

**Durham Aged Mineworkers' Homes
Association**

Trustees' report and accounts

31 March 2023

Durham Aged Mineworkers' Homes Association
Trustees' report and accounts
Year ended 31st March 2023

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Registered office:

The Grove
168 Front Street
Chester-le-Street
Co. Durham
DH3 3YH

Charity Number: 1191033

Registered Provider Number: 5125

The Board

Trustees

Anne Rowlands (Chair)		
Gillian Bramfitt (Vice Chair)		(N)
Kate Abson		(N)
Catherine Louise Buckton		(N)
Diane Carney	Appointed September 2022	(A)
Stephen Guy	Retired September 2023	(N)
Mark Reid		(A)
Andrew Thompson	Appointed May 2022	(A)
Paul Nilsen	Retired May 2022	(A)
Steve Fergus	Retired September 2022	(A)
Ian Youll	Retired March 2023	(A)

All members serve on The Board. Those indicated (A) cover the Audit Committee, and (N) cover the Nominations and Remuneration Committee.

Management Team and Advisors

Management Team Officers

Paul Mullis FCA	Chief Executive
Nicola Local FCCA	Finance Director
David Graham BSc Quantity Surveyor	Operations Director

External Auditor

Beever and Struthers
One Express, 1 George Leigh Street
Manchester
M4 5DL

Internal Auditor

Azets	TIAA
Bulman House	Artillery House
Regent Centre	Fort Fareham
Gosforth	Newgate Lane
Newcastle-upon-Tyne	Fareham
NE3 3LS	PO14 1AH

Bankers

CAF Bank Limited
25 Kings Hill Avenue
Kings Hill
West Malling
Kent
ME19 4JQ

Co-operative Bank Plc
Norfolk House
90 Grey Street
Newcastle upon Tyne
NE1 6BZ

Solicitors

O'Neill Richmonds Law Firm Limited
1-2 Lansdowne Terrace East
Gosforth
Newcastle upon Tyne
NE3 1HL

Trowers & Hamblins LLP
55 Princess Street
Manchester
M2 4EW

Report of The Board

This report has been prepared in accordance with relevant legislation including the Statement of Recommended Practice for Registered Social Housing Providers.

The members of the Executive Committee present their report together with audited financial statements for the year ended 31 March 2023.

Status

Durham Aged Mineworkers' Homes Association was established in 1898. On midnight of 31st March 2021 the charity became a Company Limited by Guarantee (Number 12758375) and is administered by Articles of Association, which were adopted at that date. It is a Registered Charity (Number 1191033 - formerly Number 222673), Registered Housing Provider (Number 5125 - formerly Number A3213) and a Member of the National Association of Almshouses.

The Board

The Governing Body of Durham Aged Mineworkers' Homes Association is known as the Board. Members of the Board have legal responsibility as Directors of the Company and Trustees of the registered charity, and their details are set out on page 1. All Trustees of the Association pay a £1 subscription, which carries no right to dividends or repayment of capital. The Chief Executive is not registered as a Trustee of the Charity and does not have the legal status of Director of the Company, but manages the day-to-day operations of the organisation under authority delegated by the Board.

Investment Powers

The Articles of Association empower the Association to invest money not immediately required for its purposes in accordance with the statutory powers of investment available to charitable trusts from time to time.

Objects

The Articles define the objects as:

To provide and maintain services and facilities for aged, infirm or disabled persons or those in financial need, with particular regard for the needs of the Original Beneficiaries.

For that purpose to provide and maintain:

- Social housing in the form of almshouses, which may be houses, bungalows, apartments or sheltered homes, for such persons who (except in the case of Original Beneficiaries or in other special cases to be approved by the Trustees) are primarily over the age of 50 at the time of appointment
- Leasehold accommodation specially adapted for aged, infirm or disabled persons;
- Gardens, common rooms, workshops, garages and other ancillary facilities for the benefit of residents.
- To manage or provide advice or assistance in the establishment of and management of housing schemes provided or to be provided by other charities.

In this clause "the Original Beneficiaries" means needy, aged, infirm or disabled persons who were formerly employed in or about coal mines in the County of Durham as constituted on 31st March 1974 or are or were the dependents of persons so employed.

Report of The Board (continued)

Results for the year

The Association had an operating surplus for the year of £2,105k (2022: £2,156k) and an overall surplus for the year of £1,266k (2022: £1,651k).

Review of activities and achievements

We are pleased to be able to report continuing strong results for the Association, despite a year of high inflation and ongoing post-lockdown disruption. We are working in a challenging environment for business, with international political events continuing to push inflation up to very high levels. Despite this we continue to concentrate on providing the best service for our residents whilst making the best use of our resources.

We face many ongoing challenges in the Durham Coalfield. We work within deprived communities with an increasingly aging population, ongoing reductions in local authority spending and services and a private sector housing market that appears reluctant and unsuited to provide appropriate and affordable housing in the increasing quantities needed.

With this as the background, we continue with a strong focus on delivering value for money within the ongoing housing crisis in our region, focusing on the priorities and needs of our residents, and those who would like to become residents.

Our Corporate Strategy 2022 details a strategic vision that is ambitious and facilitates a programme of long term development of new homes, whilst addressing the government's carbon-reduction agenda.

Our existing homes continue to be maintained to a high standard, consistent with the needs of our residents who are primarily elderly, retired, and many of whom have additional vulnerabilities. An annual planned maintenance programme is undertaken to ensure that all our properties continue to exceed the decent homes standard and meet the evolving expectations of our residents.

Report of The Board (continued)

Development

Overall, our main Key Performance Indicators are considered to be those measuring residents' satisfaction. Historically this has been measured objectively via the triennial STAR survey operated by Housemark. In keeping with previous surveys the Association again scored very highly. The last survey undertaken in 2022 noted a slight decline in that 93% of residents were either fairly satisfied or very satisfied with the overall service provided by the Association, compared with 94% in 2019. This nevertheless maintained a position towards the top of the 1st quartile of Registered Providers in the country for the year out of those undertaking the survey.

Satisfaction remained high across all main area's including 97.0% who were satisfied that their home was well maintained and safe to live in, 96.4% who were satisfied with how enquiries are dealt with and 96.1% who were satisfied that the Association treated its residents fairly and with respect and 96.6% being satisfied with the way the Association dealt with repairs and maintenance.

An area identified to be problematic was the grounds maintenance service where 29% of respondents identified issues. This is a known area of difficulty with contractors experiencing difficulties recruiting sufficient staff to fulfill their obligations. This is an ongoing situation with efforts continuing to seek to address the problem.

The majority of the Association's rents are "social rents" by definition and comply with government policy regarding rent setting. As part of the agreed funding mechanism for new homes built between 2011 and 2016, a proportion of stock let at Target Rent are being converted to Affordable Rent on re-let. We currently have 230 (2022: 227) properties where the Maintenance Charge is now set at "Affordable Rent" levels.

Asset Management Strategy

Having been in existence for 125 years it is the case that a number of our homes are now older and from time to time may become unsuitable to the needs and aspirations of our residents. We therefore operate an active Asset Management Strategy and continually review all our stock for condition and desirability. Homes that are considered to have become of low social value, or require excessive expenditure to maintain to our high standards are deemed redundant, and after consultation with residents, will be sold to third parties at market value as and when vacancies arise in them. The financial capital released this way is recycled into our development programme for new homes. In 2022/2023 10 house sales were completed .

Governance

Regulatory Requirements

The Association's governance arrangements comply with governance good practice and regulatory standards. The Association complies with the Regulator of Social Housing's (RSH) Regulatory Framework and Standards and complies with the RSH's Governance and Financial Viability Code of Practice.

Report of the The Board (continued)

The Board

The Association has adopted the National Housing Federation NHF Code of Governance 2020. Compliance with the Code is evidenced by an annual assessment carried out by The Board.

The Board has a wealth of experience of the community it serves, professional skills and a high degree of enthusiasm and commitment.

Trustees are appointed on the basis of qualifications and skills deemed by the Board to be needed by the Association, and are subject to re-election after terms of 3 years, with a maximum period of service of 6 years, with the possibility of further years of service in the case of exceptional business need to a maximum of 9 years in total.

Audit and Risk Committee

An Audit and Risk Committee is in place and advises The Board on external financial reporting, internal audit and risk.

Internal and external audit matters are reported to the committee and the auditors are invited to attend relevant meetings where audit matters are discussed. Additionally, Committee members are given the opportunity to meet with internal and external auditors without paid staff being present.

Identification and evaluation of key risks

The Association completes regular risk appraisals. The risk appraisals are based on a matrix system to highlight those areas where the Association is most at risk. This enables the Association to ensure that those risks are mitigated as far as possible. The appraisals and assessments of key strategic risks are reviewed periodically throughout the year.

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. This process is co-ordinated through a regular reporting framework by the Audit and Risk Committee. The Executive Management Team regularly considers reports on significant risks facing the Association and the Chief Executive is responsible for reporting to The Board any significant changes affecting key risks as they are identified.

Report of The Board (continued)

Health and Safety at Work

The Association takes its responsibilities for Health and Safety towards employees, contractors and the public seriously and monitors performance and risk accordingly. During the year ended 31st March 2023 there were no workplace injuries or lost-time events (2022: nil). There were 258.5 days lost (equates to a rate of 698.64 days lost per 100 employees) due to sickness (2022: 179.0 days lost, 483.78 days lost per 100 employees).

Sickness increased in the year as 8% of staff experienced long term sickness. The Association continues to offer flexible working arrangements, which has been shown to reduce short term absences.

The Association aims to maintain this excellent record and continues to invest in training and regular external review of policies, procedures, and practices accordingly.

Risk management

The RSH has reported that the Association meets the requirements set out in the Governance and Financial Viability Standard.

The Board is responsible for identifying the risks faced by the Association and for determining the appropriate action to manage those risks. The Association has adopted a formal Risk Management Strategy, which involves carrying out an annual risk appraisal exercise based upon a process of control and risk self assessment.

During the year, the Association considered its most serious risk to be cyber security. Criminals are going to ever increasing lengths in their attempts to gain access to computer systems. The Association updated its computer servers in 2021/22 to improve the security of its data. In April 2023 we obtained the Cyber Security Essentials Plus accreditation, third party verification that our computer systems are secure. We continue to do all we can to reduce this risk going forward.

The Association continues to be exposed to uncertainty and risk due to the political instability in Europe. Using local contractors and not developing property for sale helps to manage our exposure to risk. However there are still many unknowns around the longer term impacts, especially around inflation, costs and availability of materials for our contractors. We continue to monitor this risk and work closely with our contractors to respond quickly to any changes in the external environment. We believe we are adequately mitigating against this risk.

Other risks in the Association's matrix are relatively longstanding and have identified and long established mitigations in place. The main risks identified in the matrix have been used as the basis for significant stress testing of the Annual Financial Plan and the ongoing business model, which testing indicates that the model is very robust and proposed specific mitigations will provide for the ongoing financial viability of the Association under most foreseeable adverse scenarios.

Report of The Board (continued)

Internal control

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

The Board recognises that no system of internal control can provide absolute assurance or eliminate all risk. The system of internal control is designed to manage risk and to provide reasonable assurance that key business objectives and expected outcomes will be achieved.

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. This approach includes the regular evaluation of the nature and extent of risks to which the Association is exposed to.

The Board reviewed and updated the Association's internal Standing Orders and Financial Regulations which document internal controls, during the year.

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:

Monitoring and corrective action

A process of control self-assessment and regular management reporting on control issues provides hierarchical assurance to successive levels of management 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 with a material impact on the financial statements.

Control environment and control procedures

The Board retains responsibility for a defined range of issues covering strategic, operational, financial and compliance issues including treasury strategy and new investment projects. The Board has adopted the National Housing Federation's recommended Code of Conduct. This sets out the Association's policies with regard to the quality, integrity and ethics of its employees. It is supported by a framework of policies and procedures with which employees must comply. These cover issues such as delegated authority, segregation of duties, accounting, treasury management, health and safety, data and asset protection, and fraud prevention and detection.

Information and financial reporting systems

Financial reporting procedures include detailed budgets for the year ahead and forecasts for subsequent years. These are reviewed and approved by The Board. The Board also regularly reviews key performance indicators to assess progress towards the achievement of key business objectives, targets and outcomes.

The internal control framework and the risk management process are subject to regular review by Internal Audit who are responsible for providing independent assurance to The Board via the Audit and Risk Committee. The Audit and Risk Committee considers internal control and risk at each of its meetings during the year.

The Board, has conducted its 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.

Report of The Board (continued)

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

Subsidiary Charities:

The Association manages four subsidiary almshouse charities, which were linked with Durham Aged Mineworkers Homes Association (No. 1191033) via a special resolution dated 8 October 2021. These charities are accounted for as Restricted Reserves within the Association's overall reserves, share common Trustees, and whose details are set out on page 46. The activities of the subsidiary almshouse charities during the year have been as follows:

- **Brandon Colliery Aged Workers' Homes Association**

The Association was founded in 1930 and is a Registered Housing Association (No. 3768). Its object is to provide residence for aged persons in need in Brandon and own property, being the land and buildings known as Brandon Aged Miners' Homes, acquired on 15 July 1930.

The twelve one-bedroom, single-storey terraced homes were all fully occupied throughout the year with average weekly maintenance contribution charges of £70.24 (2022: £67.47)

- **Cockfield Aged Miners' Homes**

The Charity was founded in 1900 to provide homes for retired or infirm mineworkers in the Parish of Cockfield. It is an unincorporated almshouse charity.

A stock condition survey was carried out in 2001, which revealed a programme of works required to bathrooms and kitchens, roofs and electrics. Whilst the charity has sufficient funds to meet ongoing obligations for day-to-day repairs, there is a shortfall of available reserves to fund the longer term programming of the works identified in the survey. In May 2010 it was resolved to dispose of properties as they became vacant, and statutory consultation took place in June 2010.

At 31st March 2023, all 7 homes have been sold. The proceeds of sale have been ringfenced pending a suitable development site being identified within Cockfield for the provision of new homes.

- **Homes for Aged Mineworkers and other Workmen at Wingate Colliery**

The Charity was founded in 1913 and was formalised by a trust deed dated 31 July 1936 to provide homes for aged mineworkers and other workmen formerly employed at Wingate Colliery. It is an unincorporated almshouse charity.

The charity's sole remaining property fell vacant in 2005 and following extensive efforts, no suitable applicants were found from the beneficiary class. The property was disposed of in March 2006 and the surplus generated on the sale will be utilised to provide modern homes in the beneficiary area when an appropriate site is identified.

- **William Russell Bequest**

The Association took over the management of the William Russell Bequest almshouse charity in 2017, bringing the bungalows into the Durham Aged Mineworkers' Homes Association group of linked charities. The seven two-bedroom, single-storey bungalows were all fully occupied throughout the year with average weekly maintenance contribution charges of £79.06 (2022: £75.95)

Report of The Board (continued)

Going Concern

The Association's business activities, together with the factors likely to affect its future development, performance and position are set out in the report of The Board on pages 3 to 13.

The Association meets its day to day working capital requirements through the current account, which is cash positive at the year end. The Association meets its development programme requirements through a combination of grant and debt funding. Note 21 to the accounts highlights the current level of debt and repayment terms. The current economic conditions create a degree of uncertainty over the longer term availability of grant and bank finance.

The Association's forecasts and projections show that the Association should be able to continue to operate within the level of its current facilities and no matters have been drawn to its attention to suggest that future funding may not be forthcoming in acceptable terms.

After making enquiries, The Board has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing these financial statements.

Value for Money Statement

The Association, as a Registered Charity is committed to being an effective and efficient social business achieving high levels of Value for Money ("VfM") in all its activities. A new VfM Strategy was approved in February 2023. The strategy recognises that VfM has been a fundamental ethos of the Association for a long time.

The Statement identified 4 objectives for VfM for the Association over the next 3 years:

- Maintain and improve resident satisfaction within budgetary restraints
- Review the efficiency of key processes
- Maintain high performance in key, recognised VfM indices
- Rationalising our stock

This report will cover our progress in these areas, as well as giving a general picture of VfM within the Association.

The results of the latest triennial "STAR" survey, conducted in July 2022, provide a picture of ongoing continuous improvement in all areas since 2010. Given the ongoing high level of achievement in the survey results and in benchmarking against our peers, the Association is seeking to maintain its high levels of satisfaction. The satisfaction of our residents, and potential residents, continues to be a major priority of the Association and continuous effort is focussed on ensuring that performance in this area does not deteriorate.

In pursuing its charitable objectives, the Association does not fund any significant social activities other than maintaining existing homes, and building new ones. Consequently all expenditure is directed at one or other of these activities. The Association's Annual Financial Plan, which forms the basis of the Association's Corporate Plan, is updated every year. This is the primary way in which capital resources are allocated between these competing priorities. The Board have operated the following underlying priorities within the business plan for many years:

- Maintaining financial viability;
- Providing cost-effective services to residents;
- Fund investment in existing stock to maintain a standard appropriate to the aspirations of the residents and in excess of the Decent Homes Standard;

Report of The Board (continued)

- Providing an on-going development programme to address the undersupply of affordable and appropriately designed homes for older people in the region.

Whilst there is competition between these priorities, and there is often a need to compromise, this does not apply to maintaining financial viability. The latest update to the Association's Annual Financial Plan which looks at the potential financial performance of the Association over the next 30 years, was approved by The Board in May 2023 and delivers both an ongoing surplus and a sustainable development programme. This demonstrates a strong position and meets the expectations of external stakeholders and funders.

Key areas of performance for the Association over time in relation to Value for Money are as follows:

	2023	2022	2021	2020
Operating costs as a percentage of turnover	55.62%	51.96%	52.55%	48.86%
Housing management costs per unit	£287.82	£289.84	£264.89	£257.10
Maintenance costs per unit	£1,007.34	£859.19	£710.21	£660.12
Routine repairs completed on time	98.46%	99.03%	n/a	99.22%
Repairs satisfaction	92.60%	90.50%	90.50%	92.60%
Average re-let time(days)	68.8	70.4	69.8	49.3
Current resident maintenance charge arrears	£29k	£29k	£1k	£48k
New homes developed	0	23	13	43
Redundant homes sold	10	0	4	12

Operating conditions have proved challenging over the last 4 years with Covid, Brexit, hyper inflation and scarcity of resources all impacting on costs. As a result maintenance costs per unit and operating costs as a percentage of turnover have substantially increased. Repairs requested by residents continues to be a priority, and the Association has sought to maintain standards and service levels despite the increases in unit costs experienced. This continues to be a challenge, however efficiencies have been identified across the organisation, and it remains our expectation to continue to meet long term planned maintenance programmes such that targets for exceeding the decent homes standard and achieving EPC-C and long term decarbonisation goals will be achieved.

Report of The Board (continued)

Maintenance costs increased in 2022/23. The Association employs local contractors and in line with society as a whole has found shortages of materials leading to increased costs. Inflation to March 2023 was 10.1% and our underlying repairs cost has increased by 17%. We continue to tender all services and look to achieve the best value for money possible in this challenging environment.

98.53% of repairs were completed on time. A favourable result given challenges around supplies. A repairs satisfaction percentage of 92.60% reflects that on the whole we continued to meet our customers expectations.

Average re-let times are improving from a historical high. The relet time at 31st March 2023 is 68.77 calendar days. Work is ongoing, as the Association continues to investigate options to improve the attractiveness of the sheltered schemes.

Arrears of maintenance charges continue to be low compared our peers and we continue to be proactive in working with our residents to keep our arrears at a low level by working with them closely where problems are identified at an early stage.

No new homes were built during the year, however, the Association remains committed to the development of new homes over the medium to long term.

Looking forward to 2023/24 we continue to face the challenge of inflation on our costs. We have allowed for expectations within our budget and anticipate real term savings across other budget areas.

Following delays on a prospective development scheme, due to planning issues, we anticipate activity returning towards the end of the 2023/24 financial year.

Report of The Board (continued)

The RSH also requires us to report our performance against 7 specific metrics which are as follows:

Metric	Sector Quartile 2021/22	2022/23 Outturn	2021/22 Outturn	2020/21 Outturn
1. Reinvestment %	3	1.57%	4.68%	2.96%
2a. New Supply Delivered Social Housing%	2	0.00%	1.27%	0.73%
2b. New Supply Delivered Non Social Housing %	n/a	0.00%	0.00%	0.00%
3. Gearing	1	12.16%	16.77%	16.36%
4. Earnings Before Interest, Tax, Depreciation Amortisation, Major Repairs Included (EBITDA MRI) Interest Cover %	1	262%	424%	493%
5. Headline Social Housing Cost per Unit	1	£3,287	£3,122	£2,927
6a. Operating Margin - Social Housing %	2	22.84%	25.91%	25.21%
6b. Operating Margin - All %	2	22.87%	25.50%	31.51%
7. Return on Capital Employed (ROCE) %	2	2.34%	2.74%	3.35%

We have benchmarked our results against 18 peers with 1500 to 2000 properties in the North of England using the latest data available from Housemark - the 2021/22 financial year.

As at 2021/22 we continued to perform in the top two quartiles for most measurements. We have improved our position from the 4th to the 3rd quartile for reinvestment costs, with our stock condition survey validating our belief in the good condition of our stock.

We appear in the 2nd quartile for new supply delivered, improving from the 3rd quartile last year. We continue to build new properties where we can but are limited by the availability of suitable land close to amenities for our older residents.

As well as the RSH metrics we subscribe to a Pulse report with Housemark. This report demonstrates that we perform well against our peers with high satisfaction levels with the overall service we provide

Looking forward to 2023/24 we will work to reduce costs wherever possible within the difficult high inflation environment that we find ourselves in, whilst ensuring we continue to provide the high level of service that our residents have come to expect.

Alongside all Registered Providers we are anticipating the requirement for significant investment in our stock in order to comply with forthcoming regulations on EPC standards and the government's long term target of achieving net zero carbon emissions. We have established priorities for investment and have begun work accordingly. The priority for the Association remains maximising the opportunity for affordable warmth for our residents within the changing energy environment ahead.

Statement of Trustees' responsibilities in respect of the Trustees' Report and the financial statements

Under charity law, the Trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and regulations.

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the recommendations of the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- state whether the financial statements comply with the trust deed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business.

The Trustees are responsible for keeping proper accounting records, sufficient to disclose at any time, with reasonable accuracy, the financial position of the Association at that time and enable The Board to ensure that its financial statements comply with the Charities Act 2011, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022. The Board has general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Association and to prevent and detect fraud and other irregularities.

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

Disclosure of information to auditor

The Trustees who held office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which the Association's auditor is unaware; and each member has taken all the steps that he/she ought to have taken as a member to make himself/herself aware of any relevant audit information and to establish that the Association's auditor is aware of that information.

Auditor

A resolution to reappoint Beever and Struthers as auditor will be proposed at the Annual General Meeting.

Signed on behalf of the Trustees:



Vice Chair
Gillian Bramfitt
21 September 2023

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF DURHAM AGED MINEWORKERS' HOMES ASSOCIATION

Opinion

We have audited the financial statements of Durham Aged Mineworkers' Homes Association (the 'Association') for the year 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. 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, including related housing activities, as at 31 March 2023 and of its incoming resources and application of resources, for the year 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 Charities Act 2011, the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2022 and the Housing SORP 2018: Statement of Recommended Practice for Registered Social Housing Providers.

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 trustees' 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 trustees 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 trustees' report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the trustees' report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- in light of the knowledge and understanding of the Association and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report; or
- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Under the Housing and Regeneration Act 2008, we are required to report to you if, in our opinion:

- proper accounting records of its transactions and its assets and liabilities in relation to its housing activities have not been kept; and
- a satisfactory system of control of those records, its cash holdings and its receipts and remittances in relation to those activities has not been maintained.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities set out on page 14, the trustees are 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 trustees 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 trustees are 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 trustees either intends to liquidate the Association to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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.

Auditor's responsibilities for the audit of the 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. 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 Charities Act 2011, the Statement of Recommended Practice for registered housing providers: Housing SORP 2018, the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2022, tax legislation, health and safety legislation, and employment legislation
- We enquired of the trustees' and reviewed correspondence and board meeting minutes for evidence of non-compliance with relevant laws and regulations. We also reviewed controls the trustees' have in place, where necessary, to ensure compliance.
- We gained an understanding of the controls that the trustees' have in place to prevent and detect fraud. We enquired of the trustees 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 trustees about actual and potential litigation and claims.

Durham Aged Mineworkers' Homes Association
Trustees' report and accounts
Year ended 31st March 2023

- We performed analytical procedures to identify any unusual or unexpected relationships that might indicate risk 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.

Use of our report

This report is made solely to the Association's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the trustees 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 trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Richard Graham ACA (Senior Statutory Auditor)

For and on behalf of

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

Date: 22 September 2023

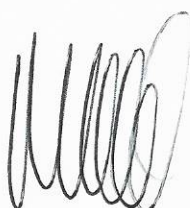
Statement of Comprehensive Income for the year ended 31st March 2023

		2023	2022
	Note	Total £'000	Total £'000
Turnover	3	8,791	8,454
Operating Expenditure	3	(6,778)	(6,253)
Release of Disposal Proceeds Fund		-	-
Profit/(Loss) on Disposal of Fixed Assets	7	92	(45)
Operating Surplus		2,105	2,156
Interest Receivable	8	77	21
Interest and Financing Costs	9	(916)	(526)
Surplus for the year		1,266	1,651
Actuarial Gain/(Loss) in Respect of Pension Schemes	22	(72)	443
Movement in Fair Value of Investments	14	(33)	51
Total Comprehensive Income for the Year		1,161	2,145

The financial statements were approved and authorised for issue by the Board on 21 September 2023 and signed on its behalf by:



Vice Chair
Gillian Bramfitt



Trustee
Mark Reid

The Associations' results relate wholly to continuing activities and the notes on pages 23 to 48 form an integral part of these financial statements.

Durham Aged Mineworkers' Homes Association
Trustees' report and accounts
Year ended 31st March 2023

Statement of Financial Position as at 31st March 2023

		31 March 2023 £'000	31 March 2022 £'000
	Note		
Fixed Assets			
Tangible Fixed Assets	12,13	78,625	79,626
Investments	14	1,220	829
		79,845	80,455
Current Assets			
Trade and Other Debtors	15	271	268
Cash and Cash Equivalents		8,820	2,140
		9,091	2,408
Creditors: Amounts Falling Due Within One Year	16	(3,234)	(4,122)
Net Current Assets		5,857	(1,714)
Total Assets less Current Liabilities		85,702	78,741
Creditors: Amounts Falling due After More than one Year	17	(57,022)	(50,989)
Provisions for Liabilities			
Pension Liability	22	(1,163)	(1,396)
Total Net Assets		27,517	26,356
Reserves			
Income and Expenditure Reserve		23,406	22,185
Restricted Reserve	25	1,467	1,452
Designated Reserve		2,644	2,719
Total Reserves		27,517	26,356

The financial statements were approved and authorised for issue by the Board on 21 September 2023 and signed on its behalf by:

Vice Chair
Gillian Bramfitt



Trustee
Mark Reid



The notes on pages 23 to 48 form an integral part of these financial statements

Statement of Changes in Reserves for the year ended 31st March 2023

	Note	Income and Expenditure Reserve £'000	Restricted Reserve £'000	Designated Reserve £'000	Total £'000
Balances as at 1 April 2021		20,004	1,413	2,824	24,241
Surplus for the Year		1,651	-	-	1,651
Release of Disposal Proceeds Fund				-	-
Actuarial gain on pension liability	22	443	-	-	443
Movement in Fair Value of Investments	14	47	4	-	51
Transfer of Designated Expenditure from Designated Reserve		75	-	(105)	(30)
Transfer of Restricted Expenditure from Unrestricted Reserve		(35)	35	-	-
Balance at 31 March 2022		22,185	1,452	2,719	26,356
Surplus for the Year		1,266	-	-	1,266
Release of Disposal Proceeds Fund			-	-	-
Actuarial loss on pension liability	22	(72)	-	-	(72)
Movement in Fair Value of Investments	14	(33)	-	-	(33)
Transfer of Designated Expenditure from Designated Reserve		75	-	(75)	-
Transfer of Restricted Expenditure from Unrestricted Reserve		(15)	15	-	-
Balance at 31 March 2023		23,406	1,467	2,644	27,517

The notes on pages 23 to 48 form an integral part of these financial statements

Statement of Cash Flows for the year ended 31st March 2023

	2023	2022
	£'000	£'000
Net Cash Generated From Operating Activities (see note i)	3,122	3,209
Cash Flow From Investing Activities		
Purchase of Tangible Fixed Assets	(1,421)	(3,485)
Proceeds From Sale of Tangible Fixed Assets	458	(55)
Grants Received	-	184
Interest Received	68	18
	(895)	(3,339)
Cash Flow From Financing Activities		
Interest Paid	(893)	(487)
New Secured Loans	8,000	2,000
Other net cashflow	2,436	-
Repayments of Borrowings	(5,090)	(2,532)
	4,453	(1,019)
Net Change in Cash and Cash Equivalents	6,680	(1,148)
Cash and Cash Equivalents at Beginning of the Year	2,140	3,288
Cash and Cash Equivalents at End of the Year	8,820	2,140

	2023	2022
	£'000	£'000
Note i		
Surplus for the year	1,266	1,651
Adjustments for non-cash items:		
Depreciation of tangible fixed assets	1,970	1,914
Amortisation of grants	(451)	(447)
Decrease/(increase) in trade and other debtors	(2)	(93)
Increase/(decrease) in trade and other creditors	(61)	(168)
Pension costs less contributions payable	(347)	(168)
Profit (Loss) on disposal of tangible fixed assets	(92)	45
Release of winter reserve	-	(30)
Adjustments for investing or financing activities:		
Interest payable	916	526
Interest received	(77)	(21)
Net cash generated from operating activities	3,122	3,209

The notes on pages 23 to 48 form an integral part of these financial statements

Notes to the Financial Statements

1. Legal status

At the Balance Sheet date Durham Aged Mineworkers' Homes Association was an Incorporated Registered Charity (No. 1191033), a Registered Social Housing Provider (No. 5125) and a Member of the National Association of Almshouses. As set out in the Board Report and Note 27, Durham Aged Mineworkers' Homes Association became an Incorporated Registered Charity at midnight on 31st March 2021. Durham Aged Mineworkers' Homes Association's principal activity is to provide social housing

2. Principal accounting policies

Basis of accounting

The financial statements of the Association are prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP), including Financial Reporting Standard 102 (FRS102) and the Statement of Recommended Practice (SORP): accounting for Registered Housing Providers 2018 and comply with the Accounting Direction for Private Registered Providers of Social Housing 2022. Accounting policies have been applied consistently throughout the year. The financial statements are prepared on a going concern basis, under the historical cost convention.

While the Association is an Incorporated Charity and a member of the National Association of Almshouses, the Association is also a Registered Social Housing Provider. Therefore the financial statements have been prepared in compliance with the Housing SORP 2018 to enable consistency, ease and transparency in our reporting to the housing regulator.

The accounts include the results and net assets of William Russell Bequest, Brandon Colliery Aged Workers' Homes Association, Cockfield Aged Miners' Homes and Homes for Aged Mineworkers & Other Workmen at Wingate Colliery, which are all entities controlled by Durham Aged Mineworkers' Homes Association. These bodies are all linked to Durham Aged Mineworkers' Homes Association via a linking direction from the Charity Commission. This means that the Association is only required to prepare single entity accounts that consolidate the results of all the linked bodies, rather than preparing separate accounts for Durham Aged Mineworkers' Homes Association and separate consolidated financial statements.

Going Concern

The Association's financial statements have been prepared on a going concern basis which assumes an ability to continue operating for the foreseeable future. No significant concerns have been noted in the business plan updated for 2022/23 and therefore we consider it appropriate to continue to prepare the financial statements on a going concern basis. The Associations' business activities, its current financial position and the factors likely to affect its future development, performance and position are set out in the Report of the Board.

There is expected to be an additional cost of materials going forward due to high inflation. The Business Plan model has assumed that repair costs will rise above inflation by 2.50% in 2023/24 followed by 1% for the following three year period. All costs have been fully stress tested without detriment to going concern in May 2023.

2. Principal accounting policies (continued)

Significant judgements and estimates

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 statement of financial position date and the amounts reported for revenues and expenses during the year. 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.

Development expenditure

The Association capitalises development expenditure in accordance with the accounting policy described on pages 26 and 27. Initial capitalisation of costs is based on management's judgement that the development scheme is confirmed, usually when Board approval has taken place including access to the appropriate funding.

Useful lives of depreciable assets

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

Defined benefit obligation

The cost of defined pension plans are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and long term nature of these plans, such estimates are subject to significant uncertainty. Management utilise the SHPS pension actuary experts to help determine the appropriate assumptions and calculations to apply.

Impairment

The Association considers whether indicators of impairment exist in relation to tangible assets. Indicators considered include external sources of information such as market value, market interest rates and returns on investment, actual or proposed changes the technological, economic or legal environment, obsolescence or damage to the asset, operational changes or internal reporting which indicates that the asset is performing worse than expected. The Association also considers expected future performance of the asset.

Annually housing properties are assessed for impairment indicators. Where indicators are identified an assessment for impairment is undertaken comparing the carrying amount of the asset to its recoverable amount. Where the carrying amount of an asset is deemed to exceed its recoverable amount, the asset is written down to its recoverable amount. The resulting impairment loss is recognised as operating expenditure.

2. Principal accounting policies (continued)

Turnover

Turnover comprises rental and service charge income receivable for the year, and amortised capital grants. Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting, net of any voids.

Taxation

Durham Aged Mineworkers' Homes Association is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by chapter 3 part II of the Corporation Tax Act 2010 or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Interest payable

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

- a) Interest on borrowings specifically financing the development after deduction of related grants received in advance; or
- b) A fair amount of interest on borrowings of the Association as a whole after the deduction of social housing grant received in advance to the extent that they can be deemed to be financing the development programme.

All other interest payable is charged to the Statement of Comprehensive Income in the year.

Financial Instruments

The Association have assessed financial instruments held as basic in accordance with FRS 102, and as such are accounted for under the amortised historic cost model, except for the investments held which are measured at fair value. The carrying value of financial instruments at 31 March 2023 was £8,820.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand as well as short term deposits with a maturity date of three months or less.

Debtors

Debtors with no stated interest rate and receivable or payable within one year are recorded at transaction price, less any impairment.

Creditors

Creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price, less any impairment.

2. Principal Accounting policies (continued)

Loans

All loans held by the Association are classified as basic financial instruments in accordance with FRS102. They are held at transaction price plus transactions costs initially, and subsequently at amortised cost using the effective interest rate method.

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

Employee Benefits

Short-term employee benefits and contributions to defined contribution plans are recognised as an expense in the period in which they are incurred.

Pensions

The Association participates in an industry-wide multi-employer pension scheme offering a number of defined benefit schemes as well as a defined contribution scheme; the Social Housing Pension Scheme (SHPS). The Scheme is Administrated by The Pensions Trust (TPT) who also act as the Scheme actuary who provide an estimate of the Association's share of the scheme assets and liabilities.

The estimate is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the liability and the annual defined benefit expenses. The assumptions used and the accounting entries underpinning the pension liability estimate can be viewed in note 22.

Housing properties

Housing properties are properties held for the provision of social housing or to otherwise provide social benefit. Housing properties are principally properties available for rent and are stated at cost less accumulated depreciation and impairment losses. Cost includes the cost of acquiring land and buildings, development costs and interest charges incurred during the development period.

Works to existing properties which replace a component that has been treated separately for depreciation purposes, along with those works that result in an increase in net rental income over the lives of the properties, thereby enhancing the economic benefits of the assets, are capitalised as improvements.

Land that has been donated to the Association is added to cost at the fair value of the land at the time of the donation.

Land is not depreciated.

The Association has adopted a de-minimis level of £5,000, which means that all expenditure relating to Housing Properties below this value is expensed directly to the Statement of Comprehensive Income rather than being capitalised. In addition, the Association has also adopted the policy of treating all expenditure relating to Disabled Adaptations as revenue expenditure as they are deemed not to add any value to a property.

Social Housing Grant

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. Grant received for items of cost written off in the Statement of Comprehensive Income Account is included as part of turnover. 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 grant can be used for projects approved by Homes England. However, grant may have to be repaid if certain conditions are not met.

2. Principal Accounting policies (continued)

Recycling of Capital Grant

Where grant is recycled, as described above, the 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 due within one year.

Depreciation of housing properties

Freehold properties, other than properties under construction, are depreciated so as to write down

Roof	40 years
Heating systems	30 years
Electrics	30 years
Windows and external doors	25 years
Lift	20 years
Bathroom	20 years
Kitchen	15 years
Gas Boiler	10 years

Freehold land is not depreciated.

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

2. Principal Accounting policies (continued)

Other fixed assets and depreciation

Other 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. The carrying value of tangible fixed assets at 31st March 2023 was £322k. Depreciation is charged on a straight-line basis over the expected economic useful lives of the assets at the following annual rates:

Freehold office	2% per annum straight line method
Equipment, furniture and fixtures	10% per annum straight line method
Computer equipment	33.3% per annum straight line method

Leases

The rental payable under operating leases is charged to the Statement of Comprehensive Income on a straight-line basis over the term of the lease.

Reserves

The Association establishes restricted reserves for specific purposes where their use is subject to external restrictions.

The Association has also created two designated reserves as follows:

(i) *Planned maintenance and improvements*

A designated reserve has been created in order to meet future expenditure upon planned maintenance and improvements in accordance with the Association's rolling 5 year Planned Maintenance Programme, which is revised annually as part of the financial planning process. The reserve has been established to the extent that it is considered that expenditure will need to be met from the Association's own reserves. All other expenditure upon improvements and major repairs will be met by a combination of borrowing and Social Housing Grant.

(ii) *Winter reserve*

A winter reserve has been created to meet excess costs incurred in the event of severe winter weather. Prior to the recent storms this provision sat at £50,000. The current reserve is £20,000 following significant storm damage in the year.

Holiday Accruals

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

3. Particulars of Turnover, Cost of Sales, Operating Costs and Operating Surplus

	Turnover £'000	2023 Operating Expenditure £'000	Operating Surplus £'000
Social Housing Lettings			
Housing Accommodation (Continuing Operation)	8,736	(6,738)	1,998
Total Social Housing lettings	8,736	(6,738)	1,998
Other Social Housing Activities			
Garages and Allotments (Continuing Operation)	2	-	2
Management Services (Continuing Operation)	32	(40)	(8)
Lease of Residential Home (Continuing Operation)	21	-	21
	55	(40)	15
	8,791	(6,778)	2,013
Profit/(Loss) on disposal of fixed assets			92
Operating Surplus			2,105

	Turnover £'000	2022 Operating Expenditure £'000	Operating Surplus £'000
Social Housing Lettings			
Housing Accommodation (Continuing Operation)	8,391	(6,217)	2,174
Total Social Housing lettings	8,391	(6,217)	2,174
Other Social Housing Activities			
Garages and Allotments (Continuing Operation)	11	-	11
Management Services (Continuing Operation)	31	(36)	(5)
Lease of Residential Home (Continuing Operation)	21	-	21
	63	(36)	27
	8,454	(6,253)	2,201
Release of disposal proceeds fund			-
Profit/(Loss) on disposal of fixed assets			(45)
Operating Surplus			2,156

4. Particulars of Income and Expenditure from Social Housing Lettings

	2023	2022
	Housing Accommodation £'000	Housing Accommodation £'000
Rent Receivable Net of Identifiable Service Charges	8,179	7,778
Service Charge Income	261	294
Amortised Government Grants	437	434
Other Grants	14	14
Turnover From Social Housing Lettings	8,891	8,520
Services	(241)	(175)
Management	(1,035)	(1,181)
Routine Maintenance	(3,137)	(2,648)
Planned Maintenance	(95)	(75)
Bad Debts	(24)	(9)
Water Rates	(277)	(249)
Impairment of Housing Properties	-	-
Depreciation of Housing Properties	(1,922)	(1,873)
Lease Costs	(7)	(7)
Other Costs	-	-
Operating Expenditure on Social Housing Lettings	(6,738)	(6,217)
Operating Surplus on Social Housing Lettings	2,153	2,303
Void Losses	(155)	(129)

5. Accommodation in Management and Developing

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

	2022 No. of Properties	Additions	Disposals	Other	2023 No. of Properties
Social Housing					
General Housing:					
- Social Rent	1,564	-	(10)	(3)	1,551
- Affordable Rent	227	-	-	3	230
Shared Ownership Units	3	-	-	-	3
Leasehold Schemes for the Elderly	16	-	-	-	16
Total Owned	1,810	-	(10)	-	1,800
Accommodation Managed for Others	44	-	-	-	44
Total Managed	44	-	-	-	44
Total Owned and Managed	1,854	-	-	-	1,844
Accommodation in Development at the Year End	-	-	-	-	-

6. Operating Surplus

The operating surplus is arrived at after charging:

	2023 £'000	2022 £'000
Depreciation of Housing Properties (Note 12)	1,922	1,873
Depreciation of Other Tangible Fixed Assets (Note 13)	48	41
Fees Payable to the Association's Auditors for the Audit of the Financial Statements	23	22
Fees Payable to the Association's Auditors for Other Services	-	-
Fees Payable for Internal Audit	11	10
Total Audit Services	34	32

7. Profit (Loss) on Disposal of Fixed Assets - Housing Properties

	2023 £'000	2022 £'000
Housing properties		
Disposal Proceeds	417	-
Carrying Value of Fixed Assets	(325)	(45)
Profit (Loss) on disposal	<u>92</u>	<u>(45)</u>
Capital Grant Recycled (Note 19)	(134)	-

All values above relate to Continuing Operations.

8. Interest Receivable

	2023 £'000	2022 £'000
Bank Interest Receivable and Similar Income	<u>77</u>	<u>21</u>
	<u>77</u>	<u>21</u>

All values above relate to Continuing Operations.

9. Interest and Financing Costs

	2023 £'000	2022 £'000
Defined Benefit Pension Charge	42	49
Loans and Bank Overdrafts	<u>874</u>	<u>499</u>
	<u>916</u>	<u>548</u>
Interest Payable Capitalised on Housing Properties Under Construction	-	(22)
	<u>916</u>	<u>526</u>

All values above relate to Continuing Operations.

10. Employees

10 a. Employee numbers

The average monthly number of employees expressed as full time equivalents (calculated based on a standard working week of 35 hours) was:

	2023	2022
Office Based Staff	24	23
Resident Managers and Care Staff	3	3
	27	26

10 b. Employee costs

	2023 £'000	2022 £'000
Wages and Salaries	860	872
Social Security Costs	85	85
Other Pension Costs	318	288
	1,263	1,245

Annual payments to 47 Residents Representatives totalling £10.9k are included within wages and salaries.

10 c. Termination benefits

During the year, the Association terminated the employment of no members of staff (2021/22: 0). The table below sets out the total costs of termination benefits along with the amount that was still required to be paid at the year end.

Total Value of Termination Benefit

	Compulsory Redundancy		Other agreed departures	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Termination Benefits	-	-	-	-

All termination benefits agreed in 2022/23 (None) were paid in full during the year (2021/22: None).

11. Key Management Personnel

11 a. Key Management Personnel costs

The aggregate remuneration for key management personnel charged in the year is:

	2023	2022
	£'000	£'000
Basic Salary	215	240
Benefits in Kind	3	3
Pension Contributions	85	58
	303	301

11 b. Key Management Personnel salary bandings over £60,000

The full time equivalent number of staff who received emoluments:

	2023	2022
£60,000 to £70,000	1	1
£70,001 to £80,000	-	1
£80,001 to £90,000	-	-
£90,001 to £100,000	1	1

The emoluments of the highest paid director, excluding pension contributions, were £92,407 (2021/22: £98,570).

11 c. Emoluments paid to Non Executive Directors

Emoluments paid to non-executive directors of the Association amounted to NIL (2021/22: NIL) and reimbursement for expenses amounted to £365 (2021/22: NIL)

11 d. Chief Executive's Pension

The Chief Executive is an ordinary member of the pension scheme. No enhanced or special terms apply to the Chief Executive's pension and he has no individual pension arrangement to which the Association makes a contribution.

12. Fixed assets - housing properties

12 a. Housing properties

	Social housing properties held for letting £'000	Housing properties for letting under construction £'000	Completed shared ownership housing properties £'000	Total housing properties £'000
Cost				
At 1 April 2022	102,833	77	180	103,090
Additions	-	40		40
Reclassifications	78	(78)		-
Works to existing properties	1,230			1,230
Disposals	(1,058)			(1,058)
At 31 March 2023	103,083	39	180	103,302
Depreciation				
At 1 April 2022	23,786	-	27	23,813
Depreciation charged in year	1,920		2	1,922
Released on disposal	(735)			(735)
At 31 March 2023	24,971	-	29	25,000
Net book value				
At 31 March 2023	78,112	39	151	78,302
At 31 March 2022	79,047	77	153	79,277

12 b. Expenditure on works to existing properties

	2023 £'000	2022 £'000
Improvement works capitalised	1,230	1,367
Amounts charged to income and expenditure	95	75
	1,325	1,442

12 c. Social housing assistance

	2023 £'000	2022 £'000
Total accumulated social housing grant received or receivable at 31 March	44,964	45,813
Recognised in the Statement of Comprehensive Income	(8,175)	(7,791)
Held as deferred income	36,789	38,022

12. Fixed assets - housing properties (continued)

12 d. Finance costs

	2023 £'000	2022 £'000
Aggregate amount of finance costs included in the cost of housing properties	18	61

12 e. Housing properties book value net of depreciation

	31 March 2023 £'000	31 March 2022 £'000
Freehold land and buildings	75,000	75,975
Long leasehold land and buildings	3,302	3,302
	<u>78,302</u>	<u>79,277</u>

12 f. Impairment

The Association has performed an impairment review, in line with the accounting policy detailed in note 2. Following the review no impairment indicators have been identified (2022: NIL).

13. Tangible fixed assets - other

	Freehold offices £'000	Computers and office equipment £'000	Furniture, fixtures and fittings £'000	Total £'000
Cost				
At 1 April 2022	492	388	94	974
Additions	-	8	14	22
Disposals	-	-	-	-
At 31 March 2023	<u>492</u>	<u>396</u>	<u>108</u>	<u>996</u>
Depreciation				
At 1 April 2022	241	316	68	625
Charged in the year	10	34	4	48
Released on disposal	-	-	-	-
At 31 March 2023	<u>251</u>	<u>350</u>	<u>72</u>	<u>673</u>
Net book value				
At 31 March 2023	<u>241</u>	<u>46</u>	<u>36</u>	<u>323</u>
At 31 March 2022	<u>251</u>	<u>72</u>	<u>26</u>	<u>349</u>

14. Fixed Asset Investments

	2023 £'000	2022 £'000
Valuation		
At 1 April	829	774
Additions	424	4
Movement arising on revaluation	(33)	51
At 31 March	<u>1220</u>	<u>829</u>
	31 March 2023 £'000	31 March 2022 £'000
Listed Investments	<u>1220</u>	<u>829</u>

15. Debtors

	31 March 2023 £'000	31 March 2022 £'000
Due within one year		
Rent and service charges receivable	123	77
Less provision for bad and doubtful debts	(50)	(28)
Net rental debtors	<u>73</u>	<u>49</u>
Other debtors	4	7
Prepayments and accrued income	<u>194</u>	<u>212</u>
Due after more than one year		
Prepayments and accrued income	-	-
	<u>271</u>	<u>268</u>

16. Creditors: amounts falling due within one year

	31 March 2023 £'000	31 March 2022 £'000
Debt (Note 20)	834	1,528
THFC bond premium creditor (Note 21)	139	-
Trade creditors	111	324
Rent and service charges received in advance	51	68
Recycled capital grant fund (Note 19)	1,053	1,130
Deferred grant income (Note 18)	451	453
Other creditors	91	60
Accruals and deferred income	504	559
	<u>3,234</u>	<u>4,122</u>

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

	31 March 2023 £'000	31 March 2022 £'000
Debt (Note 20)	17,507	13,903
THFC bond premium creditor (Note 21)	2,713	-
Recycled capital grant fund (Note 19)	161	69
Unallocated recycled capital grant (Note 19)	304	-
Deferred grant income (Note 18)	36,337	37,017
	<u>57,022</u>	<u>50,989</u>

18. Deferred grant income

	31 March 2023 £'000	31 March 2022 £'000
At 1 April	37,470	37,733
Grant received in the year	-	184
Disposals in the year	(231)	-
Released to income in the year	(451)	(447)
At 31 March	36,788	37,470

	2023 £'000	2022 £'000
Amounts to be released within one year (Note 16)	451	453
Amounts to be released in more than one year (Note 17)	36,337	37,017
	36,788	37,470

19. Recycled capital grant fund

	31 March 2023 £'000	31 March 2022 £'000
At 1 April	1,199	1,197
Adjustment to Balance as per Homes England	(145)	-
Grants recycled	134	-
Interest accrued	26	2
Grant withdrawn	-	-
At 31 March	1,214	1,199
Amount of grant due for repayment	989	-

An adjustment has been made in the current year to recycled capital grant values held in the fund, following the sale of property within some schemes held by the Association. This has been agreed in discussion with Homes England. The total value of unallocated RCGF is currently £303.9k. This value is shown as unallocated RCGF in Note 17.

20. Debt analysis

20 a. Borrowings

	2023 £'000	2022 £'000
Due within one year		
Banks loans (Note 16)	834	1,528
	834	1,528

Due after more than one year

Bank loans (Note 17)	17,507	13,903
	17,507	13,903

Total loans	18,341	15,431
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20 b. Security

Loans are secured by fixed charges on individual properties.

20 c. Terms of repayment and interest rates

Housing Loans are secured by specific charges on the Association's housing properties. Approximately 81% (2021/22 : 56%) of all loans are on a fixed term basis with rates of interest varying from 1.8% to 13.6%. All loans are repayable by instalments.

	2023 £'000	2022 £'000
Within one year or on demand	834	1,528
One year or more but less than two years	1,433	1,081
Two years or more but less than five years	2,486	3,826
Five years or more	13,588	8,996
	18,341	15,431

21 a Bond Premium

During 2022/23 bond funding was agreed with The Housing Finance Corporation. Additional funding in excess of the £8m bond was received, representing the difference between the nominal interest rate, 5.20%, and the effective rate of 2.836%. This is held on the SOFP and released as a credit to loan interest over the term of the loan.

Total Bond Premium	3,040	-
Recognised in the Statement of Comprehensive Income	(84)	-
Held as deferred interest	2,956	0
Due within one year	144	-
Due after more than one year	2,812	-
	2,956	0

21 b Bond Issue Costs

The Association was subject to bond issue costs of £107.4k. This is held on the SOFP and released as a debit to bank charges over the term of the loan.

Total Bond Issue Costs	(107)	-
Recognised in the Statement of Comprehensive Income	3	-
Held as deferred interest	(104)	0
Due within one year	(5)	-
Due after more than one year	(99)	-
	(104)	0

22. Pensions

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

In previous periods it was not possible for the Association to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme and therefore it was accounted for as a defined contribution scheme. However, from 2018/19 the scheme can now provide sufficient information to enable it to be accounted as a defined benefit scheme.

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

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

Where the scheme is in deficit and where the association has agreed to a deficit funding arrangement, the association previously recognised a liability for this obligation. The amount recognised was the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value was calculated using the discount rate detailed in these disclosures.

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

The remaining disclosures in note 22 relate to the Defined Benefit Pension estimates provided by the actuary for the period 2022/23

22. Pensions (continued)

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

	31 March 2023 £'000	31 March 2022 £'000
Fair value of plan assets	5,110	8,632
Present value of defined benefit obligation	(6,273)	(10,028)
Defined benefit (liability) to be recognised	(1,163)	(1,396)

Reconciliation of opening and closing balances of the defined benefit obligation

	31 March 2023 £'000	31 March 2022 £'000
Defined benefit obligation at 1 April	10,028	10,416
Current service cost	180	288
Expenses	8	8
Interest expense	268	227
Contributions by plan participants	-	-
Actuarial losses (gains) due to scheme experience	(667)	232
Actuarial losses (gains) due to changes in demographic assumptions	(15)	(157)
Actuarial losses (gains) due to changes in financial assumptions	(2,492)	(771)
Benefits paid and expenses	(1,037)	(215)
Defined benefit obligation at 31 March	6,273	10,028

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

	31 March 2023 £'000	31 March 2022 £'000
Fair value of plan assets at 1 April 2020	8,632	8,458
Interest income	234	186
Experience on plan assets (excluding amounts included in interest income) - (loss)/gain	(3,268)	(253)
Contributions by the employer	549	456
Contributions by plan participants	-	-
Benefits paid and expenses	(1,037)	(215)
Fair value of plan assets at 31 March 2021	5,110	8,632

The actual return on the plan assets (including any changes in share of assets) over the period from 31 March 2022 to 31 March 2023 was £3,034,000 (2021/22: £67,000).

22. Pensions (continued)

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

	2023 £'000	2022 £'000
Current service cost	180	288
Expenses	8	8
Net interest expense	34	41
Defined benefit costs recognised in the SoCI	222	337

Defined benefit costs recognised in Other Comprehensive Income

	31 March 2023 £'000	31 March 2022 £'000
Experience on plan assets (excluding amounts included in net interest cost) - (loss)/gain	(3,268)	(253)
Experience gains and losses arising on the plan liabilities - gain/(loss)	667	(232)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain/(loss)	15	157
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain/(loss)	2,492	771
Total amount recognised in other comprehensive income - gain/(loss)	(94)	443

Assets

	31 March 2023 £'000	31 March 2022 £'000
Global Equity	95	1,657
Absolute Return	55	346
Distressed Opportunities	155	309
Credit Relative Value	193	287
Alternative Risk Premia	9	285
Fund of Hedge Funds	-	-
Emerging Markets Debt	27	251
Risk Sharing	376	284
Insurance-Linked Securities	129	201
Property	220	233
Infrastructure	584	615
Private Debt	227	221
Opportunistic Illiquid Credit	219	290
High Yield	18	74
Opportunistic Credit	-	31
Cash	37	29
Corporate Bond Fund	-	576
Liquid Credit	-	-
Long Lease Property	154	222
Secured Income	235	322
Liability Driven Investment	2,354	2,409
Currency Hedging	10	(34)
Net Current Assets	13	24
Total assets	5,110	8,632

22. Pensions (continued)

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

Key Assumptions

	31 March 2023 % per annum	31 March 2022 % per annum
Discount Rate	4.87%	2.79%
Inflation (RPI)	3.19%	3.59%
Inflation (CPI)	2.75%	3.20%
Salary Growth	3.75%	4.20%

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

	31 March 2023	31 March 2022
	Life expectancy at age 65 (Years)	Life expectancy at age 65 (Years)
Male retiring at 31 March	21.0	21.1
Female retiring at 31 March	23.4	23.7
Male retiring in 20 years	22.2	22.4
Female retiring in 20 years	24.9	25.2

23. Share Capital

The Association is limited by guarantee and therefore has no share capital. Each member agrees to contribute £1 in the event of the Association winding up. Subscriptions carry no right to dividends or repayment of capital. Members are entitled to vote at the Association's Annual General Meeting.

	31 March 2023 No	31 March 2022 No
Number of members		
At 1 April	9	20
Joining during the year	2	9
Leaving during the year	(3)	(20)
At 31 March	<u>8</u>	<u>9</u>

24. Capital commitments

	31 March 2023 £'000	31 March 2022 £'000
Capital expenditure		
Expenditure contracted for but not provided in the accounts	-	-
	-	-

The Executive Committee expects the expenditure they have authorised to be fully financed by Homes England, banks and the Association's reserves.

25. Related parties

The accounts include the results and net assets of William Russell Bequest, Brandon Colliery Aged Workers' Homes Association, Cockfield Aged Miners' Homes, and Homes for Aged Mineworkers & Other Workmen at Wingate Colliery, entities controlled by Durham Aged Mineworkers' Homes Association. The income and expenditure accounts and balance sheet for the Association have not been separately presented, as they are not materially different from the consolidated information presented.

Restricted Reserves

	William Russell £'000	Brandon £'000	Cockfield £'000	Wingate £'000	Others £'000	Total £'000
At 31 March 2022	609	394	257	61	131	1,452
Surplus for the year	-	15	-	-	-	15
Revaluation of Investments	-	-	-	-	-	-
At 31 March 2023	609	409	257	61	131	1,467

Restricted Reserves relate to funds whose use by the Association is restricted by charitable trust deed. The restricted reserves are allocated between William Russell Bequest, who is a linked charity with the Association under a Uniting Direction of October 2017 and three managed Almshouse Charities linked with the Association under a Uniting Direction of November 2005, being:

- Brandon Colliery Aged Workers' Homes Association ("Brandon")
- Cockfield Aged Miners' Homes ("Cockfield")
- Homes for Aged Mineworkers and other Workmen at Wingate Colliery ("Wingate")

In addition the Association manages funds transferred into its possession by the following subsidiary charities:

- Proceeds of sale of Trust property, comprised in a conveyance of 9th April 1959;
- Memorial Cottages, Scheme of 27 September 1955;
- Proceeds of sale of Nurses Home in connection with Wheatley Hill Nursing Association, conveyance 1953; dated 6 December 1928 and resolution of subscribers dated 25 November;
- General Endowment Fund, Scheme of 14 August 1962;
- Particular Endowment Fund, Scheme of 14 August 1962;
- Dr David Wilson Memorial Reading Room, Declaration of Trust dated 1 August 1928; and
- John Arthur Walbank's Will proved 26 April 1946 and Scheme of 16 October 1968.

Related Party Transactions

Board Members Andrew Thompson and Mark Reid are employees of Karbon Homes.

Durham Aged Mineworkers Homes Association works with Karbon Homes on its development programme

Karbon Homes help to identify suitable development schemes, liaise with Homes England on its behalf and manage the development programmes once underway.

In 2022/23 Durham Aged Mineworkers Homes Association paid invoices totalling £113,809 to Karbon Homes for retentions due on previously completed schemes.

Neither Board Member is involved in the awarding of contracts to Karbon Homes.

26. Financial assets and liabilities

26 a. Categories of financial assets and financial liabilities

	31 March 2023 £'000	31 March 2022 £'000
Financial assets - loans and receivables :		
Investments	1,220	829
Trade and other debtors	77	56
Cash and cash equivalents	8,820	2,140
	10,117	3,025
Financial liabilities - Amortised cost		
Trade and other creditors	202	384
Loans	18,341	15,431
	18,543	15,815

26 b. Financial assets

Other than short-term debtors, financial assets held are equity instruments in other entities, cash deposits placed on money markets at call, seven-day and monthly rates and cash at bank. They are sterling denominated and the interest rate profile at 31 March was:

	31 March 2023 £'000	31 March 2022 £'000
Floating rate on money market deposits	8,820	2,140
	8,820	2,140

The financial assets on which no interest is earned comprise trade investments that have no fixed maturity. The remaining financial assets are floating rate attracting interest at rates that vary with bank rates.

26 c. Financial liabilities excluding trade creditors – interest rate risk profile

The Association's financial liabilities are sterling denominated. The interest rate profile of the Association's financial liabilities at 31 March 2023 was:

	2023 £'000	2022 £'000
Fixed rate	14,850	8,654

The fixed rate financial liabilities have a weighted average interest rate of 3.15% (2022: 3.7%) and the weighted average period for which it is fixed is 9 years (2022: 6 years).

The debt maturity profile is shown in note 20.

27. Post balance sheet events

The Association has no post balance sheet events to declare.

28. Ultimate parent undertakings and controlling party

Durham Aged Mineworkers' Homes Association is a registered charity and a registered provider of social housing in the UK.

The following linked charities are included in the Durham Aged Mineworkers' Homes Association financial statements:

- Brandon Colliery Aged Workers' Homes Association ("Brandon")
- Cockfield Aged Miners' Homes ("Cockfield")
- Homes for Aged Mineworkers and other Workmen at Wingate Colliery ("Wingate")
- William Russell Bequest