

Annual Report and Financial
Statements
Choices Housing Association
Limited

For the year ended 31 March 2022

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Board members, executive officers and advisors

Board members: Desmond Hudson- Chair
Shaun Davies
James Dickson
Alison Fisher
Deborah Griffiths
Alan Hawkesworth
Ravinder Kaur (appointed 20 July 2022)
Iain Littlejohn (appointed 1 August 2022)
Jane Moulder
Annette Shipley (resigned 31st May 2022)
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 Catherine Rogerson (resigned 30th March 2022)
James Jones (appointed 30th March 2022)

Registered Office: 1A King Street
Newcastle-under-Lyme
Staffordshire
ST5 1EN

Auditors: Beever and Struthers
St George's House
215-219 Chester Road
Manchester
M15 4JE

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

On 21 September 2020 a coterminous board was formed combining the board of Choices Housing Association Limited (“Choices” or “the Association”) with the board of the parent company, the Wrekin Housing Group Limited. The board presents its report and the audited financial statements for the year ended 31 March 2022.

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 next five years. 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. This is detailed below together with the assessment of progress to date.

Objective 1 – Care and Support

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

- To 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 in LD, 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.

Deliverable	Progress to Date
The Group Board will have made a decision on the organisation's future strategic role in care.	Completed
Develop a new service 'vision' for each Extra Care housing scheme and implementation plan to achieve the Board's objectives.	Extra Care vision received by Group Board in November 2021. Extra Care Strategy to be approved and implemented December 2022.

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 dementia care unit offering both registered care and nursing beds and 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.

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)
- Commissioned domiciliary care to 174 customers (1,763 hours per week)
- A dementia care unit (Limewood) (59 beds)

The overall result for the period to 31st March 2022 is a deficit position of £1.353m (2021: surplus of £599k).

Throughout the year, grants amounting to £437k have been received to assist with the additional costs incurred as a result of the Covid-19 pandemic. £160k of this was for Infection Control and Prevention, limiting staff movement between sites and ensuring staff were paid if they needed to isolate. £78k was to assist with testing of staff and visitors and £199k was for retention and development of staff over the pandemic. Costs incurred to manage the pandemic were £437k.

The domiciliary care business stream produced a surplus before overheads of £342k against an anticipated surplus of £558k. Income was £3.537m, £146k less than expected income of £3.683m. An element of this variance was due to the delayed opening of the new Extra Care scheme, Springwood in Shifnal. During the year there was also a reduction in care delivery services as a result of tenancy changes and meeting individual care needs which vary with each resident. Additional loss of income was as a result of some users, whose non-essential care packages were paused during the peak of the Covid-19 pandemic, choosing not to restart those packages.

The learning disability care home business stream generated a surplus of £662k before central overheads, £55k above an expected surplus of £607k. The service experienced more Covid-19 outbreaks during the year and a number of staff were required to self-isolate but overall the impact of the outbreaks have been managed well.

The 11 learning disability supported housing schemes generated a surplus of £251k before central overheads which was in line with expectations.

It has been a challenging year at the Limewood Dementia Care Scheme. During 2021/22 there was a significant whistleblowing concern raised by a member of agency staff regarding the provision of care at Limewood. The concern was referred to Safeguarding, the Care Quality Commission, the Host Local Authority (Staffordshire County Council (SCC)) and MLCSU (NHS Midlands & Lancashire Commissioning Support Unit). Limewood was placed under a quality assurance process by both SCC and MLCSU which took effect from 6th May 2021 and led to a suspension of new admissions.

Choices Housing Association Limited
Year ended 31 March 2022

On 10th June 2021 SCC removed its suspension following a positive monitoring visit by the Provider Incident Response Team.

On 10th December 2021 the MLCSU partially lifted its suspension; Limewood could admit one Tier 0 or Tier 1 resident per week with CHC oversight, these being residents with lower level care needs.

On 28th April 2022 the MLCSU fully lifted its suspension with no restrictions or conditions attached following a number of positive quality monitoring visits.

The suspension had a significant financial impact on the Limewood business stream as a result of the unit carrying a high level of voids for the full year. Following the lifting of the suspension the unit has continued to experience difficulty in recruiting nurses with suitable qualifications to enable the provision of higher-level care and therefore still carries a higher level of voids than usual. A review of nursing terms and conditions has been undertaken and a recruitment drive to recruit nurses with the appropriate qualifications to deliver this type of care continues.

The 2021/22 year continued to be difficult for all Care and Support providers as a result of the global coronavirus pandemic. The Group suffered from extended staff isolation periods and several COVID outbreaks across many of its homes, resulting in the reliance on agency staff which had a further significant financial impact on business streams.

Limewood Dementia Care Scheme delivered a deficit of £1.023m for the year.

The Group has reviewed its remuneration packages in respect of nursing staff and has embarked on an ambitious recruitment drive, which is expected to attract nursing staff who have the suitable qualifications to enable the provision of specialist care services without the need for reliance of expensive agency staff.

Choices have introduced a Learner Management Software System (LMS) to support and improve training quality and efficiency. The LMS ensures training programmes are delivered efficiently to optimise the balance between personal development and service impact and aims to reduce the number of cancellations on training courses.

Given the financial position of Limewood, the difficulties faced in recruiting nursing staff and the uncertainties over future commissioning of learning disability care services, the Board took the decision during 2021/22 to review the delivery of dementia care and learning disability registered care within the Group to ensure that the financial and operational risks associated with those areas of work are effectively managed. Whilst those plans are in progress the parent company, Wrekin Housing Group Limited, will provide ongoing support as necessary.

Quality and Performance

As at 31 March 2022, all 13 care homes 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 12 of the 13 (92.3%) were rated as good and 1 outstanding (7.7%). These ratings were unchanged from the position at 31 March 2021. The CQC national average rating as published on their website for March 2020 is 80% good and 5% outstanding therefore Choices is currently above the national average. Due to COVID there are no published national averages for either March 2021 or March 2022. The individual ratings for each care home, together with the full CQC reports, can be accessed via the organisation's website at www.choiceshousing.co.uk and via the CQC website.

Our own internal quality and performance processes remain robust in ensuring high levels of compliance against the regulations and for ensuring high levels of quality. Our Performance and Compliance Managers (PCMs) work closely with the families of service users to ensure people's needs are being met and this is further strengthened by the use of specialist external third-party auditors.

PCMs report directly to the Director of Care and Support and compliance reports are compiled following every inspection visit made by a PCM. An annual improvement plan is formulated on the basis of the internal and external inspections performed.

Regular performance and compliance updates are given to the board in order to provide assurance. The measures used within these reports are to a large extent framed around CQC Key Lines of Enquiry measures.

Choices Housing Association Limited
Year ended 31 March 2022

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 closer 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 2021/22 has resulted in a deficit of £1.353m (2020/21: surplus £599k).

Choices' financial circumstances remain unusual within the sector in that it has no borrowing. 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 12, 13 and 14 of the financial statements.

NHF Code of Governance

The board confirms that, having adopted the NHF Code of Governance (2020) in April 2021, the Group 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 Group's transactions and its assets and liabilities and for maintaining a satisfactory system of internal controls over the Group'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. Following an In-depth Assessment, The Regulator of Social Housing published its regulatory judgement in April 2021, re-confirming the Group's viability rating of V1 and the governance rating of G1.

Covid-19

Despite the pandemic posing many difficult challenges across all of our Care and Support Services (both regulated and non-regulated), our track record in managing and controlling those risks and impacts has been excellent (in comparison to national averages used to monitor pandemic impacts across the sector). We have not had any Covid Related Resident/Tenant deaths since March 2021.

The Care Quality Commission introduced ESF (Emergency Support Framework) calls during the pandemic as an alternative approach to the routine inspection of services. The Emergency Support Framework has now adopted off-site monitoring reviews of all Registered Care Services. These are completed on a monthly basis and a variety of intelligence is used to complete the off-site monitoring reviews. All Choices Registered Care Services have received a monthly off-site monitoring review and the CQC Website is updated following each review.

Policies and procedures adhering to DHSC (Department of Health and Social Care) and UKHSA (UK Health Security Agency) guidelines have been in place from the outset of the pandemic which supplement our already robust procedures around infection prevention and control.

Additional costs of PPE have been largely covered by additional income from commissioning authorities

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 31 March 2024. For this reason, it continues to adopt the going concern basis in the financial statements.

The Association has ongoing plans to review the provision of dementia care and learning disability registered care. If this review is concluded within the expected timescale (before the end of the 2022/23 financial year), the Association will have sufficient resources to continue in operation without further support. Should the process take longer than currently predicted, the parent company, Wrekin Housing Group Limited, will provide necessary financial support while these matters are brought to a successful conclusion.

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.

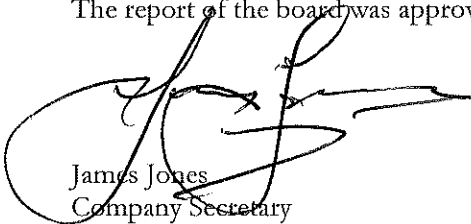
Charitable Donations

During the year the association made no charitable donations.

Annual General Meeting

The annual general meeting will be held on 28 September 2022 at The Wrekin Housing Group, Colliers Way, Old Park, Telford, TF3 4AW.

The report of the board was approved by the board on 22 August 2022 and signed on its behalf by:



James Jones
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.

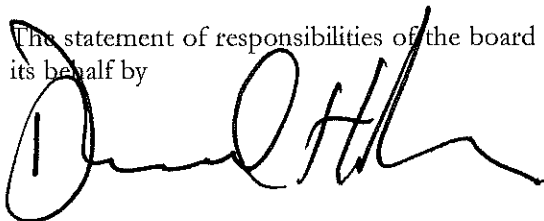
In preparing these financial statements, the board members are required to:

- 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 2019). 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 22 August 2022 and signed on its behalf by



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 2022 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Reserves 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 2022 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 2019.

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, except to the extent otherwise explicitly stated in our report, 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.

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

Other information (continued)

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:

- a satisfactory system of control over transactions has not been maintained; 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 Responsibilities of the Board 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 noncompliance 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 2014, 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 2019, 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 and fraud 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

Use of our report

This report is made solely to the Association, in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014 and Section 128 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body for our audit work, for this report, or for the opinions we have formed.

Beever and Struthers

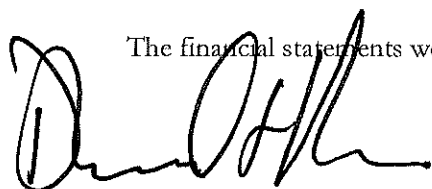
Statutory Auditor: Beever and Struthers
Address: St George's House
215/219 Chester Road
Manchester
M15 4JE

Date: 16 September 2022

Statement of comprehensive income

	Note	2022 £'000	2021 £'000
Turnover	3	12,391	14,235
Operating costs	3	(13,721)	(13,621)
(Loss)/gain on disposal of other fixed assets		(9)	(3)
Surplus on the disposal of housing properties	5	-	-
Operating (deficit) /surplus	3,6	(1,339)	611
Interest receivable and similar income	7	-	-
Interest payable and similar charges	8	(14)	(12)
(Deficit) /surplus before and after tax and total comprehensive income for the year		<u>(1,353)</u>	<u>599</u>

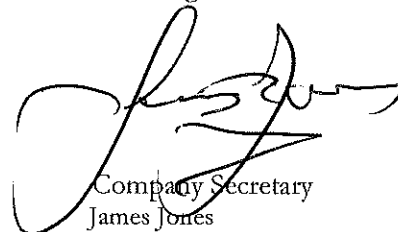
The financial statements were approved by the Board on 22 August 2022 and were signed on its behalf by:



Board Member
Desmond Hudson



Board Member
Deborah Griffiths



Company Secretary
James Jones

Statement of changes in reserves

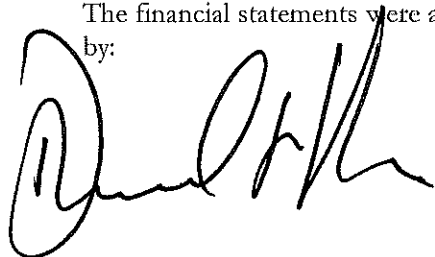
	Share Capital £'000	Income and expenditure reserve £'000	Total £'000
Balance as at 1 April 2020	-	3,669	3,669
Total comprehensive income for the year	-	599	599
Balance at 31 March 2021	-	4,268	4,268
Total comprehensive income for the year	-	(1,353)	(1,353)
Balance at 31 March 2022	-	<u>2,915</u>	<u>2,915</u>

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

Statement of financial position

	Note	2022 £'000	2021 £'000
Fixed assets			
Housing properties	12	2,092	2,092
Other fixed assets	14	262	289
Total fixed assets		2,354	2,381
Current assets			
Debtors	15	1,025	876
Stock		11	29
Cash at bank and short term deposits	16	2,405	3,365
Creditors: amounts falling due within one year	17	3,441 (1,712)	4,270 (1,201)
Net current assets		1,729	3,069
Total assets less current liabilities		4,083	5,450
Creditors: amounts falling due after more than one year	18	(1,168)	(1,182)
Net assets		2,915	4,268
Capital and reserves			
Called up share capital	20	-	-
Revenue reserves	21	2,915	4,268
Association's funds		2,915	4,268

The financial statements were approved by the Board on 22 August 2022 and were signed on its behalf by:



Board Member
Desmond Hudson



Board Member
Deborah Griffiths



Secretary
James Jones

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 1A King Street, Newcastle-Under-Lyme, Staffordshire, ST5 1EN.

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 2019.

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

The financial statements are presented in sterling (£)

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 31 March 2024. For this reason, it continues to adopt the going concern basis in the financial statements.

The Association has ongoing plans to review the provision of dementia care and learning disability registered care. If this review is concluded within the expected timescale (before the end of the 2022/23 financial year), the Association will have sufficient resources to continue in operation without further support. Should the process take longer than currently predicted, the parent company, Wrekin Housing Group Limited, will provide necessary financial support while these matters are brought to a successful conclusion.

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 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 funded under Supporting People 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.

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

Notes to the financial statements (continued)

Roof	70 years
Boiler	15 years
Mechanical systems	30 years
Kitchens	20 years
Bathrooms	30 years
Windows and doors	30 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)

	2022	2022	2022
	Turnover	Operating	Operating
	£'000	costs	surplus
		£'000	£'000
Income and expenditure from social housing lettings			
Supported Housing	4,625	(1,496)	3,129
Other Income and Expenditure			
Care activities	7,300	(12,225)	(4,925)
Other business activities	29	-	29
Other revenue grants	437	-	437
Gain (loss) on disposal of other fixed assets	-	(9)	(9)
	<u>12,391</u>	<u>(13,730)</u>	<u>(1,339)</u>
	2021	2021	2021
	Turnover	Operating	Operating
	£'000	costs	deficit
		£'000	£'000
Income and expenditure from social housing lettings			
Supported Housing	6,159	(2,018)	4,141
Other Income and Expenditure			
Care activities	7,376	(11,603)	(4,227)
Other business activities	11	-	11
Other revenue grants	689	-	689
Gain (loss) on disposal of other fixed assets	-	(3)	(3)
	<u>14,235</u>	<u>(13,624)</u>	<u>611</u>

Other revenue grants in 2020/21 included support provided through the Government's Coronavirus Job Retention Scheme and support from Commissioners in Registered Care to meet the additional costs incurred as a result of Covid-19. During 2021/22 all grants received were from Health Commissioners in support of additional costs incurred as a result of the ongoing pandemic.

Notes to the financial statements (continued)

4. Income and expenditure from lettings – Supported Housing

	2022 £'000	2021 £'000
Income from lettings		
Supporting people	56	55
Rents receivable	4,272	5,808
Service charges	295	294
Amortised government grants	2	2
	<hr/>	<hr/>
Total income from lettings	4,625	6,159
	<hr/>	<hr/>
Expenditure		
Supporting people	88	552
Services	296	310
Management	713	775
Routine maintenance	399	381
	<hr/>	<hr/>
Total expenditure on lettings	1,496	2,018
	<hr/>	<hr/>
Operating surplus from lettings	3,129	4,141
	<hr/>	<hr/>
Rent losses from voids	1,711	457
	<hr/>	<hr/>

5. Surplus on disposal of housing properties

	2022 £'000	2021 £'000
Disposal proceeds	-	-
Grant released on disposal	-	-
Carrying value of housing property	-	-
	<hr/>	<hr/>
	<hr/>	<hr/>

Notes to the financial statements (continued)

6. Operating surplus

The operating surplus is arrived after charging:

	2022 £'000	2021 £'000
Depreciation of housing properties	30	30
Depreciation of other tangible owned fixed assets	63	60
Auditors' remuneration (excluding VAT):		
In their capacity as auditors	24	35
Operating lease charges	552	566
	<hr/>	<hr/>

7. Interest receivable and similar income

	2022 £'000	2021 £'000
Interest received from temporary investments with banks and building societies	-	-
	<hr/>	<hr/>

8. Interest payable and similar charges

	2022 £'000	2021 £'000
Bank charges	14	12
	<hr/>	<hr/>

9. Taxation

No taxation charge arises on charitable activities (2021: £nil) as the Association has been granted charitable status by HMRC.

Notes to the financial statements (continued)

10. Staff costs

	2022	2021
	£'000	£'000
Staff costs including directors:		
Wages and salaries	8,573	9,108
Social security costs	648	652
Other pension costs	219	242
	<u>9,440</u>	<u>10,002</u>

	2022	2021
	No.	No.
Average number of full-time equivalent persons employed during the year:		
Management	3	2
Administration	19	22
Care	316	344
	<u>338</u>	<u>368</u>
Total employees		

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

	2022	2021
	No.	No.
£70,001-£80,000	1	-
£150,001-£160,000	-	1
	<u>1</u>	<u>1</u>
Total employees		

Notes to the financial statements (continued)

11. Key management personnel, board members and executive directors

Expenses paid during the period to Board Members amounted to £nil (2021: £104).

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 (2021: £180,615). 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

	2022	2021
	£'000	£'000
Executive directors		
Basic salary	-	59
Compensation for loss of office	-	92
Social Security Costs	-	16
Pension contributions	-	8
	<hr/>	<hr/>
Total	-	175
	<hr/>	<hr/>
	2022	2021
	£'000	£'000
Board members		
Total	-	6
	<hr/>	<hr/>

The emoluments of the executive directors are disclosed in the financial statements of the parent company, The Wrekin Housing Group Limited. In 2020/21 the emoluments of the highest paid director, the former Managing Director, were £150,930 including compensation for loss of office and excluding pension contributions. There is no comparable figure for the year ending 31 March 2022.

Notes to the financial statements (continued)

12. Tangible fixed assets - freehold housing properties

	Social Housing properties held for letting £'000	Total Housing Properties £'000
Cost		
At 1 April 2021	2,494	2,494
Additions – Component replacement	39	39
Disposals	(29)	(29)
	<u>2,504</u>	<u>2,504</u>
At 31 March 2022		
Depreciation		
At 1 April 2021	402	402
Charged in the year	30	30
Released on disposal	(20)	(20)
	<u>412</u>	<u>412</u>
At 31 March 2022		
Net book value		
At 31 March 2021	<u>2,092</u>	<u>2,092</u>
At 31 March 2022	<u>2,092</u>	<u>2,092</u>
Expenditure on works to existing properties		
	2022	2021
	£,000	£,000
Amounts capitalised – component replacement	39	23
Amounts charged to statement of comprehensive income	-	-
	<u>39</u>	<u>23</u>
Total		
	2022	2021
	£'000	£'000
Total accumulated SHG receivable at 31 March:		
Recognised in the statement of comprehensive income	850	836
Held as deferred grant income (note 19)	1,182	1,196
	<u>2,032</u>	<u>2,032</u>

Impairment

The association considers individual schemes to be separate Cash Generating Units (CGUs) when assessing for impairment, in accordance with the requirements of Financial Reporting Standard 102 and SORP 2018. No impairment charge has been made this year.

Notes to the financial statements (continued)

13. Housing stock

		Number of units in management	
		2022	2021
Social Housing			
Housing for letting	Care homes	96	96
	Supported housing	19	19
Managed for other organisations	Care homes	29	29
	Supported housing	58	55
		<u>202</u>	<u>199</u>

14. Tangible fixed assets - other

	Office premises & other buildings £'000	Office fixtures & fittings £'000	Scheme fixtures £'000	Total £'000
Cost				
At 1 April 2021	329	467	1,265	2,061
Transfer between homes	-	-	-	-
Additions	-	-	36	36
Disposals	-	-	-	-
At 31 March 2022	<u>329</u>	<u>467</u>	<u>1,301</u>	<u>2,097</u>
Depreciation				
At 1 April 2021	112	461	1,199	1,772
Charge for year	6	3	54	63
Written Out	-	-	-	-
At 31 March 2022	<u>118</u>	<u>464</u>	<u>1,253</u>	<u>1,835</u>
Net book value				
At 31 March 2021	<u>217</u>	<u>6</u>	<u>66</u>	<u>289</u>
At 31 March 2022	<u>211</u>	<u>3</u>	<u>48</u>	<u>262</u>

Notes to the financial statements (continued)

15. Debtors

	2022 £'000	2021 £'000
Amounts falling due in less than one year		
Rental debtors	637	410
Less: Provision for doubtful debts	<u>(177)</u>	<u>(113)</u>
Net rental debtors	460	297
Other debtors	246	178
Amounts owed by group undertakings	154	314
Prepayments and accrued income	<u>165</u>	<u>87</u>
	<u>1,025</u>	<u>876</u>

There are no special payment terms, interest or security arrangements in place with regard to amounts owed by other group undertakings.

16. Cash at bank and in hand

	2022 £'000	2021 £'000
Money market deposit	1,041	1,041
Bank accounts	1,354	2,316
Petty cash	<u>10</u>	<u>8</u>
	<u>2,405</u>	<u>3,365</u>

17. Creditors amounts falling due within one year

	2022 £'000	2021 £'000
Other taxation and social security payable	108	136
Pension	1	36
Trade creditors	384	235
Deferred grant income (note 19)	14	14
Amounts owed to group undertakings	538	483
Other creditors	17	16
Accruals and deferred income	<u>650</u>	<u>281</u>
	<u>1,712</u>	<u>1,201</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)

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

	2022 £'000	2021 £'000
Deferred grant income (note 19)	<u>1,168</u>	<u>1,182</u>

19. Deferred grant income

	2022 £'000	2021 £'000
At 1 April	1,196	1,210
Released to income in the year	<u>(14)</u>	<u>(14)</u>
	<u>1,182</u>	<u>1,196</u>
Amounts to be released in one year	14	14
Amounts to be released in more than one year	<u>1,168</u>	<u>1,182</u>
	<u>1,182</u>	<u>1,196</u>

20. 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.

21. Revenue reserves

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

22. 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 £219k (2021: £242k).

The association is an admitted body of the Staffordshire County Council Pension Scheme following the TUPE transfer of two staff at the Limewood Dementia Care Home.

23. Capital commitments

There were no capital commitments at 31 March 2022 or 31 March 2021.

Notes to the financial statements (continued)

24. Other financial commitments

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

	2022 Land & Buildings £'000	2022 Other £'000	2021 Land & Buildings £'000	2021 Other £'000
Within one year	-	36	-	42

In addition to the leases disclosed above, there is also a lease of Limewood Dementia Unit from The Wrekin Housing Group Limited. The lease has 23 years to run (2021: 24 years). The lease cost per annum is £489,782.

25. 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.

26. 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.