

**LACE HOUSING LIMITED**

**Report and Financial Statements**

**For the period ended 31 March 2023**

# LACE HOUSING LIMITED

## Report and Financial Statements For the period ended 31 March 2023

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<b>Contents</b>	<b>Page</b>
Board, Directors, Registered Office and Advisers	1
Report of the Board	2 – 13
Independent Auditor’s Report	14-16
Statement of Comprehensive Income	17
Statement of Financial Position	18
Statement of Changes in Reserves	19
Statement of Cash Flows	20
Notes to the Financial Statements	21-38

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# LACE HOUSING LIMITED

## Board, Directors, Registered Office and Advisers For the period ended 31 March 2023

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<b>Board Members:</b>	Mr R Walder Mr N J Chambers Mrs B Fowler Mrs K Seddon Miss J Sellick Mr J Hazel Mr J Lingard Mr S Robinson Mr R Livermore Mrs E Devlin Mrs C Liggins Mr J Wilson Mrs S Turner	(Company Secretary) – (Co-opted Member) Resigned 6 June 2022 Resigned 6 June 2022  (Co-opted Member) Resigned 31 January 2022  (Chairman) Appointed 1 February 2022 Appointed 1 February 2022 Appointed 1 February 2022 Appointed 1 February 2022, Resigned 19 January 2023
<b>Officers:</b>	Mr N J Chambers	(Chief Executive)
<b>Honorary President:</b>	Mr P Hutchings	Passed Away 7 May 2022
<b>External Auditors:</b>	Beever and Struthers Statutory Auditors One Express 1 George Leigh Street Manchester M4 5DL	
<b>Bankers:</b>	Handelsbanken PLC 22A The Ropewalk Nottingham NG1 5DT  Santander Corporate Commercial and Business Banking 01 St Vincent Street Glasgow G2 5HN  Nationwide Building Society Kings Park Road Moulton Park Northampton NN3 6NW  CAF Bank Ltd 25 Kings Hill Avenue Kings Hill West Malling Kent ME19 4JQ  Lloyds Bank PLC 33 Park Row Nottingham NG1 8GY	
<b>Solicitors:</b>	Wilkin & Chapman LLP 26 Chantry Lane Grimsby DN31 2LJ	
<b>Registered Office:</b>	LACE House 2 Olsen Rise Lincoln LN2 4UZ	

# LACE HOUSING LIMITED

## Report of the Board For the period ended 31 March 2023

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### Accounts

The Board presents its annual report and the audited financial statements for the period ended 31 March 2023. The year end has been changed and will now end on 31 March each year, meaning these accounts are for a 15 month period.

### Principal activities

The Association's principal activities continued to be the provision of social housing and support to older and vulnerable people in Lincolnshire and the surrounding areas. The Association is registered under the Co-operative and Community Benefit Societies Act 2014, (Register Number 16677R), and under the Housing Act 1974, (Register Number L0438).

### Results

The results for the period are set out in the accounts on pages 17 to 38.

### Review of the business

The turnover of the Association was £3,499k in the period, an increase of £232k (7%) on 2021. This was a result of the extended period.

Operating costs were higher at £2,978k, an increase of £186k (7%) on 2021. This was a result of cost inflation and the extended period.

The Operating Surplus for the period including gains and losses on disposal of property plant & equipment was £527k (2021 £480k).

Interest costs increased from £152k (2021) to £286k (2023) due to substantial increases in the Bank of England base rate. A total of £34k interest was capitalised to development during the 15 months. The Total Comprehensive Income for the year was £245k (2021 £329k).

The Association holds recycled grant monies of £1,159k after the addition of interest £28k during the 15 months. £900k was used in new developments. In December 2021 Homes England approved the Association's application to become an Investment Partner. No developments completed during 2022-23, with 40 new properties being delayed into the next financial year.

The Association underwent a loan tender exercise to access long term funding to underpin its long-term development programme. In January and March 2023, the Association completed on two new loan facilities, using the new facility to repay its existing borrowing.

### Strategic Report

In November 2021 the Association defined its mission as providing and maintaining a high standard of specialised housing and support services for older and vulnerable people, delivered through a strong brand, service excellence and meaningful partnerships. Its primary objective is to provide and maintain a wide range of specialist housing schemes for older and vulnerable people, delivered through five business commitments:

1. Providing excellent services, focusing on people, places and partnerships.
2. Providing well designed, safe, secure, good quality and energy efficient places that residents are proud to call home.
3. Exercising good governance and maintaining strong finances.
4. Delivering sustainable growth to meet the needs of older and vulnerable people within the community.
5. Being a great place to work.

# LACE HOUSING LIMITED




## Report of the Board For the period ended 31 March 2023

Through its strategic plan and its focus on Value for Money (VfM), the Association remains committed to:

- The continuous improvement of its existing housing and support services.
- Business growth through the development of new homes and services.
- Responsibly managing existing housing and support services.
- Ensuring compliance with asset related health and safety responsibilities to ensure its residents, staff and reputation remain safe.
- Recognising its strategic role of generating wider social impact returns resulting in cost benefits to the health and social care budgets.
- Optimising efficiency through refining its business processes.

It is never possible to capture all strategic activity within annual reporting, but the intention is to provide a summary relating to each of our five business commitments, highlighting what the Association has delivered during this financial period and what it hopes to achieve next. Throughout this extended financial period, the UK has continued to face macroeconomic challenges, with the invasion of Ukraine triggering a global economic shock. The economic environment has meant that the Association and its residents have faced significant cost inflation, resulting from tight UK labour market, high energy costs, and continuing supply chain disruption. As a small, specialist Association, strategic activity has focused on a small number of key priorities that delivered value for money and maximum benefits for our residents. These are identified within the following tables.

### 1) Providing excellent services, focusing on people, places and partnerships.



<input checked="" type="checkbox"/>		Reviewed key data and processes as part of a review of service charge and leasehold accounting. This included optimising income collected through a phased implementation.
<input checked="" type="checkbox"/>		Reviewed operational delivery of services, creating efficiencies in order to sustainably deliver rent increases within the 'Direction on the Rent Standard 2023'.
<input checked="" type="checkbox"/>		Configured a new housing and finance system to enhance customer experience and improve data integrity in readiness for go live on the 5 <sup>th</sup> June 2023.
<input checked="" type="checkbox"/>		Utilised its established meaningful partnerships to secure the funding to develop a 62unit extra care housing scheme, with 10 Low Cost Home Ownership bungalows adding to the overall complex. The scheme started on site in March 2023 and is due to complete within the last quarter of 2024/2025.
<input checked="" type="checkbox"/>		Through its Resident Involvement Group, it completed tenant scrutiny of its empty home process.
<input checked="" type="checkbox"/>		Developed its complaint handling dashboard.
* **		Adopt the revised Regulator for Social Housing's Consumer standards.
* **		Complete a tenant satisfaction survey.
* **		Adoption of 'Together with Tenants'.
* **		To launch a tenant self-service portal as part of the next step of its new housing and finance software.

\* Next steps.    ↔ A key priority given the economic climate during 2022/23

# LACE HOUSING LIMITED



## Report of the Board For the period ended 31 March 2023

### 2) Providing well designed, safe, secure, good quality and energy efficient places that residents are proud to call home.

<input checked="" type="checkbox"/>		Reviewed its response to reports of damp and mould growth and introduced reporting of cases through its governance framework.
<input checked="" type="checkbox"/>		Consulted with its residents about how communal usage could be reduced and made modifications at 5 of its schemes to reduce energy usage.
<input checked="" type="checkbox"/>		Progressed its Asset Management Strategy and action plan. Including agreement to dispose of a scheme that no longer met the future aspirations of older people (instigated by awareness that 2 out of the 4 tenants would be ending their tenancies) along with a decision to dispose of the Property Maintenance storage facility as it no longer met team needs.
<input checked="" type="checkbox"/>		Agreement to utilise office space in one of its residential schemes to generate additional rental office income from its registered address.
**		Seeking further quality awards and accreditations associated to its new development programme and partnership working.
**		Once released, prepare for Decent Homes Standard 2.
**		Develop its asset management IT systems to improve data recording and reporting capabilities.
**		Upgrade telecare systems within its extra care housing scheme.

**\*\* Next steps.** A key priority given the economic climate during 2022/23

### 3) Exercising good governance and maintaining strong finances.



<input checked="" type="checkbox"/>		Continued to review its stress testing and business mitigations plans, linked to its Risk Register, with the support of its treasury consultants.
<input checked="" type="checkbox"/>		Adopted a revised financial year-end, from December to March, to enable greater efficiency with the April service charge and rent determination.
<input checked="" type="checkbox"/>		Through the development of a funding memo secured an £8 million and a £4 million long term loan facility to underpin its development strategy.
<input checked="" type="checkbox"/>		Adopted the NHF Code of Governance 2020.
<input checked="" type="checkbox"/>		Successfully recruited 3 new Board members in line with its Board succession plan.
<input checked="" type="checkbox"/>		Maintained a safety first culture, retaining 100% compliance against all regulatory and statutory requirements.
**		Explore ways to evidence the £ of social value gained through its activities and its developments.

**\*\* Next steps.** ↪ A key priority given the economic climate during 2022/23

# LACE HOUSING LIMITED


## Report of the Board For the period ended 31 March 2023

### 4) Delivering sustainable growth to meet the needs of older and vulnerable people within the community.

<input checked="" type="checkbox"/>		Achieved a start on site of a 72 unit extra care housing complex, through Strategic Partnership 1 and 2.
<input checked="" type="checkbox"/>		Secured district council funding for new developments.
**		Complete 40 new homes during 2023/24.
**		Complete 145 new homes by end of 2026 (112 new homes on target to be completed by the end of 2024. 33 new homes to be completed by end of October 2026)
**		Complete start on site of a 33 unit scheme by 2025 (a revised target from 2023)

\*\* Next steps. ↔ A key priority given the economic climate during 2022/23

### 5) Being a great place to work.

<input checked="" type="checkbox"/>		Improved its staff understanding of the business and how their contribution makes a difference.
<input checked="" type="checkbox"/>		Improved its HR reporting, through further development of its HR system.
<input checked="" type="checkbox"/>		Reviewed its future office arrangements to align with new ways of working introduced in response to the Covid 19 pandemic.
**		Continue its review of pension requirements.
**		Monitor the development of professional standards for housing professionals and understanding of mental health and allocate future training budget. (One member of staff is currently studying for a Chartered Institute of Housing qualification).

\*\* Next steps. ↔ A key priority given the economic climate during 2022/23

### Value for Money Statement

The Association's mission is to provide and maintain a high standard of specialised housing and support services for older and vulnerable people, delivered through a strong brand, service excellence and meaningful partnerships. Its primary objective is to provide and maintain a wide range of specialist housing schemes for older and vulnerable people, delivered through five business commitments:

1. Providing excellent services, focusing on people, places and partnerships.
2. Providing well designed, safe, secure, good quality and energy efficient places that residents are proud to call home.
3. Exercising good governance and maintaining strong finances.
4. Delivering sustainable growth to meet the needs of older and vulnerable people within the community.
5. Being a great place to work.

The Association operated a 15-month financial year during 2022/23 to enable a change in its financial year end from the 31<sup>st</sup> December to the 31<sup>st</sup> March. In preparation for this, the Association established VfM targets for 2022/23 based on the extended 15-month year. However, this means for 2022/23, we are comparing actual performance metrics for a 15-month period compared to the traditional 12-month reporting period. Peer Group comparison data is not affected and benchmarking continues to be compared over a 12-month period.

The tables below compare the Association's performance at 31 March 2023 against:

- Actual performance as at the end of December 2019, 2020 and 2021.
- Target performance for 2022/23.

# LACE HOUSING LIMITED

## Report of the Board For the period ended 31 March 2023

- Forecast performance for 2023/24 and 2024/25.
- Comparative performance against the Association’s peer group using their data for 31 March 2023.

The Regulatory Standard requires Registered Providers to review and understand their performance against the Value for Money technical metrics (TM) set by the Regulator, as well as the Association’s own internal Value for Money metrics (IM). The Board sets performance and financial targets based on the strategic objectives contained within its Strategic Plan. The Board’s current aim is to achieve median performance compared to its benchmarked peer group and understand the reasons where its performance falls below this level, seeking improvements where applicable.

The Board recognises the higher costs associated with the provision of, and maintenance of, supported and extra care housing and is seeking to improve cost related benefits through economies of scale associated with bringing new homes into management. In doing so, the Board recognises its social purpose and the added societal return that is achieved through providing high quality housing specifically for older people.

This section of the report looks at VfM in accordance with its commitments 2, 3 and 4. It considers performance against the relevant VfM metrics as detailed within the tables below. To understand how the Association’s metrics are performing, it not only compares its results year-on-year and against target, but also against a group of peers. To do this the Association is a member of Acuity’s Smaller Providers Benchmarking (SPBM) group. Membership of SPBM is open to organisations with up to 1,000 homes and currently has 153 members. Across the social housing sector there is agreement that the provision of, and future upkeep of, specialist housing for older and vulnerable people is more expensive than the provision of general needs housing. So that the Association can achieve operational correlation it is part of a peer group called the Housing for Older People Benchmarking Group and there are currently 25 other members. The peer group consists of the following Associations:

**Table 1. Benchmarking peer group.**

<i>Agamemnon HA Ltd</i>	<i>CESSA HA</i>	<i>Chislehurst &amp; Sidcup HA</i>
<i>Eldon Housing Association</i>	<i>Eleanor Palmer Trust</i>	<i>Epsom and Ewell Housing Association</i>
<i>Glebe HA</i>	<i>Harrow Churches</i>	<i>jLiving</i>
<i>Muircroft Housing Association</i>	<i>Norwich Housing Society</i>	<i>Orchard Homes (Bristol Charities Almshouses)</i>
<i>Pathways</i>	<i>Portsmouth Rotary Housing Association</i>	<i>Rockdale HA</i>
<i>St John &amp; St Anne</i>	<i>Sussex Housing &amp; Care</i>	<i>Sutton Housing Society</i>
<i>Thame &amp; District HA</i>	<i>The Abbeyfield Society</i>	<i>The Charity of Elizabeth Jane Jones</i>
<i>The Mercers Company</i>	<i>Thorngate Churcher Trust</i>	<i>Tiverton Almshouse Trust</i>
<i>URC Retired Ministers Housing Society</i>		



# LACE HOUSING LIMITED

## Report of the Board For the period ended 31 March 2023

### Value for Money Performance

**2. Providing well designed, safe, secure, good quality and energy efficient places that residents are proud to call home.**

**Table 2: Technical and internal metrics in support of objective 2.**

\*2022/23 15-month financial year

Metric	Type	Performance as at:				Peer Group Median	Quartile	Target		
		31/03/23*	31/12/21	31/12/20	31/12/19			31/03/23	2022/23*	2023/24
Cost per property – Responsive Repairs and Voids £	IM	456	297	517	459	696	1	416	338	300
Cost per property – Major and Cyclical Works £	IM	142	105	173	191	1,712	1	199	120	107
% of response repairs completed within target time	IM	98.26	98.28	95.25	97.47	98.26	1	98.00	98.00	98.00
% of areas legally compliant with Asset Based Health and Safety	IM	100	100	100	100	N/A	N/A	100	100	100
Percentage of tenants satisfied with most recent repair	IM	100	98.91	50.0	100	97.55	1	99.00	99.00	99.00
% satisfaction with new build design	IM	N/A	N/A	100	96	N/A	N/A	97	N/A	97

### **Backwards look**

The main VfM drivers in respect of objective 2 include responsibly managing existing housing and support services and ensuring compliance with asset related health and safety responsibilities to ensure its residents, staff and reputation remain safe. The Association has quantified its performance through internal metrics detailed in Table 2 above. The Association has achieved its internal targets for all metrics, apart from the cost per unit of responsive repairs and voids. The Association remains in the top quartile compared to its peer group, for metrics where comparisons are available.

Within the 2021 Financial Statements the Association predicted an increase in the Association’s cost per property for both response repairs and major and cyclical works for 2022/23. The uncertain macro-economic environment, having triggered a trajectory of increasing labour and material costs from 2020 onwards. However, the Association forecasted that the cost per unit would remain less than incurred during the period from 2018 to 2020 due to the economies in scale already achieved. This has been realised in the Association’s performance for the 2022/23 (15 month) financial year. Unfortunately, the Association cost per unit for responsive repairs exceeded its internal target set for 2022/23. Whilst a rise in material and labour costs have been apparent, the Association experienced a number of unforeseen repairs works and incurred additional expenditure as a result. Despite this, the Association remains in the top quartile compared to its peer group.

91% of the Association’s stock has been built since 2000 and this is evident in the cost per property associated with major and cyclical works. The Association has spent less than its target expenditure for 2022/23, however this relates to delaying a £15,000 non-capitalized major repair expenditure to a scheme communal area, identified as desirable, but not essential, given the economic operating environment.

# LACE HOUSING LIMITED

## Report of the Board For the period ended 31 March 2023

The Association continued to progress a number of actions identified in its Asset Management Strategy, reporting progress through its governance structure. Work undertaken in connection with its environmental sustainability strategy centered on remedial works to reduce its exposure to the cost of electricity, incurred by the Association from 1<sup>st</sup> January 2023. This formed part of mitigation measures referenced within Objective 3 below.

### Forward look

The Association having successfully recruited to expand the resource and skill set of its internal P&M team, and will seek further efficiencies through the completion of additional joinery and general building repairs in-house; reducing the use of external contractors.

The Association will continue to progress its Asset Management Strategy and Environmental Sustainability Strategy during 2023/24 in recognition of the need to balance investment in new developments whilst ensuring necessary investment in its existing stock. The Association strategic direction is to fulfil its current approved new development programme which strengthens its business plan from 2025/26 onwards. Given the age of its stock, the Association can afford to invest in carbon neutral solutions from 2025/26 once products and supply chains become sustainably embedded.

### 3. Exercising good governance and maintaining strong finances

**Table 3: Technical and Internal metrics in support of objective 3.**

\*2022/23 15-month financial year

Metric	Type	Performance as at:				Peer Group Median	Quartile	Target		
		31/03/23*	31/12/21	31/12/20	31/12/19			31/03/23	2022/23*	2023/24
Metric 6(a) Operating Margin % (Social Housing Lettings)	TM	11.01	11.34	16.52	9.93	11.14	3	8.51	10.84	8.98
Metric 6(b) Operating margin % (Overall)	TM	14.86	14.52	25.34	12.94	7.60	2	8.51	9.37	13.64
Metric 5 Headline Social Housing £ Cost/ Unit	TM	7,167	4,684	5,149	4,788	5,864	4	7,536	5,974	5,245
Metric 4 EBITDA MRI Interest Cover %	TM	302.80	539.20	833.54	266.90	312.90	3	532.40	172.21	221.86
Metric 3 Gearing %	TM	9.67	3.00	4.93	12.26	7.80	3	10.61	15.25	19.43
Metric 7 Return on Capital Employed %	TM	1.64	1.54	3.59	1.06	1.35	2	0.83	0.79	1.10
Cost per property – Housing Management £	IM	307	221	551	732	435	1	332	195	173
% of rent loss through dwellings being vacant	IM	0.63	0.52	1.47	0.35	1.28	2	1.13	1.03	1.20
Average re-let time in days (Excluding Major Works) HFOP	IM	11.72	9.11	29.67	5.68	29.00	1	15.00	15.00	15.00
Average re-let time in days of all Major Works Voids HFOP	IM	77.00	N/A	40.50	39.67	77.00	1	39.00	39.00	39.00
Average re-let time in days of all re-lets HFOP	IM	12.84	9.11	30.16	8.97	29.00	1	17.00	17.00	17.00
Current tenant arrears as a % of the annual rent debit (including HB arrears)	IM	1.49	0.23	0.75	0.17	0.71	3	0.50	1.10	1.10

# LACE HOUSING LIMITED

## Report of the Board For the period ended 31 March 2023

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### Backwards look

The main VfM drivers in respect of objective 3 include responsibly managing existing housing and support services and optimizing efficiency through refining its business processes. The Association has quantified its performance through a number of the Regulator for Social Housing's technical metrics, alongside its own internal metrics detailed in Table 3 above. The Association has achieved the majority of its targets for technical and internal metrics, apart from Metric 4 EBITDA MRI Interest Cover % and metrics relating to arrears performance and major work void turnaround. In respect of internal metrics, the increase has occurred due to the Association revising its method of calculating its current rent arrears performance, rather than any significant increase in actual arrears. The major work void turnaround performance was based on one property and the completion of works was hampered by the former tenant circumstances. As a result, no corrective action is identified for either metric.

The Strategic Plan 2021 to 2025 and supporting ICT Strategy included an objective of optimizing efficiency through refining its business processes to enable frontline teams to focus on service delivery. The Association's financial year commenced in January 2022, before the invasion of Ukraine. The invasion exacerbated inflationary pressures worldwide and contributed to a significant increase in the wholesale price of gas and electricity. The Association's energy contract expired on the 31 December 2022. The Association entered into a one-year fixed contract with a projected increase in cost of £309,617.02 (347%). To mitigate the increased cost of electricity an operational review of business processes was instigated ahead of schedule. Investment in technology was accelerated. VfM gains included reviewing the use of the Association's registered office and a reduction in a number of scheme's electricity usage through minor reconfiguration of scheme lighting. The most noticeable VfM gain was to the salary budget and during 2023/24 the Association predicts a salary cost savings of £148,626.23. The Association investment in IT has improved its core housing systems to enhance customer experience, data integrity, and cyber security protection.

During 2022/23 the Association secured an £8 million facility with CAF bank and a £4 million facility with Charity Bank, necessary to achieve its key strategic priority of restructuring existing lending and securing the necessary funding of phase 3 of its development programme. Progress with its pipeline development programme is detailed in response to objective 4 below. Underlying the long term loan submission was the Association's aspirations to continue to maximise the value from its existing asset base. Both facilities were secured on competitive margins to fund its extra care scheme, along with enabling the repayment of all existing borrowing with its main lender. The Association secured attractive covenants, necessary to provide sufficient flexibility on draw down, to deliver a sustainable and viable development programme. Both loans give the Association opportunity to apply to fix interest rates, at the discretion of the lenders, once the loan is fully drawn down.

The Association did not achieve its internal target in respect of Metric 4 EBITDA MRI Interest Cover % as a result of incremental increases in the Bank of England Base Rate during 2022/23. This reflected in the Association's decision to repay its existing loan facility, which although resulted in redemption fees in the short term, due to improved margins it will achieve longer term interest cost savings. Revised targets have been set for Metric 4 and the Association expects the % to reduce further during 2023/24, before beginning to improve in 2024/25 with the completion of its new extra care scheme.

The Association expected a reduction in performance against TM 5, 6a, and 6b. The Association performance exceeded its own targets, generating a surplus greater than expected. In respect of 6b a contributory factor was a delay in the first tranche sale expected during 2021 that completed in January 2022. However, the Association's performance in respect of these metrics is no longer at quartile 2 to its peer group.

### Actions to improve performance

The Association will review how it calculates its metrics and will then review its results with comparable peers. In doing so, the Association will consider tailoring its peer group comparison to those Associations of a similar size, with an active development programme. This is likely to see its peer benchmarking group reduce from 25 to 5 or 6 more comparable associations.

# LACE HOUSING LIMITED

## Report of the Board For the period ended 31 March 2023

### Forward look

During 2023/24 the Association will complete due diligence on the Association's unencumbered debt to ensure these properties are free of encumbrances should they be offered as security in future, along with the revaluation of the housing stock by late 2024 in support of its treasury management strategy. The Association expects its operating margin (social housing lettings) to reduce slightly during 2023/24 and again in 2024/25 after which it will benefit from improved economies of scale. It also expects to see a further reduction in the EBITDA MRI Interest Cover % as the Association draws down additional funds for its development activity. This is within the Association's accepted risk tolerance and business plan expectations. Further technology projects have been identified for completion to unlock additional VfM.

### 4. Delivering sustainable growth to meet the changing needs of older and vulnerable people within the community

**Table 4: Technical and Internal metrics in support of objective 4.**

\*2022/23 15-month financial year

Metric	Type	Performance as at:				Peer Group Median	Quartile	Target		
		31/03/23*	31/12/21	31/12/20	31/12/19			31/03/23	2022/23*	2023/24
Metric 1 Reinvestment %	TM	16.71	4.00	1.70	16.45	4.02	1	14.71	27.25	14.32
Metric 2 (a) New Supply % (Social Housing Units)	TM	0.00	0.00	0.00	24.40	0.00	2	0.00	10.75	16.22
Metric 2 (b) New Supply % (Non-Social Housing Units)	TM	0.00	0.00	0.00	0.00	0.00	2	LACE does not have a programme of non-social housing delivery.		
Number of properties completed	IM	0	0	0	82	N/A		40	40	72
Number of units in approved programme	IM	33 (MR)	105 (Welton & MR)	73	49	N/A		72 (Welton)	33 (MR)	33 (MR)
Number of starts on site (units) achieved	IM	72 (Welton)	40	0	0	N/A		105	0	33 (MR)

### Backwards look

The main VfM drivers in respect of objective 4 include responsibly managing existing housing and support services and business growth through the development of new homes and services. The Association has quantified its performance through a number of the Regulator for Social Housing's technical metrics, alongside its own internal metrics detailed in Table 4 above. The Association has achieved its targets for technical metrics, and has achieved quartile 2 or above against its peers where comparable reporting is available. Construction delays have resulted in the Association failing to meet its internal target of completing 40 units in 2022/23. Although no improvements to its development activities have been identified.

The Association believes fundamentally that investment in new supply is a key strategic ambition and has a key role in generating future sustainable capacity to invest in existing stock. The Association recognises its role in being an advocate for housing for older people. It achieves this through influencing policies at a local level, working with key stakeholders across Adult Social Care, NHS, Homes England and other housing providers. This can have real benefit to current and future older people in Lincolnshire, protecting and promoting the investment in housing and services for older people (as detailed below in respect of securing the start on site of a 72 unit extra care complex during 2022/23). This defines the LACE brand and the Association believes in the societal value that can be delivered by providing high quality, older person accommodation in the heart of towns and villages, reducing the pressure on the NHS and Adult Social Care.

# LACE HOUSING LIMITED

## Report of the Board For the period ended 31 March 2023

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The Association's development strategy for 2021-2025 included the target of completing 145 homes over this period. A key strategic focus for 2022/23 was to progress its pipeline development programme so as to achieve a further 105 start on sites during 2022/23. The Board, in light of increased construction costs, undertook a revised financial viability of pipeline development schemes. The Association has worked with a local authority and the county council to enable an extra care complex on the outskirts of Lincoln, comprising of 62 rented units and 10 Low Cost Home Ownership bungalows, to start on site during 2022/23. In order for this scheme to progress, the Association secured £1.2 million of additional grant funding. This demonstrates exemplary partnership working, a cornerstone of its Strategic Plan. Individual stakeholders showed a willingness to engage collectively and provide additional grant funding. The Association sees this as commitment to the quality of its product, its service provision, its objectives, along with recognition of the societal return to be gained from future residents benefiting from an additional extra care environment in Lincolnshire.

Unfortunately, the revised financial viability assessment of remaining pipeline scheme (33 units) contributed to postponement of its start on site. However, the Association intends to secure the purchase of the land during 2023/24. The Association had hoped to add an additional scheme (17 units) to its approved pipeline during 2022/23, but the scheme feasibility report concluded that the scheme was not financially viable to proceed.

### Forward look

The Association will progress the completion of 40 units during 2023/24. The Association, working with key stakeholders, will continue to pursue the land purchase of the remaining approved scheme, with an aim of starting on site during 2025.

The Association will look to adopt a return on social value model in 2024/25.

### Conclusion:

The Association has achieved median performance compared to its peer group and exceeded target in five out of the eight TMs. These are Metrics 1, 2a, 6b and 7. The Association achieved median performance but not its own target in respect of Metric 4. The Association did not achieve median performance compared to its peer group comparison in respect of Metrics 3, 5 and 6a but did meet its own target.

The Association has seen its peer group performance fall in respect of 5, and 6a, however the Association's projected reinvestment figure exceeds its peer medium. Its objective remains on delivering high quality older person accommodation in the heart of communities, whilst continuing to maintain the high quality of its existing stock, synonymous with its brand and reputation. The Association will benefit from increased economies of scale as it completes its current development programme.

### Fixed assets

The changes in fixed assets during the period are set out in notes 7 and 8 of the accounts.

### Board Members and their interests

The Board Members in office during the year are listed on page 1.

Each Board Member holds one fully paid share of £1 in the Association.

### Political and charitable donations

During the period the Association made no political contributions and any charitable contributions were made within the Association's normal activities.

### Statement of the Board's responsibilities in respect of the accounts

The Co-operative and Community Benefit Societies Act 2014 requires the Board to prepare accounts for each financial year, which give a true and fair view of the state of affairs of the Association and of the surplus/(deficit) of the Association for that year. In preparing these accounts the Board is required to:

# LACE HOUSING LIMITED

## Report of the Board For the period ended 31 March 2023

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1. Select suitable accounting policies and then apply them consistently.
2. Make judgements and estimates that are reasonable and prudent.
3. State whether applicable accounting standards have been followed.
4. Prepare the accounts on the going concern basis unless it is inappropriate to presume 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 to enable it to ensure that the accounts comply with the Co-operative and Community Benefit Societies Act 2014 and Housing Acts. 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, by establishing and maintaining a satisfactory system of control over the Association's accounting records, cash holdings and all its receipts and remittances.

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

### Disclosure of information to Auditors

As far as the Board is aware there is no relevant audit information of which the Auditors are unaware. The Board has taken all steps that they ought to have taken as Board Members in order to make themselves aware of any relevant audit information and to establish that the Auditors are aware of that information.

### Statement on the Association's system of internal control

The Board has overall responsibility for establishing and maintaining the whole system of internal control and reviewing its effectiveness.

The Board recognises that no system of internal control can provide absolute assurance against material misstatement or loss or eliminate all risk of failure to achieve business objectives. The system of internal control is designed to manage key risks and to provide reasonable assurance that planned business objectives and outcomes are achieved.

It also exists to give reasonable assurance about the preparation and reliability of financial and operational information and the safeguarding of the Association's assets and interests.

In meeting its responsibilities, the Board has adopted a risk-based approach to internal controls which are embedded within the normal management and governance process. The approach includes the regular evaluation of the nature and extent of risks to which the Association is exposed.

The process adopted by the Board in reviewing the effectiveness of the system of internal control, together with some of the key elements of the control framework includes:

### Identification and evaluation of key risks

Management responsibility has been clearly defined for the identification, evaluation and control of significant risks. There is a formal and ongoing process of management review in each area of the Association's activities. The Executive Officers regularly consider and receive reports on significant risks facing the Association and the Chief Executive is responsible for reporting to the Board any significant changes affecting key risks.

### Environment and control risks

The Board retains responsibility for a defined range of issues covering strategic, operational, and financial and compliance issues including treasury strategy and new investment projects. Policies and procedures cover such issues as delegated authority, segregation of duties, accounting, treasury management, health and safety, data and asset protection and fraud prevention and detection.

# LACE HOUSING LIMITED

## Report of the Board For the period ended 31 March 2023

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### Information and financial reporting systems

Financial reporting procedures include detailed budgets for the year ahead; detailed management accounts produced quarterly and forecasts for the remainder of the financial year. These are reviewed in detail and approved by the Board. The Board reviews the Strategic plan to assess progress towards the achievement of key business objectives, targets and outcomes.

### Monitoring and corrective action

A process of regular management reporting on control issues provides assurance to Executive Officers and to the Board. This includes a rigorous procedure for ensuring that corrective action is taken in relation to any significant control issues, particularly those that may have a material impact on the accounts and delivery of our services.

The internal control framework and the risk management process are subject to regular review by Internal Audit who advise the Executive Management Team and report to the Audit and Compliance Committee. The Audit and Compliance Committee considers internal control and risk at each of its meetings during the period.

The Audit and Compliance Committee conducts an annual review of the effectiveness of the system of internal control and has taken account of any changes needed to maintain the effectiveness of the risk management and control process. The Audit and Compliance Committee makes an annual report to the Board. The Board has received this report.

The Board confirms that there is an ongoing process for identifying, and managing significant risks faced by the Association. This process has been in place throughout the period under review, up to the date of the annual report and accounts, and is regularly reviewed by the Board.

### Auditors

In accordance with the Co-operative and Community Benefit Societies Act 2014 a resolution to appoint Beever and Struthers as the Association's auditors, will be proposed at the Annual General Meeting.

### Governance and Financial Viability

The Association complies with the NHF Code of Governance 2015 and adopted the NHF Code of Governance 2020 from January 2022.

The Board has reviewed its compliance with the Governance and Viability Standard and confirm that, it complies with the requirements of the Standard for the period.

### Statement of compliance

The Board confirm that this report has been prepared in accordance with the principles set out in paragraph 4.7 of the 2018 SORP for Registered Social Housing Providers.

### Approved by the Board on 14 September 2023



.....  
**Mr B Livermore**  
**Chair**

## Independent Auditor's Report to LACE Housing Limited

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### Opinion

We have audited the financial statements of LACE Housing Limited (the 'Association') for the period ended 31 March 2023 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Reserves, the Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies in note 1. 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 2023 and of its income and expenditure for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the 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 annual report, other than the financial statements and our auditor's report thereon. The Board is responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.



### Matters on which we are required to report by exception

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

- the Association has not maintained a satisfactory system of control over transactions; or
- the Association has not kept proper accounting records; or
- the Association's financial statements are not in agreement with 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 the Board's responsibilities in respect of the Statement of the Board's responsibilities in respect of the accounts set out on page 11, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's web-site at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

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

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

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

- We obtained an understanding of laws, regulations and guidance that affect the Association, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws, regulations and guidance that we identified included the Co-operative and Community Benefit Societies Act 2014, the NHF Code of Governance 2020, the Regulatory Standards, the Statement of Recommended Practice for registered housing providers: Housing SORP 2018, the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2022, tax legislation, health and safety legislation, and employment legislation.

## Independent Auditor's Report to LACE Housing Limited

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- We enquired of the Board and reviewed correspondence and Board meeting minutes for evidence of non-compliance with relevant laws and regulations. We also reviewed controls the Board have in place, where necessary, to ensure compliance.
- We gained an understanding of the controls that the Board have in place to prevent and detect fraud. We enquired of the Board about any incidences of fraud that had taken place during the accounting period.
- The risk of fraud and non-compliance with laws and regulations was discussed within the audit team and tests were planned and performed to address these risks. We identified the potential for fraud in the following areas: laws related to the construction and provision of social housing recognising the regulated nature of the Association's activities.
- We reviewed financial statements disclosures and supporting documentation to assess compliance with relevant laws and regulations discussed above.
- We enquired of the Board about actual and potential litigation and claims.
- We performed analytical procedures to identify any unusual or unexpected relationships that might indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud due to management override of internal controls we tested the appropriateness of journal entries and assessed whether the judgements made in making accounting estimates were indicative of a potential bias.

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

### Use of 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 and Section 128 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body for our audit work, for this report, or for the opinions we have formed.

*Beever and Struthers*

**Beever and Struthers**  
Statutory Auditor  
One Express  
1 George Leigh Street  
Manchester  
M4 5DL

Date: 29 September 2023

# LACE HOUSING LIMITED

## Statement of Comprehensive Income For the period ended 31 March 2023

	Notes	2023 (15 Months) £	2021 (12 Months) £
Turnover	2	3,498,502	3,266,746
Operating expenditure	2	(2,978,493)	(2,792,325)
Gain on disposal of property, plant and equipment		6,864	5,409
<b>Operating surplus</b>		<b>526,873</b>	<b>479,830</b>
Interest receivable	4	3,276	749
Interest and financing costs	5	(285,568)	(151,839)
<b>Surplus before taxation</b>		<b>244,581</b>	<b>328,740</b>
Taxation	9	-	-
<b>Surplus for the year</b>	6	<b>244,581</b>	<b>328,740</b>
<b>Total comprehensive income for the year</b>		<b>244,581</b>	<b>328,740</b>


All of the above results derive from the continuing operations of the Association.

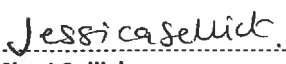
Historical cost surpluses and deficits were identical to those shown in the income and expenditure account.

The notes on pages 21 to 38 form an integral part of these financial statements.

The financial statements on pages 17 to 38 were approved and authorised for issue by the Board on 14 September 2023 and were signed on its behalf by: -

  
..... SECRETARY  
Mr N J Chambers

  
..... BOARD MEMBER  
Mr B Livermore

  
..... BOARD MEMBER  
Miss J Sellick

# LACE HOUSING LIMITED

## Statement of Financial Position As at 31 March 2023

	Notes	31.03.2023		31.12.2021	
		£	£	£	£
<b>Fixed assets</b>					
Tangible fixed assets	7/8		33,388,003		28,702,973
<b>Current assets</b>					
Shared equity properties for resale	10	116,248		76,767	
Stock	11	12,230		11,636	
Trade and other debtors	12	140,681		131,734	
Cash and cash equivalents	13	907,006		4,984,693	
		1,176,165		5,204,830	
<b>Less:</b>					
<b>Creditors: amounts falling due within one year</b>	14	(2,444,131)		(1,146,583)	
Net current (liabilities)/ assets			(1,267,966)		4,058,247
Total assets less current liabilities			32,120,037		32,761,220
<b>Creditors: amounts falling due after more than one year</b>	15		(22,756,572)		(23,642,338)
<b>Total net assets</b>			9,363,465		9,118,882
<b>Reserves</b>					
Non-equity share capital	16		17		15
Income and expenditure reserve			9,346,879		9,102,298
Restricted reserve	17		16,569		16,569
<b>Total reserves</b>			9,363,465		9,118,882

The notes on pages 21 to 38 form an integral part of these financial statements.

The financial statements on pages 17 to 38 were approved and authorised for issue by the Board on 14 September 2023 and were signed on its behalf by: -

  
 ..... SECRETARY  
 Mr N J Chambers

  
 ..... BOARD MEMBER  
 Mr B Livermore

  
 ..... BOARD MEMBER  
 Miss J Sellick

# LACE HOUSING LIMITED

## Statement of Changes in Reserves For the period ended 31 March 2023

	Non-equity share capital £	Income and expenditure reserve £	Restricted reserve £	Total £
Balance at 1 January 2021	16	8,773,558	16,569	8,790,143
Total comprehensive income for the year	-	328,740	-	328,740
Shares issued during the year	-	-	-	-
Shares surrendered during the year	(1)	-	-	(1)
<b>Balance at 31 December 2021</b>	<b>15</b>	<b>9,102,298</b>	<b>16,569</b>	<b>9,118,882</b>
Balance at 1 January 2022	15	9,102,298	16,569	9,118,882
Total comprehensive income for the period	-	244,581	-	244,581
Shares issued during the period	4	-	-	4
Shares surrendered during the period	(2)	-	-	(2)
<b>Balance at 31 March 2023</b>	<b>17</b>	<b>9,346,879</b>	<b>16,569</b>	<b>9,363,465</b>

The notes on pages 21 to 38 form an integral part of these financial statements.

# LACE HOUSING LIMITED

## Statement of Cash Flows For the period ended 31 March 2023

	2023 (15 Months)		2021 (12 Months)	
	£	£	£	£
<b>Net cash generated from operating activities (see Note 1)</b>		1,360,354		1,350,488
<b>Cash flow from investing activities</b>				
Purchase of tangible fixed assets	(5,311,939)		(849,112)	
Proceeds from sale of tangible fixed assets	12,095		7,529	
Grants received	1,913,738		166,262	
Interest received	3,276		749	
		(3,382,830)		(674,752)
<b>Cash flow from financing activities</b>				
Share Capital	2		(1)	
Interest paid	(291,071)		(151,839)	
New secured loans	3,936,800		-	
Repayments of borrowings	(5,700,942)		(259,941)	
		(2,055,211)		(411,781)
<b>Net change in cash and cash equivalents</b>		(4,077,687)		264,135
<b>Cash and cash equivalents at beginning of year</b>		4,984,693		4,720,558
<b>Cash and cash equivalents at end of the year</b>		907,006		4,984,693
<b>Note 1</b>				
Surplus for the year		244,581		328,740
Adjustments for non-cash items:				
Depreciation of tangible fixed assets		625,747		493,535
Amortisation of Government grants		(162,197)		(129,495)
(Increase)/Decrease in shared ownership properties for resale		(39,481)		382,582
(Increase)/decrease in stock		(594)		(500)
Decrease/(increase) in trade and other debtors		(8,947)		(13,606)
Increase/(Decrease) in trade and other creditors		372,624		(7,066)
Increase in sinking funds		46,951		37,006
Loss/(gain) on disposal of tangible fixed assets		(6,864)		(5,409)
Increase in recycled capital grant creditor		-		2,329
Write Off Development Cost		6,242		111,282
Adjustments for investing or financing activities:				
Interest payable		285,568		151,839
Interest received		(3,276)		(749)
		1,360,354		1,350,488

The notes on pages 21 to 38 form an integral part of these financial statements.

# LACE HOUSING LIMITED

## Notes to the Financial Statements For the period ended 31 March 2023

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### 1. Principal accounting policies

The Association is incorporated in England under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Regulator of Social Housing as a Private Registered Provider of Social Housing. The registered office is LACE House, 2 Olsen Rise, Lincoln LN2 4UZ.

#### Basis of accounting

The financial statements have been prepared in accordance with applicable United Kingdom Generally Accepted Accounting Practice (UK GAAP) and the Statement of Recommended Practice for registered housing providers: Housing SORP 2018.

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. The accounts are prepared on the historical cost basis of accounting and are presented in sterling £.

The financial statements have been prepared in compliance with FRS 102. In complying with FRS 102 the Association meets the definition of a public benefit entity.

#### Going concern

The financial statements have been prepared on a going concern basis which assumes an ability to continue operating for the foreseeable future. The net current liabilities are not a concern, as this was expected by the Association within its business plan, while the restructuring of its existing lending took place. No other significant concerns have been noted and we consider it appropriate to continue to prepare the financial statements on a going concern basis based on the Association's business plan.

#### Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the period. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

- a. Development expenditure. The Association capitalises development expenditure in accordance with the accounting policy described on page 23. Initial capitalisation of costs is based on management's judgement that development scheme is confirmed, usually when Board approval has taken place including access to the appropriate funding. In determining whether a project is likely to cease, management monitors the development and considers if changes have occurred that result in impairment.
- b. Categorisation of housing properties  
The Association has undertaken a detailed review of the intended use of all housing properties. In determining the intended use, the Association has considered if the asset is held for social benefit or to earn commercial rentals.
- c. Impairment  
The Association has identified a cash generating unit for impairment assessment purposes at a property scheme level.

# LACE HOUSING LIMITED

## Notes to the Financial Statements For the period ended 31 March 2023

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### 1. Principal accounting policies (continued)

Other key sources of estimation and assumptions:

a. Tangible fixed assets

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

b. Impairment of non-financial assets

Reviews for impairment of housing properties are carried out when a trigger has occurred and any impairment loss in a cash generating unit is recognised by a charge to the Statement of Comprehensive Income. Impairment is recognised where the carrying value of a cash generating unit exceeds the higher of its net realisable value or its value in use. A cash generating unit is normally a group of properties at scheme level whose cash income can be separately identified.

The Association has assessed that no trigger for an impairment review has occurred.

### Turnover and revenue recognition

Turnover represents rental income receivable, amortised capital grant, revenue grants from local authorities and Homes England, income from the sale of shared ownership and other properties developed for outright sale, management income, transport income, charitable income and other income and is recognised in relation to the period when the goods or services have been supplied.

Rental income is recognised when the property is available for let, net of voids. Income from property sales is recognised on legal completion.

Charitable income is recognised when the Association is entitled to receipt, it is probable the Association will receive income and the amount can be measured with reasonable certainty. Charitable income linked to a development under construction, is deferred until the development is completed.

### Service charges

Service charge income and costs are recognised on an accruals basis.

### Loan interest costs

Loan interest costs are calculated using the effective interest method of the difference between the loan amount at initial recognition and amount of maturity of the related loan.

### Loan finance issue costs

These are amortised over the life of the related loan. Loans are stated in the Statement of Financial Position at the amount of the net proceeds after issue, plus increases to account for any subsequent amounts amortised. Where loans are redeemed during the year, any redemption penalty and any connected loan finance issue costs are recognised in the Statement of Comprehensive Income in the year in which the redemption took place.



# LACE HOUSING LIMITED

## Notes to the Financial Statements For the period ended 31 March 2023

### 1. Principal accounting policies (continued)

#### Taxation

The Association has charitable status and is therefore exempt from UK corporation tax on charitable activities.

#### Value Added Tax

The Association is registered for VAT but a large proportion of its income, rents and service charges are exempt for VAT purposes therefore giving rise to a partial exemption calculation. Expenditure is stated inclusive of VAT with any amounts of input VAT recovered are included in turnover.

#### Fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is charged at the following rates over the expected economic useful life of the assets.

Housing properties	0.80% to 1.33%	Office accommodation	1.00%
Scheme equipment	10.00%	Office equipment	10.00%
Computers	20.00%	Motor vehicles	20.00%
Industrial Unit	2.00%		

Where individual components of a property are replaced, the costs are capitalised if they meet the tests of capitalisation set out below. The cost of the replaced component is written off. These costs are depreciated at the following rates:

Lifts	5.00%	Doors and windows	3.33%
Water tanks and pipe-work	4.00%	Electrical wiring and installations	2.50%
Kitchens	5.00%	Sprinkler Systems	5.00%
Bathrooms	3.33%	Mechanical systems	3.33%
Fixtures and fittings	10.00%	Boilers	6.70%
Roof	1.43%	PV Cells & Inverter	6.70%

Freehold land is not depreciated.

The useful economic lives of all tangible fixed assets are reviewed annually.

#### Housing properties

Only actual costs incurred in the acquisition, construction and improvement of housing properties are capitalised. As required by FRS 102 the Association has reviewed the economic useful lives of its housing properties and depreciates the property costs, less freehold land.

Financial assets are assessed at each reporting date to determine whether there is any objective evidence that an asset is impaired. If there is such evidence of impairment an impairment loss is recognised in the Statement of Comprehensive Income.

Housing properties in the course of construction are stated at cost and not depreciated.

Housing properties are transferred to completed properties when they are ready for letting.

The Association depreciates housing properties held on long term leases in the same manner as freehold properties, except where the unexpired lease term is shorter than the longest component life envisaged, in which case the unexpired term of the lease is adopted as the useful economic life of the relevant component category.

# LACE HOUSING LIMITED

## Notes to the Financial Statements For the period ended 31 March 2023

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### 1. Principal accounting policies (continued)

#### Development Write Off Costs

Housing properties in the course of construction that are no longer to be proceeded with, are written off, where costs cannot be transferred to another development. Costs associated with suppliers have been written off as agreed with them and internal development costs written off based on a percentage of the write off costs.

#### Shared ownership properties

The costs of shared ownership properties are split between current and fixed assets on the basis of the first tranche portion. The first tranche portion is accounted for as a current asset and the sale proceeds shown in turnover. The remaining element of the shared ownership property is accounted for as a fixed asset and subsequent sales treated as sales of fixed assets.

#### Capitalisation of interest and administration costs

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

Administration costs relating to development activities are capitalised only to the extent that they are incremental to the development process and directly attributable to bringing the property into its intended use.

#### Stock and properties held for sale

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

Properties developed for outright sale are included in current assets as they are intended to be sold, at the lower of cost or estimated selling price less costs to complete and sell.

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

#### Short-term debtors and creditors

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

#### Non-government grants

Grants received from non-government sources are recognised under the performance model. If there are no specific performance requirements the grants are recognised when received or receivable. Where grant is received with specific performance requirements it is recognised as a liability until the conditions are met and then it is recognised as Turnover.

# LACE HOUSING LIMITED

## Notes to the Financial Statements For the period ended 31 March 2023

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### 1. Principal accounting policies (continued)

#### **Social Housing and other government grants**

Where developments have been financed wholly or partly by social housing and other grants, the amount of the grant received has been included as deferred income and recognised in turnover over the estimated useful life of the associated asset structure (not land), under the accruals model. Social Housing Grant received for items of cost written off in the statement of comprehensive income is included as part of turnover.

When Social Housing Grant in respect of housing properties in the course of construction exceeds the total cost to date of those housing properties, the excess is shown as a current liability.

Social Housing Grant must be recycled by the Association under certain conditions, if a property is sold, or if another relevant event takes place. In these cases, the Social Housing Grant can be used for projects approved by Homes England. However, Social Housing Grant may have to be repaid if certain conditions are not met. If grant is not required to be recycled or repaid, any unamortised grant is recognised as turnover. In certain circumstances, Social Housing Grant may be repayable, and, in that event, is a subordinated unsecured repayable debt.

#### **Recycling of Capital Grant**

Where Social Housing Grant is recycled, as described above, the Social Housing Grant is credited to a fund which appears as a creditor until used to fund the acquisition of new properties, where recycled grant is known to be repayable it is shown as a creditor within one year.

#### **Holiday pay accrual**

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

#### **Works to existing housing properties**

The Association capitalises expenditure on housing properties that increases the net rental stream over the life of the property. An increase in the net rental stream may arise through an increase in the rental income, a reduction in future maintenance costs, or a significant extension of the life of the property.

#### **Pension costs**

The Association operates a money purchase pension scheme and a defined contribution pension scheme for its employees. The assets are held separately from those of the Association. The annual contributions payable is charged to the Income and Expenditure Account. The disclosures in the accounts follow the requirements of FRS 102.

#### **Restricted reserves**

The Association maintains restricted reserves in relation to legacies and donations for which monies have been bequeathed or donated for restricted activities.

Funds are utilised in line with the restrictions and specifications which are in place in relation to each reserve.

# LACE HOUSING LIMITED

## Notes to the Financial Statements For the period ended 31 March 2023

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### 1. Principal accounting policies (continued)

#### Provisions

The Association only provides for contractual liabilities.

#### Operating leases

All costs are written off to the Statement of Comprehensive Income as they are incurred.

#### Sinking Fund Provisions

A provision is made annually towards the maintenance of communal areas within leasehold housing schemes and the replacement of various components relating to those buildings, such as doors, windows, roof, lifts etc. Contributions of those funds are based on a stock condition survey or surveyors report as set out in the lease agreement.

#### Financial Instruments

The Association only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are measured at transaction price initially, plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

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

Debt instruments that meet the conditions in paragraph 11.8(b) of FRS 102 are measured at amortised cost using the effective interest method.

#### Impairment of Financial Assets

Financial assets are assessed at each reporting date to determine whether there is any objective evidence that a financial asset or group of financial assets is impaired. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

# LACE HOUSING LIMITED

## Notes to the Financial Statements For the period ended 31 March 2023

### 2. Particulars of turnover, operating expenditure and operating surplus

	2023 (15 Months)		
	Turnover £	Operating Expenditure £	Operating Surplus £
<b>Social housing lettings (see note 3)</b>	3,257,119	(2,898,493)	358,626
<b>Other social housing activities</b>			
First tranche low-cost home ownership sales	138,375	(80,000)	58,375
Management income	2,938	-	2,938
Donations	100,070	-	100,070
<b>Total</b>	<b>3,498,502</b>	<b>(2,978,493)</b>	<b>520,009</b>
	2021 (12 Months)		
	Turnover £	Operating Expenditure £	Operating Surplus £
<b>Social housing lettings (see note 3)</b>	2,529,841	(2,354,362)	175,479
<b>Other social housing activities</b>			
First tranche low-cost home ownership sales	725,000	(437,963)	287,037
Management income	11,905	-	11,905
<b>Total</b>	<b>3,266,746</b>	<b>(2,792,325)</b>	<b>474,421</b>

# LACE HOUSING LIMITED

## Notes to the Financial Statements For the period ended 31 March 2023

### 3. Particulars of turnover and operating expenditure from social housing lettings

	Supported housing & extra care £	Shared ownership £	Total 2023 (15 Months) £	Total 2021 (12 Months) £
<b>Income</b>				
Rent receivable net of identifiable service charges and net of voids	1,659,984	62,664	1,722,648	1,331,514
Service charge income	902,579	209,334	1,111,913	866,883
Charges for support services	31,432	3,947	35,379	18,244
Amortised government grants	148,895	13,302	162,197	129,495
<b>Net rental income</b>	<b>2,742,890</b>	<b>289,247</b>	<b>3,032,137</b>	<b>2,346,136</b>
<b>Other income</b>	<b>185,530</b>	<b>39,452</b>	<b>224,982</b>	<b>183,705</b>
<b>Total turnover from social housing lettings</b>	<b>2,928,420</b>	<b>328,699</b>	<b>3,257,119</b>	<b>2,529,841</b>
<b>Operating expenditure</b>				
Management	415,803	40,470	456,273	328,767
Service charge costs	943,284	222,867	1,166,151	933,010
Routine maintenance	370,646	10,384	381,030	289,658
Planned maintenance	211,432	-	211,432	150,508
Major repairs expenditure	-	-	-	2,150
Rent losses from bad debts	678	-	678	1,683
Depreciation of housing properties	508,240	15,727	523,967	418,285
Other Cost - Restaurant Costs	126,361	25,480	151,841	119,018
Development Cost Write Off	6,242	-	6,242	111,283
Operating Leases	836	43	879	-
<b>Total operating expenditure on social housing lettings</b>	<b>2,583,522</b>	<b>314,971</b>	<b>2,898,493</b>	<b>2,354,362</b>
<b>Operating surplus on social housing lettings</b>	<b>344,898</b>	<b>13,728</b>	<b>358,626</b>	<b>175,479</b>
<b>The rents and service charges from social housing lettings above are stated net of voids</b>				
Rent losses from the voids in the year were:	16,524	1,646	18,170	11,658

### 4. Interest receivable

	2023 (15 Months) £	2021 (12 Months) £
Bank interest received	3,276	749

# LACE HOUSING LIMITED

## Notes to the Financial Statements For the period ended 31 March 2023

	2023 (15 Months) £	2021 (12 Months) £
<b>5. Interest payable and similar charges</b>		
<b>On loans:</b>		
Repayable wholly or partly in more than 5 years by instalments	282,313	150,957
Amortisation of issue costs	7,030	882
Early Repayment Fees	29,783	-
Interest capitalised	(33,558)	-
	<u>285,568</u>	<u>151,839</u>
<b>6. Surplus for the year</b>		
<b>Is stated after charging/(crediting):</b>		
Auditors' remuneration (excluding VAT):		
In their capacity as auditors	15,644	11,808
Depreciation of housing properties	523,967	418,285
Depreciation of other tangible fixed assets	101,780	75,250
Loss/(gain) on disposal of fixed assets	(6,864)	(5,409)
Amortisation of government grants	(162,197)	(129,495)
Operating Leases	897	-
	<u>897</u>	<u>-</u>

# LACE HOUSING LIMITED

## Notes to the Financial Statements For the period ended 31 March 2023

7. Tangible fixed assets	Social housing properties for letting completed £	Social housing properties for letting under construction £	Shared ownership properties completed £	Shared ownership properties under construction £	Housing properties total £
<b>Cost</b>					
At 1 January 2022	27,774,171	1,083,630	2,690,787	-	31,548,588
Transfer to Shared Ownership	-	(17,914)	-	17,914	-
Additions	29,614	5,237,535	-	137,083	5,404,232
Improvements to existing properties	4,677	-	-	-	4,677
Replacement of components	(3,053)	-	-	-	(3,053)
Transfer to property in course of sale	-	-	-	(116,248)	(116,248)
Write Off Development Cost	-	(6,242)	-	-	(6,242)
Transfer to Sundry Creditors	(23,247)	-	-	-	(23,247)
<b>At 31 March 2023</b>	<b>27,782,162</b>	<b>6,297,009</b>	<b>2,690,787</b>	<b>38,749</b>	<b>36,808,707</b>
<b>Depreciation</b>					
At 1 January 2022	3,615,413	-	119,040	-	3,734,453
Charge for the year	508,240	-	15,727	-	523,967
Eliminated on disposals	(1,435)	-	-	-	(1,435)
<b>At 31 March 2023</b>	<b>4,122,218</b>	<b>-</b>	<b>134,767</b>	<b>-</b>	<b>4,256,985</b>
<b>Net book value</b>					
At 31 March 2023	23,659,944	6,297,009	2,556,020	38,749	32,551,722
At 31 December 2021	24,158,758	1,083,630	2,571,747	17,914	27,814,134
<b>Housing properties comprise:</b>				<b>31 March 2023</b>	<b>31 December 2021</b>
				<b>£</b>	<b>£</b>
Freeholds				32,551,722	27,814,134
Long leasehold				-	-
				<b>32,551,722</b>	<b>27,814,134</b>
<b>Works to existing properties in the year:</b>				<b>2023 (15 Months)</b>	<b>2021 (12 Months)</b>
				<b>£</b>	<b>£</b>
Components capitalised				34,291	20,864
Amounts charged to expenditure				-	2,150
				<b>34,291</b>	<b>23,014</b>

Development administration costs capitalised in the period totalled - £86,117 (2021: £71,261). Expenditure on Social housing properties for letting under construction includes sites where the Board has authorised expenditure (see Note 18) which are expected to progress in subsequent periods.



# LACE HOUSING LIMITED

## Notes to the Financial Statements For the period ended 31 March 2023

### 8. Tangible fixed assets – other

	Freehold Offices £	Office furniture and equipment £	Motor vehicles £	Computer equipment £	Scheme equipment £	Other fixed assets total £
<b>Cost</b>						
At 1 January 2022	754,708	20,087	135,222	110,095	612,159	1,632,271
Additions	-	-	26,275	18,709	7,852	52,836
Disposals	-	-	(40,134)	-	(7,506)	(47,640)
At 31 March 2023	754,708	20,087	121,363	128,804	612,505	1,637,467
<b>Depreciation</b>						
At 1 January 2022	193,943	18,216	103,447	64,303	363,523	743,432
Charge for the year	14,992	441	15,066	23,113	48,168	101,780
Disposals	-	-	(40,134)	-	(3,892)	(44,026)
At 31 March 2023	208,935	18,657	78,379	87,416	407,799	801,186
<b>Net book value</b>						
At 31 March 2023	545,773	1,430	42,984	41,388	204,706	836,281
At 31 December 2021	560,765	1,871	31,775	45,792	248,636	888,839

### 9. Taxation

The Association has Charitable Status and is therefore exempt from UK corporation tax on charitable activities.

### 10. Shared ownership properties for sale

	31 March 2023 £	31 December 2021 £
Properties in the course of sale:		
Completed	-	76,767
Under construction	116,248	-
	116,248	76,767

### 11. Stock

	31 March 2023 £	31 December 2021 £
Goods for resale	11,330	10,300
Materials	900	1,336
	12,230	11,636

# LACE HOUSING LIMITED

## Notes to the Financial Statements For the period ended 31 March 2023

12. Debtors	31 March 2023 £	31 December 2021 £
<b>Amounts falling due within one year:</b>		
Rental debtors	40,640	23,140
<u>Less: Provision for bad debts</u>	<u>(867)</u>	<u>(5,057)</u>
	39,773	18,083
Sales ledger balances	2,623	6,242
Prepayments and accrued income	62,798	54,256
Other debtors	<u>35,487</u>	<u>53,153</u>
	140,681	131,734
	<u>                    </u>	<u>                    </u>
13. Cash and cash equivalents	31 March 2023 £	31 December 2021 £
Cash equivalents	516,224	1,410,447
Cash at bank	<u>390,782</u>	<u>3,574,246</u>
	907,006	4,984,693
	<u>                    </u>	<u>                    </u>
14. Creditors: Amounts falling due within one year	31 March 2023 £	31 December 2021 £
Housing loans (Note 15)	2,007	360,318
Trade creditors	326,728	159,716
Rents in advance	67,609	73,088
Accruals and deferred income	721,760	416,617
Other taxation and social security	9,246	7,349
Unamortised government grants (Note 15)	162,197	129,495
Recycled capital grant (Note 15)	1,159,384	-
Unamortised Loan Fees (Note 15)	<u>(4,800)</u>	<u>-</u>
	2,444,131	1,146,583
	<u>                    </u>	<u>                    </u>
15. Creditors: Amounts falling due after more than one year	31 March 2023 £	31 December 2021 £
<b>Sinking fund held on behalf of:</b>		
Leasehold scheme for the elderly	502,012	455,061
<b>Housing loans:</b>		
Orchardbrook	117,510	121,518
Handelsbanken	-	5,338,623
CAF Bank	3,936,800	-
Unamortised Loan Fees	<u>(114,396)</u>	<u>-</u>
	3,939,914	5,460,141
<b>Deferred income:</b>		
Unamortised government grants	18,314,646	15,695,807
Recycled capital grant	<u>-</u>	<u>2,031,329</u>
	22,756,572	23,642,338
<b>Total</b>	<u>                    </u>	<u>                    </u>

# LACE HOUSING LIMITED

## Notes to the Financial Statements For the period ended 31 March 2023

### 15. Creditors: Amounts falling due after more than one year [Continued]

#### Housing loans:

Housing loans from Homes England, local authority and banks and building societies are secured by specific charges on the Association's housing properties, office development and development land and properties.

The interest is charged on loans at interest rates varying from 5.6% to 11.25% in instalments, falling due as follows:

	31 March 2023	31 December 2021
	£	£
Within one year	2,007	360,318
Between one and two years	2,239	360,318
Between two and five years	8,396	1,065,753
In more than five years	4,043,675	4,034,070
	<u>4,056,317</u>	<u>5,820,459</u>
Unamortised Loan Fees		
Amounts due to be released < 1 year	(4,800)	-
Amounts due to be released > 1 year	(114,396)	-
	<u>3,937,121</u>	<u>5,820,459</u>

The Association has undrawn loan facilities amounting to £8,063,200 at the end of the period.

#### Deferred income:

The amount of unamortised government grants at the period end relates to social housing grant which is amortised in accordance with the stated accounting policy.

	31 March 2023	31 December 2021
	£	£
<b>Unamortised government grant</b>		
At start of year	15,825,302	14,826,035
Released to income in the year	(162,197)	(129,495)
Received in year	2,813,738	1,128,762
	<u>18,476,843</u>	<u>15,825,302</u>
Amounts due to be released < 1 year	162,197	129,495
Amounts due to be released > 1 year	18,314,646	15,695,807
	<u>18,476,843</u>	<u>15,825,302</u>

# LACE HOUSING LIMITED

## Notes to the Financial Statements For the period ended 31 March 2023

### 15. Creditors: Amounts falling due after more than one year [Continued]

Recycled capital grant fund	Homes England 31 March 2023	Homes England 31 December 2021
	£	£
<b>Opening balance</b>	2,031,329	2,991,500
Inputs to RCGF:		
Grants recycled	-	-
Interest accrued	28,055	2,354
Transfers from other PRPs	-	-
Adjustment to opening balance	-	(25)
Recycling of grant:		
New build	(900,000)	(900,000)
Major works and works to existing stock	-	-
Transfers from other PRPs	-	-
Other	-	(62,500)
<b>Repayment of grant to Homes England</b>		
<b>Closing balance</b>	1,159,384	2,031,329
Amounts falling due < 1 year (Note 14)	1,159,384	-
Amounts falling due > 1 year (Note 15)	-	2,031,329
	1,159,384	2,031,329
Amounts 3 years or older where repayment may be required	1,159,384	2,031,329

The Association completed 82 new homes during 2019. Originally £1,030,000 of recycled capital grant fund monies were allocated to these properties. Subsequently a request was received from Homes England to allocate more social housing grant to these homes and delay the recycled capital grant funds to contribute to the costs of future developments.

The Association has recycled £1,800,000 on its current development programme during January 2021 to March 2023. Homes England are not requesting repayment of the remaining amount, which has been agreed to be spent by March 2024, on the Association new development at Welton.

16. Non-equity share capital	31 March 2023	31 December 2021
	£	£
<b>Allotted, issued and fully paid:</b>		
At 1 January 2022	15	16
Issued during the year	4	-
Surrendered during the year	(2)	(1)
At 31 March 2023	17	15

The par value of each share is £1. The shares do not have a right to any dividend or distribution in a winding up, and are not redeemable. Each share has full voting rights.

# LACE HOUSING LIMITED

## Notes to the Financial Statements For the period ended 31 March 2023

17. Restricted reserves	31 March 2023	31 December 2021
	£	£
<b>Legacies</b>		
At 1 January 2022	16,569	16,569
Received in the year	-	-
Transfer to revenue reserves	-	-
	<u>16,569</u>	<u>16,569</u>
At 31 March 2023	16,569	16,569
	<u>16,569</u>	<u>16,569</u>
<b>Total restricted reserves</b>		
At 31 March 2023	<u>16,569</u>	<u>16,569</u>

Legacies are monies bequeathed to LACE Housing Ltd by past service users or relatives and are to be used to further the aims and objectives of the Association.

18. Capital commitments	31 March 2023	31 December 2021
	£	£
Capital expenditure that has been contracted for but has not been provided for in the accounts:	17,980,476	5,662,983
Capital expenditure that has been authorised by the Board but has not yet been contracted for:	<u>5,431,789</u>	<u>19,337,940</u>
	<u>23,412,265</u>	<u>25,000,923</u>

We expect the commitment to be funded by housing grant £7,756k, other grants £5,486k, loan finance £8,225k, recycled capital grant £1,159k and cash reserves £786k. Two new loan facilities are in place.

### 19. Key management personnel emoluments

Key management personnel are defined as Members of the Board, the Chief Executive and Executive Management Team. The Board Members received no remuneration.

	2023 (15 Months)	2021 (12 Months)
The remuneration paid to the Directors of the Association was:		
<b>Emoluments:</b>		
(Including pension contributions and benefits in kind)	196,368	171,696
	<u>196,368</u>	<u>171,696</u>
<b>Emoluments: paid to the highest paid Director (the Chief Executive)</b>		
(Excluding pension contributions)	108,788	84,804
	<u>108,788</u>	<u>84,804</u>

The Chief Executive is an ordinary member of the pension scheme. The pension scheme is a money purchase scheme funded by annual contributions by the employer and employee. No enhanced or special terms apply. There are no additional pension arrangements. A contribution of £5,895 (2021: £4,441) was made by the Association in addition to the personal contributions of the Chief Executive.

During the period the Association made payments of £80,142 (2021: £31,732) for services for the outsourced role of a Director.

The Board Members are not paid but received reimbursement for expenses in the period totalling £162 - (2021: £128).

# LACE HOUSING LIMITED

## Notes to the Financial Statements For the period ended 31 March 2023

### 20. Employee information

The average weekly number of persons employed during the period (full time equivalents, i.e., 35 hours per week) was:

	<b>2023</b> <b>(15 Months)</b>	<b>2021</b> <b>(12 Months)</b>
	<b>No</b>	<b>No</b>
Central services	17	18
Managers/wardens	2	2
Catering	9	10
Domestic and other establishment	4	4
	<u>32</u>	<u>34</u>

	<b>2023</b> <b>(15 Months)</b>	<b>2021</b> <b>(12 Months)</b>
	<b>£</b>	<b>£</b>
Staff costs (for the above persons):		
Wages and salaries	1,088,450	873,398
Social security costs	93,584	70,215
Other pension costs	47,112	36,751
	<u>1,229,146</u>	<u>980,364</u>

	<b>2023</b> <b>(15 Months)</b>	<b>2021</b> <b>(12 Months)</b>
	<b>No</b>	<b>No</b>
Aggregate number of full-time equivalent staff whose remuneration exceeded £60,000 in the period		
£60,000 - £70,000	-	-
£70,001 - £80,000	-	-
£80,001 - £90,000	1	1
£90,001 - £100,000	-	-
£100,001 - £110,000	-	-
£110,001 - £120,000	1	-

### 21. Accommodation in management

	<b>31 March 2023</b>	<b>31 December 2021</b>
	<b>No</b>	<b>No</b>
General Needs	25	25
Housing for Older People	121	121
Affordable Rent	113	113
Low Cost Home Ownership	77	77
Market Rent	1	1
	<u>337</u>	<u>337</u>
Under construction	<u>112</u>	<u>40</u>

There were no additions or disposals of properties in the year.

# LACE HOUSING LIMITED

## Notes to the Financial Statements For the period ended 31 March 2023

### 22. Contingent liabilities

At the balance sheet date there were no contingent liabilities (2021: £Nil).

23. Social Housing and Other Grants	31 March 2023 £	31 December 2021 £
The total accumulated government grant and financial assistance received or receivable at 31 March 2023.	23,309,837	20,496,099
Held as deferred capital grants Recognised as income in the Statement of Comprehensive Income	18,476,843 4,832,994	15,825,302 4,670,797
	<u>23,309,837</u>	<u>20,496,099</u>

### 24. Pension scheme

The Association operates a money purchase pension scheme and a defined contribution scheme for its employees.

The costs for the period were £47,112 - (2021: £36,751).

There were no prepaid or outstanding contributions as at 31 March 2023 (2021: £Nil).

### 25. Related party transactions

In addition to the transactions in Note 19 to the Accounts, there were the following transactions in the period with In-House (PBS) (Formerly Joanne Costall Consultancy Ltd), a company providing legal services to the Association. Mr J Hazel, a Board member, is a director of In-House (PBS).

	2023 (15 Months) £	2021 (12 Months) £
Purchases during the period	13,794	3,609
Amount due from the Association at the end of the period	-	-
	<u>13,794</u>	<u>3,609</u>

# LACE HOUSING LIMITED

## Notes to the Financial Statements For the period ended 31 March 2023

### 26. Analysis of changes in net debt

	At 1 January 2022	Cash flows	Other non- cash changes	At 31 March 2023
Cash at bank	3,574,246	(3,183,464)	-	390,782
Cash equivalents	1,410,447	(894,223)	-	516,224
Loans falling due within one year	(360,318)	358,311	-	(2,007)
Loans falling due after more than one year	(5,460,141)	1,405,831	-	(4,054,310)
	<u>(835,766)</u>	<u>(2,313,545)</u>	<u>-</u>	<u>(3,149,311)</u>

### 27. Leasing Commitments

At the end of the period the Association had total lease payments under non-cancellable operating leases as set out below

	31 March 2023	31 December 2021
<b>Land and Building amount payable</b>		
Not later than 1 year	5,904	-
Later than 1 year and not later than 5 years	10,929	-
Later than 5 years	-	-
	<u>16,833</u>	<u>-</u>