

Annual Report and Financial Statements

Choices Housing Association Limited

For the year ended 31 March 2024

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Board members, executive officers and advisors

Board members

Desmond Hudson - Chair

Louise Burns

Shaun Davies

Wayne Gethings

Deborah Griffiths

Alan Hawkesworth

Ravinder Kaur

(appointed 1 July 2023)

(appointed 13 December 2023)

Iain Littlejohn

Kevin Morgan

Simon Whitfield

Esther Wright

Alan Yates

Note: the Board is a coterminous board with that of its parent company The Wrekin Housing Group Limited.

Executive officers:

Company Secretary

Jan Lycett

Registered Office:

Northfield Centre
Magnolia Avenue
Cooperative Street
Stafford
ST16 3DU

Auditors:

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

Principal Solicitors:

Devonshires LLP
30 Finsbury Circus,
London,
EC2M 7DT

Bankers:

Lloyds TSB Bank plc
Fountain Square
Hanley
Stoke-on-Trent
ST1 1LE

Registration No:

L4178

Community Benefit Society Registration No.

26995R

Report of the Board

Introduction

The board presents its report and the audited financial statements of Choices Housing Association Limited (the Association) for the year ended 31 March 2024. The Board is a coterminous Board with that of the parent Company, the Wrekin Housing Group Limited (the Group).

The Association is a wholly owned subsidiary of the Wrekin Housing Group Limited, a Co-operative and Community Benefit Society (registration number: 8067).

Strategic Plan 2020-2025

The parent company, The Wrekin Housing Group launched its Strategic Plan for the period from 2020 to 2025 in 2019/20 and reviewed and refreshed its vision and values, following a comprehensive consultation exercise with customers, stakeholders and staff.

The group's vision is straightforward: Making a difference to people's lives.

That vision is driven by our core values:

- Inspire positive change
 - We embrace innovation
 - We are not afraid to go the extra mile to provide even better services
- Everyone matters
 - People are at the heart of our team and every team member across the whole community counts
- Communicate clearly
 - We respect colleagues and customers while recognising the importance of open conversations
- Grow together
 - We support each other and take pride in our collective success

As an active subsidiary within the Group, Choices embraces the vision and values within the Group's strategic plan. The detailed strategic plan 2020-2025 sets out seven main objectives that indicate the focus of the Group's activities over the five-year period. Each pillar is underpinned by a number of deliverables that will need to be completed if the Group is to achieve those objectives. The seven "pillars" of the plan, together with the related deliverables, are set out in the Group's financial statements, along with an assessment of progress to date against each one. Details of all objectives are presented within the financial statements of the parent company The Wrekin Housing Group Limited. The objective that is most relevant to Choices is detailed below:

Objective 1 of the plan is Care and Support as detailed below:

Objective 1 – Care and Support

We will develop business models of care and support to create a bold and innovative service provision

- Only provide care services where we can ensure best quality and meet existing service user needs
- Ensure a stable future for our learning disability care homes by exploring supported housing for people with learning disabilities, consolidating our portfolio
- Develop a road map to 2025 on our role in care, with a strategic review to inform the Board on future care risks and opportunities.

Principal Activity and Business Review

The principal activity of Choices is the provision of registered care and supported housing for adults with a learning disability. In addition, Choices operates a domiciliary care service which delivers care to tenants of the Group's 'ShireLiving' Extra Care schemes and to other tenants who live in both Choices and Wrekin Housing Group properties.

During 2023/24 Choices withdrew from the provision of Dementia Care which was offered at its Limewood Dementia Care Unit. The Board took the decision to seek a purchaser for the Limewood Dementia Care Unit to ensure that its customers received the specialist care services they required. In November 2023 the unit was disposed of to a specialist provider of dementia care.

The disposal of Limewood Dementia Care Unit is now considered a discontinued operation under FRS102, therefore the financial statements reflect this and the 2022/23 figures have been restated for direct comparison.

All services are delivered in the Staffordshire and Shropshire areas. At the end of the financial year the Association operated:

- 12 learning disability registered care homes (66 beds)
- 11 learning disability supported housing schemes (77 beds/apartments)
- A domiciliary care service to 217 customers (1,963 hours per week)

Choices is committed to providing quality services in all its care and support activities which are regulated by the Care Quality Commission. During 2020/21 the Board reviewed its business wide approach to Care and Support and approved a new cohesive strategy which created an ambition to merge the range of different Care and Support services, and the teams employed to support them, into a single Care and Support portfolio. Whilst progress has been made with the disposal of the Limewood Dementia Care Unit, the review is ongoing.

Of the 12 schemes managed by Choices Housing Association, 11 hold the CQC rating of Good (service is performing well and meeting expectations) and one holds the CQC rating of Outstanding (service is performing exceptionally well).

In terms of other safeguarding issues, although there were a number of reportable incidents in 2022/23, none resulted in prosecutions, improvement notices, or wider-ranging safeguarding investigations and there were no Duty of Candour breaches during the year.

Following the review of the delivery of learning disability registered care within Choices Housing Association the Board agreed to further review during 2024/25. The financial and operational risks associated with this area of work are closely monitored to ensure effective management of the service delivery.

As the review of the provision of learning disability registered care continues, until its completion the parent company, Wrekin Housing Group Limited, will provide ongoing support as necessary. During the year the parent company advanced a loan in the sum of £1.6m to Choices Housing Association at a zero rate of interest, repayable over a three year period. The total-intra group debt at 31 March 2024 is £4.017m. The Board consider this to be recoverable as the restructure of the Care and Support service across the Group is being implemented in order to drive efficiency. This began with the disposal of the Limewood Dementia Care Unit, a significant contributor to the overall deficit position. The ongoing review of Learning and Disability care is also expected to deliver future efficiencies with Choices expected to return to a break-even position within the next three year period. It is for this reason that the Board believes the £4.017m is recoverable.

The overall result for the period to 31st March 2024 is a deficit position of £1.934m (2023: deficit £2.876m). Of this £823k (2023: £1.482m) is in relation to the discontinued operation of Limewood Dementia Care Unit.

The domiciliary care business stream produced a deficit before overheads of £27k (2023: £146k) against an anticipated surplus of £474k. As part of the overall review of Care and Support the Board agreed to recruit managers to ensure safe delivery of services and reduce the reliance on expensive agency staff. Until the successful recruitment drive was completed agency staff were required to cover vacant hours, training, annual leave and sickness cover. A thorough review of service delivery has seen agency costs reduce towards the end of

the financial year. In July 2024 a restructure of the provision of Domiciliary Care was completed which will result in a more efficient delivery of the service offering.

The learning disability care home business stream generated a surplus of £346k and the 11 learning disability supported housing schemes generated a surplus of £218k.

To the point of disposal in November 2023 Linewood Dementia Care Scheme delivered a deficit of £823k (2023: £1.482m) as the ongoing difficulties in recruiting specialist dementia nursing staff placed a greater reliance on expensive agency staff. Void levels reduced during the year but residents with high care needs meant further reliance on expensive specialist agency staff

Quality and Performance

As at 31 March 2024, all 12 registered care locations had achieved an overall 'good' rating from the care regulator, The Care Quality Commission (CQC), with one care home achieving overall 'outstanding'. This meant that 11 of the 12 (91.7%) were rated as good and 1 outstanding (8.3%). These ratings were unchanged from the position at 31 March 2023. The CQC national average rating as published on their website for October 2023 is 83% rated as good or outstanding therefore Choices is currently above the national average. The individual ratings for each care home, together with the full CQC reports, can be accessed via the CQC website.

Our own internal quality and performance processes remain robust in ensuring high levels of compliance against the regulations and maintaining high levels of quality. Our Regional Managers (RMs) work closely with the On site management teams to ensure people's needs are being met and this is further strengthened by the use of specialist external third-party auditors.

RMs report directly to the Head of Care Operations and oversee the delivery of care across our domiciliary registration and our care home services and work with managers to ensure each service has an annual improvement plan in place formulated on the basis of recommendations arising from both internal and external inspections.

Regular performance and compliance updates are given to the board in order to provide assurance, in addition a regular report is presented to the Audit and Assurance Committee on a quarterly basis. The measures used within these reports are to a large extent framed around CQC Key Lines of Enquiry measures.

Board Members

All board appointments are made based on the succession plan and a skills audit of board members in order to strengthen the range of skills and experience of the board. All board members are appraised by the chair on an annual basis.

The board members who served during the year and to the present date are set out on page 1.

Board Membership Indemnity

The Association has insurance policies in place which indemnify its board members and executive directors against liability when acting for the organisation.

Health and Safety

The organisation's health and safety performance and processes remain robust and continue to benefit from the close working relationships with the health and safety consultancy at Wrekin Housing Group.

There have been no prosecutions or notices served by the HSE or local authorities.

Finance

The Association's financial performance in 2023/24 has resulted in a deficit of £1.934m (2022/23: deficit £2.876m).

Choices' financial circumstances remain unusual within the sector in that it has no borrowing other than the intra group loan. This means that it does not have to meet financial loan covenants or manage the risk of revisions to terms and conditions. Income derived from investments remains comparatively low, but cash deposits are prudently invested in accordance with a robust treasury management policy, supported by independent treasury advisors.

Value for Money

Choices is not required to publish its own regulatory value for money metrics as its data is included in the metrics published in the consolidated accounts of The Wrekin Housing Group Limited (CCBS: 8067). Choices remains part of that group for narrative reporting purposes.

Tangible Assets

Details of changes in fixed assets are given in notes 10, 11, and 12 of the financial statements.

NHF Code of Governance

The board confirms that, having adopted the NHF Code of Governance (2020) in April 2021, the Association complies with the requirements of that code.

The board recognises its responsibilities for ensuring that arrangements are made for keeping proper books of account with respect to the company's transactions and its assets and liabilities and for maintaining a satisfactory system of internal controls over the company's books of account and transactions and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The board is satisfied that there are appropriate arrangements in place with respect to its transactions, assets and liabilities and that there is a satisfactory system of internal control in place to prevent and detect fraud and other irregularities.

The parent company, The Wrekin Housing Group Limited, remains compliant with the Regulator of Social Housing's Governance and Financial Viability Standard and other regulatory requirements as established by the Regulator of Social Housing, including compliance with all aspects of law. The board further confirms that the Group has complied with the requirements of the Social Housing Regulator Governance and Financial Viability Standard, currently holds a G1/V2 rating and has the required register of assets and liabilities in place.

Going Concern

After making enquiries the board has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future, being a period of at least twelve months after the date on which this report and financial statements are signed. In making this assessment the Board have actually considered the period to 30 September 2025.

During 2021/22 the Board began a review of the delivery of dementia care and learning disability registered care within Choices and that review is ongoing. The Board took the decision to seek a purchaser for the Limewood Dementia Care Unit and on 03 November 2023 the property was disposed of to a private registered provider. The review of learning disability registered care is still ongoing and, until its completion, the parent company, Wrekin Housing Group Limited, will provide ongoing support as necessary. This support will be in the form of managing operating cashflows and the provision of an inter-company loan. The loan advance was made in July 2023 in the sum of £1.6m for a period of three years with a bullet repayment at the end of year 3. To further support Choices financially, the loan is at a zero rate of interest. The Board do not consider the recoverability of the £4.017m total owed to the Group to be a going concern issue on the basis that the restructure of the Care and Support service across the Group is being implemented in order to drive efficiency. The disposal of the Limewood Dementia Care Unit in November 2023, a significant contributor to the overall deficit position, was the first step in the overall restructure. The ongoing review of Learning and Disability care is also expected to deliver future efficiencies with Choices expected to return to a break-even position within the next three year period.

For the above reasons, the Board continue to adopt the going concern basis in the financial statements.

Financial Instruments

The Association does not have any abnormal exposure to price, credit, liquidity and cash flow risks arising from its trading or investment activities.

Charitable Donations

During the year the Association made no charitable donations.

Information for Auditors

We the members of the Board who held office at the date of approval of these Financial Statements as set out above confirm, so far as we are aware, that there is no relevant audit information of which the Association's auditors are unaware; and we have taken all the steps that we ought to have taken as Board members to make ourselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Annual General Meeting

The annual general meeting will be held on 25 September 2024 at The Wrekin Housing Group, Colliers Way, Old Park, Telford, TF3 4AW.

The report of the board was approved by the board on 11 September 2024 and signed on its behalf by:



Jan Lycett
Company Secretary

Statement of responsibilities of the Board

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

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

Co-operative and Community Benefit Society legislation requires the board to prepare financial statements for each financial year. Under that law the board has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws), including FRS102 The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland. Under the Co-operative and Community Benefit Society legislation the board must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and surplus or deficit of the association for that period.

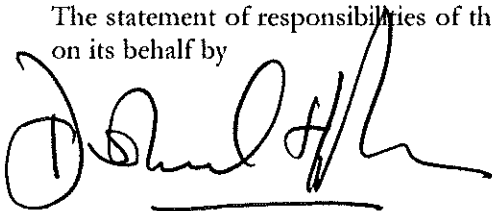
In preparing these financial statements, the board members are required to:

- select suitable accounting policies and apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice (SORP) Accounting by Registered Housing Providers 2018, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the association will continue in business.

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

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

The statement of responsibilities of the board was approved by the board on 11 September 2024 and signed on its behalf by

A handwritten signature in black ink, appearing to read 'Desmond Hudson', written over a horizontal line.

Desmond Hudson
Chair

Independent auditor's report to the members of Choices Housing Association Limited

Opinion

We have audited the financial statements of Choices Housing Association Limited (the Association) for the year ended 31 March 2024 which comprise the Statement of Comprehensive Income, the Statement of Changes in Reserves, the Statement of Financial Position and the notes to the financial statements, including a summary of significant accounting policies in note 2. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2024 and of the Association's income and expenditure for the year 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 adequate 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 Board's Responsibilities set out on page 7, 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 have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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:

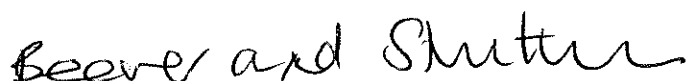
- We obtained an understanding of laws and regulations that affect the Association, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws and regulations that we identified included the Co-operative and Community Benefit Societies Act, 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 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 nature of the Association's activities and the regulated nature of the Association's activities.
- We reviewed financial statements disclosures and tested to 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, in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014 and Section 128 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the Association those matters we are required to state to 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 for our audit work, for this report, or for the opinions we have formed.



Beever and Struthers
Statutory Auditor:

One Express
1 George Leigh Street
Manchester
M4 5DL

Date: 24/9/24

Statement of comprehensive income

	Note	2024 £'000	2023 Restated £'000
Turnover	3	12,575	12,578
Operating costs	3	(14,419)	(15,452)
Operating deficit	3,4	(1,844)	(2,874)
Interest receivable and similar income	5	1	12
Interest payable and similar charges	6	(91)	(14)
Deficit before and after tax and total comprehensive income for the year- continuing operations	3	(1,111)	(1,394)
Deficit before and after tax and total comprehensive income for the year- discontinued operations	3, 25	(823)	(1,482)
Deficit before and after tax and total comprehensive income for the year		<u>(1,934)</u>	<u>(2,876)</u>

The financial statements were approved by the Board on 11 September 2024 and were signed on its behalf by:

Board Member
Desmond Hudson

Board Member
Deborah Griffiths

Company Secretary
Jan Lycett

Statement of changes in reserves

	Share Capital £'000	Income and expenditure reserve £'000	Total £'000
Balance as at 1 April 2022	-	2,915	2,915
Total comprehensive income for the year	-	(2,876)	(2,876)
Balance at 31 March 2023	-	39	39
Total comprehensive income for the year	-	(1,934)	(1,934)
Balance at 31 March 2024	-	(1,895)	(1,895)

The accompanying notes on pages 13 to 26 form part of these financial statements.

Statement of financial position as at 31 March 2024

	Note	2024 £'000	2023 £'000
Fixed assets			
Housing properties	10	2,088	2,069
Other fixed assets	12	211	241
Total fixed assets		2,299	2,310
Current assets			
Debtors	13	353	542
Stock		8	14
Cash at bank and short term deposits	14	1,642	909
Creditors: amounts falling due within one year	15	2,003 (3,382)	1,465 (2,582)
Net current assets		(1,379)	(1,117)
Total assets less current liabilities		920	1,193
Creditors: amounts falling due after more than one year	16	(2,578)	(1,154)
Net assets		(1,658)	39
Capital and reserves			
Called up share capital	18	-	-
Capital Contribution	18	237	-
Revenue reserves	19	(1,895)	39
Association's funds		(1,658)	39

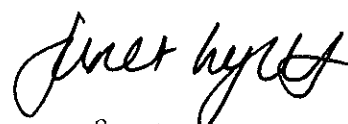
The financial statements were approved by the Board on 11 September 2024 and were signed on its behalf by:



Board Member
Desmond Hudson



Board Member
Deborah Griffiths



Secretary
Jan Lycett

The accompanying notes on pages 13 to 26 form part of these financial statements.

Notes to the financial statements

1. Legal status

The Association is registered under the Cooperative and Community benefits Society Act 2014 and is a registered housing association. The registered address of the Association is Northfield Centre, Magnolia Avenue, Cooperative Street, Staffordshire, ST16 3DU.

2. Accounting policies

Basis of accounting

The financial statements are prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including Financial Reporting Standard 102 (FRS 102), the Housing SORP2018: Statement of Recommended Practice for Registered Social Housing Providers and comply with the Accounting Direction for Private Registered Providers of Social Housing 2022.

The Association is a public benefit entity in accordance with FRS102.

The financial statements are presented in sterling (£)

Prior period adjustment

On 3 November 2023 the group disposed of Limewood Dementia Care Unit. The asset was owned by the parent company Wrekin Housing Group Limited and leased to Choices. The unit continued to operate fully through to the date of completion as a discontinued operation.

The financial statements have been restated as at 31 March 2023 to ensure that the accounting treatment and disclosure of the activity of the discontinued operation are clearly distinguished.

Disclosure exemptions

The accounts of Choices have adopted the following disclosure exemptions:

- the requirement to present a statement of cashflows and related notes
- financial instrument disclosures, including:
 - categories of financial instruments
 - items of income, expenses, gains or losses relating to financial instruments, and
 - exposure to and management of financial risks

These disclosures are included in the accounts of the parent company, The Wrekin Housing Group Limited.

Going concern

After making enquiries, the board has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future, being a period of at least twelve months after the date on which this report and financial statements are signed. In making this assessment the Board have actually considered the period to 30 September 2025.

Whilst the Association completes the review of its learning disability registered care provision, the parent company, Wrekin Housing Group Limited, will provide ongoing financial support as detailed in the Report of the Board. The restructure of the Care and Support service across the Group is being implemented in order to drive efficiency. This began with the disposal of the Limewood Dementia Care Unit, a significant contributor to the overall deficit position, in November 2023. The ongoing review of Learning and Disability care is also expected to deliver future efficiencies with Choices expected to return to a break-even position within the next three year period. Early indication in 2024/25 is an improved performance compared to 2023/24.

For the above reasons, the Board continue to adopt the going concern basis in the financial statements.

Notes to the financial statements (continued)

Significant management judgements

The following are the significant management judgements made in applying the accounting policies of Choices that have the most significant effect on the financial statements:

Impairment

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared to its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised in the statement of comprehensive income.

Estimation Uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

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 changes to decent homes standards which may require more frequent replacement of key components.

Turnover

Turnover represents rents and revenue grants receivable and amounts invoiced in respect of the provision of services and other income.

Rental income is recognised from the point when the properties under development reach practical completion or otherwise become available for letting. Income from care activities in units owned and managed for others is recognised when the activities in question have been delivered under the contractual arrangements with commissioning authorities, where service users are funded by such bodies, or individuals, where they pay for their own care. Revenue grants are receivable when the conditions for the receipt of agreed grant funding have been met. Charges for support services are recognised as they fall due under the contractual arrangements with administering authorities.

Housing properties

Housing properties are principally properties for rent and are stated at cost less depreciation. Cost includes the cost of acquiring land and buildings, development costs and expenditure incurred in respect of improvements. 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.

Depreciation of housing properties

The Association separately identifies the major components which comprise its housing properties and charges depreciation so as to write down the cost of each component to its estimated residual value, on a straight line basis, over its estimated useful economic life.

The structural components of the Association's housing properties are depreciated over 100 years. Freehold land is not depreciated.

Notes to the financial statements (continued)

The Association depreciates the other major components of its housing properties using the following depreciable lives:

Roof	70 years
Boiler	15 years
Mechanical systems	30 years
Kitchens	20 years
Bathrooms	30 years
Windows	30 years
Doors	25 years
Electrics	40 years

Government grants

Government grants include grants receivable from Homes England, local authorities, and other government organisations. Government grants received for housing properties are recognised in income over the useful life of the housing property structure under the accruals model. Grant is allocated to the land and structure components of the associated asset in proportion to their cost. Grant due from Homes England or received in advance is included as a current asset or liability.

Grant released on the sale of a property may be repayable but is normally available to be recycled and is credited to a Recycled Capital Grant Fund and included in the statement of financial position in creditors.

If there is no requirement to recycle or repay the grant on disposal of the asset, any unamortised grant remaining within creditors is released and recognised as income in the statement of comprehensive income.

Other grants

Grants in respect of revenue expenditure are recognised in income and expenditure over the same period as the expenditure to which they relate, once reasonable assurance has been gained that the entity will comply with the conditions and that funds will be received.

Pension costs

The Association operates a defined contribution pension scheme. Contributions payable to the Association's pension scheme are charged to the statement of comprehensive income as they become payable in accordance with the rules of the scheme.

Value added tax

The Association's main income streams are exempt for VAT purposes. The majority of expenditure is subject to VAT, which the Association is unable to reclaim. This expenditure is therefore shown inclusive of VAT. VAT can be reclaimed under the partial exemption method for certain activities, and this is credited to the income and expenditure account.

Notes to the financial statements (continued)

Other tangible fixed assets

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

Freehold property	2%
Leasehold property	10%
Office Fixtures and fittings	10-25%
Scheme fixtures	33%

Corporation tax

The Association has been granted charitable status by HMRC and as such is not liable for corporation tax on its charitable activities.

Operating leases

Rentals payable under operating leases are charged to the statement of comprehensive income on a straight-line basis over the lease term.

Stock

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow-moving items.

Financial Instruments

All financial instruments have been classified as basic financial instruments. Basic financial instruments are recognised at amortised historical cost.

Debtors

Short term debtors are measured at transaction price, less any impairment.

Creditors

Short term trade creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Notes to the financial statements (continued)

3. Turnover, operating costs and operating surplus / (deficit)

	2024 Turnover continuing operations £'000	2024 Operating costs continuing operations £'000	2024 Operating surplus /(deficit) continuing operations £'000	2024 Turnover discontinued operations £'000	2024 Operating costs discontinued operations £'000	2024 Operating surplus / (deficit) discontinued operations £'000
Income and expenditure from social housing lettings						
Supported Housing	1,383	(843)	540	2,415	(525)	1,890
Other Income and Expenditure						
Care activities	8,673	(10,245)	(1,572)	89	(2,806)	(2,717)
Other business activities	11	-	11	4	-	4
Other revenue grants	-	-	-	-	-	-
	<u>10,067</u>	<u>(11,088)</u>	<u>(1,021)</u>	<u>2,508</u>	<u>(3,331)</u>	<u>(823)</u>
	2023 Turnover continuing operations as restated £'000	2023 Operating costs continuing operations as restated £'000	2023 Operating surplus / (deficit) continuing operations as restated £'000	2023 Turnover discontinued operations as restated £'000	2023 Operating costs discontinued operations as restated £'000	2023 Operating surplus / (deficit) discontinued operations as restated £'000
Income and expenditure from social housing lettings						
Supported Housing	1,414	(888)	526	3,075	(848)	2,227
Other Income and Expenditure						
Care activities	7,932	(9,907)	(1,975)	85	(3,809)	(3,724)
Other business activities	16	-	16	4	-	4
Other revenue grants	41	-	41	11	-	11
	<u>9,403</u>	<u>(10,795)</u>	<u>(1,392)</u>	<u>3,175</u>	<u>(4,657)</u>	<u>(1,482)</u>

Other revenue grants in 2022/23 were from the Department of Health and Social Care to assist with the costs incurred relating to recruitment and retention of specialist care staff as part of the Workforce Development funding programme. No revenue grants were received in 2023/24

Notes to the financial statements (continued)

3. Turnover, operating costs and operating surplus (continued)

	2024 Continuing operations £'000	2024 Discontinued operations £'000	2023 Continuing operations £'000	2023 Discontinued operations £'000
Income from lettings				
Supporting people	51	-	48	-
Rents receivable	1,013	2,415	1,056	3,075
Service charges	317	-	308	-
Amortised government grants	2	-	2	-
Total income from lettings	1,383	2,415	1,414	3,075
Expenditure				
Supporting people	155	1	136	1
Service charge costs	255	120	273	141
Management	203	291	202	512
Routine maintenance	230	104	277	194
Loss on disposal of other fixed assets	-	9	-	-
Total expenditure on lettings	843	525	888	848
Operating surplus from lettings	540	1,890	526	2,227
Rent losses from voids	150	245	111	1,168

4. Operating surplus

The operating surplus is arrived after charging:

	2024 £'000	2023 £'000
Depreciation of housing properties	31	28
Depreciation of other tangible owned fixed assets	29	53
Auditors' remuneration (excluding VAT):		
In their capacity as auditors	23	22
Operating lease charges		
Land & buildings	286	490
Equipment	29	45

Notes to the financial statements (continued)

5. Interest receivable and similar income

	2024 £'000	2023 £'000
Interest received from temporary investments with banks and building societies	<u>1</u>	<u>12</u>

6. Interest payable and similar charges

	2024 £'000	2023 £'000
Bank charges	16	14
Intra Group Loan charges	<u>75</u>	<u>-</u>
	<u>91</u>	<u>14</u>

7. Taxation

No taxation charge arises on charitable activities (2023: £nil) as the Association has been granted charitable status by HMRC.

8. Staff costs

	2024 £'000	2023 £'000
Staff costs including directors:		
Wages and salaries	9,247	8,507
Social security costs	650	616
Other pension costs	<u>215</u>	<u>218</u>
	<u>10,112</u>	<u>9,341</u>

	2024 No.	2023 No.
Average number of full-time equivalent persons employed during the year:		
Management	2	4
Administration	6	5
Care	<u>313</u>	<u>318</u>
Total employees	<u>321</u>	<u>327</u>

Notes to the financial statements (continued)

8. Staff costs (continued)

The following full-time equivalent numbers of staff, including executive directors, received emoluments, including compensation for loss of office, of:

	2024	2023
	No.	No.
£60,001-£70,000	-	2
£70,001-£80,000	1	-
£80,001-£90,000	1	-
	<hr/>	<hr/>
Total employees	2	2
	<hr/>	<hr/>

9. Key management personnel, board members and executive directors

Expenses paid during the period to Board Members amounted to £nil (2023: £nil).

The total cost of key management personnel to the business (including benefits in kind and pension contributions) paid to or receivable by the board members and executive officers of Choices during the year was £Nil (2023: £nil). The executive directors are those of the parent company. All costs associated with those executive directors are borne by the parent company. The costs associated with the coterminous board are also met by the parent company.

The emoluments of the executive directors are disclosed in the financial statements of the parent company, The Wrekin Housing Group Limited.

Notes to the financial statements (continued)

10. Tangible fixed assets - freehold housing properties

	Social Housing properties held for letting £'000	Total Housing Properties £'000
Cost		
At 1 April 2023	2,509	2,509
Additions – Component replacement	50	50
	<hr/>	<hr/>
At 31 March 2024	2,559	2,559
Depreciation		
At 1 April 2023	440	440
Charged in the year	31	31
	<hr/>	<hr/>
At 31 March 2024	471	471
Net book value		
At 31 March 2023	<hr/> 2,069	<hr/> 2,069
At 31 March 2024	<hr/> 2,088	<hr/> 2,088
Expenditure on works to existing properties		
	2024 £,000	2023 £,000
Amounts capitalised – component replacement	50	5
	<hr/>	<hr/>
Total	<hr/> 50	<hr/> 5
	2024 £'000	2023 £'000
Total accumulated SHG receivable at 31 March:		
Recognised in the statement of comprehensive income	878	864
Held as deferred grant income (note 17)	<hr/> 1,154	<hr/> 1,168
	<hr/> 2,032	<hr/> 2,032

Notes to the financial statements (continued)

11. Housing stock

		Number of units in management	
		2024	2023
Social Housing			
Housing for letting	Care homes	37	96
	Supported housing	19	19
Managed for other organisations	Care homes	29	29
	Supported housing	58	58
		<u>143</u>	<u>202</u>

During the year the association disposed of its Limewood Dementia Care Unit comprising 59 individual units of stock. The Dementia Care Unit was owned by the parent company and leased to the association.

12. Tangible fixed assets - other

	Office premises & other buildings £'000	Office fixtures & fittings £'000	Scheme fixtures £'000	Total £'000
Cost				
At 1 April 2023	329	209	906	1,444
Additions	-	-	9	9
Disposals	-	(163)	(566)	(729)
At 31 March 2024	<u>329</u>	<u>46</u>	<u>349</u>	<u>724</u>
Depreciation				
At 1 April 2023	124	207	872	1,203
Charge for year	9	-	20	29
Written out on disposals	-	(162)	(557)	(719)
At 31 March 2024	<u>133</u>	<u>45</u>	<u>335</u>	<u>513</u>
Net book value				
At 31 March 2023	<u>205</u>	<u>2</u>	<u>34</u>	<u>241</u>
At 31 March 2024	<u>196</u>	<u>1</u>	<u>14</u>	<u>211</u>

Notes to the financial statements (continued)

13. Debtors

	2024 £'000	2023 £'000
Amounts falling due in less than one year		
Rental debtors	231	423
Less: Provision for doubtful debts	<u>(141)</u>	<u>(188)</u>
Net rental debtors	90	235
Other debtors	252	280
Amounts owed by group undertakings	3	-
Prepayments and accrued income	<u>8</u>	<u>27</u>
	<u>353</u>	<u>542</u>

At 31 March 2024 debtors relating to the discontinued operation of Linewood Dementia Care Unit amounted to £30k (2023: £135k). These debtors are provided for at 100% and included within the bad debt provision. There are no special payment terms, interest or security arrangements in place with regard to amounts owed by other group undertakings.

14. Cash at bank and in hand

	2024 £'000	2023 £'000
Bank accounts	1,629	899
Petty cash	<u>13</u>	<u>10</u>
	<u>1,642</u>	<u>909</u>

15. Creditors amounts falling due within one year

	2024 £'000	2023 £'000
Other taxation and social security payable	114	119
Pension	26	-
Trade creditors	394	620
Deferred grant income (note 17)	14	14
Amounts owed to group undertakings	2,633	1,435
Other creditors	1	8
Accruals and deferred income	<u>200</u>	<u>386</u>
	<u>3,382</u>	<u>2,582</u>

There are no special payments terms, interest or security arrangements with regard to amounts owed to other group undertakings.

Notes to the financial statements (continued)

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

	2024 £'000	2023 £'000
Deferred grant income (note 17)	1,140	1,154
Intra Group Loan-parent company	1,438	-
	<u>2,578</u>	<u>1,154</u>

During the year the parent company made an advance in the form of an intra group loan to the association in the sum of £1.6m. The loan is repayable over three years and is at a zero rate of interest.

17. Deferred grant income

	2024 £'000	2023 £'000
At 1 April	1,168	1,182
Released to income in the year	(14)	(14)
	<u>1,154</u>	<u>1,168</u>
Amounts to be released in one year	14	14
Amounts to be released in more than one year	1,140	1,154
	<u>1,154</u>	<u>1,168</u>

18. Called up share capital

When the Association registered as a Co-operative and Community Benefit Society its rules were drafted such that there is a single class of shareholder. Each share has the nominal value of £1 and carries no right to any interest, dividend or bonus. The independent shareholders are the board members. There are 7 shares in issue (2023: 7).

19. Revenue reserves

Revenue reserves include all retained surpluses and deficits in relation to current and prior periods.

20. Pension obligations

The Association operates a defined contribution scheme. The assets of the scheme are held separately from those of the Association in an independently administered fund. The pension charge represents contributions payable by the Association to the fund and amounted to £215k (2023: £218k).

Notes to the financial statements (continued)

21. Capital commitments

There were no capital commitments at 31 March 2024 or 31 March 2023.

22. Other financial commitments

The future minimum operating lease payments which the organisation is committed to make are as follows:

	2024 Land & Buildings £'000	2024 Other £'000	2023 Land & Buildings £'000	2023 Other £'000
Within one year	-	-	-	45

There was a lease of Limewood Dementia Care Unit from The Wrekin Housing Group Limited. The lease had 21 years to run (2023: 22 years). The lease cost per annum was £489,782. As the association disposed of the Dementia Care Unit on 03 November 2023, the lease was terminated on disposal with a pro rata payment of £285,706 being made to reflect the period 1 April 2023 to 3 November 2023.

23. Ultimate parent undertaking

The Association's ultimate parent company is The Wrekin Housing Group Limited, which is a community benefit society registered with the Financial Conduct Authority in England and heads the largest and smallest group of undertakings for which financial statements have been prepared. A copy of the group accounts is available from Colliers Way, Old Park, Telford, Shropshire TF3 4AW.

24. Related party disclosures

As a wholly owned subsidiary of The Wrekin Housing Group Limited, the company is exempt from the requirements of FRS 102 to disclose transactions with other wholly owned members of the group headed by The Wrekin Housing Group Limited on the grounds that the consolidated accounts are publicly available.

25. Discontinued Operations

On 3 November 2023 the group disposed of Limewood Dementia Care Unit. The asset was owned by the parent company Wrekin Housing Group Limited and leased to Choices. The unit continued to operate fully through to the date of completion. On completion of the sale the lease was terminated with the parent charging a pro-rata payment reflecting the period 1 April 2023 to 3 November 2023.

The financial statements have been prepared on a basis which reflects the financial effects of Limewood as a discontinued operation. The comparative balances as at 31 March 2023 have been restated to ensure that the accounting treatment and disclosure of the activity of the discontinued operation are clearly distinguished and comparable.

Notes to the financial statements (continued)

25. Discontinued Operations (continued)

Statement of Comprehensive Income-Discontinued Operation- for the period 1 April 2023 to 3 November 2023.

	2024 Supported Housing £'000	2024 Care £'000	2024 Other £'000	2024 Total £'000	2023 Supported Housing £'000	2023 Care £'000	2023 Other £'000	2023 £'000
Turnover	2,415	89	4	2,508	3,075	85	15	3,175
Operating Costs	(525)	(2,806)	-	(3,331)	(848)	(3,809)	-	(4,657)
Operating Surplus /(deficit)	<u>1,890</u>	<u>(2,717)</u>	<u>4</u>	<u>(823)</u>	<u>2,227</u>	<u>(3,724)</u>	<u>15</u>	<u>(1,482)</u>