistent at 3.6% in 2022/23 the same as in 2021/22 and was better than our target for the year of 3.2% due to a higher operating surplus than target. We have set a similar target of 3.1% for 2023/24 due to budgeting a lower operating surplus.

Our occupancy rate of 99.0% for 2021/22 was slightly below our target of 99.3% due to labour shortages and delays in mobilising subcontractors to undertake major void repairs. We have set a higher target of 99.2% for 2023/24.

Our ratio of expenditure on responsive to major repairs of 0.47 in 2022/23 was higher than our target of 0.32 which largely reflects the fact that we spent substantially less on major repairs than we had budgeted due to ongoing supply chain issues while also spending more on responsive repairs driven by work to reduce the repairs backlog. Our lower target ratio for 2023/24 reflects a higher value for major repairs in our budget for the year.

E. Operating efficiencies		Silva Homes				Peer group	
		23/24 target	22/23 actual	22/23 target	21/22 actual	21/22 upper quartile	21/22 median
(13)	Headline social housing cost per unit*	£5,956	£4,634	£5,091	£4,215	£4,150	£4,483
(14)	% of annual rent collected	100.0%	101.0%	100.0%	100.1%	97.6%	97.3%
(15)	Overheads as a % of adjusted turnover	10.9%	10.8%	11.1%	12.2%	11.9%	13.6%

Our actual headline cost per unit of £4,646 was lower than our target for the year of £5,091 due mainly to lower capitalised major repairs expenditure, as a result of supply chain issues and delays in mobilising planned works programmes, particularly on our ring-fenced schemes. Our target for 2023/24 is substantially higher than our actual figure for 2022/23, largely reflecting a higher budget for capital expenditure on major repairs as we catch-up on work not performed in 2022/23 including refurbishment of our ring-fenced schemes such as Boyd Court.

Our management cost per unit of £1,377 for 2022/23 was slightly higher than our figure for 2021/22 of £1,331 and higher than the median peer group figure of £1,057 for 2021/22. Achieving our development programme of an average of 220 new homes each year will reduce our management cost per unit in the longer term. Nevertheless, our management costs are expected to increase in 2023/24 due to investment in improving our service to customers and inflation resulting in a target of £1,526 for 2023/24.

Our average service charge cost per unit was £525 in 2022/23 which was an increase on the figure of £461 in 2021/22 and is higher than the median figure for our peer group of £497 in 2021/22, which will also be impacted by the higher proportion of flats that we own and manage, as well as continued cost pressures associated with increased building safety regulation and compliance costs. We continue to look for opportunities to minimise increases in our service charge costs.

Our maintenance cost per unit of £844 in 2022/23 was higher than our figure of £763 for 2021/22, driven principally by higher routine maintenance costs for repairs, and is in the upper quartile for the peer group data for 2021/22. We continue to look for ways of improving the quality of our maintenance while ensuring we keep costs down.

Including spend on our ring-fenced schemes, our major repairs cost of £1,567 per unit in 2022/23 was higher than our figure of £1,359 for 2021/22 due to increases in

both operating and capital expenditure on major works. We invest in line with our peer group whose median figure was £1,325 for 2021/22. Key elements of our expenditure in 2022/23 included £2.3m on roofs, £1.8m on new heating systems and £1.0m on kitchens and bathrooms. Our budget for 2023/24 includes increasing capital expenditure, including significantly larger scale spend on our programme of improvements for Boyd Court.

We collected 101.0% of our annual rent due in 2022/23 which was helped by the timing of direct debit collections but still reflects a very positive result in the context of the economic environment.

Overheads as a percentage of adjusted turnover was 10.8% which was lower than our target for 2022/23 of 11.1% and the comparative figure for 2021/22 of 12.2% due primarily to significantly higher turnover from shared ownership sales as well as growth in rental income causing the overheads percentage of adjusted turnover to decrease in 2022/23. The target for 2023/24 of 10.9% is consistent, reflecting inflationary growth in both turnover and overheads.

Performance against our internal value for money objectives for 2022/23

Cost, resourcing and supply chain issues due to UK political turmoil and the war in Ukraine impacted on our ability to achieve all our objectives during 2022/23. However, out of our 12 we fully achieved five, almost or partially achieved a further three but were disappointed not to achieve two (although one of these, appointing contractors for the redevelopment of Bay House and Barn Close was significantly impacted by delays in the planning process which were beyond our control). We have postponed undertaking a further Best Companies' survey of colleague satisfaction until 2023/24 so have not reported against the objective of maintaining our 'one to watch' rating.

2022/23	Status at 31 March 2023	Comment
Pro-active asset management		
Progress the refurbishment of Boyd Court.	Achieved	We successfully appointed a contractor to undertake the planned refurbishment of Boyd Court and work started in Q4 2022/23.
Progress the fire risk remedial actions including the installation of a basement car park sprinkler at Point Royal.	Achieved	We completed the installation of the basement car park sprinkler at Point Royal during the year and 787 individual fire risk assessment actions in other properties.

2022/23	Status at 31 March 2023	Comment
Appoint contractors for the redevelopment of Bay House and Barn Close	Not achieved	Delays by external agencies, including the Environment Agency, in granting planning permission delayed the issuance of the tender for the redevelopment works. Bids were received in early 2023/24 and are currently being reviewed.
Consult with customers on the refurbishment of Hambleton & Hurley Courts.	Achieved	We completed the consultation with customers, including leaseholders, during the year and issued the tender for the works.
Complete 750 stock condition surveys and 750 energy performance surveys to better refine our data for investment decision making and grant funding applications.	Partially achieved	We completed 606 stock condition surveys with the shortfall partly due to issues obtaining access to some properties from customers. We completed 425 energy performance surveys with the shortfall due to delays in mobilising the contractors as well as issues obtaining access to some properties from customers.
Take handover of 224 new homes for social and affordable rent and shared ownership.	Partially achieved	We took handover of 179 new homes during the year. The shortfall was due to due mainly to construction delays by developers, stemming from supply chain issues and labour shortages, and quality/snagging issues also on the part of developers.
Delivering value for money gains		
Maintaining our rent arrears at below 2.5% despite the impact that the cost-of-living crisis will be having on our customers.	Almost achieved	Our year-end arrears figure was 2.53% which was an excellent achievement in difficult circumstances. It not only demonstrates the effective work of our rent collection team but also the effort made by our customers to pay their rent.
Apply our hardship fund of £30,000 to support the most	Achieved	We successfully applied our hardship fund in helping our vulnerable customers to support

2022/23	Status at 31 March 2023	Comment
vulnerable customers to sustain their tenancies.		their tenancies, including through the provision of vouchers towards the cost of energy.
Set and deliver an achievable but stretching target for procurement savings and cost increase avoidance for 2022/23.	Achieved	We achieved total contract life savings of 5.2% which exceeded our goal of 5%.
Reduce the average time taken to complete repairs to void properties.	Not achieved	We were unable to reduce the average time to complete repairs to void properties due to vacancies and sickness within our own teams together with difficulties obtaining contractors and poor performance by some of those appointed.
Retain our ranking by Best Companies as 'one to watch'.	N/A	Colleague satisfaction survey postponed to 2023/24.

Internal controls assurance

The Silva board acknowledges its overall responsibility for ensuring that there is a comprehensive and dynamic system of internal controls and that these controls remain efficient and effective.

The purpose of internal controls is to assist in the achievement of business objectives by minimising negative outcomes and disruption to core processes and helping to exploit opportunities for development and growth. Risk should not be eliminated only managed. The system of internal controls is therefore designed to provide reasonable rather than absolute assurance against material misstatement or loss.

Key elements of the control framework in place during the period include:

- Board approved terms of reference and delegated authorities for committees.
- An internal audit programme which is agreed by the audit committee and carried out by the group's internal auditors to year end 2023, RSM. The annual report of the internal auditors included the following findings:
 - The organisation has an adequate and effective framework for risk management, governance and internal control.
 - Work has identified further enhancements to the framework of risk management, governance and internal control to ensure that it

remains adequate and effective.

- Detailed financial budgets and forecasts.
- Monthly executive and quarterly board reporting of financial and operational performance.
- Treasury management policy which is reviewed each year along with the annual treasury plan.
- Regular reporting to the appropriate committees and board on key business objectives, targets and outcomes.
- Quality management systems.
- Whistle-blowing policy.
- Anti-fraud and theft policy, covering prevention, detection and reporting of fraud, and the recovery of assets.
- Anti-money laundering policy and anti-slavery statement in place.
- Anti-bribery policy.
- Colleague gifts and hospitality policy.

A fraud register is maintained and is reviewed by the audit committee at every meeting. The Silva board cannot delegate its responsibility for the system of internal control, but authority has been delegated to the audit committee to provide assurance for its effectiveness. The Silva board receives reports from the audit committee together with minutes of its meetings.

The Silva board has received the executive board's annual review of the effectiveness of the system of internal controls for the group, and the annual report of the internal auditor. The audit committee endorsed the findings that the group has effective systems of internal controls and recommended the report to the Silva board for approval.

Statement of the Responsibilities of the Board

The board is responsible for preparing the board's report and financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

The Co-operative and Community Benefit Societies Act 2014 and registered provider legislation in the United Kingdom require the board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the group at the end of the period and of the surplus or deficit of the group for the period then ended. Under those regulations, the board has elected to prepare financial statements in accordance with UK accounting standards including FRS 102, the Financial Reporting Standard applicable in the UK.

In preparing those financial statements the board is required to:

- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK accounting standards and the Statement of Recommended Practice have been followed subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and association will continue in business.

The Silva board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group and enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022. It is also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Governance statement

The Regulator of Social Housing undertook an in-depth assessment of the group in 2022 and confirmed the governance and financial viability assessment of G1/V1.

The group is required to demonstrate compliance with all of the regulatory standards and specifically to report on compliance with the governance & financial viability standard. This incorporates a number of requirements for registered providers including the maintenance of an asset and liability register, robust stress testing of financial plans and understanding the risks within the business model with specific reference to the security of social housing assets. The Silva board reviewed the group's comprehensive report on compliance against the requirements and expectations with all of the standards in July 2023. There is one area of non-compliance relating to the governance & financial viability standard. The association is non-compliant with the NHF code of governance and therefore non-complaint with the regulatory standard. This is due to the chair's term of office running over the maximum nine years. The board agreed that it was in the best interests of the organisation to extend this tenure whilst the partnership discussions were ongoing. This is however compliant with our policy and our rules and has been discussed with the regulator.

Part of the governance & financial viability standard requires registered providers to adopt and comply with a code of governance. The group adopted the NHF Code of Governance (2020) from April 2021. The Silva board reviewed the group's comprehensive report on compliance against the code in July 2023 and as mentioned above there is one area of non-compliance with the code due to the chair's term of office running over the maximum 9 years.

Under the NHF code, we are required to carry out a review of our governance arrangements and effectiveness at least every three years and to consider external challenge into the process. This last review was carried out in 2021 and Altair was appointed as our critical friend. A number of actions were recommended and these all came into effect from October 2021.

All required disclosures have been made and a register maintained regarding gifts and hospitality accepted, declined and given by board members and colleagues. This is further supported by our colleague gifts and hospitality policy. Board members have declared and signed a declarations of interest form. A register of these interests is available on the Silva website.

The Silva board is satisfied that the effectiveness of the group's governance is enhanced by its policies, procedures and arrangements, and its regular review of individual board member performance and collective board effectiveness.

Going concern

The group's business activities, and the factors likely to affect its future development, are set out within the strategic report and board report. The group

has considerable financial resources and a robust financial plan with a stable source of income, which have been discussed earlier in the report. As a consequence, the Silva board believes that the group is well placed to manage its business risks successfully despite the continued uncertain economic environment caused by Covid-19, Brexit, the war in Ukraine and recent legislation and is confident the group will continue to operate within its banking covenants.

Accordingly, and after making further enquiries, the Silva board has a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future, being a period of more than 12 months after the date of which the report and the financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

Disclosure of information to the auditor

At the date of making this report each of the group's board members, as set out on page 1, confirm the following:

- so far as each board member is aware, there is no relevant audit information needed by the group's auditor in connection with preparing their report of which the group's auditor is unaware
- each director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information needed by the group's auditor in connection with preparing their report and to establish that the group's auditor is aware of that information.

External auditor

On 22 February 2021 following an external tendering process, Crowe U.K. LLP were appointed as our external auditors for a three-year period.

Statement of compliance

In preparing the strategic report and statement of responsibilities of the board, the Silva board has followed the principles set out in the SORP 2018.

The strategic report and statement of responsibilities of the board was approved by the board on 7 September 2023 and signed on its behalf by:

Graeme Stanley
Chair

has considerable financial resources and a robust financial plan with a stable source of income, which have been discussed earlier in the report. As a consequence, the Silva board believes that the group is well placed to manage its business risks successfully despite the continued uncertain economic environment caused by Covid-19, Brexit, the war in Ukraine and recent legislation and is confident the group will continue to operate within its banking covenants.

Accordingly, and after making further enquiries, the Silva board has a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future, being a period of more than 12 months after the date of which the report and the financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

Disclosure of information to the auditor

At the date of making this report each of the group's board members, as set out on page 1, confirm the following:

- so far as each board member is aware, there is no relevant audit information needed by the group's auditor in connection with preparing their report of which the group's auditor is unaware
- each director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information needed by the group's auditor in connection with preparing their report and to establish that the group's auditor is aware of that information.


External auditor

On 22 February 2021 following an external tendering process, Crowe U.K. LLP were appointed as our external auditors for a three-year period.

Statement of compliance

In preparing the strategic report and statement of responsibilities of the board, the Silva board has followed the principles set out in the SORP 2018.

The strategic report and statement of responsibilities of the board was approved by the board on 7 September 2023 and signed on its behalf by:


Graeme Stanley
Chair

Independent Auditor's Report to the Members of Silva Homes Limited

Opinion

We have audited the financial statements of Silva Homes Limited (the "Association") and its subsidiary (the "Group") for the year ended 31 March 2023 which comprise the consolidated and Association Statement of Comprehensive Income, the consolidated and Association Statement of Financial Position, the consolidated and Association Statement of Changes in Reserves, the consolidated Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and Association's affairs as at 31 March 2023 and the Group and Association's surplus or deficit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing from April 2022.

Basis for opinion

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material

uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or Association's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The Board is responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the group; or
- a satisfactory system of controls over transactions has not been maintained; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Board

As explained more fully in the Board's responsibilities statement set out on page 44 the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

We obtained an understanding of the legal and regulatory frameworks within which the Association operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements such as the Co-operative and Community Benefit Societies Act 2014 (and related Directions and regulations), the Housing and Regeneration Act 2008 and other laws and regulations application to a registered social housing provider in England together with the Housing SORP. We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statements items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the Association's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the Association for fraud. The laws and regulations we considered in this context for the UK operations were requirements imposed by the Regulator of Social Housing, building safety, health and safety, taxation and employment legislation.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Board and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of non-social housing income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management, internal audit and the Audit Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence, designing audit procedures over the timing of non-social housing income and reading minutes of meetings of those charged with governance.

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 (irregularities) 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 irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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

Use of our report

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

Crowe U.K. LLP

Crowe U.K. LLP
Statutory Auditor
55 Ludgate Hill
London
EC4M 7JW

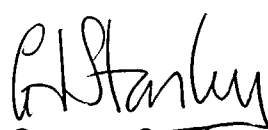
Date: 22 September 2023

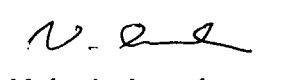
Consolidated statement of comprehensive income for the year ended 31 March 2023

	<i>Note</i>	2023 £'000	2022 £'000
Turnover	3a	60,139	49,090
Cost of sales	3a	(8,814)	(4,011)
Operating costs	3a	(33,144)	(30,893)
Surplus/(loss) on disposal of property, plant and equipment	6	<u>763</u>	<u>4,038</u>
Operating surplus		18,944	18,224
Interest receivable and similar income	8	335	18
Interest payable and similar charges	9	(6,330)	(14,526)
Other finance charges	5	(323)	(321)
		<u>-</u>	<u>-</u>
Surplus before taxation	10	12,626	3,395
Taxation	11	-	-
		<u>-</u>	<u>-</u>
Surplus for the year		12,626	3,395
Actuarial gain/(loss) relating to pension scheme	5	13,101	4,293
		<u>13,101</u>	<u>4,293</u>
Total comprehensive income for the year		<u>25,727</u>	<u>7,688</u>

The consolidated results relate wholly to continuing activities.

These financial statements were approved by the board of management and authorised for issue on 7 September 2023. They were signed on its behalf by:


Graeme Stanley
Chair


Valerie Lynch
Company Secretary


Iain Bacon
Chair, Audit Committee

Association statement of comprehensive income for the year ended 31 March 2023

	<i>Note</i>	2023	2022
		£'000	£'000
Turnover	3b	60,139	49,090
Cost of sales	3b	(8,814)	(4,011)
Operating costs	3b	(32,817)	(30,678)
Surplus/(loss) on disposal of property, plant and equipment	6	<u>763</u>	<u>4,038</u>
Operating surplus		19,271	18,439
Interest receivable and similar income	8	335	18
Interest payable and similar charges	9	(6,330)	(14,526)
Other finance charges	5	(323)	(321)
Gift aid receivable from subsidiary undertaking		1,125	323
		<u> </u>	<u> </u>
Surplus before taxation	10	14,078	3,933
Taxation	11	<u>-</u>	<u>-</u>
Surplus for the year		14,078	3,933
Actuarial gain/(loss) relating to pension scheme	5	13,101	4,293
		<u> </u>	<u> </u>
Total comprehensive income for the year		27,179	8,226

The association's results relate wholly to continuing activities.

These financial statements were approved by the board of management and authorised for issue on 7 September 2023. They were signed on its behalf by:



Graeme Stanley
Chair



Valerie Lynch
Company Secretary





Iain Bacon
Chair, Audit Committee

Consolidated statement of financial position as at 31 March 2023

	<i>Note</i>	2023 £'000	2022 £'000
Fixed assets			
Intangible assets	12	96	158
Housing properties	13	499,428	459,565
Other property, plant and equipment	14	966	1,102
Investments	16	-	-
		<u>500,490</u>	<u>460,825</u>
Current assets			
Properties developed for sale	17	4,610	6,148
Debtors	18	27,954	32,679
Cash and cash equivalents		12,882	13,222
		<u>45,446</u>	<u>52,049</u>
Creditors: amounts falling due within one year	19	<u>(11,793)</u>	<u>(12,866)</u>
Net current assets		<u>33,653</u>	<u>39,183</u>
Total assets less current liabilities		534,143	500,008
Creditors: amounts falling due after more than one year	20	(252,625)	(231,569)
Pension liability	5	-	(12,530)
		<u>281,518</u>	<u>255,909</u>
Net assets		<u>281,518</u>	<u>255,909</u>
Capital and reserves			
Share capital	23	-	-
Revenue reserve		146,450	119,086
Revaluation reserve		135,068	136,823
Total capital and reserves		<u>281,518</u>	<u>255,909</u>

These financial statements were approved by the board of management and authorised for issue on 7 September 2023. They were signed on its behalf by:


Graeme Stanley
 Chair


Valerie Lynch
 Company Secretary


Iain Bacon
 Chair, Audit Committee

Consolidated statement of changes in reserves for the year ended 31 March 2023

	Revenue reserve £'000	Revaluation reserve £'000	Total £'000
At 1 April 2022	119,086	136,823	255,909
Surplus for the year	12,626	-	12,626
Actuarial gain/(loss) in respect of pension schemes	13,101	-	13,101
Revalued cost of disposed assets	199	(199)	-
Depreciation of revalued assets	1,149	(1,149)	-
Other adjustments*	289	(407)	(118)
At 31 March 2023	<u>146,450</u>	<u>135,068</u>	<u>281,518</u>


* relates to an adjustment arising in the year on properties currently impaired following the reallocation to individual properties of a revaluation reserves balance which was not allocated to individual properties at the time the original revaluation adjustments were processed in March 2016 following the adoption of FRS102 (see note 13 for further details).

	Revenue reserve £'000	Revaluation reserve £'000	Total £'000
At 1 April 2021	108,961	139,260	248,221
Surplus for the year	3,395	-	3,395
Actuarial (loss) / gain in respect of pension schemes	4,293	-	4,293
Revalued cost of disposed assets	1,133	(1,133)	-
Depreciation of revalued assets	1,304	(1,304)	-
At 31 March 2022	<u>119,086</u>	<u>136,823</u>	<u>255,909</u>

Association statement of financial position as at 31 March 2023

	<i>Note</i>	2023 £'000	2022 £'000
Fixed assets			
Intangible assets	12	96	158
Housing properties	13	505,423	464,168
Other property, plant and equipment	14	966	1,102
Fixed asset investments	16	1	1
		<u>506,486</u>	<u>465,429</u>
Current assets			
Properties developed for sale	17	4,858	6,323
Debtors	18	28,227	32,776
Cash and cash equivalents		11,765	12,178
		<u>44,850</u>	<u>51,277</u>
Creditors: amounts falling due within one year	19	<u>(12,090)</u>	<u>(13,047)</u>
Net current assets		<u>32,760</u>	<u>38,230</u>
Total assets less current liabilities		539,246	503,659
Creditors: amounts falling due after more than one year	20	(252,625)	(231,569)
Pension liability	5	-	(12,530)
		<u>286,621</u>	<u>259,560</u>
Net assets		<u>286,621</u>	<u>259,560</u>
Capital and reserves			
Share capital	23	-	-
Revenue reserve		151,554	122,738
Revaluation reserve		135,067	136,822
		<u>286,621</u>	<u>259,560</u>
Total capital and reserves		<u>286,621</u>	<u>259,560</u>

These financial statements were approved by the board of management and authorised for issue on 7 September 2023. They were signed on its behalf by:


Graeme Stanley
Chair


Valerie Lynch
Company Secretary


Iain Bacon
Chair, Audit Committee

Association statement of changes in reserves for the year ended 31 March 2023

	Revenue reserve £'000	Revaluation reserve £'000	Total £'000
At 1 April 2022	122,738	136,822	259,560
Surplus for the year	14,078	-	14,078
Actuarial (loss) / gain in respect of pension scheme	13,101	-	13,101
Revalued cost of disposed assets	199	(199)	-
Depreciation of revalued assets	1,149	(1,149)	-
Other adjustments*	289	(407)	(118)
At 31 March 2023	<u>151,554</u>	<u>135,067</u>	<u>286,621</u>

* relates to an adjustment arising in the year on properties currently impaired following the reallocation to individual properties of a revaluation reserves balance which was not allocated to individual properties at the time the original revaluation adjustments were processed in March 2016 following the adoption of FRS102 (see note 13 for further details).

	Revenue reserve £'000	Revaluation reserve £'000	Total £'000
At 1 April 2021	112,075	139,259	251,334
Surplus for the year	3,933	-	3,933
Actuarial (loss) / gain in respect of pension scheme	4,293	-	4,293
Revalued cost of disposed assets	1,133	(1,133)	-
Depreciation of revalued assets	1,304	(1,304)	-
At 31 March 2022	<u>122,738</u>	<u>136,822</u>	<u>259,560</u>

Consolidated statement of cash flows for the year ended 31 March 2023

	<i>Note</i>	2023 £'000	2022 £'000
Net cash generated from operating activities	<i>(ii)</i>	22,667	20,613
Cash flows from investing activities			
Purchase of property, plant and equipment		(49,493)	(40,042)
Proceeds from sale of property, plant and equipment		2,489	7,336
Grants received		50	74
Interest received		335	18
Net cash flows from investing activities		(46,619)	(32,614)
Cash flows from financing activities			
Interest paid		(6,888)	(18,890)
New loans drawn/(repaid)		30,500	15,000
Net cash flows from financing activities		23,612	(3,890)
Net increase/(decrease) in cash and cash equivalents		(340)	(15,891)
Cash and cash equivalents at the beginning of the year		13,222	29,113
Cash and cash equivalents at end of year		12,882	13,222

Notes to the consolidated cash flows statement for the year ended 31 March 2023

(i) Cash and cash equivalents

	2023 £'000	2022 £'000
Cash at bank and in hand	10,912	11,662
Short term deposits	1,970	1,560
	<u>12,882</u>	<u>13,222</u>

ii) Reconciliation of surplus for year to net cash generated from operating activities

	2023 £'000	2022 £'000
Surplus for year	12,626	3,395
Adjustment for non-cash items:		
Depreciation of property, plant and equipment	7,882	7,681
Impairment of property, plant and equipment	304	442
Amortisation of intangible assets	91	107
Amortisation of government grants	(82)	(81)
Actuarial pensions cost less contributions payable	248	297
(Increase)/decrease in properties developed for sale	1,538	(2,159)
Decrease in debtors	4,725	2,651
Decrease in creditors	(10,220)	(2,511)
Net book value of property, plant and equipment disposals	1,726	3,298
Adjustments for investing or financing activities:		
Proceeds from the sale of property, plant and equipment	(2,489)	(7,336)
Interest paid	6,653	14,847
Interest received	(335)	(18)
	<u>22,667</u>	<u>20,613</u>
Net cash generated from operating activities	<u>22,667</u>	<u>20,613</u>

**Notes to the consolidated cash flows statement (continued)
for the year ended 31 March 2023**

iii) Analysis of net debt

	As at 1 April 2022 £'000	Cash flow £'000	As at 31 March 2023 £'000
Cash and cash equivalents	13,222	(340)	12,882
Debt due after more than one year: Loans	<u>(189,000)</u>	<u>(30,500)</u>	<u>(219,500)</u>
Total net debt	<u>(175,778)</u>	<u>(30,840)</u>	<u>(206,618)</u>

Association statement of cash flows for the year ended 31 March 2023

	<i>Note</i>	2023 £'000	2022 £'000
Net cash generated from operating activities	<i>(ii)</i>	23,986	21,261
Cash flows from investing activities			
Purchase of property, plant and equipment		(50,885)	(41,237)
Proceeds from sale of property, plant and equipment		2,489	7,336
Grants received		50	74
Interest received		335	18
Net cash flows from investing activities		(48,011)	(33,809)
Cash flows from financing activities			
Interest paid		(6,888)	(18,890)
New loans drawn/(repaid)		30,500	15,000
Net cash flows from financing activities		23,612	(3,890)
Net increase/(decrease) in cash and cash equivalents		(413)	(16,438)
Cash and cash equivalents at the beginning of the year		12,178	28,616
Cash and cash equivalents at end of year		<u>11,765</u>	<u>12,178</u>

**Notes to the association cash flows statement
for the year ended 31 March 2023**

(i) Cash and cash equivalents

Reconciliation to cash at bank and in hand	2023 £'000	2022 £'000
Cash at bank and in hand	9,795	10,618
Short term deposits	1,970	1,560
	<hr/>	<hr/>
Cash and cash equivalents	<u>11,765</u>	<u>12,178</u>

ii) Reconciliation of surplus for the year to net cash generated from operating activities

	2023 £'000	2022 £'000
Surplus for year	14,078	3,933
Adjustment for non-cash items:		
Depreciation of property, plant and equipment	7,882	7,681
Impairment of property, plant and equipment	304	442
Amortisation of intangible assets	91	107
Amortisation of government grants	(82)	(81)
Actuarial pensions cost less contributions payable	248	297
(Increase)/decrease in properties for sale	1,465	(2,219)
Decrease in debtors	4,549	1,382
Decrease in creditors	(10,104)	(1,072)
Net book value of property, plant and equipment disposals	1,726	3,298
Adjustments for investing or financing activities:		
Proceeds from the sale of property, plant and equipment	(2,489)	(7,336)
Interest paid	6,653	14,847
Interest received	(335)	(18)
	<hr/>	<hr/>
Net cash generated from operating activities	<u>23,986</u>	<u>21,261</u>

Notes to the association cash flows statement (continued)
for the year ended 31 March 2023

iii) Analysis of net debt

	As at 1 April 2022 £'000	Cash flow £'000	As at 31 March 2023 £'000
Cash and cash equivalents	12,178	(413)	11,765
Debt due after more than one year: Loans	<u>(189,000)</u>	<u>(30,500)</u>	<u>(219,500)</u>
Total net debt	<u><u>(176,822)</u></u>	<u><u>(30,913)</u></u>	<u><u>(207,735)</u></u>

Notes to the financial statements 31 March 2023

1. Legal status

Silva Homes Limited is a Registered Society under the Co-operative and Community Benefit Societies Act 2014 and is registered with Homes England as a Registered Provider of social housing in England. The address of the association is shown in the general information on page 2.

2. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and in the preceding year.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, in accordance with Financial Reporting Standard 102 (January 2022) (FRS 102) issued by the Financial Reporting Council and comply with the Statement of Recommended Practice for registered social housing providers 2018 Update (SORP), the Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing 2022. Silva Homes Limited is a public benefit entity, as defined in FRS 102 and applies the relevant paragraphs prefixed 'PBE' in FRS 102.

Going concern

After reviewing the association's forecasts and projections, the Silva board has a reasonable expectation that the association has adequate resources to continue in operational existence for the foreseeable future. For this reason, the association has continued to adopt the going concern basis in preparing its financial statements.

Basis of consolidation

The group financial statements consolidate the financial statements of the association and its subsidiary undertaking drawn up to 31 March each year.

Turnover

Turnover represents rental and service charge income receivable (net of void losses), fees receivable, proceeds from first tranche sales of shared ownership homes and other properties developed for sale, and amortisation of revenue grants from Homes England and other public authorities under the accrual model. Rental income is recognised on the execution of tenancy agreements. Proceeds on sales are recognised on legal completion. Other income is recognised as receivable on the delivery of services provided.

Notes to the financial statements (continued)
31 March 2023

2. Accounting policies (continued)

Property, plant and equipment - housing properties

At the point of transition to FRS 102, being 1 April 2014, the association revalued its housing properties using existing use value - social housing basis (EUV-SH) and used that as its deemed cost at that date. After the date of transition, housing properties are stated at cost less accumulated depreciation and accumulated impairment losses. Revalued housing properties are stated at deemed cost less accumulated depreciation and accumulated impairment losses.

Cost includes the cost of acquiring land and buildings, development costs, interest capitalised during the development period, directly attributable administration costs, and expenditure incurred in improving or reinvesting in existing properties.

Reinvestment expenditure is capitalised where works increase the net rental stream over the life of the property. An increase in the net rental stream may arise through an increase in the net rental income, a reduction in future maintenance costs, or a subsequent extension in the life of the property. The cost of replacing major components is capitalised. All other repair and replacement expenditure is charged to the statement of comprehensive income.

Under shared ownership arrangements, there is a disposal of a long lease of housing units to persons who occupy them, at a premium equal to between 25% and 75% of the open market value (the 'first tranche'). The occupier has the right to purchase further proportions at the current valuation at that time up to 100% ('staircasing').

A shared ownership property comprises of two assets: that to be disposed of in the first tranche sale, which is recorded as a current asset; and that retained by the group, which is recorded as a fixed asset.

Proceeds of sale of first tranches are accounted for as turnover in the statement of comprehensive income, with the apportioned cost being shown within operating results as the cost of sale.

Subsequent tranches sold ('staircasing sales') are disclosed in the statement of comprehensive income as a surplus or deficit on sale of property, plant and equipment. Such staircasing sales may result in capital grant being deferred or abated and this is credited in the sales account in arriving at the surplus or deficit.

Notes to the financial statements (continued)
31 March 2023

2. Accounting policies (continued)

Depreciation is charged on a straight-line basis over the useful economic lives of housing properties to write off the cost to the estimated residual value. For properties held on short lease the maximum period of depreciation is that of the remaining lease. Freehold land is not subject to depreciation.

Housing properties are split between the structure and those major components which require periodic replacement. Replacement or restoration of such major components is capitalised and depreciated over the average estimated useful life which has been set taking into account professional advice, the group's asset management strategy and the requirements of the Decent Homes Standard.

Property, plant and equipment - housing properties and depreciation

The components to which the board has disaggregated the housing properties balance and the useful economic lives of each component are as follows:

Structure	100 years
Roofing (pitched)	60 years
Roofing (flat)	20 years
Garages & related components	20 to 50 years
Windows & doors	up to 30 years
Bathrooms	30 years
Kitchens	20 years
Heating systems	20 to 30 years
Boilers	10 to 12 years
Electrical systems	up to 30 years

For shared ownership accommodation it is the group's policy to ensure resident shared owners meet their obligations of maintaining the property in a continuous state of sound repair. The group considers that any depreciation calculation based on the current values of the properties would be insignificant, due to the large residual values and long economic lives.

Notes to the financial statements (continued)
31 March 2023

2. Accounting policies (continued)

Non-housing property, plant and equipment

Non-housing property, plant and equipment is stated at cost less accumulated depreciation. Depreciation is charged on a straight-line basis over the expected useful economic lives of other fixed assets at the following annual rates:

Leasehold improvements	20 years or the life of the lease if shorter
Office furniture and equipment	5 years
Vehicles and plant	5 years
Computer hardware	3-5 years

Intangible assets

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

Computer software	5 years
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Impairment of social housing properties

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

An assessment is made at each reporting date as to whether an indicator of impairment exists. If such an indicator exists, an impairment assessment is carried out and an estimate of the recoverable amount of the asset is made. Where the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognised in the statement of comprehensive income. The recoverable amount of an asset is the higher of its value in use and fair value less costs to sell. Where assets are held for their service potential, value in use is determined by the present value of the asset's remaining service potential plus the net amount expected to be received from its disposal. Depreciated replacement cost is taken as a suitable measurement model.

An impairment loss is reversed if the reasons for the impairment loss have ceased to apply. The impairment reversal is included in the statement of comprehensive income.

Notes to the financial statements (continued)

31 March 2023

2. Accounting policies (continued)

Social Housing Grant and other government grants

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

Government grants are recognised using the accrual model and are classified either as a grant relating to revenue or a grant relating to assets. Grants relating to revenue are recognised in income on a systematic basis over the period in which related costs for which the grant is intended to compensate are recognised. Where a grant is receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support with no future related costs, it is recognised as revenue in the period in which it becomes receivable.

Grants relating to assets are recognised in income on a systematic basis over the expected useful life of the asset. Grants received for housing properties are recognised in income over the expected useful life of the housing property structure. Where a grant is received specifically for components of a housing property, the grant is recognised in income over the expected useful life of the component.

Grants received from non-government sources are recognised as revenue using the performance model.

Provisions

The group only provides for contractual liabilities and constructive obligations which exist at the balance sheet date.

Agreements to improve existing properties

Where an agreement has been entered into whereby the group has prepaid a third party to undertake work to existing properties and at the same time, there is an agreement with the same third party to undertake the improvement work on behalf of the third party, the rights to have improvement works carried out to properties by the third party are recognised as prepayments where payment has occurred in advance of the works being carried out and receipts in advance from the same third party are recognised as liabilities.

Notes to the financial statements (continued)
31 March 2023

2. Accounting policies (continued)

Stock transactions

Where there is a government grant associated with housing properties that are part of a stock transaction, the fair value of the obligation to repay or re-cycle the grant is deemed to be included in the fair value of the housing properties acquired. No additional value is attributed to the government grant transferred with any potential liability being disclosed as a contingent liability.

Capitalisation of interest

Interest on loans financing development is capitalised up to the date of completion of the scheme and only when development activity is in progress.

Leases

Assets held under finance leases are included in the balance sheet and depreciated in accordance with the group's normal accounting policies. The present value of future rentals is shown as a liability. The interest element of rental obligations is charged to the statement of comprehensive income over the period of the lease in proportion to the balance of capital repayments. Rentals payable under operating leases are charged to the statement of comprehensive income on a straight-line basis over the life of the lease.

Taxation

The association has charitable status and benefits from various exemptions from taxation afforded by the tax legislation and is not therefore liable to corporation tax on income or gains falling within these exemptions. The association is registered for Value Added Tax. The association operates a VAT shelter arrangement in relation to qualifying works in the development agreement regarding improvements to transfer properties whereby 100% of the VAT can be reclaimed from HMRC. A large proportion of the other VAT incurred by the group cannot be recovered as the bulk of its turnover arises from exempt activities.

Notes to the financial statements (continued)
31 March 2023

2. Accounting policies (continued)

Retirement benefits

Defined benefit scheme

The group participates in the local government pension scheme (LGPS), operated by the Royal County of Berkshire, which is a multi-employer scheme providing defined benefits where it is possible for individual employers as admitted bodies to identify their share of the assets and liabilities of the pension scheme. For this scheme the amounts charged to operating surplus are the costs arising from employee services rendered during the period and the cost of plan introductions, benefit changes, settlements and curtailments. The total charge is included as part of employee costs. The net interest cost on the net defined benefit liability is included within finance costs. Actuarial gains and losses are included in other comprehensive income. The LGPS is a funded scheme, with the assets of the scheme held separately from those of the group, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method. Full actuarial valuations are conducted at least triennially and are updated at each statement of financial position date.

Defined contribution scheme

The group participates in a defined contribution scheme where the amount charged to surplus or deficit in the statement of comprehensive income in respect of pension costs is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the statement of financial position.

Revaluation reserve

At the point of transition to FRS 102 on 1 April 2014, the association revalued its housing properties using EUV-SH and used that as its deemed cost at that date.

The difference on transition between the fair value of social housing properties and the historic cost carrying value is credited to the revaluation reserve. The difference between historic cost depreciation and depreciation charged on the deemed cost balance is transferred from the revaluation reserve to the revenue reserve annually. On disposal, the difference between the fair value of housing properties and the historic cost is debited to the revaluation reserve.

Notes to the financial statements (continued)
31 March 2023

2. Accounting policies (continued)

Cash and cash equivalents

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

Financial instruments

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

Financial assets carried at amortised cost

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

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

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

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

Notes to the financial statements (continued)
31 March 2023

2. Accounting policies (continued)

Financial liabilities carried at amortised cost

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

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

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

Significant management judgements and key sources of estimation uncertainty

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

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

Significant management judgements

The following management judgements in applying the accounting policies of the group have the most significant effect on the amounts recognised in the financial statements.

Notes to the financial statements (continued)
31 March 2023

2. Accounting policies (continued)

Estimation uncertainty

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Defined benefit pension scheme

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

Carrying value of housing properties

Judgement is exercised in determining the carrying value of housing properties.

The group has conducted a review of the financial performance and future prospects of its existing rented housing properties to assess whether there has been a trigger event for an impairment review. An impairment review may be triggered where there are demand issues in terms of letting performance, lower than expected rental levels or where there are higher than anticipated operating costs.

An impairment review has been carried out at 31 March 2023 to determine whether any assets required impairment or whether the reasons for previous impairments have ceased to apply and any previous losses should be reversed. This has resulted in a net impairment charge of £304k to the statement of comprehensive income in the year (2022: charge of £442k).

Notes to the financial statements (continued)
31 March 2023

3a. Particulars of turnover, operating costs and operating surplus

Group

	Year ended 31 March 2023				Year ended 31 March 2022			
	Turnover £'000	Cost of sales £'000	Operating costs £'000	Operating surplus/ (deficit) £'000	Turnover £'000	Cost of sales £'000	Operating costs £'000	Operating surplus/ (deficit) £'000
Social housing lettings (note 3c)	46,082	-	(31,880)	14,202	42,801	-	(29,657)	13,144
Property sales	12,887	(8,814)	-	4,073	5,284	(4,011)	-	1,273
Other social housing activities								
Charges for support services	17	-	(10)	7	17	-	(10)	7
Community investment	-	-	(109)	(109)	-	-	(40)	(40)
Other activities *	1,153	-	(897)	256	988	-	(889)	99
Other pension charges **	-	-	(248)	(248)	-	-	(297)	(297)
Surplus/(loss) on disposal of property, plant and equipment	-	-	-	763	-	-	-	4,038
Total for year to 31 March	60,139	(8,814)	(33,144)	18,944	49,090	(4,011)	(30,893)	18,224

* Other activities include an element of non-social housing activities, which total less than 5% of turnover. These comprise mainly garages available to let on a commercial basis and leasehold service charges.

** Other pension charges relate to the difference between the current and past service actuarial costs and contributions payable for the defined benefit scheme.

Notes to the financial statements (continued)
31 March 2023

3b. Particulars of turnover, operating costs and operating surplus

Association

	Year ended 31 March 2023				Year ended 31 March 2022			
	Turnover	Cost of sales	Operating costs	Operating surplus/ (deficit)	Turnover	Cost of sales	Operating costs	Operating surplus/ (deficit)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Social housing lettings (note 3c)	46,082	-	(31,880)	14,202	42,801	-	(29,657)	13,144
Property sales	12,887	(8,814)	-	4,073	5,284	(4,011)	-	1,273
Other social housing activities								
Charges for support services	17	-	(10)	7	17	-	(10)	7
Community investment	-	-	(109)	(109)	-	-	(40)	(40)
Other activities *	1,153	-	(570)	583	988	-	(674)	314
Other pension charges **	-	-	(248)	(248)	-	-	(297)	(297)
Surplus/(loss) on disposal of property, plant and equipment	-	-	-	763	-	-	-	4,038
Total for year to 31 March	60,139	(8,814)	(32,817)	19,271	49,090	(4,011)	(30,678)	18,439

* Other activities include an element of non-social housing activities, which total less than 5% of turnover. These comprise mainly garages available to let on a commercial basis and leasehold service charges.

** Other pension charges relate to the difference between the current and past service actuarial costs and contributions payable for the defined benefit scheme.

Notes to the financial statements (continued)

31 March 2023

3c. Particulars of turnover, operating costs and operating surplus (continued)

Particulars of income and expenditure from social housing lettings

Group and Association

				Year ended 31 March 2023	Year ended 31 March 2022
	General needs	Supported housing	Shared ownership	Total	Total
	£'000	£'000	£'000	£'000	£'000
Rent receivable	40,079	2,123	2,073	44,275	41,053
Service charges receivable	447	951	327	1,725	1,667
Net rents receivable	40,526	3,074	2,400	46,000	42,720
Amortised government grants	30	46	6	82	81
Turnover from social housing lettings	40,556	3,120	2,406	46,082	42,801
Management	8,106	1,001	472	9,579	9,036
Services	1,897	1,599	159	3,655	3,132
Routine maintenance	5,176	201	6	5,383	4,697
Planned maintenance	485	5	-	490	483
Major repairs expenditure	3,670	-	-	3,670	3,145
Bad debts	196	1	-	197	215
Depreciation of housing properties	6,860	757	-	7,617	7,484
Impairment of housing properties	304	-	-	304	442
Lease costs	885	63	37	985	1,023
Operating costs on social housing lettings	27,579	3,627	674	31,880	29,657
Operating surplus/(loss) on social housing lettings	12,977	(507)	1,732	14,202	13,144
Void losses	417	66	-	483	374

Services include items which are included within the service charge and also the cost of the landscaping and estate caretaking teams which are not recoverable through service charges. Within the operating costs for 2022/23 are items relating to carbon reduction projects of £68k (2022: £8k) and building safety projects of £1,204k (2022: £643k).

Notes to the financial statements (continued)
31 March 2023

4. Remuneration of executive directors and board members

Group and Association

The remuneration paid to the executive directors of the group and association was:

	2023 £'000	2022 £'000
Emoluments (excluding pension contributions and benefits in kind)	717	698
Contributions to pension schemes	77	68
Benefits in kind	-	-
Total amounts paid for executive directors	<u>794</u>	<u>766</u>
Remuneration of the highest paid executive director, excluding pension contributions (see further details below):	<u>206</u>	<u>193</u>

The remuneration of the highest paid executive director for the year ended 31 March 2023 related to the chief executive.

Under his contract of employment, the group pays contributions at a rate of 12% of his salary to the chief executive's private pension scheme rather than into the group's Scottish Widows workplace pension scheme. This is in line with the maximum rate which the group pays into the Scottish Widows scheme for other executive directors and employees. The total contribution paid by the group to the scheme in the year was £21,895 (2022: £20,857).

The non-executive board members received payment for their services of £79k (2022: £76k) during the year. Payments totalling £3k (2022: £3k) were made to board members in reimbursement of expenses incurred during the period. These expenses were paid in accordance with agreed policies and related primarily to travel costs, attending sector conferences and training courses for individual members.

Notes to the financial statements (continued)
31 March 2023

5. Employees

Group and Association

The average weekly number of persons (including the executive directors but excluding the non-executive board members) employed during the period, expressed in full time equivalents, was as follows:

	2023 Number	2022 Number
Customer services - housing management	100	100
Customer services - maintenance	66	73
Property investment & development	15	12
Central support	45	45
	<u>226</u>	<u>230</u>

	Group		Association	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
The aggregate payroll costs of these persons were as follows:				
Wages and salaries	8,909	8,275	8,588	8,070
Social security costs	975	837	975	837
Pension contributions - defined benefit	211	218	211	218
Other pension costs - defined benefit	248	297	248	297
Pension contributions - defined contribution	596	550	596	550
	<u>10,939</u>	<u>10,177</u>	<u>10,618</u>	<u>9,972</u>

The full-time equivalent number of staff (including executive directors) whose remuneration, including pension contributions, payable exceeded £60,000 fell within the following bands:

	2023	2022
£60,000 - £69,999	7	9
£70,000 - £79,999	8	5
£80,000 - £89,999	6	3
£100,000 - £109,999	1	-
£120,000 - £129,999	-	2
£140,000 - £149,999	1	1
£150,000 - £159,999	1	1
£160,000 - £169,000	1	-
£210,000 - £219,999	-	1
£220,000 - £229,999	1	-
	<u>26</u>	<u>22</u>

Notes to the financial statements (continued)
31 March 2023

5. Employees (continued)

Pensions

Local Government Pension Scheme

Silva Homes participates in the Local Government Pension Scheme, managed by the Royal County of Berkshire. The scheme is a defined benefit scheme operated in the UK. The most recent formal actuarial valuation of the scheme was completed as at 31 March 2022 and set contributions for the period from 1 April 2023 to 31 March 2026.

The employer contributions to the scheme made by the group in the period ended 31 March 2023 were £211k (2022: £218k). The regular employer contribution rate for the year was 20.8% (2022: 20.8%) of pensionable salaries.

Other pension charges relate to the difference between the current and past service actuarial costs and contributions payable for the defined benefit scheme.

Financial assumptions

The financial assumptions used by the actuary are as follows:

	2023	2022
Rates of increase in salaries (per annum)	3.95%	4.25%
Rates of increase in pensions payment (per annum)	2.95%	3.25%
Discount rate	4.80%	2.60%
Inflation assumption - CPI	2.95%	3.25%

Mortality assumptions

The assumed life expectations on retirement at age 65 are:

		31 March 2023	31 March 2022
Retiring today	Males	21.1	21.3
	Females	23.9	24.0
Retiring in 20 years	Males	22.3	22.6
	Females	25.3	25.4

The actuary has also made the following assumptions:

- members will exchange half of their commutable pension for cash at retirement
- members will retire at one retirement age for all tranches of benefit, which will be the pension weighted average tranche retirement age
- the proportion of the membership that had taken up the 50/50 option at the previous valuation date will remain the same.

Assets and liabilities

The expected return and interest cost has been replaced with a single net interest cost, which effectively sets the expected return to be equal to the discount rate.

The assets in the scheme were:

	Value at 31 March 2023 £'000	Value at 31 March 2022 £'000
Equities	15,792	16,114
Real estate	3,183	3,106
Cash	381	605
Credit	3,659	4,269
Infrastructure	3,471	3,265
Cost of longevity insurance	(1,309)	(1,668)
Effect of asset capping (* see below)	(373)	-
Total market value of assets	<u>24,804</u>	<u>25,691</u>

Reconciliation of the opening and closing balances of the present value of the defined benefit obligation:

	31 March 2023 £'000	31 March 2022 £'000
Opening defined benefit obligation	38,221	39,287
Service cost	434	493
Interest cost	984	778
Actuarial (gains)/losses	(14,082)	(1,677)
Change in demographic assumptions	(1,226)	-
Experience losses/(gains) on defined benefit obligation	1,262	72
Estimated benefits paid (net of transfers in)	(852)	(806)
Contributions by scheme participants	63	74
Closing defined benefit obligation	<u>24,804</u>	<u>38,221</u>

Notes to the financial statements (continued)
31 March 2023

5. Employees (continued)

Pensions (continued)

Assets and liabilities (continued)

Reconciliation of opening and closing balances of the fair value of scheme assets:

	31 March 2023 £'000	31 March 2022 £'000
Opening fair value of scheme assets	25,691	23,082
Interest on assets	661	457
Return on assets less interest	(644)	2,688
Other actuarial gains	72	-
Administrative expenses	(25)	(22)
Contributions by employer including unfunded	211	218
Contributions by scheme participants	63	74
Estimated benefits paid (net of assets transferred in)	(852)	(806)
Effect of asset capping (* see below)	(373)	-
Fair value of scheme assets at end of period	<u>24,804</u>	<u>25,691</u>

The amounts recognised in the statement of financial position:

	31 March 2023 £'000	31 March 2022 £'000
Present value of funded obligations	(24,804)	(38,221)
Fair value of scheme assets	<u>24,804</u>	<u>25,691</u>
Net asset/(liability)	<u>-</u>	<u>(12,530)</u>

* In line with the requirements of FRS102, asset capping of £373k has been applied the fair value of the group's share or the scheme assets, reducing the pension asset at 31 March 2023 to nil (unadjusted: £373k asset).

Notes to the financial statements (continued)
31 March 2023

5. Employees (continued)

Pensions (continued)

Assets and liabilities (continued)

Analysis of the amount charged to the statement of comprehensive income in respect of the defined benefit scheme:

	31 March 2023 £'000	31 March 2022 £'000
Current service cost	434	493
Net Interest on obligation	323	321
Administrative expenses	25	22
Total	<u>782</u>	<u>836</u>

The net impact of pensions costs and credits on the statement of comprehensive income was a charge of £782k (2022: £836k) in the year. £459k was charged to the operating surplus (2022: £515k) and £323k (2022: £321k) was charged to other finance charges.

Sensitivity analysis

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

Change in assumptions at 31 March 2023	Approximate % increase to employer liability	Approximate monetary amount £'000
0.1% decrease in real discount rate	1.6%	386
0.1% increase in the salary increase rate	0.0%	24
0.1% increase in the pension increase rate	1.5%	369
1 year increase in life expectancy	3.8%	936

6. Surplus/(loss) on disposal of property, plant and equipment

Group and Association

	2023 £'000	2022 £'000
Disposal proceeds	2,489	7,336
Disposal costs	<u>(1,726)</u>	<u>(3,298)</u>
Surplus on sale	<u>763</u>	<u>4,038</u>

Notes to the financial statements (continued)
31 March 2023

7. Proceeds on disposal of property, plant and equipment - Group and Association

Disposals in the year can be further analysed as:

Disposal type	2023				2022			
	Proceeds Silva Homes*	Proceeds BFC*	Costs Silva Homes	Surplus/ (deficit) Silva Homes	Proceeds Silva Homes*	Proceeds BFC*	Costs Silva Homes	Surplus/ (deficit) Silva Homes
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Right to Buy dwellings	213	889	227	(14)	374	1,531	378	(4)
Shared ownership properties (non-council)	1,438	-	804	634	935	-	628	307
Outright sales	-	-	-	-	5,020	-	1,756	3,264
Right to Acquire	448	-	92	356	910	-	122	788
Other disposals	390	-	603	(213)	97	-	414	(317)
Grand total	<u>2,489</u>	<u>889</u>	<u>1,726</u>	<u>763</u>	<u>7,336</u>	<u>1,531</u>	<u>3,298</u>	<u>4,038</u>

*Silva Homes shares the proceeds of sales under the Right to Buy scheme and for staircasing sales of shared ownership properties transferred from the council with Bracknell Forest Council (BFC) in line with the terms of the stock transfer agreement.

8. Interest receivable and similar income - Group and Association

	2023 £'000	2022 £'000
Interest receivable	<u>335</u>	<u>18</u>
	<u>335</u>	<u>18</u>

Notes to the financial statements (continued)
31 March 2023

9. Interest payable and similar charges

Group and Association

	2023 £'000	2022 £'000
Interest payable	6,364	6,396
Adjustment to effective interest rate under FRS102 - loans repaid in the year	-	(2,423)
Adjustment to effective interest rate under FRS102 - other loans	(141)	(243)
Commitment fees	338	280
Break costs paid on fixed rate loan options	-	10,727
Early repayment fees and related costs	-	647
Amortisation of loan arrangement fees and similar charges	464	274
Interest payable and similar charges on housing loans	7,025	15,658
Less: capitalised interest	(695)	(1,132)
	<u>6,330</u>	<u>14,526</u>

Borrowing costs have been capitalised based on a capitalisation rate of 2.91% (2022: 4.21%) which is the weighted average of rates applicable to the group's general borrowing outstanding during the year.

10. Surplus before taxation

	Group		Association	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
<i>This is stated after charging:</i>				
Fees payable to the group's auditor				
- for audit services	30	27	23	21
- for non-audit services	14	5	12	3
Amortisation of intangible assets	91	107	91	107
Depreciation of housing properties	7,618	7,484	7,618	7,484
Impairment of housing properties	304	442	304	442
Depreciation of other tangible fixed assets	264	197	264	197
Operating lease charges				
- land & buildings	520	545	520	545
- vehicles and plant	489	478	489	478
	<u>489</u>	<u>478</u>	<u>489</u>	<u>478</u>

Notes to the financial statements (continued)
31 March 2023

11. Taxation

Silva Homes Limited, the association, is a charitable organisation within the definition of FA 2010 Schedule 6 and is able to benefit from various exemptions from taxation afforded by the tax legislation and is not therefore liable to corporation tax on income or gains falling within these exemptions. Forest Future Homes Limited is liable to corporation tax but gift aids its profit to Silva Homes Limited, its parent, thereby reducing its taxable profit to nil.

12. Intangible assets: computer software - Group and Association

	£'000
Cost:	
At 1 April 2022	2,159
Additions	<u>29</u>
At 31 March 2023	<u>2,188</u>
Amortisation:	
At 1 April 2022	(2,001)
Charge for year	<u>(91)</u>
At 31 March 2023	<u>(2,092)</u>
Net book value at 31 March 2023	<u><u>96</u></u>
Net book value at 1 April 2022	<u><u>158</u></u>

Notes to the financial statements (continued)
31 March 2023

13. Tangible fixed assets: housing properties

Group

	Completed housing properties £'000	Housing properties under construction £'000	Completed shared ownership properties £'000	Shared ownership properties under construction £'000	Total £'000
Cost:					
At 1 April 2022	437,266	14,506	52,556	3,410	507,738
Additions	493	32,971	-	9,724	43,188
Works to existing properties	7,229	-	-	-	7,229
Schemes completed	30,745	(30,745)	7,032	(7,032)	-
Disposals	(2,535)	-	(1,594)	-	(4,129)
Revaluations	7,927	-	-	-	7,927
At 31 March 2023	481,125	16,732	57,994	6,102	561,953
Depreciation:					
At 1 April 2022	(48,173)	-	-	-	(48,173)
Charge for year	(7,618)	-	-	-	(7,618)
Disposals	1,497	-	-	-	1,497
Impairment	(304)	-	-	-	(304)
Revaluations	(7,927)	-	-	-	(7,927)
At 31 March 2023	(62,525)	-	-	-	(62,525)
Net book value at 31 March 2023	418,600	16,732	57,994	6,102	499,428
Net book value at 1 April 2022	389,093	14,506	52,556	3,410	459,565

During the year, an impairment was identified in respect of one of our flatted schemes where we are planning to undertake significant refurbishment work. The overall effect was a net impairment charge of £304k in 2022/23 (2022: charge of £442k).

In addition, during the year, a revaluation reserves adjustment of £8,334k, which was not allocated to individual properties at the time the original revaluation adjustments were processed in March 2016 following the adoption of FRS102, was reallocated to individual properties on our fixed asset register. The adjustment to fixed assets has the effect of increasing both the historic costs and depreciation of housing properties by £7,927k. £289k of the unallocated revaluation reserves balance was identified as relating to properties disposed of since 2016, therefore, £289k has been expensed in the statement of comprehensive income and included within other fixed asset disposal costs (see note 7). A further £118k of the unallocated revaluation reserves balance was identified as relating to properties currently impaired, therefore, £118k was debited to revaluation reserves.

Notes to the financial statements (continued)
31 March 2022

13. Tangible fixed assets: housing properties (continued)

Group

Expenditure on works to existing properties:

	2023 £'000	2022 £'000
Amounts capitalised	7,229	6,077
Amounts charged to the statement of comprehensive income	<u>3,672</u>	<u>3,146</u>
	<u>10,901</u>	<u>9,223</u>

The arrangements under which the group is carrying out refurbishment works to properties acquired at transfer are described in note 24.

Included within the figure for 2022/23 of £7,229k for amounts capitalised is £262k in respect of building safety works (2022: £147k).

Housing properties book value net of depreciation and grants comprises:

	2023 £'000	2022 £'000
Freehold land and buildings	498,510	458,680
Short leasehold land and buildings	<u>918</u>	<u>885</u>
	<u>499,428</u>	<u>459,565</u>

Notes to the financial statements (continued)
31 March 2023

13. Tangible fixed assets: housing properties (continued)

Association

	Completed housing properties £'000	Housing properties under construction £'000	Completed shared ownership properties £'000	Shared ownership properties under construction £'000	Total £'000
Cost:					
At 1 April 2022	438,624	17,633	52,671	3,413	512,341
Additions	493	34,363	-	9,724	44,580
Works to existing properties	7,229	-	-	-	7,229
Schemes completed	30,745	(30,745)	7,032	(7,032)	-
Disposals	(2,535)	-	(1,594)	-	(4,129)
Revaluations	7,927	-	-	-	7,927
At 31 March 2023	482,483	21,251	58,109	6,105	567,948
Depreciation:					
At 1 April 2022	(48,173)	-	-	-	(48,173)
Charge for year	(7,618)	-	-	-	(7,618)
Disposals	1,497	-	-	-	1,497
Impairment	(304)	-	-	-	(304)
Revaluations	(7,927)	-	-	-	(7,927)
At 31 March 2023	(62,525)	-	-	-	(62,525)
Net book value at 31 March 2023	419,958	21,251	58,109	6,105	505,423
Net book value at 1 April 2022	390,451	17,633	52,671	3,413	464,168

During the year, an impairment was identified in respect of one of our flatted schemes where we are planning to undertake significant refurbishment work. The overall effect was a net impairment charge of £304k in 2022/23 (2022: charge of £442k).

In addition, during the year, a revaluation reserves adjustment of £8,334k, which was not allocated to individual properties at the time the original revaluation adjustments were processed in March 2016 following the adoption of FRS102, was reallocated to individual properties on our fixed asset register. The adjustment to fixed assets has the effect of increasing both the historic costs and depreciation of housing properties by £7,927k. £289k of the unallocated revaluation reserves balance was identified as relating to properties disposed of since 2016, therefore, £289k has been expensed in the statement of comprehensive income and included within other fixed asset disposal costs (see note 7). A further £118k of the unallocated revaluation reserves balance was identified as relating to properties currently impaired, therefore, £118k was debited to revaluation reserves.

Notes to the financial statements (continued)
31 March 2023

13. Tangible fixed assets: Housing Properties (continued)

Association

Expenditure on works to existing properties:

	2023 £'000	2022 £'000
Amounts capitalised	7,229	6,077
Amounts charged to the statement of comprehensive income	<u>3,672</u>	<u>3,146</u>
	<u>10,901</u>	<u>9,223</u>

The arrangements under which the association is carrying out refurbishment works to properties acquired at transfer are described in note 24.

Included within the figure for 2022/23 of £7,229k for amounts capitalised is £262k in respect of building safety works (2022: £147k).

Housing properties book value net of depreciation and grants comprises:

	2023 £'000	2022 £'000
Freehold land and buildings	504,505	463,283
Short leasehold land and buildings	<u>918</u>	<u>885</u>
	<u>505,423</u>	<u>464,168</u>

Notes to the financial statements (continued)
31 March 2023

14. Tangible fixed assets: other fixed assets

Group and Association

	Leasehold improvements	Office furniture and equipment	Vehicles and plant	Computer hardware	Total
	£'000	£'000	£'000	£'000	£'000
Cost:					
At 1 April 2022	997	785	14	851	2,647
Additions	-	65	-	63	128
	<u>997</u>	<u>850</u>	<u>14</u>	<u>914</u>	<u>2,775</u>
At 31 March 2023					
Depreciation:					
At 1 April 2022	(556)	(504)	(14)	(471)	(1,545)
Charge for year	(61)	(89)	-	(114)	(264)
	<u>(617)</u>	<u>(593)</u>	<u>(14)</u>	<u>(585)</u>	<u>(1,809)</u>
At 31 March 2023					
Net book value at 31 March 2023	<u>380</u>	<u>257</u>	<u>-</u>	<u>329</u>	<u>966</u>
Net book value at 1 April 2022	<u>441</u>	<u>281</u>	<u>-</u>	<u>380</u>	<u>1,102</u>

The leasehold improvements are all short leasehold (less than 50 years) properties.

Notes to the financial statements (continued)
31 March 2023

15. Housing stock

Group and Association

Social housing	General needs - social rent	General needs - affordable rent	Independent living schemes	Supported housing**	Shared ownership	Total owned
	Units	Units	Units	Units	Units	Units
At 1 April 2022	5,177	817	350	36	408	6,788
Additions (newly built)	21	116	-	-	42	179
Additions (repurchase)	3	-	-	-	-	3
Sales	(7)	-	-	-	(6)	(13)
At 31 March 2023	5,194	933	350	36	444	6,957

*8 (2022:8) of the supported housing properties are subdivided into 19 (2022:19) rooms which are let separately.

Non-social housing	Leasehold housing
	Units
At 1 April 2022	1,084
Additions	1
Sales	(4)
At 31 March 2023	1,081

Notes to the financial statements (continued)
31 March 2023

16. Fixed asset investments - Group and Association

	Group		Association	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Shares in group undertakings	-	-	1	1
	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>

Silva Homes Limited holds the entire share capital of Forest Future Homes Limited comprising 1,000 shares of £1 each.

17. Properties developed for sale

Group and Association

	Group		Association	
	2023 Shared ownership £'000	2022 Shared ownership £'000	2023 Shared ownership £'000	2022 Shared ownership £'000
Completed properties	788	4,046	788	4,046
Properties under construction	3,822	2,102	4,070	2,277
	<u>4,610</u>	<u>6,148</u>	<u>4,858</u>	<u>6,323</u>

Notes to the financial statements (continued)
31 March 2023

18. Debtors

Amounts falling due within one year	Group		Association	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Rental and service charge debtors	2,401	2,261	2,401	2,261
Less: provision for bad and doubtful debts	<u>(1,229)</u>	<u>(1,144)</u>	<u>(1,229)</u>	<u>(1,144)</u>
	1,172	1,117	1,172	1,117
Other amounts due from group undertakings	-	-	321	205
Cash in transit	142	149	142	149
Other taxation and social security	559	207	511	99
Other debtors	21	114	21	114
Prepayments and accrued income	<u>987</u>	<u>1,201</u>	<u>987</u>	<u>1,201</u>
	<u>2,881</u>	<u>2,788</u>	<u>3,154</u>	<u>2,885</u>

The net present value of rental and service charge debtors subject to a repayment schedule has not been disclosed as it is considered to be minimal in value.

Amounts falling due in more than one year	Group		Association	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
VAT shelter agreement	<u>25,073</u>	<u>29,891</u>	<u>25,073</u>	<u>29,891</u>
	<u>25,073</u>	<u>29,891</u>	<u>25,073</u>	<u>29,891</u>
Total debtors	<u>27,954</u>	<u>32,679</u>	<u>28,227</u>	<u>32,776</u>

Notes to the financial statements (continued)
31 March 2023

19. Creditors: amounts falling due within one year

	Group		Association	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Trade creditors	1,666	2,013	1,666	2,013
Local authority creditor for Right to Buy	889	1,531	889	1,531
Other amounts due to group undertakings	-	-	2,500	2,436
Other creditors	1,700	1,190	1,700	1,190
Capital works accruals	2,850	3,306	654	1,055
Other accruals and deferred income	4,688	4,826	4,681	4,822
	<u>11,793</u>	<u>12,866</u>	<u>12,090</u>	<u>13,047</u>

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

Group and Association

	2023 £'000	2022 £'000
Loans due after more than one year (note 21)	219,500	189,000
Premium on loan issue (* see below)	3,057	7,396
Deferred loan costs	<u>(2,563)</u>	<u>(2,308)</u>
	<u>219,994</u>	<u>194,088</u>
Government grants (note 22)	7,558	7,590
VAT shelter agreement	<u>25,073</u>	<u>29,891</u>
	<u>252,625</u>	<u>231,569</u>

The net movement in the premium on loan issue in 2022-23 is a reduction of £4,339k. We have two existing loans issued at a premium, whereby we received more cash than the original nominal value of the loan. A new facility was issued at a discount in the year which means that we received less than the nominal value of the loan giving rise to a debit which we have set against the existing premium. The net difference between the nominal value of the loans and the actual amount received is credited (in the case of a premium) or charged (in the case of a discount) annually to the statement of comprehensive income over the life of each facility.

Notes to the financial statements (continued)
31 March 2023

21. Debt analysis

Group and Association

	2023 £'000	2022 £'000
Due within one year:		
Bank loans	-	-
Other loans	-	-
	<u>-</u>	<u>-</u>
Due after more than one year:		
Bank loans	41,000	89,000
Other loans	178,500	100,000
	<u>219,500</u>	<u>189,000</u>

The loans are repayable in instalments due as follows:

Within one year	-	-
Between two and five years	41,625	89,000
After five years	177,875	100,000
	<u>219,500</u>	<u>189,000</u>

All loans are secured by a fixed and floating charge on the group's assets. The average rate of interest at 31 March 2023 was 3.67% (2022: 2.28%). Loans maturing within two and five years are all revolving credit facilities and loans greater than five years are term loans.

At 31 March 2023, the group had undrawn loan facilities of £159.5 million (2022: £61.5 million).

Notes to the financial statements (continued)
31 March 2023

22. Financial assistance and other government grant receivable

Group and Association

	2023 £'000	2022 £'000
At 1 April	7,590	7,597
Grant receivable	50	74
Amortisation to statement of comprehensive income	(82)	(81)
As 31 March	<u>7,558</u>	<u>7,590</u>
Due after 1 year (note 20 - other long-term creditors)	<u>7,558</u>	<u>7,590</u>
	<u>7,558</u>	<u>7,590</u>

23. Share capital

Association only

	2023 £	2022 £
Ordinary shares of £1 each, issued and fully paid:		
At 1 April	9	8
Shares allocated	-	2
Shares cancelled	(1)	(1)
At 31 March	<u>8</u>	<u>9</u>

The shares provide members with the right to vote at general meetings, but do not provide any rights to dividends or distributions on a winding-up.

24. Stock transfer arrangements

Immediately prior to entering into the Stock Transfer Agreement between the association and Bracknell Forest Council (the council), the council and the association entered into a Development Agreement under which the association agreed to perform the works required to bring the properties up to an agreed condition. The contract was for a fixed sum equivalent to the expected cost of the works, fees and related costs being £129m. At transfer, the association contracted with the council to receive the benefit of the agreed improvement works (£129m) plus the housing properties at a price equal to the agreed value of the unimproved property (£34m). These contracts have enabled the association to recover the VAT on the improvement costs which would otherwise have been expensed. Half of the VAT recovered under this arrangement is paid to the council.

At the time of the transfer the association paid over to the council a net cash amount of £34m representing the acquisition of the properties in their unimproved condition (£34m) and the value of the council's obligation to carry out the refurbishment works (£129m), less the amount due to be incurred by the association under the development agreement in relation to the anticipated costs of the improvements (£129m).

The impact of these two transactions is that whilst the council has a legal obligation to the association to complete the refurbishment works, this work has been contracted back to the association which is also legally obligated. The underlying substance of the transaction is therefore that the association has acquired the properties in their existing condition at their agreed value and will complete certain repairs and improvements of not less than £129m. In accordance with FRS 102 the resultant debtor and creditor are disclosed separately within the financial statements. Should the value of the work completed vary from that originally envisaged, the contract may be terminated with no financial loss to Silva Homes.

Notes to the financial statements (continued)
31 March 2023

25. Capital commitments

	Group		Association	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Capital expenditure				
Expenditure contracted for but not provided in the accounts	93,252	67,889	97,233	70,962
Expenditure authorised by the board but not contracted	<u>48,976</u>	<u>21,849</u>	<u>51,326</u>	<u>22,689</u>
	<u>142,228</u>	<u>89,738</u>	<u>148,559</u>	<u>93,651</u>

The capital commitments will be funded from a combination of operational cashflows and additional loan finance.

26. Other financial commitments

Group and Association

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

	2023	2022
	£'000	£'000
Payments due:		
within one year	892	969
between two to five years	2,392	2,616
after five years	<u>1,174</u>	<u>1,601</u>
	<u>4,458</u>	<u>5,186</u>

Notes to the financial statements (continued)
31 March 2023

27. Financial instruments

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

	Group		Association	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Financial assets				
<i>Measured at undiscounted amounts receivable</i>				
Rent arrears and other debtors (see note 18)	1,335	1,380	1,656	1,585
	<u>1,335</u>	<u>1,380</u>	<u>1,656</u>	<u>1,585</u>
Financial liabilities				
<i>Measured at amortised cost</i>				
Loans payable (see note 20)	219,994	194,088	219,994	194,088
<i>Measured at undiscounted amounts payable</i>				
Trade and other creditors, and accruals (see note 19)	9,374	9,903	7,168	7,526
Amounts due to group undertakings (see note 19)	-	-	2,500	2,436
	<u>229,368</u>	<u>203,991</u>	<u>229,662</u>	<u>204,050</u>

Notes to the financial statements (continued)
31 March 2023

28. Subsidiary undertakings

As at 31 March 2023, Silva Homes Limited owned 100% of the share capital of Forest Future Homes Limited comprising 1000 shares of £1 each. The company is registered under the Companies Act 2006 and was incorporated on 13 December 2013. The company is included within the consolidated accounts for the year ended 31 March 2023. Forest Future Homes Limited acts as the design and build contractor for Silva Homes Limited.

Transactions and balances with Forest Future Homes (FFH)

	2023 £'000	2022 £'000
<u>Included within the statements of Silva Homes:</u>		
Statement of comprehensive income		
Recharge of operating costs	321	205
Gift aid received	<u>1,125</u>	<u>323</u>
 <u>Balances at 31 March:</u>		
Fixed assets, additions to housing properties - design and build contracts payable to FFH in the year	30,818	27,557
Creditors, less than 1 year - capital accruals due to FFH	2,500	2,436
Debtors, less than 1 year - amounts due from FFH	<u>321</u>	<u>205</u>

29. Group members

Silva Homes Limited is the parent of the Group and exerts dominant influence over its subsidiary, Forest Future Homes Limited, by controlling the composition of its board. All the group bodies are incorporated in England and Wales. Silva Homes Limited is a registered provider and a registered society under the Co-operative and Community Benefit Societies Act 2014 (number 30230R).