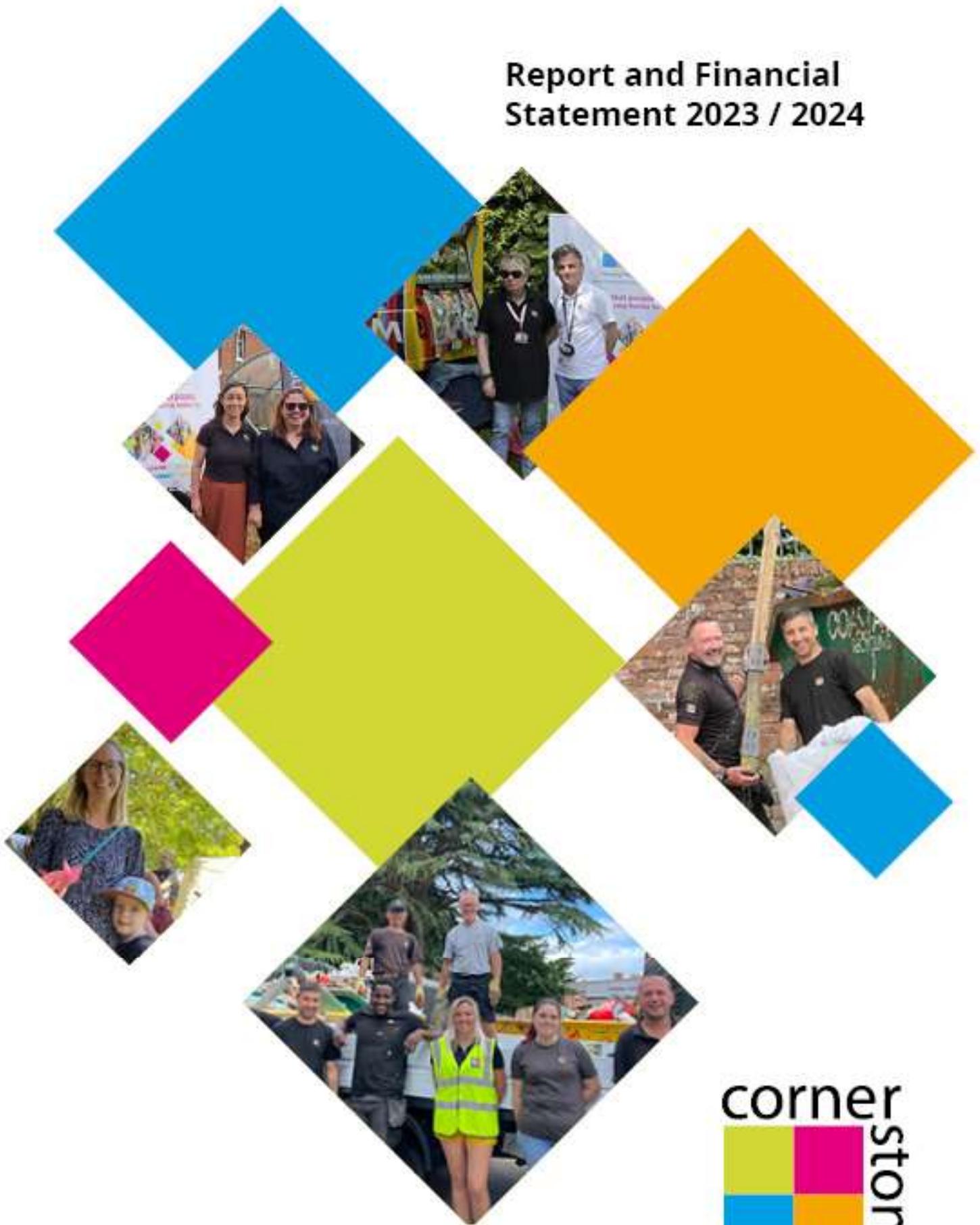


Report and Financial Statement 2023 / 2024



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Legal and administrative details

Board

Peter Howard-Williams
Chair

Louise Cumberland Vice
Chair

Stephanie Henshaw
Audit and Risk Committee
Chair

Darren Galliford

Janet Gale

Samantha Johnson

Tom Woodman
Chief Executive
(Resigned 2/4/2024)

Asad Butt

Christopher Lovegrove

Fred Carter
(appointed 27/9/2023)

Adam Carrick
(appointed 27/9/2023)

Harriet Bosnell
(appointed 23/4/2024)

Directors

Harriet Bosnell
Chief Executive
(appointed 23/4/2024)

Tom Woodman
Chief Executive
(resigned 2/4/2024)

Yvonne Woodward
Finance Director

Clare Beach
Director of Housing & HR

Anne Seaborne
Director of Development

Kevin Alexander
Director of Property Services
(appointed 3/4/2023)

Company Secretary

Nicola Hallam

Registered name and address

Cornerstone Housing Limited
Cornerstone House
Western Way
Exeter
Devon EX1 1AL

Registered numbers

Mutuals Public Register:
14457R
Regulator of Social Housing:
L1047

External Auditors

CLA Evelyn Partners Limited
15-17 Cumberland Place,
Southampton SO15 2BG

Internal Auditors

Beever and Struthers
The Colmore Building, 20
Colmore Circus Queensway,
Birmingham B4 6AT

Solicitors

Trowers & Hamlins
The Senate, Southernhay
Gardens, Exeter EX1 1UG

Bankers

Barclays Bank PLC
3 Bedford Street, Exeter,
EX1 1LX

Funders

MORHomes
Future Business Centre,
Kings Hedges Road,
Cambridge, CB4 2HY

The Housing Finance Corporation Ltd
3rd Floor, 17 St Swithin's Lane,
London EC4N 8AL

Orchardbrook (National Westminster)
10 Upper Bank Street,
London, E14 5HJJ

Affordable Housing Finance plc
3rd Floor, 17 St Swithin's
Lane, London EC4N 8AL

Chair and Chief Executive review

In a changing world Cornerstone continues to make a difference

At Cornerstone Housing, we put our residents and colleagues at the heart of everything we do.

We believe that home is what makes everything else possible. By offering safe, stable, affordable homes, we open the door to health and wellbeing, work and education, family, friends and communities.

This year has been one of changing economic, social and legislative change for housing associations as we continued to face challenges to our costs from high inflation, increased investment in our existing homes and started to bring more social and affordable homes into being. We were able to maintain our overall surplus at £0.99m (2023: £0.85m).

Value for money (VFM) remains a key theme for the Board, as set out in the VFM section later in this report. Our budget for 2024/25 is focused on continuing our investment in existing homes and increasing the supply of new homes.

The cost-of-living crisis has affected all of us and we have provided support and advice to our tenants throughout the year. Despite the increasing cost pressures they are facing, rent arrears performance for our customers remains strong at 0.23% (2023: 0.53%). We have continued to support customers in difficulty through signposting to debt advice services, direct advice and small grants. Management of empty properties has been a challenge over the last year with more work required to bring properties up to a good standard before letting due to the state that the properties have been left in. This has affected our performance on lettings where we have seen an increase in the average time to relet at 18 days (2023: 15 days).

We have a number of properties where there is a building defect where the developer had agreed to make the necessary repairs. We were very disappointed late in 2023, when the developer withdrew their offer and we now expect this to go to adjudication. While we have been keeping residents regularly updated, we recognise their growing frustration at the delays and will continue to work on their behalf to get an acceptable outcome. As we don't know what the outcome of the adjudication will be, there is some financial risk which is difficult, at this stage, to quantify and identify the timing.

This year was the first year that we had to collect the new Tenant Satisfaction Measures introduced by the Regulator. We have been extremely pleased with our performance, which has seen overall satisfaction with our services of 86%. However, we are not complacent and will continue to be transparent about looking at where we need to improve how we provide services. This will include how we respond to complaints as only 53% of responses were satisfied with our approach to complaints and how we deal with Anti-Social Behaviour where satisfaction was 59%. As part of our Customer Strategy, this year we implemented the first phase of a Customer Relationship Management (CRM) system. This system will record our contacts with customers, which will ensure we can monitor performance against standards and improve the delivery of services to our customers.

We have continued to work with Julian House helping young people at risk of homelessness. We lease a number of properties to Julian House, enabling them to set up trainer tenancies helping young people to progress to stability and independence, and ensuring vulnerable people are 'tenancy ready'.

During the year we have delivered an improvement programme, installing new windows, kitchens, external insulation and solar panels to far more properties than would have been achievable had we continued our previous whole-house improvement programme. The flexibility and commitment of our in-house labour team has been fundamental to achieving this.

We have identified 140 properties to date that are below the energy rating EPC level C, and we are on track for these to be improved to level C in advance of the government's 2030 target. Our asset management strategy includes our aspiration to be carbon-neutral by 2050 and sets out the early milestones towards this.

In 2023-24, we delivered 8 new homes and as at 31 March 2024, we have identified 63 new homes to be completed over the next 3 years. Our development strategy sets out our aspirations to increase development, and we have supported this ambition through our refinancing which has provided cash for new homes, supported by a currently undrawn revolving credit facility (RCF). We continue to identify and secure new opportunities in a crowded marketplace, eventually increasing to developing 40 homes each year.

Our current borrowing is all at fixed rates so the increases in interest rates during the year have not affected our interest costs. We have £11m of undrawn credit facility which we do not expect to use until 2026.

Our Board reviewed our business plan in May 2024, stress-testing against a wide range of eventualities linked to our risk map.

During the year we reviewed our corporate strategy and the Board agreed that it remains a sound base for our work and agreed a new programme of projects and targets for its delivery. There is more detail on our strategy later in this report.

We continue to listen carefully to our teams and work with them to create new approaches.

Reflecting on changing staff priorities we now offer more flexibility, putting wellbeing first and increasing focus on the "whole self". Communication has been improved with new channels of communication between all staff and managers. We have achieved greater clarity and fairness on pay and introduced a new range of benefits for all staff. We continue to offer hybrid and flexible working to all office staff and flexible family friendly arrangements for our trades team.

We introduced shorter, more regular staff surveys to help us become more responsive to employees' needs, and in March 2024 satisfaction levels had increased from 87% to 96%.

Work on professional standards has included a review of qualifications within our wider management teams in line with priorities set out by the government. We are well positioned with many of our required management team qualified to level 4 or above. We have five members of staff due to complete the Chartered Institute of Housing qualifications in the coming year.

We were pleased to learn in July 2023, that the Regulator had confirmed our regulatory rating as G1/V1 following their In-depth Assessment completed in the Spring.

During the year, we welcomed new members to the Board and look forward to working with Fred Carter and Adam Carrick. Fred brings a wide range of experience in affordable housing covering new-build development and has a particular interest in the energy efficiency of new homes. Adam joined the Board in September 2023 as Chair Elect in preparation for my retirement from the Board in September 2024. Adam has spent over twenty years in management and leadership roles in health and social care commissioning and is an accredited coach and group facilitator. Our thanks and the thanks of the Board go to all our staff for their dedicated and committed work over the year.

In April, we welcomed our new Chief Executive Harriet Bosnell who brings a wealth of experience from her career in social housing.

In conclusion, thanks to our staff and board team, our work last year has made a sound contribution to achieving our long-term strategy. Now in 2024/25 we will take that forward in the new economic environment, with the support and help of our customers, in pursuit of our purpose and vision.

Peter Howard-Williams

Peter Howard-Williams (Sep 18, 2024 19:49 GMT+1)

Peter Howard-Williams
Chair

Harriet Bosnell

Harriet Bosnell (Sep 19, 2024 11:34 GMT+1)

Harriet Bosnell
Chief Executive

Three-year summary of financial highlights

Statement of comprehensive income	2024	2023	2022
Turnover	£8,364k	£7,716k	£7,872k
Percentage change in turnover	8%	-2%	13%
Operating cost and cost of sale	£6,771k	£6,074k	£5,760k
Surplus on sale of property	£136k	£68k	£73k
Operating surplus	£1,873k	£1,813k	£2,272k
Operating margin	20%	22%	28%
Total comprehensive income	£579k	£489k	£2,003k

Statement of financial position	2024	2023	2022
Fixed assets	£71,475k	£69,384k	£69,065k
Creditors due > one year	£40,785k	£40,577k	£40,811k
Revenue reserves	£34,748k	£34,169k	£33,680k
Gearing	34%	33%	32%

Key financial indicators	2024	2023	2022
Properties owned and managed	1,421	1,417	1,410
New homes built	8	10	25
Debt per home	£21k	£21k	£21k
Rent losses from voids and bad debts	£106k	£51k	£84k

Strategic report

About us

We are a local charitable housing association based in Exeter, Devon. We provide affordable homes to help meet the local housing shortage in the Exeter area and we make sure that our homes are safe, stable and affordable.

Our strategy

Our strategy sets out our long-term direction and ethos, together with the projects and metrics that we will use to deliver our goals and measure our progress.

Our current strategy covers the period to 2028. It links closely to our 30-year long-term financial plan which ensures that we have resilient and robust foundations for our ambitions.

We review the strategy annually with our latest review completed by the Board in July 2023.

The strategy contains the following elements:

- our purpose, vision and values
- cross-cutting themes that run through our work
- our framework for risk management (as outlined later in this report)
- high-level projects that will support delivery of our vision
- key metrics that enable us to measure our progress.

Our purpose

Home is what makes everything else possible. By offering safe, stable, affordable homes, Cornerstone opens the door to health and wellbeing, work and education, family, friends and communities.

Our vision and values

We work together to create places that people love to come home to. We achieve this by focusing on great places, great services, a great business and great people. We are ambitious and responsible, and we are positive and kind.

In support of our purpose, vision and values we have four cross-cutting themes that run throughout our strategy and are used in all aspects of our work and decision-making:

- equality, diversity and inclusion
- safety, health and wellbeing
- financial viability and value for money
- environmental sustainability.

Our performance

During the year ended 31 March 2024 the total comprehensive income was £0.6m (2023: £0.5m).

As set out earlier in the introduction, our prime focus is the delivery of services and improvements to existing customers and homes. There was £1.5m (2023: £1.4m) of improvement work capitalised in the year, reflecting our ongoing investment in our housing stock.

The Board agreed the following key metrics to be achieved by March 2026 to demonstrate delivery of our strategy:

Our high-level measures and targets are that by March 2026 we will:	2023/24 Progress
Maintain overall customer satisfaction at top quartile level, and maintain customer trust and net promoter scores at their current level or better	Overall customer satisfaction was 89% during 2023/24. Our net promoter score was 52 which was better than our 2023 performance of 44.
Improve customer satisfaction with both the quality of homes and with neighbourhoods as a place to live, each from third quartile to top quartile	As part of the Tenant Satisfaction Measures, we are now recording customer satisfaction with us making a positive contribution to neighbourhoods, this was 73% in 2023/24.
Carry out component replacements in our existing homes as set out in the annual budget and asset management plan	The programme was delivered as planned in 2023/24
Improve the energy efficiency of our existing homes as set out in the annual budget and asset management plan, and be on target for all homes to be at EPC level C by 2030	We have 140 homes that are at EPC D or lower and a budget of £120k has been included in the business plan to bring these up to EPC C by 2030. The increase in the number of homes is due to improved surveying of individual properties.
Maintain safety of our homes at 100% compliance in respect of gas, electric, fire, water, asbestos and lifts safety	100% of gas safety checks were carried out on time. We met the 100% for all other safety checks.
Increase our housing stock by the number of new homes set out in the business plan and create a pipeline to support our development ambitions	We provided 8 new homes during 2023/24 and a pipeline has been created to continue the delivery of new homes in line with the business plan.
Improve staff satisfaction and employee net promoter score year on year	The staff net promoter score increased from 33 to 54 during 2023/24 and overall staff satisfaction increased from 86% to 96%
Annually achieve our target business plan total cost per existing home and remain within all the Board's financial golden rules.	The business plan remains within the golden rules and cost per home for new builds is averaging below the target.

Value for money

Value for money (VFM) is a key focus for our Board and we are continuously striving to improve the way we work to provide better services to our tenants, improve our homes and build more affordable homes.

We fully embrace the VFM Standard and Code of Practice published by the Regulator of Social Housing (RSH). The standard requires registered providers to publish a statement within their accounts to help stakeholders to understand their performance in relation to VFM. This includes performance against metrics set by the RSH and requires organisations to demonstrate performance against their own targets, linked to strategic objectives.

Adoption of the standard enables our Board to ensure that:

- optimal benefit is derived from our resources and assets;
- we have a robust approach to decision making for improving our VFM; and
- we report on the VFM metrics and explain plans to address outliers.

The Report and Financial Statements for the year ending 31 March 2023 have been produced in accordance with the standard enabling us to benchmark performance with other providers.

In the sections below we consider our VFM performance during 2023/24 against each of the key enablers in our vision statement: great places, great services, a great business and great people.

We show our benchmarked performance against all quartiles in the peer benchmark (southwest) group of 20 housing associations, alongside the national averages. These measures have been mandated by the RSH, including the definition of the measure, which sometimes differs to measures elsewhere in the financial statements and to our financial covenants.

We also provide a summary of the progress made on our plans to improve VFM.

VFM regulatory metrics

	2023/24 Actual	2022/23 Actual	2021/22 Actual	2023/24 Target	Peer Group 1 Median 2022/23	Peer Group 2 Median 2022/23	Sector Median 2022/23
1. Reinvestment %	6.0%	3.5%	4.7%	6.6%	6.9%	5.9%	6.7%
2a New supply (social housing units)	0.6%	0.7%	1.8%	1.1%	1.5%	1.2%	1.3%
2b. New supply delivered (non-social housing units)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
3. Gearing	34.3%	32.9%	32.1%	34.4%	44.5%	40.4%	45.3%
4. EBITDA MRI interest cover	173.5%	184.7%	238.0%	150.1%	149.5%	172.0%	128.5%
5. Headline social housing cost per home	£4,503	£4,014	£3,379	£4,352	£4,578	£4,574	£4,586
6a. Operating margin (social housing lettings)	21.7%	24.5%	30.8%	21.0%	20.9%	18.8%	19.8%
6b. Operating margin (overall)	20.4%	22.3%	27.6%	19.6%	20.6%	18.2%	18.2%
7. Return on capital employed	2.4%	2.4%	3.0%	2.0%	3.0%	3.0%	2.8%

We benchmark against 3 peer groups, taking the top quartile performance as a comparison. Our benchmark groups are:

- peer group 1 –all housing associations with 1-20,000 homes in the southeast and southwest
- peer group 2 - a group of 20 housing associations with a social housing stock presence in the southwest of more than 50%
- peer group 3 – whole sector

(Data published by the Regulator for Social Housing for 31 March 2023)

Value for money in 2023/24, considered against our four strategic themes

Great places

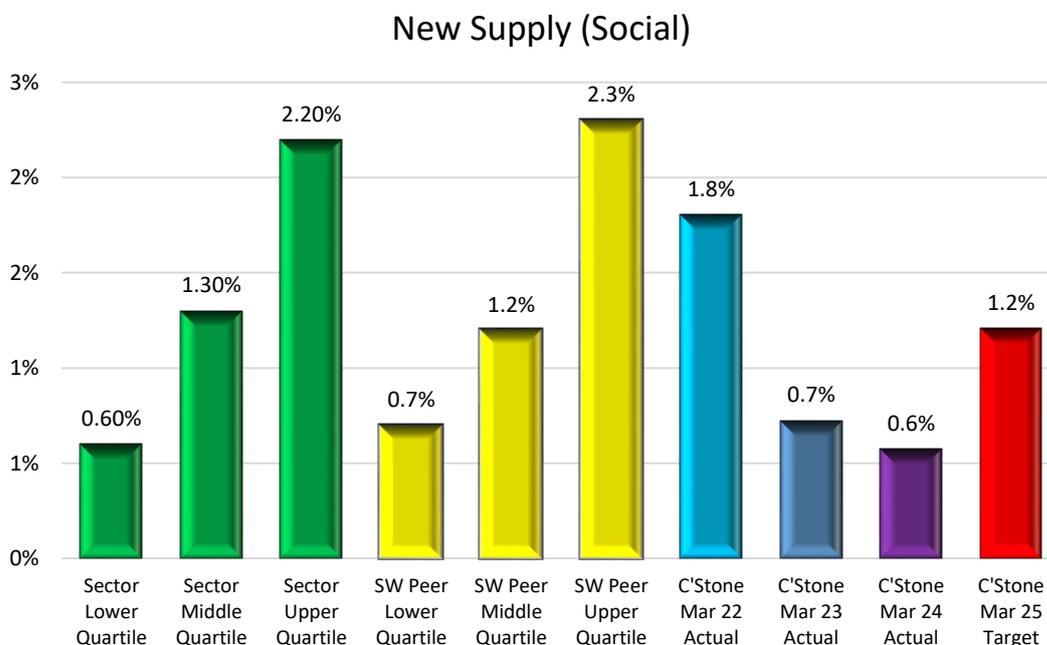
This strategic theme includes all our work on safety, new building, improving existing homes, managing neighbourhoods, and achieving zero-carbon in homes.

New homes developed

We are committed to meeting housing need through developing new homes in accordance with the Board’s strategy set out earlier in this report. In 2022/23 we completed a refinancing exercise to increase the funding available. As at 31 March 2023, we have £11m of undrawn funding available.

All developments are funded by our cash reserves, additional loans, and grants. We work in collaboration with local developers, supported by Homes England, to build more homes to provide additional quality homes for people who are in housing need. Our 30-year business plan demonstrates that our commitment to development can be achieved and that we will continue to meet our covenants, objectives and financial obligations going forward.

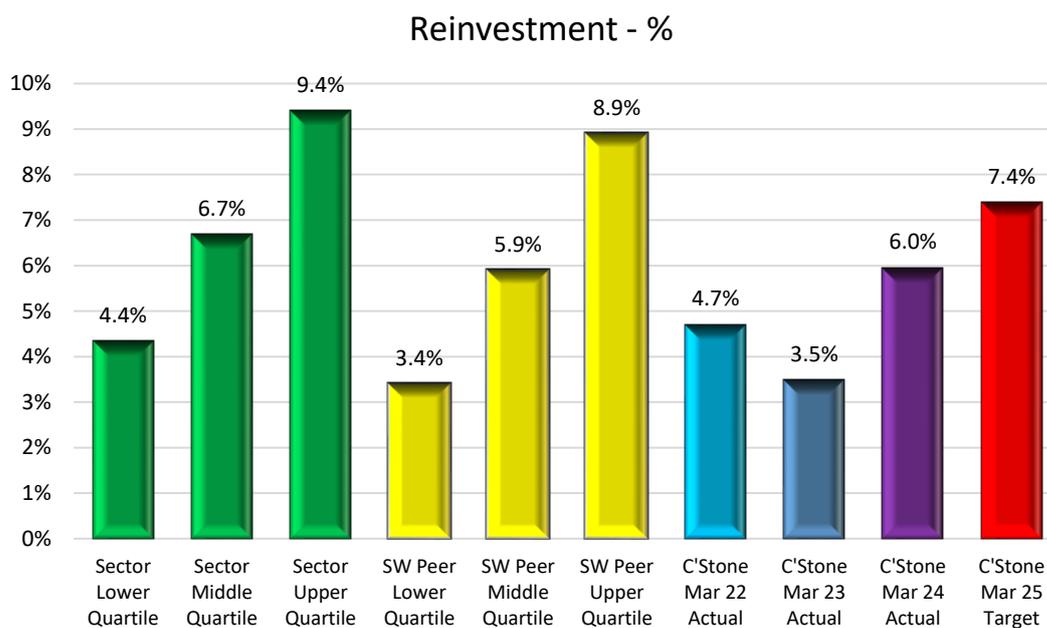
In 2023/24, we delivered 8 new homes: 6 social rented homes in Alphington and 2 affordable rent properties in Thorveton.



We are aiming to complete 25 new homes in 2024/25 and our medium-term goal is to deliver 40 new homes each year. We do not build any non-social homes.

Reinvestment in housing

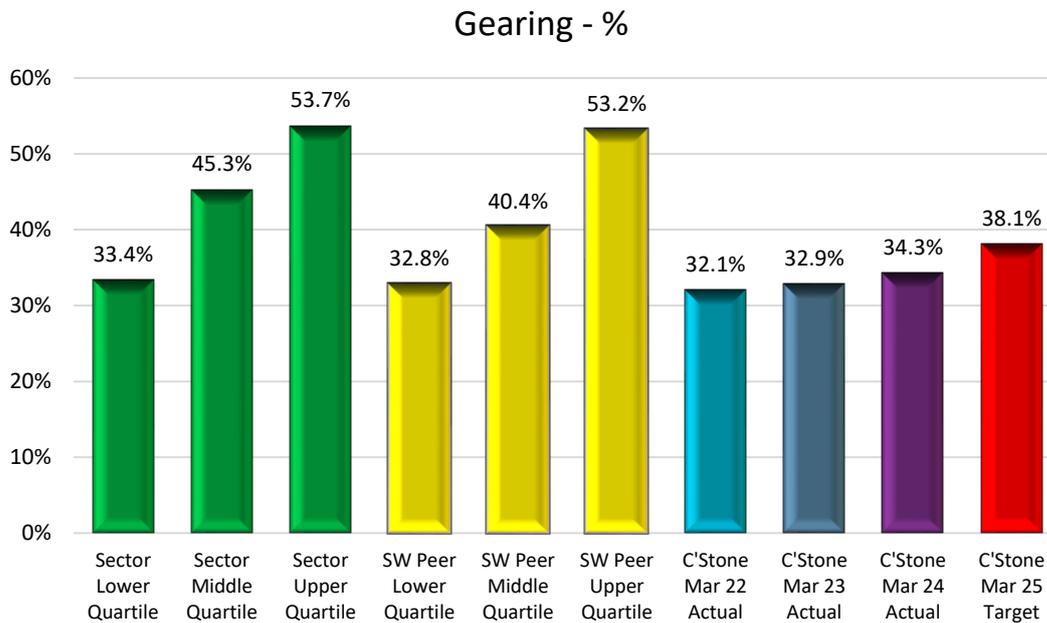
The increase in 2023/24 reflects the increase in our development programme as we built more new homes with 8 new homes (2023: 10) and £2.7m spent on new homes completed or started (2023: £0.9m). We increased the investment in existing homes to £1.5m (2023: £1.4m) and plan to spend £1.6m on our homes in 2024/25. Our reinvestment rates have historically been lower compared against our peer group, and the Board took this into account in increasing the ambition within our strategy and the new funding arranged in 2021.



Gearing

This metric assesses the dependence on debt finance. Our gearing over the last three years has remained consistently low and it reflects the Board's financial risk appetite. We have funded large-scale improvements through working capital and used bank borrowing to develop new homes whilst ensuring we can comfortably meet funders' requirements.

Once our development programme accelerates with an associated drawing down of current facilities, we will see an increase in gearing from 2025 onwards moving us nearer the median for our peer group but still well below the sector median.



Investing in communities

As a local community housing association, we ensure that we maximise our impact on the communities we serve. As well as supporting local businesses via our supply network we also work with partners to support their work in communities.

Our Director of Housing & HR is a member of the Council Housing & Development Advisory Board for Exeter City Council and is also on the board of Devon Home Choice. We are committed to positive engagement with residents and to working with partners to support vulnerable and at-risk customers. This includes participation with best practice groups for safeguarding and customer involvement and multi-agency meetings with colleagues in policing, probation, health, child protection and other voluntary sector specialists.

Customer satisfaction with neighbourhoods

We have previously recorded customer satisfaction with their neighbourhoods as a place to live with 77% satisfaction in 2023. With the introduction of the new Tenant Satisfaction Measures, we now record satisfaction that Cornerstone makes a positive contribution to neighbourhoods and our result for 2024 was 74%. We have followed up with residents who expressed dissatisfaction and the main themes coming through were how we handled complaints, how we manage and maintain communal areas, and how we deal with anti-social behaviour. We will be talking to residents about their ideas for their neighbourhoods and do everything we can to make those ideas happen.

Plans for improving VFM for 'great places'

Plans for VFM improvements in 2024/25 include the following:

- continuing implementation of the asset management strategy to invest in our existing homes.
- continuing our work on addressing the zero-carbon agenda and embedding increased post-2030 improvement costs into our business plan

- reviewing and updating our development strategy to maximise the number of homes developed taking account of customer aspirations, housing need and sustainability
- responding to the priorities identified in the tenant satisfaction surveys specifically around how we look after our physical neighbourhoods and outside spaces

Great services

This strategic theme includes all customer services, our customer relationship and customer voice. Great places and safe places are a co-production between Cornerstone and our residents.

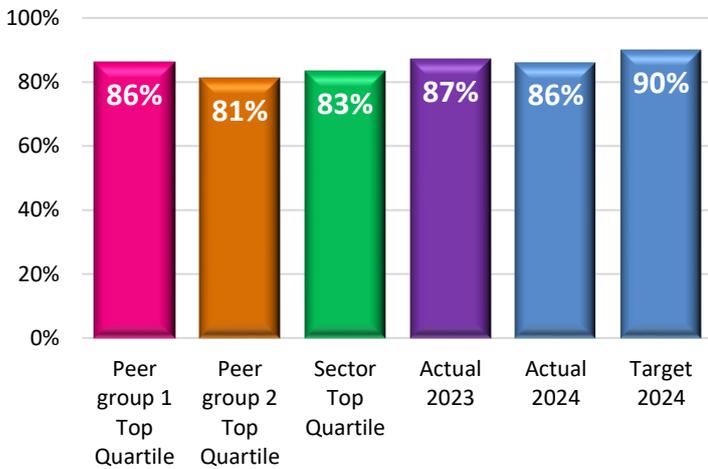
Over the year we have continued to work closely with our residents engagement panel to improve services and take account of the views of residents. This has included improving the diversity of our panel via new members and the launch of a youth panel. The panel also completed a review of our Parking policy, Property Services policies, social media and Anti-Social Behaviour and how we respond. Next year, the Panel will be reviewing Aids and Adaptations and how we can improve residents' living space and finalising a new residents' handbook.

We have introduced improvements to our appointment system to reduce the number of missed appointments, including telephoning residents to remind them of their appointments. We have brought our gas servicing in-house to improve the resilience of the service and reduce costs. During 2024/25 we will be opening our head office for drop-in sessions to enable residents to get face to face help and advice and access the internet.

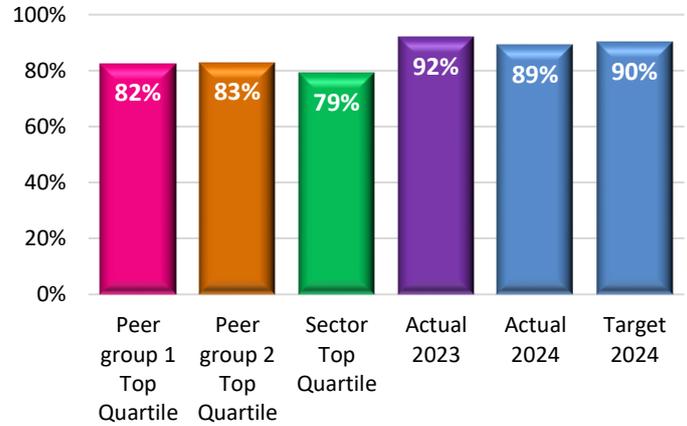
The Tenant Satisfaction Measures were introduced in 2023 and the headline results included:

- overall satisfaction 86% (2023: 88%);
- satisfaction with repairs and maintenance 89% (2023: 94%).
- satisfaction that we listen and act upon customer views 72% (2023: 75%)
- We also use a measure called net promoter score. This is a measure to gauge customer loyalty, satisfaction, and enthusiasm with a company that's calculated by asking the question: "On a scale from 0 to 10, how likely are you to recommend this product/company to a friend or colleague? This has improved to 52 (2023: 44).

Overall customer satisfaction (%)



Satisfaction with repairs & maintenance (%)



We are working closely with the Resident Engagement Panel to understand the slight decline in satisfaction, but we note early results from TSMs are that we compare favourably with our peers.

Satisfaction with how we respond to Anti-Social Behaviour ASB was lower than we would like at 59% and, after getting feedback from residents about how we can improve, we will be:

- Being clearer about what is and isn't ASB
- Providing regular updates about how we have resolved ASB cases and where we could have done better
- Making it easier to report ASB
- Making sure our procedures are clear and communicated when ASB reports are made
- Increasing visibility of our Housing Officers on estates

During the year, we have increased the training our staff receive in identifying what a complaint is and how to respond. This increased awareness has resulted in an increase in the number of complaints recorded. We have also seen an increase in the time taken to respond to complaints and this is an area where we will continue to drive improvement.

Number of complaints per 1,000 homes



Complaints response time (working days)



Plans for improving VFM for 'great services' in 2024/25

- Implementing the next phases of our customer relationship management system to enhance customer service, customer engagement and improve our interactions with customers.;
- exploring our ability to offer customers digital access to home and neighbourhood safety information, as well as refreshing our website to improve accessibility and enhance navigation on mobile platforms;
- ensuring compliance with the Housing Ombudsman's new Complaints Handling Code;
- improving our strategic engagement with other organisations including mapping our community partners and current degree of engagement;
- resident consultation, linked to our work on customer voice, on the standards and outcomes that form part of the customer services, asset management and development strategies.

Great business

This strategic theme includes all elements of VFM, efficiency, financial and operational effectiveness, business resilience, and net zero-carbon in the workplace.

During 2023/24 we have completed the following projects to improve VFM:

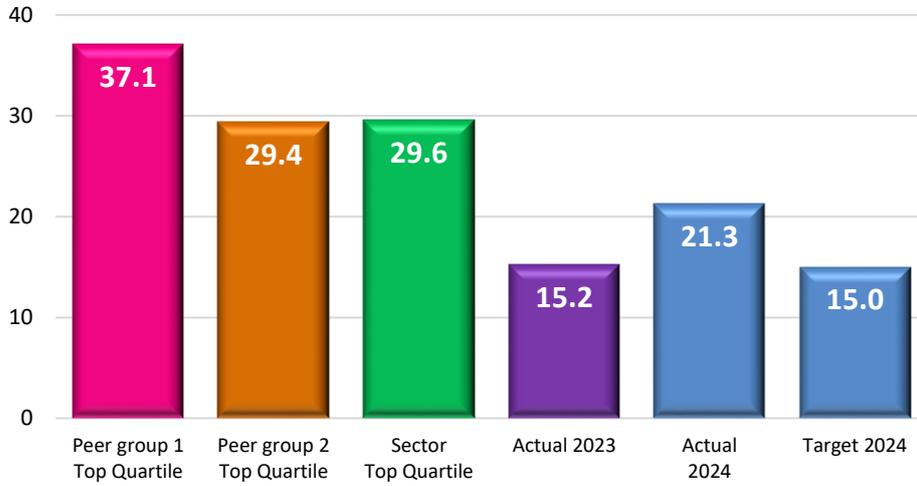
- completed the transfer of our data management system on to the Microsoft SharePoint platform;
- creating and delivering the development pipeline for future new homes;
- increasing staff engagement and resilience;
- reviewed our insurance policies to ensure best value and protection;

This investment increased resilience and enabled us to continue to deliver customer services and landlord safety compliance.

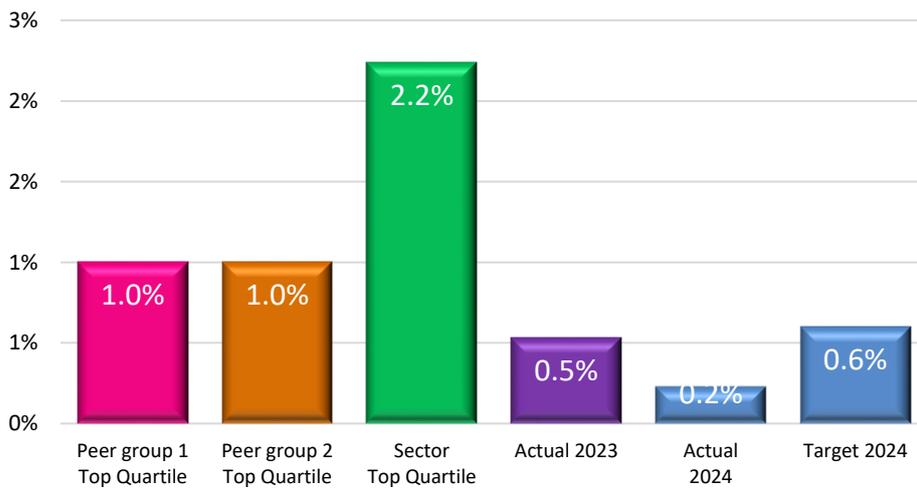
We saw a decline in the standard of properties being returned for re-let which resulted in a higher spend on void repairs and longer re-let times. This started to improve towards the end of the year and will continue to be monitored.

We have continued to have a very low level of rent arrears and we provide support to residents who are struggling with their bills and the cost of living. This support includes a hardship fund, working with Westcountry Savings & Loans, the Southwest's credit union and referring residents for money and energy saving advice services.

Average re-let times in days



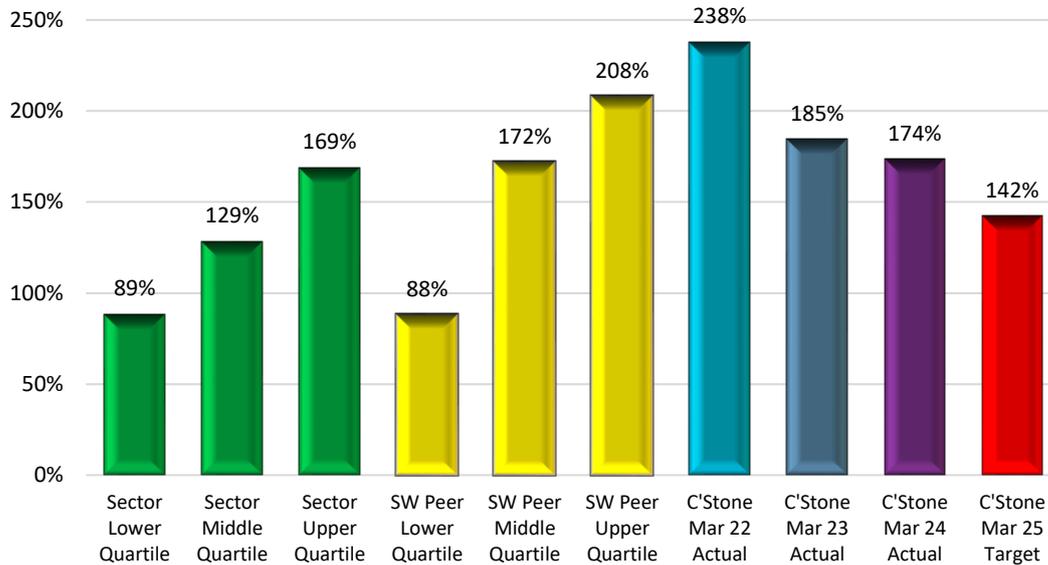
Current tenant arrears (%)



Interest cover

EBITDA-MRI interest cover measure is a key indicator for liquidity and investment capacity. It seeks to measure the level of surplus that a registered provider generates compared to interest payable; the measure avoids any distortions stemming from the depreciation charge. We can comfortably cover interest payments on outstanding debt with interest cover of 174%. Our Board stress tests our 30-year business plan regularly and it has a clear understanding of what would cause us significant financial distress. We have mitigating strategies to deal with key exposures.

EBITDA MRI Interest Rate Cover - %

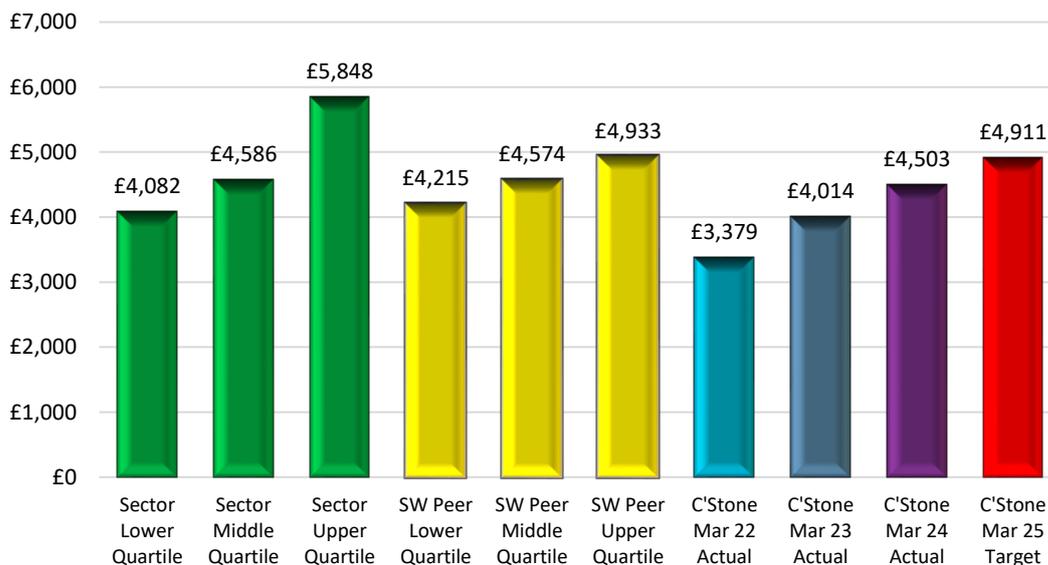


As we continue to increase investment particularly in new homes, our interest cover is forecast to reduce next year but should recover with the increase in rental income.

Headline social housing cost per unit

The unit cost metric assesses the headline social housing cost as defined by the Regulator.

Headline Social Housing Cost per unit - £



Our social housing cost per unit has increased year on year by 11% (£457 per home) to £4,471 (2023: £4,014). This was above our target of £4,428 due to the additional expenditure identified in the year on building safety activities. Total spending on repairs and maintenance has increased by £118 (7%) per home to £1,863 and our investment in existing homes increased by £75 (8%) to £1,070 per home. For 2024/25, there will be pressures on our costs arising from the higher inflation rates over the last year affecting the

costs of supplies and services, but these will be carefully monitored and managed through the year. We also invested in a new Customer Relationship Management system to improve customer service.

The breakdown of the social cost per home is as follows:

	Cost per home
Remuneration for the highest paid Director	£77
Total remuneration paid to Directors	£333
Total Management costs	£1,146
Total repairs and maintenance costs including capitalised repairs	£1,070

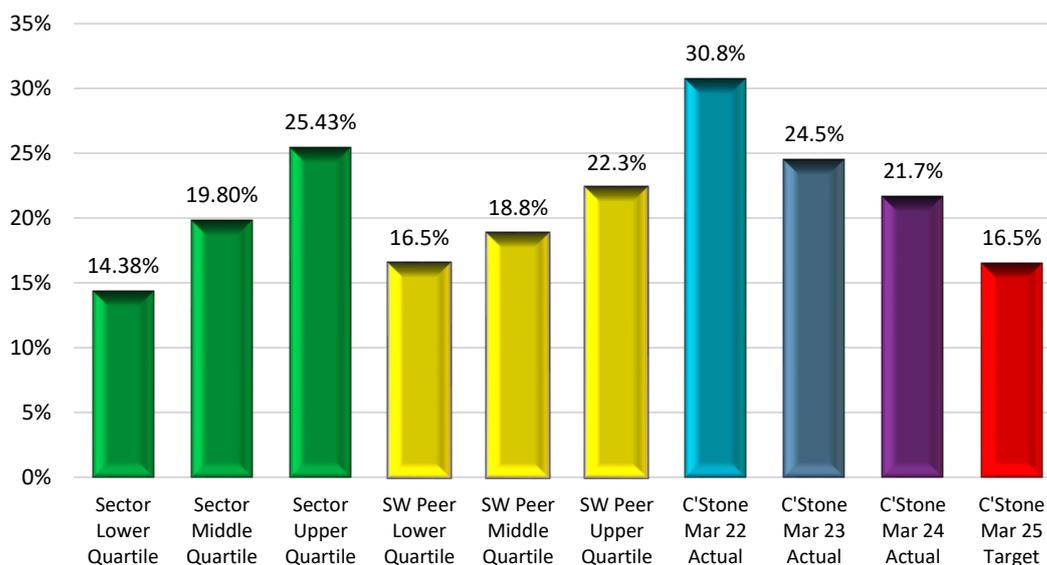
Operating margin

The operating margin demonstrates the profitability of the Association.

The operating margin on Social Housing Lettings (SHL) relates solely to income and expenditure attributable to social housing activities. During the year our operating margin on Social Housing Lettings was 22% (2023: 25%). While there was an increase in income of 4%, this was offset by an increase in spending, particularly on investment in our existing homes, and the impact of inflation on costs which reduced our operating surplus by 8%.

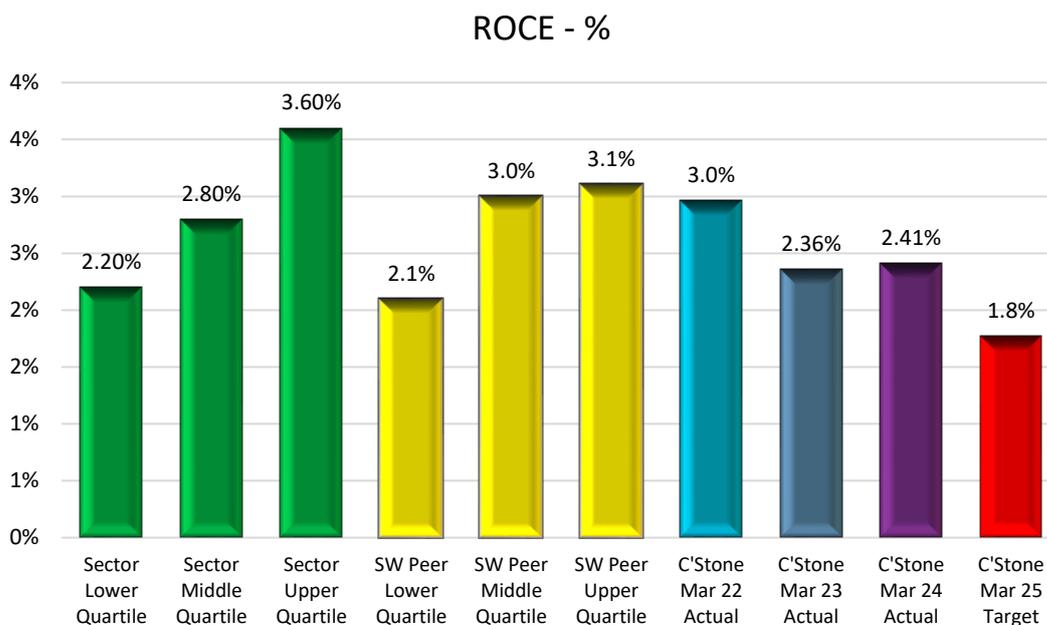
Alongside social housing activities, the operating margin overall includes all other activities (e.g. shared ownership first tranche sales and disposals). During the year our overall operating margin was 20% (2023: 22%).

Operating Margin (SHL) - %



Return on capital employed (ROCE)

This metric compares the operating surplus to total assets less current liabilities. It is a common measure in the commercial sector to assess the efficient investment of capital resources. The small increase in year-on-year ROCE reflects the increase in investment in our homes.



Plans for improving VFM for 'great business' in 2024/25

- further developing a new equality, diversity and inclusion plan
- Reviewing our service charges to ensure that cost of services is efficient and reflects our collection rate
- developing a Knowledge, Information and Data plan for future service development and continuing infrastructure investment in future-proofed systems;
- reviewing our purchasing and payment systems with a view to improving efficiency and delivering savings; and
- strengthening our contract management arrangements to ensure that our existing contracts continue to deliver VFM.

Great people

This strategic theme includes our being a great place to work and the continuing development of all staff to reach their potential.

We have a particular focus on employee wellbeing and have ongoing activities to promote mental health in the workplace.

We improved our rewards package by enhancing our pension provision to increase the employer contribution up to 10% when employees increase their contribution, introducing

tool allowances for our trades staff, the ability to buy and sell annual leave, improved mileage rates and new apps for supporting people experiencing stress and menopause. We also extended 360° appraisals to the wider management team.

Staff satisfaction has continued to rise from 89% to 96% in spring 2024, more frequent surveys and regular monthly in-person briefings from the Executive Team allowed us to respond to staff issues and needs more rapidly.

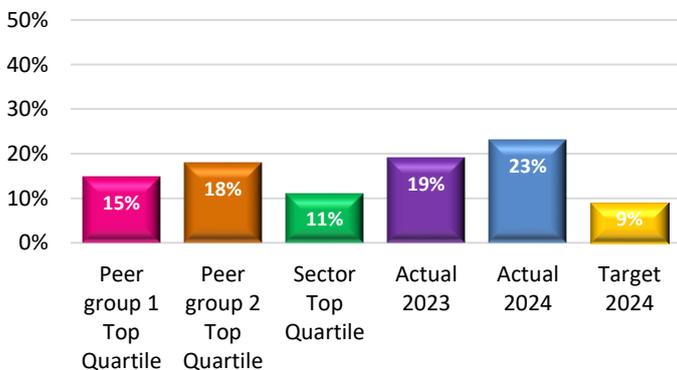
Plans for VFM improvements in 2024/25 include the following:

- reviewing our People Strategy to ensure that Cornerstone continues to be a great place to work with opportunities for learning and development;
- improving our employee onboarding process to ensure a consistent approach to induction and training;
- consider ways in which we can improve flexibility for people across the business, including those in the DLF and front-line services;
- completing Phase 1 of the new Customer Relationship Management system to improve the user experience; and
- identifying our ‘future leaders’ and develop a ‘future leader programme’, a succession plan for our leadership roles;

We will measure success in the following ways:

- maintaining overall satisfaction with us as an employer at the current level of 96%;
- employee net promoter score with a target of +10 (currently +54);
- sickness absences, with a target for top quartile level (currently 9 days per employee);
- staff turnover, with a target for top quartile level (currently 23%, up from 19%)
- specific diversity targets linked to the EDI strategy.

Staff turnover (%)



Average days sickness lost per employee



Report of the Board

Financial risk management objectives and policies

Cornerstone's financial instruments comprise borrowings, cash and items such as rental arrears and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to finance our operations.

The existence of these financial instruments exposes us to financial risks. The main risks arising from our financial instruments are considered by the Board to be interest rate risk, liquidity risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

Cornerstone finances its operations through retained surpluses and loans. The Association's exposure to interest rate fluctuations on its borrowings is managed by using both fixed and variable rate facilities. Currently all our drawn down borrowings are at fixed rates.

Liquidity risk

Cornerstone manages financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and invest cash assets safely and profitably. At the year end, the Association had £11 million of undrawn loan facilities in addition to drawn borrowings and an undrawn overdraft facility of £50k.

Credit risk

Cornerstone's principal credit risk relates to tenant arrears. This risk is managed by providing support to tenants and by closely monitoring the arrears of self-funding tenants. Welfare reform changes to the benefits system have continued to be identified as a key risk to Cornerstone and the Board continues to monitor the impact of these changes.

National Housing Federation (NHF) Code of Governance

The Board adopted the 2020 NHF Code of Governance with effect from 1 April 2021 and we comply with the principal recommendations of the Code.

As part of this we have adopted a six-year maximum length of service for non-executive board members, except where in the best interests of the organisation and have agreed a transitional period to achieve this while ensuring the transfer of knowledge from our existing non-executives.

Tenant involvement / Customer Voice / Tenant engagement

We actively encourage tenants' involvement in decision-making. A Resident Engagement Panel of tenants scrutinises our activities and service standards and a Cornerstone resident sits on the Board. We regularly share our performance and information on key issues that impact residents with them in a co-designed newsletter.

Board members and executive officers

The Board is responsible for the strategy and policy framework. It delegates the day-to-day management and implementation of that framework to the Chief Executive and Executive Team that comprises the Finance Director, Director of Property Services, Director of Development and Director of Housing & HR. The Executive meets weekly and regularly attends Board meetings.

The Board meets formally six times a year for regular business and more frequently if there are specific additional issues to discuss. During 2023/24 the Board has met seven times. There are two committees: Audit & Risk; and Remuneration & Nominations. For time-limited projects the Board appoints members to 'task-and-finish' groups to oversee progress and report back to the Board.

The current board members and the executive officers are set out at the beginning of this report.

The former Chief Executive, Tom Woodman, was a board member throughout the year. No executive officers have any interest in Cornerstone's shares. Officers act as executives within the authority delegated by the Board.

Our non-executive board members have been remunerated as set out in note 13.

Our Board is drawn from a wide background with experience in housing both as professionals and as tenants along with people from outside the social housing sector bringing together professional, commercial and local experience. Members of our Board have worked in accountancy, dentistry and the NHS, banking, development, coaching and housing. They bring a wide range of skills and experience to our oversight and decision-making. We currently have one vacancy. In 2024 we will be recruiting three new members. The Board appointed a Chair Elect in September 2023 who will work alongside the current chair until the 2024 AGM in September 2024 when our current chair will step down.

The gender balance of the Board is 55% male and 45% women (2023: 56%;44%)

Employees

Our strength lies in the quality and commitment of our employees. Our ability to meet our objectives and responsibilities to tenants in an efficient and effective manner depends upon the contribution of employees throughout Cornerstone.

We continue to provide information on our objectives, progress and activities through regular office and departmental meetings, the senior management team and staff. We provide training focused on quality and customer service and regularly seek employees' views on how to improve services and on matters of common concern. During the year, we have introduced more frequent staff newsletters, briefings and vlogs to improve communication with our teams.

In all areas of our work, we are committed to equality, diversity and inclusion and promote awareness of this commitment.

We have developed a new communications strategy with the aim of raising our profile and brand awareness and working with partners to deliver great services.

While our number of days lost to sickness was below target (9 days per employee compared to target of 10 days), we will continue to focus on employee wellbeing and have a range of ongoing activities to promote mental health in the workplace.

Health and safety

The Board prioritises its responsibilities on all matters relating to health and safety. We have detailed health and safety policies and provide staff with training and education on health and safety matters.

We have an ongoing programme of on-site inspections using an independent consultancy for support and challenge. In addition, annual audits are conducted at our depot and main office sites. The Health and Safety Committee (a staff group chaired by the Chief Executive) meets monthly to discuss issues and monitor compliance and performance. The minutes from this meeting are included in each set of board papers. The KPIs reported to the Board include health and safety compliance and accident reporting.

Board report

The Board presents its report and the audited financial statements of Cornerstone Housing Ltd for the year ended 31 March 2024.

We are a registered provider and must meet the standards of the Regulator of Social Housing comprising: the governance and financial viability standard; the value for money standard; the rent standard; the tenant involvement and empowerment standard; the home standard; the tenancy standard; and the neighbourhood and community standard.

During 2023/24 we assessed our compliance with all these standards using the Resident Engagement Panel to provide additional scrutiny and assurance on the consumer standards and the Board certifies compliance with the standards.

The annual general meeting was held on 18 September 2024. A resolution to reappoint CLA Evelyn Partners Limited as auditors was agreed at the annual general meeting.

Approval

The report of the Board was approved by the Board on 18 September 2024 and signed on its behalf by:

Nicola Hallam
Secretary

Statement of Board members' responsibilities

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

The Co-operative and Community Benefit Societies Act 2014 and registered social housing legislation require the Board to prepare financial statements for each financial year. Under that law the board has prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under the Co-operative and Community Benefit Society legislation the board must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and surplus or deficit of the Association for that period.

In preparing these financial statements the Board is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Housing SORP 2018 Statement of Recommended Practice for social housing providers 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 Association will continue in business.

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

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Harriet Bosnell
Chief Executive

Statement on internal controls

Purpose

The Board has overall responsibility for establishing and maintaining the whole system of internal control and for reviewing its effectiveness. The risk-based system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and to provide reasonable assurance against material misstatement or loss.

The process for identifying, evaluating and managing the significant risks faced by Cornerstone is ongoing and has been in place throughout the year and to date.

Key elements of the control framework include:

Identification and evaluation of key risks

We have a risk management framework for identifying and evaluating risks which are recorded in the risk register. The framework has been subject to detailed review and enhancement and continues to be strengthened on an ongoing basis. The complete risk register is considered annually by the Board together with a review of the risk appetite. The Executive Team reviews the register on an ongoing basis with any changes highlighted at each Board meeting following review by the Audit and Risk Committee. This provides a consistent and continual mechanism for the identification and evaluation of Cornerstone's risks, ensuring that any significant changes affecting key risks are reported to the Board.

Internal control framework

Our ability to identify and manage the organisation's exposure to key risks is fundamental to the effectiveness of the internal control environment. Elements included in Cornerstone's internal control framework are:

- Board approved terms of reference and delegated authorities for the committees
- Delegation schedules setting out the roles and responsibilities for the Chief Executive and Executive Team
- Risk Management Framework with clearly defined responsibility for the identification, evaluation and control of significant risks. Regular review of the Risk Register by the Board
- Internal audit reports provided by an independent firm of auditors;
- strategic planning and reporting to ensure that the Board and Executive Team are alert to changes in the internal and external environment
- regular performance monitoring across all areas of the organisation
- Receipt by the Board of a Chief Executive's report at each meeting with updates on performance and information from the wider sector
- Robust business planning process including stress testing
- the recruitment and development of experienced and qualified staff combined with a robust staff appraisal system
- External review of the treasury management strategy
- Asset Management Strategy
- Regular review and monitoring of liquidity and cash forecasting
- Appraisal and authorization process for new developments
- Self-assessment against the Governance and Financial Viability Standard, the NHF Code of Governance and the Housing Ombudsman's Complaints Handling Code provided to the Board

- regular review of policies and procedures and their effectiveness
- an open and effective communication network across the organisation.

Information and reporting systems

Financial reporting procedures include detailed budgets approved by the Board for the year ahead and forecasts for subsequent years, in addition to regular supplementary financial reports including cashflow and treasury monitoring and reporting. Comprehensive management accounts are reviewed quarterly by the Board. Regular reports are scheduled throughout the year to monitor progress and performance across all areas of our activities including comparison of actual performance compared with key performance indicators.

Monitoring

The effectiveness of the system of internal controls is the subject of management reporting and discussion. The Audit and Risk Committee takes an active part in reviewing the adequacy of the internal control systems in place, and ensures corrective action is taken in relation to any significant control issues. This review is supplemented by regular internal audit reports which provide independent assurance to the Board through reports to the Audit and Risk Committee.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CORNERSTONE HOUSING LIMITED

Opinion

We have audited the financial statements of Cornerstone Housing Limited (the 'association') for the year ended 31 March 2024 which comprise the Statement of Comprehensive income, Statement of Changes in Equity, Statement of Financial Position, Statement of Cash Flows, Reconciliation of Net Debt and the 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the association's affairs as at 31 March 2024 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the 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 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 other information comprises the information included in the Report and Financial Statements, other than the financial statements and our auditor's report thereon. The Board is responsible for the other information contained within the Report and Financial Statements. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other

information, we are required to report that fact.

We have nothing to report in this regard.

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-operate and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained; or
- the association has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account; 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 Statement of Board members' responsibilities set out on page 27, 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 controls 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 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 association or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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 a general understanding of the Association's legal and regulatory framework through enquiry of management concerning: their understanding of relevant laws and regulations and the entity's policies and procedures regarding compliance. We also drew on our existing understanding of the association's industry and regulation.

We understand that the association complies with the framework through:

- Updating operating procedures, manuals and internal controls as legal and regulatory requirements change;
- A risk assessment framework and register that includes regular review and scrutiny by the Board and Audit and Risk Committee;
- An annual assessment of compliance with regulatory standards as applied to Registered Providers and enforced by the Regulator of Social Housing; and
- The Board's close oversight through regular board meetings and compliance reporting

In the context of the audit, we considered those laws and regulations: which determine the form and content of the financial statements; which are central to the association's ability to conduct its business; and where failure to comply could result in material penalties. We identified the following laws and regulations as being of significance in the context of the association:

- FRS 102, the requirements of 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, in respect of the preparation and presentation of the financial statements;
- Health and safety regulations; and
- Regulatory standards as applied to Registered Providers and enforced by the Regulator of Social Housing.

We performed the following specific procedures to gain evidence about compliance with the significant laws and regulations above:

- Performed a review of Board minutes to identify any indicators of known or suspected non-compliance with significant laws and regulations; and
- Reviewed any correspondence between the Regulator of Social Housing and the Association.

The senior statutory auditor led a discussion with senior members of the engagement team regarding the susceptibility of the association's financial statements to material misstatement, including how fraud might occur. The key areas identified as part of the discussion were with regard to:

- the manipulation of the financial statements through manual journal entries; and
- Impairment or other potential provisions and liabilities in respect of certain housing properties.

The procedures carried out to gain evidence in the above areas included:

- Testing of a sample of manual journal entries, selected through applying specific risk assessments based on the association's processes and controls surrounding manual journal entries; and
- Reviewing and challenging judgements made by management with regard to potential impairment, provisions and liabilities in respect of housing properties.

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

CLA Evelyn Partners Limited

Statutory Auditor
Chartered Accountants

4th Floor Cumberland House
15-17 Cumberland Place
Southampton
Hampshire
SO15 2BG

Date:

Cornerstone Housing Limited
Report and financial statements for the year ended 31 March 2024

STATEMENT OF COMPREHENSIVE INCOME

	Note	2024 £'000	2023 £'000
Turnover	3	8,364	7,716
Cost of sales	3	(113)	-
Operating costs	3	(6,658)	(6,074)
Other operating income	3	144	103
Surplus on property sales	7	136	68
		<hr/>	<hr/>
Operating surplus	3, 6	1,873	1,813
Interest receivable and other income	8	292	174
Interest payable and similar charges	9	(1,171)	(1,139)
		<hr/>	<hr/>
Surplus on ordinary activities for the year		994	848
		<hr/> <hr/>	<hr/> <hr/>
Other comprehensive income			
Actuarial surpluses/(losses) in respect of pension scheme	12	(415)	(359)
		<hr/>	<hr/>
Total comprehensive income for the year		579	489
		<hr/> <hr/>	<hr/> <hr/>

Cornerstone Housing Limited**Report and financial statements for the year ended 31 March 2024****STATEMENT OF CHANGES IN EQUITY**

	Called up share capital	Revenue reserve	Total equity
	£'000	£'000	£'000
Balance at 1 April 2022	-	33,680	33,680
Total comprehensive income for the period	-	489	489
Balance at 1 April 2023	-	34,169	34,169
Total comprehensive income for the period	-	579	579
Balance at 31 March 2024	-	34,748	34,748

Cornerstone Housing Limited
Report and financial statements for the year ended 31 March 2024

STATEMENT OF FINANCIAL POSITION

	Note	2024 £'000	2023 £'000
Tangible assets			
Housing properties (depreciated cost)	15	69,215	67,006
Other tangible fixed assets	16	2,358	2,378
		<u>71,573</u>	<u>69,384</u>
Long term investment	17	744	744
		<u>72,317</u>	<u>70,128</u>
Current assets			
Stock	18	15	125
Debtors	19	872	377
Cash at bank and in hand		5,842	7,481
		<u>6,729</u>	<u>7,983</u>
Creditors: amounts falling due within one year	21	(1,464)	(1,331)
		<u>5,265</u>	<u>6,652</u>
Net current assets		<u>5,265</u>	<u>6,652</u>
Total assets less current liabilities		<u>77,582</u>	<u>76,780</u>
Creditors: amounts falling due after more than one year	22	(40,785)	(40,577)
Provisions: pension deficit liability	12	(2,049)	(2,034)
Net assets		<u><u>34,748</u></u>	<u><u>34,169</u></u>
Represented by:			
Capital and reserves:			
Non-equity share capital	26	-	-
Revenue reserve		34,748	34,169
		<u><u>34,748</u></u>	<u><u>34,169</u></u>

The accompanying notes form part of these financial statements.

The financial statements were approved by the Board of Directors on 18 September 2024

P Howard-Williams
Chairman

Harriet Bosnell
Board Member

Nicola Hallam
Secretary

STATEMENT OF CASH FLOWS

	Note	2024 £'000	2023 £'000
Net cash inflow from operating activities	26	3,140	2,504
Cash flows from investing activities			
Sale of housing properties		257	173
Purchase and construction of housing properties		(2,714)	(1,083)
Interest received		339	105
Capital improvements to existing housing properties		(1,520)	(1,397)
Acquisitions of other fixed assets		(100)	(9)
Grants received to support capital expenditure			98
Net cash flows from investing activities		<u>(3,738)</u>	<u>(2,113)</u>
Cash flows from financing activities			
Interest paid		(1,037)	(1,071)
Housing loans repaid		(4)	(7)
Net cash flows from financing activities		<u>(1,041)</u>	<u>(1,078)</u>
Net decrease in cash and cash equivalents		(1,639)	(687)
Cash and cash equivalents at beginning of year		7,481	8,168
Cash and cash equivalents at 31 March		<u><u>5,842</u></u>	<u><u>7,481</u></u>

The accompanying notes form part of these financial statements.

Cornerstone Housing Limited
Report and financial statements for the year ended 31 March 2024

RECONCILIATION OF NET DEBT

	At 1 April 2023	Cash flows	Other non cash changes	At 31 March 2024
	£'000	£'000	£'000	£'000
Cash and cash equivalents				
Cash and cash equivalents	7,481	(1,639)	-	5,842
	<hr/> 7,481	<hr/> (1,639)	<hr/> -	<hr/> 5,842
Borrowings				
Debt due within one year	(8)	8	(9)	(9)
Debt due after one year	(29,641)		(5)	(29,646)
	<hr/> (29,649)	<hr/> 8	<hr/> (14)	<hr/> (29,655)
Total	<hr/> (22,168)	<hr/> (1,631)	<hr/> (14)	<hr/> (23,813)

1 ACCOUNTING POLICIES

Legal status

Cornerstone Housing Limited is a registered society under the Co-operative and Community Benefit Societies Act 2014 and is a registered provider of social housing with the Regulator of Social Housing. Cornerstone is a public benefit entity as defined by FRS 102 and was incorporated in England. The registered trading address is Cornerstone House, Western Way, Exeter, EX1 1AL.

Accounting policies and basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Statement of Recommended Practice: Accounting by Registered Social Housing Providers 2018 (SORP 2018) and comply with the Accounting Direction for Private Registered Providers of Social Housing 2022.

The principal accounting policies of Cornerstone are set out below.

Measurement convention

The financial statements are prepared under the historical cost convention except for certain housing loans which are stated at their fair value.

Going concern

The Financial Statements have been prepared on a going concern basis. The Board assess Cornerstone's ability to continue as a going concern and have concluded that there is reasonable expectation that there are adequate resources to continue in operational existence for the foreseeable future being at least 12 months from the date of approval of these accounts.

Turnover and revenue recognition

Turnover represents rental and service charge income receivable (net of void losses), fees receivable, proceeds from first tranche sales of low-cost home ownership, and amortisation of Social Housing Grant (SHG) under the accrual model. Rental income and service charges are recognised in the period to which they relate. Proceeds on sales are recognised on completion. Other income is recognised as receivable on the delivery of services provided.

Revenue grants are credited to the Statement of Comprehensive Income over the period in which the related expenditure is incurred.

Interest payable

Interest is capitalised on borrowings to finance developments to the extent that it accrues in respect of the period of development if it represents either:

- a) interest on borrowings specifically financing the development programme after deduction of Social Housing Grant (SHG) received in advance; or

Cornerstone Housing Limited

Report and financial statements for the year ended 31 March 2024

- b) a fair amount of interest on borrowings of the Association, as a whole, after deduction of SHG received in advance to the extent that they can be deemed to be financing the development programme.

Other interest payable is expensed as incurred.

Pensions

The cost of providing retirement pensions and related benefits is accounted for in accordance with Section 28 of FRS 102 'Employee Benefits'.

Cornerstone has two pension schemes operating; defined benefit and defined contribution, both of which are with the Social Housing Pension Scheme (SHPS).

The defined benefit scheme is closed to new members and is a final salary pension scheme for some of its employees and is a multi-employer defined benefit scheme.

The assets of the schemes are held and managed separately from those of the Association. The pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high-quality corporate bond of equivalent term and currency to the liability.

The pension scheme surpluses (to the extent that they are recoverable) or deficits are recognised in full. The movement in the scheme surpluses/deficits is split between operating charges, finance items and actuarial gains and losses.

Where a scheme is in deficit the Association recognises its liability for this obligation.

New employees are auto enrolled into the defined contribution pension scheme.

Taxation

Cornerstone is an exempt charity and is therefore not subject to corporation tax on its charitable activities.

Value Added Tax

The Association is not registered for VAT and the financial statements include VAT that is not recoverable.

Housing properties

Housing properties include properties available for rent and retained interests in properties sold under shared ownership leases and are stated at cost less depreciation. Cost includes the cost of acquiring land and buildings, development costs, interest charges incurred during the development period and directly attributable development administration costs.

Enhancement expenditure consists of works to existing properties which result in an increase in the net rental stream and is capitalised only to the extent that the total costs, including enhancements, do not exceed the greater of net realisable value and value in use.

Interest on net borrowings, to the extent that it is financing developments, is capitalised up to the date of practical completion of the scheme. Interest capitalised is net of interest receivable on SHG received in advance of practical completion.

Cornerstone Housing Limited

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Shared ownership properties are split proportionally between current and fixed assets based on the element relating to expected first tranche sales. The first tranche proportion is classed as a current asset and related sales proceeds which is included in turnover and the remaining element is classed as fixed asset and included in housing properties at cost, less any provisions needed for depreciation or impairment.

Social Housing Grant and other capital grants

Social Housing Grant (SHG) and other capital grants receivable, including donated land, in respect of the capital cost of housing properties, are initially recognised at book value as a long term liability, specifically as deferred grant income and released through the statement of comprehensive income as turnover over the life of the structure of housing properties in accordance with the accrual method applicable to social landlords accounting for housing properties at cost in line with SORP 2018.

SHG due from Homes England is included as a current asset and SHG received in advance is included as a current liability.

On disposal of properties, all associated SHG is transferred to either the Recycled Capital Grant Fund (RCGF) until the grant is recycled or repaid to reflect the existing obligation under the social housing grant funding regime.

All SHG remains repayable unless abated or waived by Homes England but, with the Agency's agreement, is subordinated to other loans.

Depreciation and impairment of housing properties

Housing properties are split between land, structure costs and, where the Association has a maintenance liability, major components that require periodic replacement.

No depreciation is provided on freehold land. Structure costs are depreciated by equal annual instalments over the estimated useful economic life from the date of acquisition. Where the Association has a maintenance liability for components these costs are depreciated separately over their estimated useful lives.

Rented properties:

Structure – new build	-	Not exceeding 100 years
Structure – other	-	Not exceeding 100 years
Roofs	-	50 years
Kitchens	-	20 years
Bathrooms	-	30 years
Windows and doors	-	30 years
Mechanical systems for heating, ventilation and plumbing	-	40 years
Heating - gas boiler	-	15 years
Heating – electric	-	20 years

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Heating – air source heat pump	-	20 years
Electrics	-	40 years
Lifts	-	20 years
Shared ownership properties	-	Not exceeding 100 years

Properties held on leases are amortised over the life of the lease or their estimated useful economic lives in the business, if shorter.

Housing properties are reviewed annually for evidence of impairment. Where there is evidence of impairment properties are written down to their recoverable amount.

Components earmarked for removal, during periods of major improvement works to existing properties, are considered an indicator of impairment and are written down to nil net book value.

Components replaced as part of an individual component replacement programme are written-off on completion of the replacement.

The useful life of Kitchens was revised in March 2023, from 25 years down to 20 years for kitchens fitted since then, in line with the Decent Homes standards. This will increase annual depreciation by £66k.

Other tangible fixed assets

Other tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is provided on the cost of other tangible fixed assets to write them down to their estimated residual values over their expected useful lives. No depreciation is provided on freehold land. The principal annual rates used for other assets are:

Freehold buildings	-	At 2% straight line
Motor vehicles	-	At 25% reducing balance
Loose tools and equipment	-	At 20% straight line
Office furniture, fittings and equipment	-	At 25% straight line
Service assets	-	At 5% straight line
Computer equipment	-	At 25% straight line
Computer software	-	Between 10% and 25% straight line
Cycle scheme	-	Hire Agreements between Cornerstone and employee repaid over 12 months

Bad and doubtful debts

Provision is made against rent arrears of current and former tenants as well as miscellaneous debts to the extent that they are considered irrecoverable. All former tenant arrears are fully provided for in the year that they occur.

Stocks

Stocks are of building materials and are stated at the lower of cost and net realisable value.

Properties held for sale and work in progress

Shared ownership first tranche sales and properties under construction are recognised at the lower of cost and net realisable value. Cost comprises materials, direct labour and direct development overheads. Interest incurred is also capitalised during the course of obtaining planning and throughout the work in progress up to the point of practical completion of the development scheme. Net realisable value is based on estimated sales price after allowing for all further costs of completion and disposal.

Cyclical repairs and maintenance

The Association has established a regular programme of cyclical repair and maintenance. The actual costs are charged to the statement of comprehensive income as incurred.

Current asset investments

Current asset investments comprise short term money market deposits and are held at cost, including accrued interest.

Financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Association becomes a party to the contractual provisions of the instrument.

A listed investment and loan note were acquired last financial year. These are shown as long-term investments. Listed shares are held at fair value and the loan note is held at amortised cost using the effective Interest rate method.

Tenant arrears, trade and other debtors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses. If the arrangement constitutes a financing transaction then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method. If the arrangement constitutes a financing transaction then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Association's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

2. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with generally accepted accounting practice requires management to make significant judgements and estimates that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period.

Estimation uncertainty

a) Estimated useful lives of housing properties and other tangible assets

At the date of capitalising tangible fixed assets, Cornerstone estimates the useful life of the asset based upon management's judgement and experience. Due to the significance of capital investment to Cornerstone, variances between actual and estimated economic lives could affect Cornerstone's result positively or negatively.

b) Impairment of trade and other account receivables

Cornerstone estimates the recoverable value of trade and other account receivables. When assessing the impairment, management consider factors including the current credit rating of the account, the ageing profile and historical experience. As at 31 March 2024 rent and service charges receivable, net of provision for bad and doubtful debts, is set out in note 19.

c) Pensions

Cornerstone has obligations to pay pension benefits to certain employees. The cost of the benefits and the present value of the obligation depends on a number of factors, including: life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the statement of financial position. The assumptions reflect historical experience and current trends.

3. TURNOVER, OPERATING COSTS AND OPERATING SURPLUS

	Note	2024					
		Turnover £'000	Other operating income £'000	Cost of sales £'000	Operating costs £'000	Surplus on property sales £'000	Operating surplus £'000
Social housing lettings (note 4)		8,224	-	-	(6,406)	-	1,818
Other social housing activities							
Development costs not capitalised		-	-	-	(252)	-	(252)
Shared ownership first tranche sales		140	-	(113)	-	-	27
Other income	10	-	144	-	-	-	144
Surplus on property sales	7	-	-	-	-	136	136
		<u>8,364</u>	<u>144</u>	<u>(113)</u>	<u>(6,658)</u>	<u>136</u>	<u>1,873</u>
		2023					
		Turnover £'000	Other operating income £'000	Cost of sales £'000	Operating costs £'000	Surplus on property sales £'000	Operating surplus £'000
Social housing lettings (note 4)		7,716	-	-	(5,823)	-	1,893
Other social housing activities							
Development costs not capitalised		-	-	-	(251)	-	(251)
Shared ownership first tranche sales		-	-	-	-	-	-
Other income	10	-	103	-	-	-	103
Surplus on property sales	7	-	-	-	-	68	68
		<u>7,716</u>	<u>103</u>	<u>-</u>	<u>(6,074)</u>	<u>68</u>	<u>1,813</u>

There were no non-social housing activities in the year.

4. PARTICULARS OF INCOME AND EXPENDITURE FROM SOCIAL HOUSING LETTINGS

	General needs housing £'000	Shared ownership £'000	2024 £'000	2023 £'000
Income from social housing lettings				
Rent receivable net of identifiable service charges	7,457	175	7,632	7,136
Service charges receivable	245	19	264	253
Amortised government grant	327	1	328	327
Turnover from social housing lettings	8,029	195	8,224	7,716
Expenditure				
Management	(1,554)	(63)	(1,617)	(1,400)
Services	(602)	(19)	(621)	(351)
Routine maintenance	(1,192)	-	(1,192)	(1,087)
Planned maintenance	(522)	-	(522)	(489)
Major repairs expenditure	(933)	-	(933)	(877)
Bad debts	(49)	-	(49)	(16)
Depreciation of housing properties	(1,741)	(34)	(1,775)	(1,811)
Other costs - SHPS other pension adjustments (see note 12)	488	-	488	471
Other costs - gardening, aids and adaptations, and operating leases	(185)	-	(185)	(263)
Operating costs on social housing lettings	(6,290)	(116)	(6,406)	(5,823)
Operating surplus on lettings	1,739	79	1,818	1,893
Income foregone as a result of voids	57	-	57	35

5. ACCOMMODATION IN MANAGEMENT AND DEVELOPMENT

At the end of the year accommodation in management for each class of accommodation was as follows:

	2024 units	2023 units
Social housing		
Owned and managed:		
Rented	1,333	1,324
Shared ownership	55	57
Managed by others:	10	11
Managed:		
Rented	23	25
Total owned and/or managed	1,421	1,417
Accommodation in development at 31 March	9	2

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6. OPERATING SURPLUS

	2024	2023
	£'000	£'000
The operating surplus is arrived at after charging:		
Depreciation of housing properties	1,775	1,811
Depreciation of other tangible fixed assets	114	111
Auditors' remuneration (excluding VAT) :		
- Fees payable to the Association's auditors for the audit of the financial statements	37	21
- Other audit services	3	1
Operating lease rentals - land and buildings	145	151
	<u>145</u>	<u>151</u>

7. SURPLUS ON PROPERTY SALES

	2024	2023
	£'000	£'000
Disposal proceeds	257	173
Less: cost of sales	(121)	(105)
	<u>136</u>	<u>68</u>

8. INTEREST RECEIVABLE AND OTHER INCOME

	2024	2023
	£'000	£'000
Bank and deposits	292	174
	<u>292</u>	<u>174</u>

9. INTEREST PAYABLE AND SIMILAR CHARGES

	2024	2023
	£'000	£'000
Loans and bank overdrafts	1,105	1,094
Breakage costs - refinancing	-	-
Interest payable capitalised on developments under construction	(22)	(7)
Net interest expense in respect of defined benefit pension provision (note 12)	88	52
	<u>1,171</u>	<u>1,139</u>
Capitalisation rate used to determine the finance costs capitalised during the year	<u>2.81%</u>	<u>2.81%</u>

10. OTHER INCOME

Other income generated includes commercial rental (78k) and tenant recharges for repairs to housing stock (49k).

	2024	2023
	£'000	£'000
Other income	144	103
	<u>144</u>	<u>103</u>

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11. EMPLOYEES

The average monthly number of employees expressed as full time equivalents:

	2024	2023
	No.	No.
Housing & administration	30	31
Direct labour force	26	25
Estate based staff	-	1
	<u>56</u>	<u>57</u>

Employee costs:	2024	2023
	£'000	£'000
Wages and salaries	2,086	1,982
Social security costs	205	186
Other pension costs	167	156
	<u>2,458</u>	<u>2,324</u>

The Association's employees are members of the Social Housing Pension Scheme (SHPS).

12. PENSIONS

Cornerstone participates in the Social Housing Pension Scheme (SHPS) with the selected benefit structure of a defined contribution scheme for entrants since 1 October 2010. Employees who participated in the pension scheme prior to 1 October 2010 have a benefit structure of a defined benefit scheme.

Social Housing Pension Scheme (SHPS): Defined Benefit Pension Scheme

Cornerstone participates in the scheme, a multi-employer scheme which provides benefits to some 500 non-associated employers. The scheme is a defined benefit scheme in the UK. The scheme is subject to the funding legislation outlined in the Pension Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The last triennial valuation of the scheme for funding purposes was carried out as at 30 September 2020. This valuation revealed a deficit of £1,560m. A Recovery Plan has been put in place with the aim of removing this deficit by 31 March 2028. The next valuation will be as at 30 September 2023 with results expected in the Autumn 2024 and any change to deficit payments coming in from April 2025.

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

During the year Cornerstone contributed 10.27% of pensionable salary for defined benefit members of the SHPS defined benefit pension scheme.

We have been notified by the Trustee of the Scheme that it has performed a review of the changes made to the Scheme's benefits over the years and the result is that there is uncertainty surrounding some of these changes. The Trustee has been advised to seek clarification from the Court on these items. This process is ongoing and the matter is unlikely to be resolved before 2025 at the earliest. It is recognised that this could potentially impact the value of Scheme liabilities, but until Court directions are received, it is not possible to calculate the impact of this issue, particularly on an individual employer basis, with any accuracy at this time. No adjustment has been made in these financial statements in respect of this potential issue.

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PENSIONS (continued)

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

	2024	2023
	£'000	£'000
Fair value of plan assets	8,748	8,927
Present value of defined benefit obligation	(10,797)	(10,961)
Deficit in plan	<u>(2,049)</u>	<u>(2,034)</u>
Defined benefit liability to be recognised	<u>(2,049)</u>	<u>(2,034)</u>

Reconciliation of opening and closing balances of the defined benefit liability

	2024	2023
	£'000	£'000
Opening defined benefit liability	(2,034)	(2,094)
Service costs	1	(4)
Contributions	495	483
Interest expense	(88)	(52)
Actuarial movements	312	5,224
Return of assets	(727)	(5,583)
Other expenses	(8)	(8)
Defined benefit obligation at end of year	<u>(2,049)</u>	<u>(2,034)</u>

Reconciliation of opening and closing balances of the defined benefit obligation

	2024	2023
	£'000	£'000
Opening defined benefit obligation	10,961	16,081
Current service cost	(1)	4
Expenses	8	8
Interest expense	525	444
Contributions by plan participants	17	26
Actuarial (gains)/ losses due to scheme experience	(116)	(463)
Actuarial gains due to changes in demographic assumptions	(118)	(25)
Actuarial gains due to changes in financial assumptions	(78)	(4,736)
Benefits paid and expenses	(401)	(378)
Defined benefit obligation at end of year	<u>10,797</u>	<u>10,961</u>

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

	2024	2023
	£'000	£'000
Fair value of plan assets at start of period	8,927	13,987
Interest income	437	392
included in interest income) - loss	(727)	(5,583)
Contributions by the employer	495	483
Contributions by plan participants	17	26

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Benefits paid and expenses	(401)	(378)
Fair value of plan assets at end of year	<u>8,748</u>	<u>8,927</u>

Defined benefit costs recognised in Statement of Comprehensive Income (SOCl)

	2024	2023
	£'000	£'000
Current service cost	(1)	4
Expenses	8	8
Net interest expense	<u>88</u>	<u>52</u>
Defined benefit costs recognised in SOCl	<u>95</u>	<u>64</u>

Defined benefit costs recognised in other comprehensive income

	2024	2023
	£'000	£'000
Experience on plan assets (excluding amounts included in net interest cost) - loss	(727)	(5,583)
Experience gains and (losses) arising on the plan liabilities	116	463
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain	118	25
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain	78	4,736
Total amount recognised in other comprehensive income - gain / (loss)	<u>(415)</u>	<u>(359)</u>

Key Assumptions

	2024	2023
	% per annum	% per annum
Discount Rate	4.91	4.86
Inflation (RPI)	3.14	3.19
Inflation (CPI)	2.78	2.77
Salary Growth	3.78	3.77
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2023 imply the following life expectancies;

	Life expectancy at age 65 (Years)	Life expectancy at age 65 (Years)
Male retiring in 2024	20.5	21.0
Female retiring in 2024	23.0	23.4
Male retiring in 2044	21.8	22.2
Female retiring in 2044	24.4	24.9

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Social Housing Pension Scheme (SHPS): Defined Contribution Pension Scheme

Entrants to the pension scheme since 1 October 2010 participate in the SHPS defined contribution scheme.

The pension cost charge representing contributions payable by Cornerstone to the scheme for the year amounted to £139,737 (2023: £86,074)

15. TANGIBLE FIXED ASSETS - PROPERTIES (continued)

Expenditure on works to existing properties

	2024	2023
	£'000	£'000
Components capitalised - Other schemes	1,520	1,397
	<u>1,520</u>	<u>1,397</u>
Amounts charged to the income and expenditure account	933	877
	<u>2,453</u>	<u>2,274</u>

Finance costs

	2024	2023
	£'000	£'000
Aggregate amount of finance costs included in the cost of housing properties	948	926
	<u>948</u>	<u>926</u>

Housing properties book value net of depreciation

	2024	2023
	£'000	£'000
Freehold land and building	63,028	61,781
Long leasehold land and buildings	6,187	5,225
	<u>69,215</u>	<u>67,006</u>

Additions to completed housing properties in the year

	Social housing properties	Shared ownership properties	2024 Total
	£'000	£'000	£'000
Additions comprise:			
Schemes completed	1,532	-	1,532
Components capitalised on existing properties	1,520	-	1,520
	<u>3,052</u>	<u>-</u>	<u>3,052</u>
Total additions for the year	<u>3,052</u>	<u>-</u>	<u>3,052</u>

13. KEY MANAGEMENT PERSONNEL

Key management personnel are the Executive Team and the Board. They are detailed in the Legal and Administrative details section of these accounts.

At 31 March 2024, the Chief Executive is a member of the Board.

The remuneration paid to key management personnel during the period was as follows:

**Key management personnel
(including executive directors)**

	Basic salary	Benefits	Pension	2024	2023
	£'000	in kind	contributions	Total	Total
	£'000	£'000	£'000	£'000	£'000
Aggregate emoluments of non-executive board members	23	-	-	23	23
Aggregate emoluments of key management personnel	392	-	31	423	381
Total	415	-	31	446	404

In addition social security costs were incurred for key management personnel compensation of £46,805 (2023: £44,782).

	2024	2023
	£'000	£'000
The emoluments payable to the highest paid executive in the period, excluding pension contributions	108	102

The Chief Executive is a member of the Social Housing Pension Scheme, and is an ordinary member of the pension scheme with no enhanced or special terms.

Employee by banding

	2024	2023
	Number	Number
100,001 to 110,000	1	1
£90,001 to £100,000	-	-
£80,001 to £90,000	-	-
£70,001 to £80,000	2	1
£60,001 to £70,000	2	1

14. TAXATION

The Association has charitable status and its activities during the year did not give rise to a corporation tax liability

15. TANGIBLE FIXED ASSETS - HOUSING PROPERTIES

	Social housing properties held for letting	Social housing properties under construction	Completed shared ownership housing properties	Shared ownership housing properties under construction	Total housing properties
Cost	£'000	£'000	£'000	£'000	£'000
At 1 April 2023	89,117	59	3,548	-	92,724
Additions	-	2,442	-	233	2,675
Works to existing properties	1,520	-	-	-	1,520
Interest capitalised	-	9	-	13	22
Schemes completed	1,532	(1,532)	-	-	-
Component disposals	(414)	-	-	-	(414)
Abortive Costs	-	(5)	-	-	(5)
Property disposals	-	-	(128)	-	(128)
At 31 March 2024	91,755	973	3,420	246	96,394
Depreciation and impairment					
At 1 April 2023	25,407	-	311	-	25,718
Depreciation charge	1,741	-	34	-	1,775
Released on replacement of components	(307)	-	-	-	(307)
Released on disposal	-	-	(7)	-	(7)
At 31 March 2024	26,841	-	338	-	27,179
Net book value					
At 31 March 2024	64,914	973	3,082	246	69,215
At 1 April 2023	63,710	59	3,237	-	67,006

16. FIXED ASSETS - OTHER

	Freehold buildings £'000	Motor Vehicles £'000	Computer Equipment £'000	Fixtures Fittings & Equipment £'000	Cycle Scheme £'000	Total £'000
Cost						
At 1 April 2023	2,844	277	288	197	1	3,607
Additions	-	-	88	4	8	100
Disposals	-	(92)	-	-	-	(92)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2024	2,844	185	376	201	9	3,615
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation						
At 1 April 2023	604	236	220	168	1	1,229
Charge for the year	56	9	35	7	7	114
Disposals	-	(86)	-	-	-	(86)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2024	660	159	255	175	8	1,257
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book value						
At 31 March 2024	2,184	26	121	26	1	2,358
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 1 April 2023	2,240	41	68	29	-	2,378
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

17. INVESTMENTS

	2024	2023
	£'000	£'000
Listed investments	117	117
Money market deposits	405	405
Loan note	222	222
	<u>744</u>	<u>744</u>

Under the terms of our loan agreements with The Housing Finance Corporation Limited and Affordable Housing Finance plc, we are required to maintain investment balances equal to one year's interest on the loans. Therefore, whilst the above amount is disclosed as a current asset investment, the Association is required to maintain a similar balance for the period of both loans up to 2043.

18. STOCK

	2024	2023
	£'000	£'000
Shared ownership first tranches - work in progress	0	112
Other stock - building materials	15	13
	<u>15</u>	<u>125</u>

19. DEBTORS

	2024	2023
	£'000	£'000
Due within one year		
Rent and service charges receivable	34	52
Recharges receivable	53	38
Less: provision for bad and doubtful debts	(59)	(42)
Grants Receivable	525	0
	<u>553</u>	<u>48</u>
Other debtors	17	17
Prepayments and accrued income	302	312
	<u>872</u>	<u>377</u>

20. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2024	2023
	£'000	£'000
Housing loans (note 23)	9	8
Recycled capital grant fund (note 24)	10	10
Trade creditors	325	297
Rent and service charges received in advance	375	311
Other creditors	154	188
Accruals and deferred income	258	189
Deferred capital grant (note 22)	333	328
	<u>1,464</u>	<u>1,331</u>

21. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2024	2023
	£'000	£'000
Housing loans (note 23)	29,646	29,641

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Arrangement fees capitalised	(110)	(117)
	<u>29,536</u>	<u>29,524</u>
Deferred capital grant (note 22)	11,219	11,028
Other long term creditors	11	25
Provisions	19	-
	<u>40,785</u>	<u>40,577</u>

The premium and discount arising on loan issues are amortised over the term of the loan to which it relates as part of the effective interest rate charge.

22. DEFERRED CAPITAL GRANT

	2024	2023
	£'000	£'000
At beginning of year	11,355	11,585
Grant received	525	98
Released to income	(328)	(328)
At end of year	<u>11,552</u>	<u>11,355</u>
Amounts to be released within one year	333	328
Amounts to be released in more than one year	<u>11,219</u>	<u>11,027</u>
	<u>11,552</u>	<u>11,355</u>

The balance on Deferred Capital Grant shown above is net of amortised grant already released to the Statement of Consolidated Income and Reserves.

The gross Capital Grant received is £17.6m (2023 £17.1m) with a cumulative total of £6.0m (2023 £5.7m) amortised to reserves.

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23. HOUSING LOANS

	2024	2023
	£'000	£'000
Debt is repayable as follows:		
Due within one year		
Other loans	9	8
	<u>9</u>	<u>8</u>
Due after one year		
Other loans	29,646	29,641
	<u>29,646</u>	<u>29,641</u>
Total loans	<u>29,655</u>	<u>29,649</u>

Based on the lender's earliest repayment date, borrowings are repayable as follows:

	2024	2023
	£'000	£'000
The housing loans are repayable as follows:		
Within one year or on demand	9	8
One year or more but less than two years	9	9
Two years or more but less than five years	38	34
Five years or more	29,599	29,598
	<u>29,655</u>	<u>29,649</u>

Borrowing facilities

Cornerstone has undrawn facilities available at 31 March as follows:

	2024	2023
	£'000	£'000
Expiring between one and two years	0	0
Expiring between two and five years	11,000	11,000
	<u>11,000</u>	<u>11,000</u>

Financial liabilities

The interest rate profile of the Association's financial liabilities as at 31 March was:

	2024	2023
	£'000	£'000
Fixed rate	29,655	29,649
Total borrowings	<u>29,655</u>	<u>29,649</u>

The fixed loans are for terms maturing between 19 and 27 years at interest rates ranging from 2.81% to 12.61% including margins. The weighted average interest rate of these loans is 3.42% (2023:3.42%). The weighted average period is 24 years (2023:25 years)

Cornerstone Housing Limited**Report and financial statements for the year ended 31 March 2024****24. RECYCLED CAPITAL GRANT FUND**

	2024	2023
	£'000	£'000
At beginning of year	10	10
At end of year	10	10
Recycled capital grant		
Amounts due within one year	10	10
	10	10

25. NON-EQUITY SHARE CAPITAL AND RESERVES

	2024	2023
	£	£
Issued and fully paid		
At beginning of year	10	13
Shares issued during the year at £1 par	2	2
Shares cancelled during the period at £1 par		(5)
At end of year	12	10

All shares have equal voting rights at the Annual General Meeting of the Association. The shares do not have rights to any dividends, nor to a distribution in winding-up, and they are not redeemable.

The revenue reserve is the accumulated reserves for the business.

26. NET CASH INFLOW FROM OPERATING ACTIVITIES

	2024	2023
	£'000	£'000
Operating surplus	1,873	1,813
Adjustments for non-cash items:		
Grant receivable	525	0
Surplus on property sales	(136)	(68)
Grant amortisation	(328)	(327)
Depreciation, impairment and amortisation of housing properties	1,882	1,811
Depreciation, impairment and amortisation of other tangible fixed assets	114	111
Pension costs	(488)	(471)
Decrease/(Increase) in stock	110	(106)
Decrease/(Increase) in debtors	(542)	(109)
(Decrease)/Increase in creditors	130	(150)
Net cash inflow from operating activities	3,140	2,504

27. FINANCIAL COMMITMENTS

	2024	2023
	£'000	£'000
Capital commitments for which no provision has been made		
Expenditure contracted for but not provided in the accounts	9,192	344
Expenditure authorised by the board, but not contracted	1,495	3,454
Total	<u>10,687</u>	<u>3,798</u>

Capital commitments of 10.7m will be financed through borrowings under existing loan arrangements.

Operating lease commitments

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

	2024	2023
Due:	£'000	£'000
Within one year	138	130
Within one to two years	130	129
Within two to five years	314	336
After five years	573	613
	<u>1,155</u>	<u>1,208</u>

28. RELATED PARTIES

Key management personnel

Key management personnel received remuneration as reported in note 13.

A member of the Board has a close relative employed by the Association and is also a current tenant of the Association paying monthly rent. Rent and service charges payable during the year were £5,511 (2023: £5,151) . There were no rent arrears owing at the year end.

29. ULTIMATE CONTROLLING PARTY

There is no ultimate controlling party.