Annual Report and Financial Statements
Year ended 31 March 2023

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Registered Society with Financial Conduct Authority 7945
Regulator of Social Housing registration number LH4336

curo

Curo Group (Albion) Ltd.

Year ended 31 March 2023

Contents

Curo Group (Albion) Ltd.

Board, Executive Officers and Advisors

Non-Executive Directors

Elizabeth Potter (Chair)	Resigned 30 September 2022
Jane Tabor (Chair)	Appointed 1 October 2022
Elaine Barnes	
Chris Wilson	
Michael Petter	
Neil Sexton	
Joe Webster	

Executive Directors

Victor da Cunha
Simon Gibbs

Executive Officers

Victor da Cunha	Group Chief Executive
Simon Gibbs	Executive Director – Finance & Strategy
Paul Harris	Executive Director – Customer Experience
Julie Evans	Executive Director – Property Services

Secretary

Katherine Gullon

Board, Executive Officers and Advisors (continued)

Registered Office	The Maltings River Place Lower Bristol Road Bath BA2 1EP Tel: 01225 366000
Group Members	Curo Group (Albion) Ltd. Curo Places Ltd. Curo Choice Ltd. Curo Enterprise Ltd. (08103621) Curo Market Rented Services Ltd. (4705482) Mulberry Park Community Benefit Society Curo Finance Ltd. (13596265)
Solicitors	Anthony Collins Solicitors LLP Devonshires Solicitors LLP Geldards LLP
Bankers	Barclays Bank plc
Funders	Lloyds Banking Group plc Barclays Bank plc Santander UK plc M&G Investment Management Limited Orchardbrook Limited Massachusetts Mutual Life Insurance Company Scottish Widows Limited
Independent Auditors	BDO LLP 55 Baker Street London W1U 7EU

Curo Group (Albion) Limited is a community benefit society registered under the Co-operative and Community Benefit Society Act 2014. The company is registered with the Financial Conduct Authority (reference 7945).

Report of the Board

The Board presents its report and audited consolidated financial statements of the Curo Group (Albion) Ltd. (the 'Group') and its subsidiary undertakings, for the year ended 31 March 2023.

Principal activities

Curo is a housing association and housebuilding organisation based in Bath, providing affordable homes and support services across the West of England. We manage close to 14,000 homes for more than 25,000 people and plan to build between 250 and 300 new social homes every year over the next 5 years and deliver between 100 and 200 private market sales annually.

The group is a social enterprise, we do not pay dividends to shareholders. We reinvest surpluses from our commercial house building and lettings businesses into our core social purpose. Our main activities are as follows:

- Long term rented housing for people who are unable to afford to rent or buy on the open market.
- Low cost home ownership homes.
- Sheltered and supported housing for those who need additional support
- Building homes for sale.

Business review and future developments

Details of the Group's performance for the year and factors likely to affect is future development are contained within the Strategic Report.

The Board

The Group is led by the Combined Board that enables efficient decision making across the Group. The Combined Board comprises of Board Directors from Curo Group (Albion) Ltd, Curo Places Ltd and Curo Choice Ltd.

Legal Entity/ Board Composition	**Social Business**			
	Curo Group (Albion) Ltd	**Curo Places Ltd**	**Curo Choice Ltd**	**Combined Board**
Core Board Directors (NED)	6	6	6	6
Independent subsidiary Board directors (NED)	-	1	1	2
Executive Directors	2	2	2	2
Total Directors	**8**	**9**	**9**	**10**

There are four further companies within the Group that are governed outside of the Combined Board. The Board structures for these companies is as follows:

Legal Entity/ Board Composition	**Curo Enterprise Ltd**	**Curo Market Rented Services Ltd**	**Mulberry Park Community Benefit Society**	**Curo Finance Limited**
Non-Executive Directors	3	-	-	-
Executive Directors	2	2	3	2
Total Directors	**5**	**2**	**3**	**2**

The Combined Board operates a robust succession plan to ensure that continuity of experience is balanced against the maximum tenures for Board Directors stipulated in our Code of Governance.

Regulatory Framework

The Group is regulated by the Regulator of Social Housing (RSH). It has to comply with the regulatory standards framework set by the RSH. The framework retains at its core the principle of co-regulation. Boards are responsible for the effective performance of their organisations, compliance with the standards and being transparent and accountable to stakeholders.

The RSH framework retains seven standards set out in two primary areas; Economic and Consumer.

Economic
- Governance and financial viability
- Value for money (VFM)
- Rent

Consumer
- Tenant involvement and empowerment
- Home
- Tenancy
- Neighbourhood and community

Curo operates a robust regulatory compliance framework, and each year completes a self-assessment of regulatory compliance which is considered (with appropriate evidence) by both the Combined Board and its Audit and Assurance Committee. The Combined Board considered the self-assessment in July 2023 and noted that it demonstrated compliance in respect of the regulatory standards.

During this reporting period, following an annual stability check, the Regulator of Social Housing awarded Curo the highest ratings possible (G1 for Governance and V1 for Viability).

National Housing Federation (NHF) Code of Governance

For the relevant period, Curo Group (Albion) Ltd, Curo Places Ltd and Curo Choice Ltd have adopted the National Housing Federation's Code of Governance 2020, which promotes excellence for Federation members in governing their organisations and being accountable, independent and diverse. The Combined Board (and the Audit and Assurance Committee) conducted a review of these entities' performance against this Code in July 2023 and can demonstrate compliance.

Delegation

The Combined Board is responsible for strategy for the Group as well as overseeing its performance. Specific responsibilities have been delegated to committees which have their own approved terms of reference. Day-to-day performance is delegated to the Executive Team and/or Senior Management Team. The major committees supporting the Combined Board and governance arrangements during the year were:

Audit and Assurance Committee – responsible for overseeing internal and external audit, the effectiveness of internal controls and the risk management framework.

Remuneration and Nominations Committee – responsible for determining matters relating to the employment, pay and benefits for Executives and Board Directors, the recruitment and succession planning for all Board and Committee Members and for making recommendations on governance matters to the Combined Board.

Statement of Board's responsibilities

Company Directors are responsible for preparing the Group Strategic Report and the financial statements in accordance with applicable law and regulations.

Curo's Combined Board of directors have prepared the Group and parent company financial statements in accordance with UK law and the United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Directors have a legal obligation to only approve the financial statements where they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the company and group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, comprising FRS 102 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 company will continue in business.

Company Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Group's Board Directors who served during the year and up to the date of signing the financial statements are listed on page 1.

Report of the Board on Internal Control

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

The internal control framework is designed to manage and reduce, rather than eliminate, the risk of failing to achieve business objectives. It can only provide the Board with reasonable, and not absolute, assurance against material mis-statement or loss.

The key features of Curo's system of internal control include:

- An established management structure operating across the Group, with clearly defined levels of responsibility.
- Delegated authorities as outlined in the Standing Orders.
- Terms of Reference.
- Financial Regulations.

This is supported by established additional policies, which are designed to provide effective internal control and achieve effective corporate governance. The policies include Group-wide policies on Fraud, Health and Safety, Code of Conduct, Gifts and Hospitality, Procurement, Equality and Diversity, Public Interest Disclosures ("Whistle Blowing") and Data Protection together with policies covering all aspects of Employment Law and operational policies.

Board and Committee assurance – the Audit and Assurance Committee meets regularly with the internal and external auditors, as well as members of the Executive, to review specific reporting and internal control matters, and to satisfy themselves that the internal control systems are operating effectively. Members of the committee meet with the internal and external auditors (without Executives present) at least twice a year in order to assure themselves independently about Curo's control environment. The Audit and Assurance

Committee reviews Curo's risk profile (including Operational and Strategic Risks) at every meeting, and considers the findings of all internal audits. The Audit and Assurance Committee also reviews the progress of actions identified though internal audit. All Board members receive the minutes of all Audit and Assurance Committee meetings.

Internal audit assurance – the Group's internal audit function is managed through the governance team and delivered by independent auditors, KPMG. The internal audit programme is designed to review key areas of risk and adherence to relevant law and is approved each year by the Audit and Assurance Committee.

External audit assurance – the work of the external auditors provides further independent assurance of the internal control environment, as described in their audit report. The Group also receives a letter from the external auditors identifying any internal control weaknesses. In accordance with best practice guidance, the Audit and Assurance Committee and the Board consider this letter before approving the Annual Report and Financial Statements.

Annual Assurance statements – each year colleagues with key accountabilities across the business provide assurance to the Combined Board as to systems of internal control. This process involves Service Directors reviewing and confirming to the Executive Directors (and ultimately to the Chief Executive) that throughout the year there were adequate systems of internal control in place and providing assurance in respect of legal and regulatory compliance.

The Chief Executive then provides his assurance to the Audit and Assurance Committee whose Chair then provides a report for the Combined Board. Any discrepancies or areas of concern are then reported to the Audit and Assurance Committee and the Combined Board.

Information and financial reporting systems

Financial reporting procedures include the setting of an annual budget and management accounts reporting to Management Teams and the Executive Team on a monthly basis and on a quarterly basis to the Board. Long-term Strategic Financial Plans are reviewed and approved by the Board and revised during the year if necessary. There is a fully inclusive approach with Board and colleagues in terms of updating the Business Plan and associated Financial Plan. The Board agrees key performance indicators and targets for each year, and reviews them on a quarterly basis to assess progress towards the achievement of key business objectives, targets and outcomes. Performance against those key performance indicators is benchmarked nationally.

Our risk management approach

Risk is inherent to the environment in which we work, particularly given the fast pace of change politically and economically. The operating environment for social housing providers, which is shaped by government policy, remains challenging particularly in light of the ongoing challenge to invest more in the quality of our homes, the war in Ukraine and the rise in costs of living.

At Curo, our aim is to identify and then manage risks so that they can be understood, reduced, mitigated, transferred or terminated. This requires a proactive approach to risk management and an effective organisation-wide risk management framework. In response we have adopted a dynamic system of risk management, ensuring that it is the responsibility of everyone in the organisation to manage risks and be aware of all strategic risks that Curo is exposed to.

We have defined risk as "uncertain events that could influence the achievement of our strategic, operational and financial objectives", noting that an event may be positive, negative or a deviation on what was expected. We have also redefined our method of assessing risk, both in terms of probability, considering the timescales relating to risk and in respect of impact, tailoring this to specific areas of the business. We maintain a strategic risk register, as well as operational risk registers which feed into the strategic risk register as required.

We have developed and improved our approach to risk appetite in recent years, defining it as "the organisation's willingness to take risk in pursuit of strategic objectives and the extent and categories of risk which it regards as acceptable for the company to bear". We are only willing to accept the level of risk that fits our strategy, that's in line with our values and can be understood and managed. The Combined Board reviews our risk appetite formally at least once a year to ensure that it is fit for purpose. Our approach to risk management is kept under review by the Audit and Assurance Committee, to ensure continuous improvement.

The Regulator of Social Housing has given the organisation a G1 rating for Governance, the highest level available.

Directors' indemnity statement

All Board directors, committee members and colleagues of the Group are provided with Directors and Officers Liability insurance to protect them from claims made against them in their capacity as representatives of the organisation.

During the year to 31 March 2023 this was provided by AXA Insurance UK Plc.

Colleagues

Curo aims to be an excellent employer, recruiting, developing and rewarding high quality colleagues. Communication is key and Curo keeps colleagues informed on matters affecting them and on the business of the Group as a whole so that their views can be taken into account when making decisions that are likely to affect their interests. This is done in a number of ways including Executive Briefings, departmental meetings, informal briefings, through a number of special interest groups and an intranet site.

The Group is committed to equality of opportunity throughout the organisation. The Group aims to develop a workforce that reflects the diversity of the community it serves. Curo has the data to guide them on what is needed to achieve this and in recruitment, full and fair consideration is given to all candidates and Curo actively encourages applications from people in under represented groups. This involves providing positive action including attendance at job fairs, work with voluntary groups representing disadvantaged people, training and development opportunities for colleagues from particular groups within the workforce. Appropriate arrangements are made for the continued employment and training, career development and promotion of people with protected characteristics employed by the Group. Training and development is therefore provided to colleagues according to individual and organisational needs.

Residents

The Group actively seeks and encourages residents' participation, and is committed to ensuring that residents have the opportunity to shape and scrutinise our performance and the delivery of our services. During this reporting period, residents have helped to shape our thinking on important topics such as our vision for the future, the cost of living, and complaints. We continue to evolve and improve our approach to resident involvement, engagement and scrutiny and to have regard to the Regulator of Social Housing's Tenant Involvement and Empowerment Standard.

Our residents scrutinise our performance in a variety of ways, including through detailed scrutiny reports commissioned by the resident-led Oversight Group. Our Board meets formally with residents at least biannually through 'Board Connect' events to hear their views on the Group's performance and priorities.

Health & safety

The Board is aware of its responsibilities on all matters relating to health and safety. The Group has prepared detailed health and safety policies and procedures and provides colleague training and education on health and safety matters.

Equal opportunities

The Group is committed to equality, diversity and inclusion. It is our policy to promote an environment free from discrimination, harassment and victimisation, where everyone will receive equal treatment regardless of age, gender, sex, gender reassignment, colour, pregnancy and maternity, ethnic or national origins, disability, hours of work, nationality, religion or belief, marital or civil partner status, disfigurement, political opinions or sexual orientation.

Equality, diversity and inclusion is embedded across all aspects of Curo. The group is responsive to the needs of its colleagues, residents and the community at large and we are an organisation which uses everyone's talents and abilities and where diversity is valued.

We believe that our colleagues are essential in delivering our strategy and achieving more for our customers, and so we create a culture where colleagues feel they belong and are valued. All decisions relating to employment practices will be objective, free from bias and based solely upon work criteria and individual merit. This year, we have rolled out a programme of training for colleagues around allyship, and worked to improve our diversity data.

Going concern

The Financial Plan includes a range of assumptions including property construction, house prices and sales activity, increases to social rents, bad debts, repairs and planned investment in our existing homes.

In addition to this base case Financial Plan, we modelled the financial impact of a more extreme case in the form of a "perfect storm". We have a mitigation plan in place in order to ensure that we will not break any loan covenants or any of our Financial Rules in the event of a perfect storm. The Financial Rules are internal parameters for us to operate within which encapsulate the Board's appetite for risk and are used to measure performance which is reported regularly to the Board.

The conclusion from the financial modelling and stress testing was that neither the base case, or extreme case stress tests will break our loan covenants or Financial Rules at any point in the foreseeable future.

As a result, the Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, being a period of twelve months after the date on which the report and financial statements are signed. For this reason it continues to adopt the going concern basis in the financial statements.

Statement of compliance

In presenting the Strategic Report, the Board has endeavoured to follow the principles regarding purpose, audience, time-frame, reliability, comparability and financial and non-financial measures as set out in the Statement of Recommended Practice for Accounting by Registered Social Landlords 2018.

Annual General Meeting

The Annual General Meeting will be held on 18 September 2023.

Disclosure of information to auditors

At the date of making this report each of the Group's Board directors, as set out on page 1, confirm the following:

- So far as each Board director is aware, there is no relevant information needed by the group's auditors in connection with preparing their report of which the Group's auditors are unaware.

- Each Board director has taken all the steps that they ought to have taken as a Board director in order to make themselves aware of any relevant information needed by the Group's auditors in connection with preparing their report and to establish that the Group's auditors are aware of that information.

Independent auditors

BDO LLP has indicated its willingness to continue in office and a resolution to note re-appointment for the coming year is proposed at the Annual General Meeting.

The Report of the Board was approved by the Board on 24 July 2023 and signed on its behalf by:

Jane Tabor	Katherine Gullon	Victor da Cunha
....	....	....
Jane Tabor	Katherine Gullon	Victor da Cunha
Chair	Secretary	Group Chief Executive

Group Strategic Report for the year ended 31 March 2023

Group Structure

Our group structure includes the following legal entities:

Curo Group (Albion) Limited: is the ultimate parent and provides strategic, management and support services to the rest of the Group. Curo Group (Albion) Limited is a charitable Community Benefit Society registered with the Financial Conduct Authority and a Registered Provider.

Curo Places Limited is our core landlord business, managing more than 12,500 social homes in Bath and the surrounding areas. Curo Places Ltd is a charitable Community Benefit Society registered with the Financial Conduct Authority and a Registered Provider.

Curo Choice Limited is a specialist support business, which provides services to both residents and non-residents. Curo Choice Ltd is a charitable Community Benefit Society.

Curo Enterprise Limited is a housebuilding company, generating income to cross-subsidise our core business. Curo Enterprise Ltd is a company limited by shares.

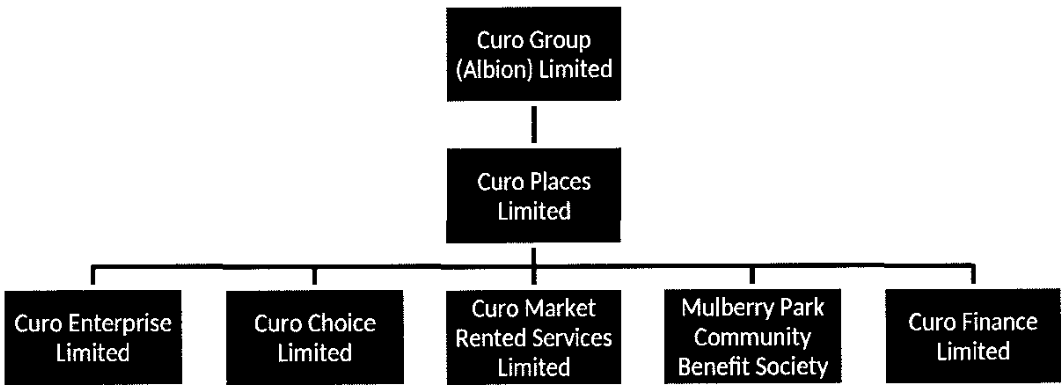
Curo Market Rented Services Limited is a private market rented company, also generating income to cross-subsidise our core business. Curo Market Rented Services is a company limited by shares.

Mulberry Park Community Benefit Society was established for the benefits of the community around Mulberry Park in Bath and provides community services and estate management services for recreational and community purposes.

Curo Finance Limited was established in order to act as the main contractor under development agreements with Curo Places Limited.

Group Structure

The current group structure is summarised below:



Strategic priorities

The Group's strategic priorities, as set out in the Strategic Plan 2020-25, are:

- Delivering renowned customer service
- Providing great properties and places

- Supporting independent and successful lives
- Building high quality homes
- Maintaining a resilient business

Review of the Year

The last 12 months have been very challenging for Curo and our customers alike with sustained cost of living increases showing no signs of abating in the short to medium term.

Despite these challenges, Curo delivered a reasonable level of performance during the year and continued to deliver against its core social purpose of 'homes for good'. In this section, we summarise some of the headlines, picking up the challenges and the way we mitigated these;

Customer experience - our first strategic priority is to deliver a renowned customer service and is at the heart of everything we do.

Reactive Repairs: during the year we experienced unprecedented levels of reactive repair demand from customers. Whilst we continued to deliver 100% of our emergency and urgent repairs services throughout, customers with non-urgent repairs experienced longer wait times than they should.

Increased external commentary on damp and mould, arising from the tragic and avoidable death of Awaab Ishak, also drove up demand further and we ended the year with around 50% more 'work in progress' than we planned. Complaints volumes understandably increased as a result and sadly satisfaction levels with our repairs service reduced.

As a result, we took action to address the growing demand by increasing our allocated budgets, the size of our in-house repairs team and sourcing additional third party contractor capacity to reduce backlogs and keep up with presenting demand. These steps allowed us to slowly reduce our repair backlogs to a more manageable levels. The additional resources will continue to be in place during the year, so we can recover our position fully and still have capacity for further spikes in demand.

Management of arrears - cost of living increases have had a significant adverse impact on customers ability to pay their rent. Curo's Money Advice service provides support for residents and offers a range of advice about money management. Our team helps with managing debt, accessing the correct benefits and applying for grants and charity funding, helping customers to take back control of their finances. The average amount each customer saves through using the service is £4,446. During the year we also created a Customer Support Fund providing practical support for customers in financial difficulty.

Our 'collecting with care' approach remains highly valued by our customers and effective. This was evidenced through customer satisfaction levels in the service at 95%, coupled with bad debts below 0.5% of rental income, which is top quartile performance when compared to peers in the sector.

Involving our customers – we remain committed to actively seeking and encouraging resident involvement and participation in shaping and scrutinising the delivery of our services. This last year we've begun to switch our focus to identifying the unheard customers (those that we rarely hear from) and have launched a Community Catch up offer, designed to take resident involvement to the door step of our customers.

Over the last year we've establishment a further 2 engagement forums, involved customers in a variety of workshops covering topics such as reviewing our customer service training, annual rent increase letters and the company website. We also hosted the National Housing Federations' SW workshops on the Better Social Housing Review and received customer input on the future vision for Curo.

We have increased use of our online feedback portal 'VoiceBox', which now has over 2,300 registered members. Between Voicebox and our other established engagement groups and forums, we had over 3,200 residents actively engaging with us last year. This means that customers from almost 1 in 5 of our homes are in regular dialogue with us about how we can drive improvements into our services.

Another key feature of this last year is our continued efforts to bring customers closer to our Board. We've established a great relationship through our 'Board Connect' sessions hosting regular conversations between board members and our customers on the topics that matter to them and find out what it's like to receive Curo services. In addition to this, we reviewed our customer Oversight Group giving them a stronger purpose – they now regularly review all of our key performance metrics, track progress of our headline strategies whilst continuing to commission scrutiny activities based on the information they review. The group has grown this last year to include a wider variety of customers alongside a Board member attending each meeting.

During this last year we also held our annual customer event, hosting our first ever Curos' Big Get Together event. More than 300 customers helped design the event which aimed for a more relaxed, sociable and family-friendly gathering, while also providing them with the opportunity to talk to teams from across Curo, share their ideas with us and hold us to account. The event included a blend of face-to-face and digital engagement opportunities. Curo colleagues from all our services ran stalls at the event, each providing customers with a snapshot of the services they offer, providing handouts with useful tips, and customers could take time to talk to them and get answers to their questions. In total more than 400 customers and stakeholders participated in the event.

Safety in our homes – our second strategic priority is to have great properties and places. Our asset investment strategy is prioritised to ensure our existing homes are safe, healthy, affordable and warm. This includes investment of £121m over the next five years, with £48m of that specifically linked to property safety.

We have now completed the first full year of our six year fire investment strategy which will see £18m of improvement works being carried out over that period upgrading fire doors, smoke detection and fire compartmentation across 700 blocks by 2028. During the year we have prioritised fire safety works at 40 of our highest risk schemes improving the safety for over 500 of our homes in blocks.

A key focus during the year has been exploring ways to improve our ability to diagnose and resolve damp and mould cases. This has involved recruiting specialist surveyors, providing training to all colleagues involved in the process, purchasing technical equipment to diagnose and monitor as well as changing working practices through the introduction of a case management approach. During the coming year we will be increasing our investment to resolve damp and mould issues in our homes through piloting our 'whole house' approach covering cyclical maintenance, windows, doors, insulation and ventilation to 465 homes.

Social return on investment – our third strategic priority is to support successful independent lives. We do this through a range of services, from employment support to social prescribing and hospital step down services. Collectively, these services saved the public purse £31m during the year, ahead of target and an increase of £11m on the previous year.

New homes – our fourth strategic priority is to build good quality new homes and during the year we added 176 new affordable homes to our portfolio. We have also agreed to deliver a further 1,078 affordable homes over the next 5 years. The affordable homes are delivered through a combination of our Strategic Partnership with Homes England, our own housebuilding company and through acquisition from other property developers.

In addition to these affordable homes, we completed 124 new market sale homes and began work on a further programme of 690 market sales homes over the next 5 years which will be delivered by our in-house housebuilding company, Curo Enterprise.

Colleague wellbeing and engagement – our fifth and final strategic priority is to have a resilient business, both in terms of our colleagues, sound governance and robust financial capability.

Engagement at Curo remained strong during the year with colleagues benefiting from spending more time collaborating in person following the recent times of restricted movement.

We are delighted to continue to hold the 2 star award from Best Companies, earmarking us as an 'outstanding' place to work, further reinforced by our Gold accreditation from Investors in People.

Governance and financial viability – the Regulator of Social Housing (RSH) publishes judgements on housing associations setting out whether the provider is complying with the relevant governance and financial viability standards. We continue to maintain our V1/G1 rating indicating the highest possible grades for both standards.

Balancing the books in our latest long term financial plans has been a challenge with caps on social rents, rising interest charges coupled with high inflation on our cost base creating a 'perfect storm' scenario. In order to address this issue, and maintain our ambition to continue to invest significantly in maintaining and improving our existing homes, we have adapted our operating model creating cashable efficiency savings of £1m per annum from this year onwards. The restructure also includes the creation of a Customer Hub, centralising all of the administrative functions within our Property Services team with the aim of improving both the customer journey and efficiency.

Financial performance - financial performance during the year was strong and fully compliant with all of our internal Financial Rules. We generating an operating surplus of £32m which was over £3m more than budgeted due to strong property sales performance across the group.

Positively, performance in 7 out of 9 benchmarkable Value for Money (VfM) metrics showed Curo operating above the sector median when compared to our peers.

More detailed information about our financial position and operating performance is given elsewhere in this report.

Principal risks

The Group has in place a risk management strategy and framework which provides a guide for Board directors and colleagues on the Group's approach to risk management.

The principal risks and opportunities which may affect our business and the future performance of the Group are set out below.

Risk	Comment and Curo Response
1. Economic climate	Economic challenges could materially impact on our customers' wellbeing and their ability to pay rent, as well as Curo's financial viability. This has been particularly pertinent throughout the reporting period, due to cost of living pressures, long-term impact of Covid 19 and and the UK property recession. Curo mitigates this risk by: • Applying prudent financial assumptions in our financial plans and putting in place detailed mitigation plans with all potential mitigations firmly within Curo's control. The Combined Board has agreed clear risk triggers to activate consideration of the mitigation plan. • Robustly stress testing our financial plans to understand the impact of various (and multi-variant) possible scenarios. • Maintaining Financial Rules (set by the Combined Board) as 'tramlines' within which the Group should operate. • Robustly monitoring arrears. We operate a model of 'collecting with kindness' in respect of rent arrears and have revised our team structures, procedures and systems accordingly. • Introducing (following consultation with residents) new ways of supporting customers through difficult economic times, including by partnering with others and by piloting furnished tenancies.
2. Damp and mould	Like most providers of housing, we are experiencing ongoing challenges in managing damp and mould. We were hugely saddened by the death of Awaab Ishak. This year, we have received increased reports of damp/mould in our homes. This is due to many factors, including increased awareness of the issue and the rise in energy costs making it more difficult for our customers to sufficiently heat their homes. We have a robust plan

	in place to tackle all instances of damp and mould, including increasing investment, training and recruiting more specialist surveyors, and introducing new technology to help diagnose and prevent it.
3. Repairs backlog	We are experiencing unprecedented demand for our repairs services, as is being reported across our sector. We have been working with customers to better understand this demand and have invested more in order to reduce open repairs and the wait time for our customers. During 2023/24 this will be a continued area of focus.

Emerging risks

We scan the horizon for any new or emerging risks that may have a positive or detrimental impact on the business or our residents, including reviewing lessons learnt from the Social Housing Regulator's Sector Risk Profile and Regulatory Judgements. The Combined Board considers its risk appetite at least annually.

Financial Review

Financial performance for the last three years is as follows (£m).

Statement of Comprehensive Income	2023	2022	2021
Turnover	141.7	139.2	101.0
Operating costs and cost of sales	(114.9)	(109.0)	(76.9)
Surplus on sale of assets	2.9	3.7	3.0
Pension settlement credit/(charges)	2.6	(2.6)	-
Operating surplus	**32.3**	**31.3**	**27.1**
Net interest charge and other financing costs	(9.1)	(7.6)	(7.1)
Fair value in investment properties	0.7	1.4	1.6
Corporation tax	-	(0.1)	-
Net surplus for the year	**23.9**	**25.0**	**21.6**
Statement of Financial Position	**2023**	**2022**	**2021**
Housing properties at cost less depreciation	641.0	607.5	573.5
Investment properties at valuation	16.2	14.9	12.9
Other tangible fixed assets	3.6	3.6	3.7
Fixed assets	**660.8**	**626.0**	**590.1**
Net current assets	71.2	90.4	65.7
Creditors due after one year & provisions for liabilities	(467.1)	(481.1)	(449.8)
Net Assets	**264.9**	**235.3**	**206.0**
Revenue reserve	267.3	243.4	218.4
Cash flow hedge reserve	(2.4)	(8.1)	(12.4)
Total Reserves	**264.9**	**235.3**	**206.0**

The main accounting policies of the Group are set out on pages 29 to 37 of the financial statements.

Financial Risk Management

From a financial risk perspective, Curo apply five Financial Rules. These rules are internal parameters for us to operate within and are agreed with and reported regularly to the Board. The five Financial Rules are operating margin (social lettings), interest cover, investment in Curo Enterprise, the proportion of turnover derived from private house sales and a forward-looking funding metric which measures the length of time where sufficient funding facilities are in place against committed expenditure. We were fully compliant with all five Financial Rules during the year.

Statement of Comprehensive Income

Turnover for the year totalled £142m a £3m (2%) increase on the previous year.

Operating surplus totalled £32.3m, £3m more than budgeted due to a strong year of surpluses generated from property sales. The results of the year include two accounting adjustments of a material nature:

- Pension: to release £2.6m of provision reflecting our decision to reverse the previously planned exit from SHPS pension scheme.
- Stock write down: to provide £2.7m reflecting the increased risk of achieving future sales targets.

Reserves

Surplus for the year totalled £23.9m (2022: £25.0m), increasing our revenue reserves to £267.3m as at 31 March 2023 (2022: £243.4m). We will invest this in delivery of new homes, maintaining and improving our existing homes and improving our services to residents.

Statement of Financial Position

Some key Statement of Financial Position facts as at 31st March 2023 are:

- Housing properties depreciated cost £641m (an increase of £34m in the year).
- Homes in management now total 13,986 (2022: 13,842)
- Net current assets totalled £71m (2022: £90m)

Cash flow

Cash flows for the year are set out in the cash flow statement on page 28.

During the year cash balances reduced by £17m to £39m. Key highlights include:

- Net cash inflow from operating activities of £45m (2022: £40m), an increase on prior year due primarily due to an improved working capital position at year end.
- During the year £48m (2022: £49m) was invested in new and existing social homes.
- Cash payments totalling £19m were made to cover interest charges and the repayment of existing loans.

Capital structure and treasury strategy

The Group has a formal treasury management strategy, which is regularly reviewed. The purpose of the policy is to ensure that we have sufficient funding for the medium term and to establish the framework within which the Group seeks to protect and control risk and exposure in respect of its borrowings and cash holdings. The treasury strategy addresses funding and liquidity risk and covenant compliance.

The Group has one active borrower; Curo Places Ltd. Curo Places Ltd is partly funded by syndicate loans provided through Curo Group (Albion) Ltd (the Group's parent company). The remaining borrowing is through bilateral bond and loan agreements.

Borrowing and arranged facilities, as at 31 March 2023, can be summarised as follows:

	Arranged £m	**Drawn £m**
Curo Places	534.9	344.9

At 31st March 2023, the Group had £190.0m (2022: £120.0m) of arranged facilities that were not drawn. Cash held or on deposit at the year-end totalled £39.3m (2022: £53.6m), leaving net debt of £305.6m (2022: £297.2m).

The weighted average period for drawn fixed debt is 18 years 7 months (2022: 19 years 3 months). Approximately £52.4m of existing drawn loans are due to be repaid in the next five years. The weighted average cost of debt, inclusive of margins and hedging activities, as at 31st March 2023 was 4.0% (2022: 3.8%).

There are four intercompany loan arrangements currently in place, all facilities are repayable on demand;

- £50m loan facility between Curo Places Ltd (lender) and Curo Enterprise Ltd (borrower);
- £40m loan facility between Curo Places Ltd (lender) and Curo Market Rented Services Ltd (borrower); and
- £1.1m loan facilities between Curo Places Ltd (lender) and Mulberry Park Community Benefit Society (borrower).
- £1m loan facilities between Curo Places Ltd (lender) and Curo Finance Limited (borrower).

Current liquidity

The Group holds a minimum cash holding of £5 million which is placed on instant access deposits to ensure short term liquidity. These deposits are spread over a number of banks which meet our investment criteria in respect of creditworthiness and approved limits.

Interest rate management

The Group has actively managed its loan portfolio, seeking to take advantage of low long-term interest rates. In this way the Group can achieve certainty in terms of interest rate cost but in the short term can still borrow at the very low variable rates currently on offer.

As at 31 March 2023, the percentage of fixed and variable rate loans was as follows, fixed 73% (2022: 74%) variable 27% (2022: 26%).

Loan covenant compliance

Loan covenants are primarily determined by interest cover and asset cover, based on social housing values. Both financial and non-financial covenants are monitored regularly and were met throughout the year and at the year end for all loan facilities.

Investment for the future

The Group is committed to spending approximately £40.6m annually over each of the next five years to maintain and improve its existing housing stock. It plans to maintain a balance of 35:65 in spreading this expenditure between day to day responsive repairs and planned works.

Environmental, social and governance reporting (ESG)

Annually the Group prepare an ESG report. The latest update for this financial year will be available on our company website from October 2023.

Value for Money - Strategy

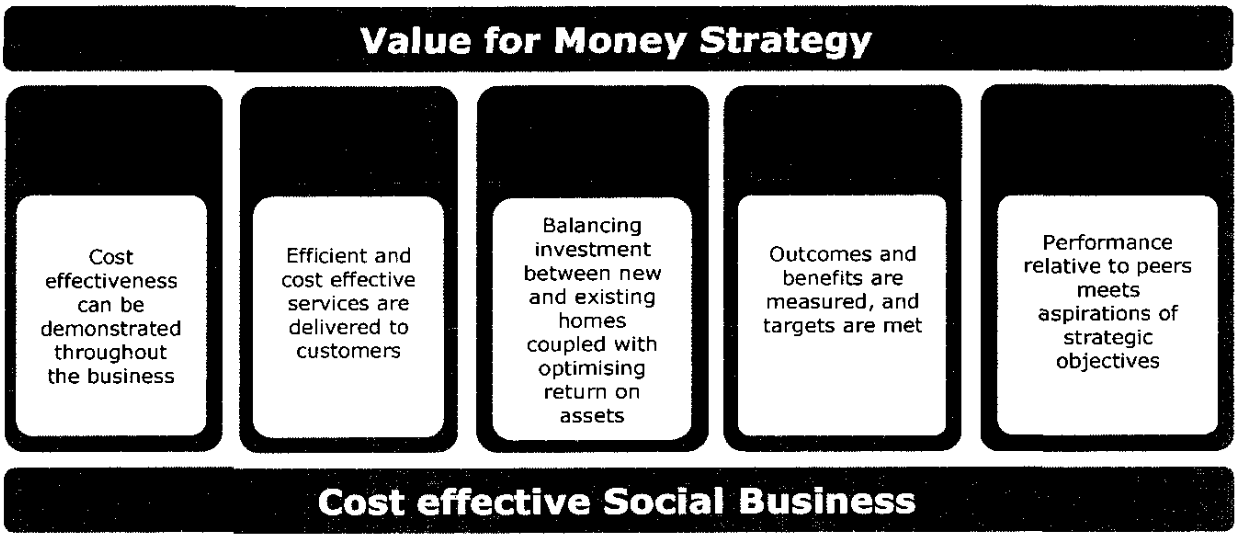
Curo's VfM strategy is an integral part of how it delivers the strategic priorities set out in the Strategic Plan. The Group is committed to delivering its strategic priorities whilst also driving value for money for the benefit of our customers and other stakeholders alike.

We have the following strategic priorities, all of which have associated strategic goals that focus on delivering VfM:

Strategic Priorities	Key VfM goals
1. To deliver renowned customer service	Providing services our customers need, optimising the service standard to provide VfM and acting on customer feedback to improve efficiency and effectiveness.
2. To provide great properties & places	Investing in our homes and shared spaces to keep them safe, healthy, affordable and warm. Understanding the future financial return on our assets and actively

	managing this to optimise VfM for our customers.
3. To support independent and successful lives	Providing affordable high-quality support services enabling residents to stay safe and independently in their homes, generating modest levels of financial return but significant social return on investment that is measurable.
4. To build high quality new homes	We will continue to innovate, either through our housebuilding division or through working with strategic partners, to maximise the volume and quality of new affordable homes acquired.
5. To maintain a resilient business	We will continue to operate using sound financial and governance practices, maintaining our V1/G1 rating and investing in colleagues and technology to drive VfM.

Our VfM strategy combines 5 activities which collectively ensure that we run a cost-effective social enterprise business by defining targets, setting plans to achieve these targets and measuring how we perform against those targets.



Embed VfM throughout Curo
The principal VfM aim is to contribute to the delivery of the Strategic Plan with efficiency and savings. Each year during the financial planning cycle, the Board consider allocation of resources and the impact that has on delivering the Strategic Plan and our VfM metrics. The Board therefore are conscious at all times of the impact of strategic decisions on VfM metrics.

Once resource allocation is agreed at a strategic level, accountability and responsibility for cost and quality outcomes are translated into operational targets through budgets, team plans and individual performance objectives.

Business improvement
The Strategic Plan is delivered via the Corporate Business Plan. We apply Agile methodology to create momentum for cultural and leadership changes faster than traditional methods.

Resource allocation
The Board take investment decisions considering the impact on the Strategic Goals and VfM metrics. Our development and asset management strategies seek to optimise our return on assets. Decisions are taken based on both financial and qualitative analysis of our existing homes at a variety of levels (unit, block, estate and business stream) to identify any outliers that require further investigation or intervention.

Performance

Curo uses a set of Key Performance Indicators to measure performance targets against our Strategic Goals, which aligns targets to customer, financial, growth, colleague and asset & safety delivery aspirations. Performance is reported and discussed with the Board regularly. The performance culture with colleagues at Curo is strong with clear accountability, transparency and a collective drive to achieve stretch targets.

Benchmarking

Benchmarking is a key part of delivering VfM within Curo whilst bearing in mind the relative differences in size, business model and composition of stock. Curo is a member of a benchmarking club where we share operational and financial information that allow cost and quality performance comparisons to be made. The Board is periodically updated with the relative performance of Curo against our peers for all VfM metrics.

Value for Money - Performance 2022/23

We measure our VFM performance against the following metrics:

Performance Metric	2022/23			
	Actual	Target	Better/ (worse)	Quartile (*)
Business health & efficiency				
Operating margin % - Social housing lettings only	25.3%	25.7%		Q2
Operating margin % - Overall	20.7%	20.0%		Q2
Interest cover % (EBITDA MRI)	181%	176%		Q2
Headline social housing cost per unit £ CPU – Curo Places Ltd. (entity level)	£4,901	£4,423	()	Q3
Return on capital employed %	4.4%	4.0%		Q1
Development & investment				
New supply delivered % - Social housing units	1.4%	2.0%	()	Q2
New supply delivered % - Non-social housing units	0.9%	0.8%		Q1
Gearing %	48%	54%		Q3
Reinvestment %	7.9%	9.4%	()	Q2
Social return on investment (SROI)	£30.5m	£12.4m		n/a

** Note: Benchmark quartile compares 2022/23 actual results against the latest published sector results (2021/22) as reported by the regulator in the Value for Money metrics and reporting 2022.*

2022/23 Performance Highlights

Performance during the year has been positive with 7 of the 10 VfM measures either better or within an acceptable tolerance of target.

Performance also compares favourably against our peers with 7 out of the 9 benchmarkable measures better than median and no outliers sat in quartile 4.

The commentary below explains the rationale why performance fell short of target on these 3 measures:

a) Social Cost per Unit (CPU) £4,901 (11% higher than target)

During the year we experienced two significant adverse variances to operational budget assumptions that had a material impact on our social cost per unit. Whilst the action taken to address these issues led to an increase in CPU they were still contained within the overall budget envelope set and delivered value for money for our customers by addressing these bottlenecks:

- Reactive repairs demand increased by 15% during the year leading to increases in our order book and longer than planned wait times for customers. In order to address this issue, we implemented a mitigation plan, increasing funding during the second half of the year and into next financial year to tackle the backlog. As at the 31st March 2023 we outperformed this target by 500 jobs and remain on track to get back to our target order book levels of no more than 2,000 open by June.
- Empty Homes maintenance costs were higher than planned during year. This increase was due to two reasons; starting the financial year with a higher than planned level of empty homes due to COVID lockdown constraints, coupled with a deterioration in the condition of properties handed back leading to higher maintenance costs per unit. Positively, through additional investment, we have addressed the backlog of empty homes and met our year-end target of 74 vacant units.

b) New supply delivered – social housing units (1.4% achieved, 0.6% lower than target)

During the year we acquired 176 new social homes, increasing our stock holding by 1.4% which is Q2, above median performance when compared to our peers.

Our original budget targeted the acquisition of 264 new social homes which if achieved would have put us close to top quartile performance.

Material shortages, leading to delays in constructing, was the major contributing factor across a small number of schemes. These schemes have been reprofiled and included in future year acquisition targets.

c) Reinvestment 7.9% achieved (1.5% below target)

Reinvestment measures the in-year capital investment in new and existing homes as a proportion of our asset base held at cost. The shortfall to target is directly linked to not achieving the volume of new acquisitions as planned. Underlying investment in our existing homes was in line with planned levels.

Value for Money - Future targets

The table below shows the trajectory of results for the last three years on VFM metrics, together with our plans and targets for 2023/24:

Performance Metric **Business health & efficiency**	**2020/21 Actual**	**2021/22 Actual**	**2022/23 Actual**	**2023/24 Target**	**Quartile (*)**
Operating margin % - Social housing lettings only	27.6%	26.3%	25.3%	26.8%	Q2
Operating margin % - Overall	23.8%	19.9%	20.7%	20.4%	Q3
Interest cover % (EBITDA MRI)	315%	267%	181%	122%	Q3
Headline social housing cost per unit CPU – Curo Places Ltd. (entity level)	£ £3,565	£4,181	£4,901	£4,664	Q3
Return on capital employed %	4.1%	4.4%	4.4%	3.5%	Q2

Performance Metric **Development & investment**	**2020/21 Actual**	**2021/22 Actual**	**2022/23 Actual**	**2023/24 Target**	**Quartile (*)**

New supply delivered % - *Social housing units*	1.9%	1.9%	1.4%	2.2%	Q1
New supply delivered % - Non-social housing units	0.3%	0.8%	0.9%	0.8%	Q1
Gearing %	53%	48%	48%	56%	Q4
Reinvestment %	9.0%	9.1%	7.9%	10.4%	Q1
Social return on investment (SROI)	£16.4m	£19.7m	£30.5m	£24.0m	n/a

** Note: Benchmark quartile compares 2022/23 actual results against the latest published sector results (2021/22) as reported by the regulator in the Value for Money metrics and reporting 2022.*

Each year during the financial planning cycle the Board consider allocation of resources and the impact that has on delivering the Strategic Plan and our VfM metrics. In order to deliver the strategic priorities outlined in the Strategic Plan the Board agreed to substantial increases in the level of investment in both new and existing stock, which whilst affordable and compliant with Curo's Financial Rules, has resulted in target metrics reducing over recent years and with some being set in the lower quartiles.

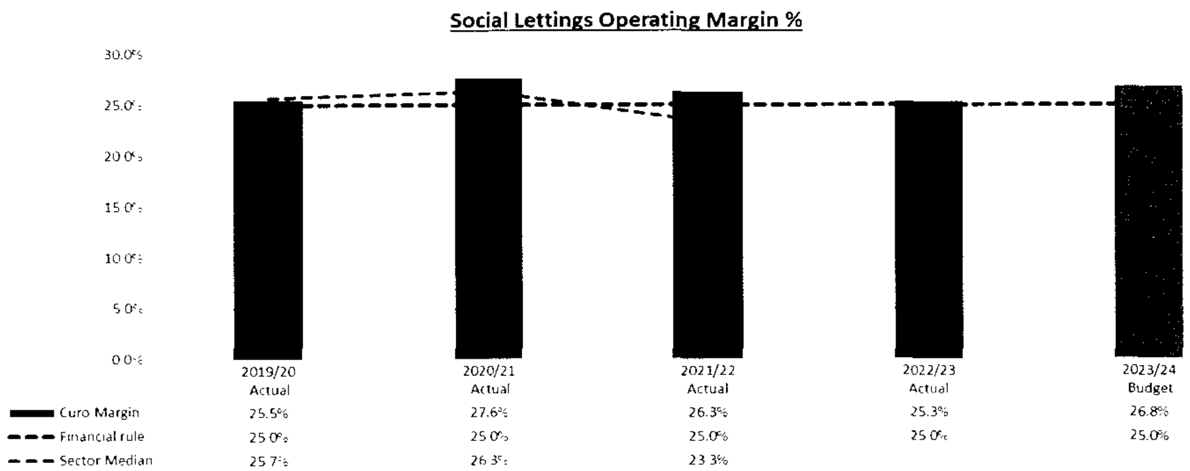
In light of the recent inflationary pressures, our focus more than ever, is to drive productivity improvements across the business to improve operating margin and mitigate increases to our cost per unit.

Key highlights relating to 2023/24 targets are explained below:

a) Social Lettings Margin

Maintaining a strong Social Lettings margin forms an integral part of our internal Financial Rules ensuring that our core landlord business remains financially resilient to future challenges.

The table below charts actual performance over the last 4 years demonstrating our commitment to retaining surpluses within the 25% Financial Rule framework whilst still delivering our strategic priorities.



The sector median has decreased by 2.4% over this period to 2021/22. Curo's operating margin at 25.3% to 2022/23 is almost unchanged from 2019/20.

During the last year we have reviewed our operating model and restructured in order to deliver £1m per annum of efficiency savings that will be realised from 2023/24 onwards. These savings are built into budgets and all future targets enabling us to mitigate the adverse financial impact of rising costs coupled with capped social rents.

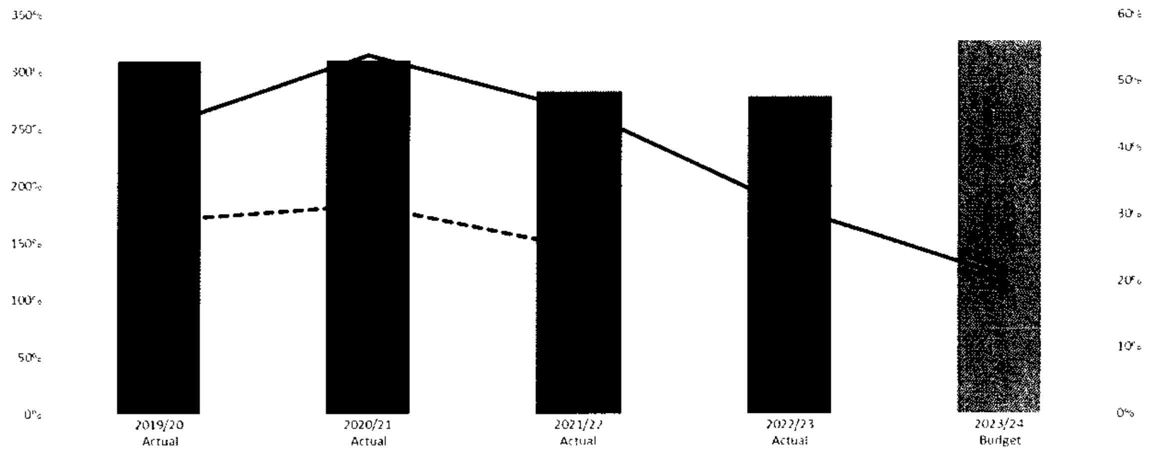
b) Interest cover and gearing

Interest cover and gearing are measures of an organisation's ability to take on more debt to support the delivery of new homes and improvements to existing stock, and its ability to cover ongoing finance costs from operating activities.

The Board is aware that gearing has remained historically high in comparison with our peers, currently Q3 benchmark but increasing to Q4 next year. This does not expose the business to undue risk as borrowing levels are maintained well within planned levels and interest cover capacity to our loan covenants remains strong demonstrating our ability to repay loans.

The graph below shows the whilst Curo's interest cover has consistently remained well above the sector median, the declining trajectory mirrors the reductions being experienced elsewhere.

Interest Cover vs Gearing



	2019/20 Actual	2020/21 Actual	2021/22 Actual	2022/23 Actual	2023/24 Budget
Gearing	53%	53%	48%	48%	56%
Interest Cover - Curo	253%	315%	267%	181%	122%
Interest Cover - sector median	170%	183%	146%		150%

c) Reinvestment + new social homes % – targets set at Q1 performance

Two integral parts of our strategic priorities include:

- Building high quality new homes; and
- Providing Great Properties and Places through investing in existing homes

2023/24 targets for both reinvestment and new social homes are set at quartile one levels when compared to our peers, demonstrating our ambition to progress with these priorities.

Total investment planned next year totals £73m enabling us to acquire 289 new social homes and continue to invest in capitalised improvements to improve existing homes. Investment in our existing homes includes nearly 2,000 component replacements, the continuation of our robust fire safety investment programme as well as piloting a whole-house approach to tackle energy efficiency, damp and mould issues in our homes.

The Group Strategic Report was approved by the Board on 24 July 2023 and signed on its behalf by:

Jane Tabor Katherine Gullon Victor da Cunha

Jane Tabor	Katherine Gullon	Victor da Cunha
Chair	Secretary	Group Chief Executive

Independent auditor's report to the members of Curo Group (Albion) Ltd

Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Association's affairs as at 31 March 2023 and of the Group's and the Association's surplus/deficit 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 Cooperative and Community Benefit Societies Act 2014, the Cooperative and Community Benefit Societies (Group Accounts) Regulation 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

We have audited the financial statements of Curo Group (Albion) Ltd (the 'company') and its subsidiaries (the 'Group') for the year ended 31 March 2022 which comprise the consolidated and company statement of comprehensive income, the consolidated and company statement of financial position, the consolidated and company statement of changes in equity, the consolidate statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group and the Company 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the board members' 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 Group's and Company'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 board is responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information including the Report of the Board and Group Strategic Report and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of 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 where we are required by the Co-operative and Community Benefit Societies Act 2014 or the Housing and Regeneration Act 2008 to report to you if, in our opinion:

- the information given in the Report of the Board for the financial year for which the financial statements are prepared is not consistent with the financial statements;
- adequate accounting records have not been kept by the Parent Company; or
- a satisfactory system of controls has not been maintained over transactions; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; 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 xx, 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 members determine 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 Group's and the Company'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 intend to liquidate the Group or the Company 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.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the Group and the sector in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to their registration with the Regulator of Social Housing, and we considered the extent to which non-compliance might have a material effect on the Group Financial Statements or their continued operation. We also considered those laws and regulations that have a direct impact on the financial statements such as compliance with the Accounting Direction for Private Registered Providers of Social Housing and tax legislation.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results and management bias in accounting estimates.

The audit procedures to address the risks identified included:

- Challenging assumptions made by management in their significant accounting estimates and judgements in relation to the impairment, investment property classifications, defined benefit obligation, arrears provisions and useful economic lives
- Identifying and testing journal entries, in particular any journal entries posted from staff members with privilege access rights, journals posted by key management, journals posted and journals posted after the year end.
- Reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC and the Regulator of Social Housing

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

Use of our report

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

DocuSigned by:

Philip Cliftlands

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Philip Cliftlands (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London

08 September 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated and Company Statement of Comprehensive Income
For the year ended 31 March 2023

	Note	Group 2023 £000	Group 2022 £000	Company 2023 £000	Company 2022 £000
Turnover	5	141,716	139,197	7,068	6,932
Operating expenditure	5	(114,949)	(108,961)	(7,064)	(6,926)
Gain on disposal of property, plant and equipment	5,7	2,878	3,632	-	-
Pension settlement release / (charge)	5,26	2,614	(2,586)	-	-
Operating surplus	5	**32,259**	**31,282**	**4**	**6**
Interest receivable	8	841	31	4,116	1,804
Interest payable and similar charges	9	(9,918)	(7,640)	(4,086)	(1,804)
Movement in fair value of investment properties	15	734	1,432	-	-
Surplus on ordinary activities before taxation		**23,916**	**25,105**	**34**	**6**
Taxation	13	5	(141)	-	-
Surplus for the year	10	**23,921**	**24,964**	**34**	**6**
Other comprehensive income					
Change in fair value of hedged financial instruments		5,716	4,319	-	-
Other comprehensive income		**5,716**	**4,319**	**-**	**-**
Total comprehensive income for the year		**29,637**	**29,283**	**34**	**6**

Consolidated and Company Statement of Financial Position

As at 31 March 2023

Fixed assets	Note	**Group 2023 £000**	**Group 2022 £000**	**Company 2023 £000**	**Company 2022 £000**
Housing properties	14	640,986	607,453	110	112
Investment properties	15	16,242	14,912	-	-
Other property, plant & equipment	16	3,621	3,592	-	-
Total fixed assets		**660,849**	**625,957**	**110**	**112**
Current assets					
Debtors: amounts falling due after more than one year	18	-	-	153,000	158,400
Stocks	17	81,114	82,167	-	-
Debtors: amounts falling due within one year	18	5,011	3,815	69	85
Cash and cash equivalents		39,291	56,565	1,521	1,535
		125,416	142,547	154,590	160,020
Creditors: amounts falling due within one year	19	(54,248)	(52,112)	(6,203)	(6,268)
Net current assets		**71,168**	**90,435**	**148,387**	**153,752**
Total assets less current liabilities		**732,017**	**716,392**	**148,497**	**153,864**
Creditors: amounts falling due after more than one year	20	(464,279)	(476,901)	(147,638)	(153,039)
Provision for liabilities and charges	21	(2,851)	(4,241)	-	-
Net assets		**264,887**	**235,250**	**859**	**825**
Capital and reserves					
Revenue reserve		267,305	243,384	859	825
Cash flow hedge reserve		(2,418)	(8,134)	-	-
		264,887	**235,250**	**859**	**825**

The financial statements on pages 25 to 59 were authorised for issue by the Board of Directors on 24 July 2023 and were signed on its behalf.

Jane Tabor	Katherine Gullon	Victor da Cunha
Jane Tabor Chair	Katherine Gullon Secretary	Victor da Cunha Group Chief Executive

Consolidated and Company Statement of Changes in Equity
For the year ended 31 March 2023

Group consolidated	Cash flow hedge reserve £000	Revenue reserve £000	Total £000
At 1 April 2021	**(12,453)**	**218,420**	**205,967**
Surplus for the year	-	24,964	24,964
Change in fair value of hedged financial instruments	4,319	-	4,319
At 31 March 2022	**(8,134)**	**243,384**	**235,250**
Surplus for the year	-	23,921	23,921
Change in fair value of hedged financial instruments	5,716	-	5,716
At 31 March 2023	**(2,418)**	**267,305**	**264,887**

Company	Revenue reserve £000	Total £000
At 1 April 2021	819	819
Surplus for the year	6	6
At 31 March 2022	**825**	**825**
Surplus for the year	34	34
At 31 March 2023	**859**	**859**

Consolidated Statement of Cash Flows
For the year ended 31 March 2023

	Notes	Group 2023 £000	Group 2022 £000
Net cash inflow from operating activities	32	**44,984**	**39,934**
Cash flows from investing activities			
Purchase of fixed assets – housing properties		(48,157)	(48,761)
Purchase of fixed assets – other	16	(684)	(629)
Proceeds from sale of fixed assets		6,895	5,952
Grant (repaid) / received		(1,731)	18,978
Interest received		842	31
Net cash used in investing activities		**(42,835)**	**(24,429)**
Cash flows from financing activities			
Interest paid		(13,456)	(10,086)
New loans		-	72,000
Repayment of borrowings		(5,967)	(36,964)
Net cash (outflows)/inflows from financing activities		**(19,423)**	**24,950**
(Decrease)/increase in cash and cash equivalents in the year		**(17,274)**	**40,455**
Cash and cash equivalents at the beginning of the year		56,565	16,110
Cash and cash equivalents at the end of the year		**39,291**	**56,565**

Curo Group – Accounting Policies

Notes to the Financial Statements for the Year ended 31 March 2023

1) General information

Curo Group (Albion) Limited ('the Company') and its subsidiaries (together "the Group") operate a not-for-profit housing and support organisation based in Bath, providing affordable homes and high quality care and support services across the West of England.

Curo Group (Albion) Ltd. is a charitable Community Benefit Society registered with the Financial Conduct Authority. The Company is also registered with the Regulator of Social Housing as a social housing provider. Curo Group (Albion) Ltd. registered office is The Maltings, River Place, Lower Bristol Road, Bath BA2 1EP.

Curo Market Rented Services Ltd. (company registration 4705482), Mulberry Park Community Benefit Society (registered company number 7696) and Curo Finance Ltd (company registration 13596265) also form part of the consolidated Group and are exempt from the requirements of carrying out an external audit under section 479A of the Companies Act 2016.

2) Statement of compliance

The financial statements have been prepared in accordance with applicable law and UK accounting standards (United Kingdom Generally Accepted Accounting Practice) which for the Group includes the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefits Societies (Group Accounts) regulations 1969, FRS 102 "the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland", the Statement of Recommended Practice (SORP) for Registered Social Housing Providers 2018, the Accounting Direction for Private Registered Providers of Social Housing 2022.

3) Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated and separate financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Basis of preparation

These consolidated and separate financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group and Company accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

b) Going concern

The Financial Plan includes a range of assumptions including property construction, house prices and sales activity, bad debts, repairs and planned investment in our existing homes. *In addition to this base case, we modelled the financial impact of a more extreme case in* the form of a "perfect storm". We have a mitigation plan in place in order to ensure that we will not break any loan covenants or any of our Financial Rules in the event of a perfect storm. The Financial Rules are internal parameters for us to operate within which encapsulate the Board's appetite for risk and are used to measure performance which is reported regularly to the Board.

The conclusion from the financial modelling and stress testing was that neither the base case, or extreme case stress tests will break our loan covenants or Financial Rules at any point in the foreseeable future. As a result, the Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable *future, being a period of twelve months after the date on which the report and financial* statements are signed. For this reason it continues to adopt the going concern basis in the financial statements.

3) Summary of significant accounting policies (continued)

c) Exemptions for qualifying entities under FRS 102

In preparing the separate financial statements of the parent company, advantage has been taken not to disclose a separate cash flow statement under FRS 102.

d) Basis of consolidation

The Group financial statements consolidate the financial statements of the Curo Group (Albion) Ltd. and all its subsidiaries up to 31 March 2023. Intra group sales and profits are eliminated fully on consolidation.

The accounting treatment adopted for the consolidation of Curo Group (Albion) Ltd, Curo Places Ltd, Curo Choice Ltd, Curo Enterprise Ltd, Curo Market Rented Services Ltd, Mulberry Park Community Benefit Society and Curo Finance Ltd for the preparation of the consolidated financial statements is set out below. Accounting policies are consistent across the Group.

e) Revenue recognition

Turnover

The Group generates and recognises turnover from the following material income streams:-

Rental income	Recognised from the point when properties under development reach practical completion or otherwise become available for letting, net of void loss. Rental income is deferred to a future period where it does not relate to the current period.
Service charge income	The Group adopts the variable method for calculating and charging service charges to its tenants and leaseholders. Turnover, net of void loss, is recognised when expenditure is incurred as this is considered to be the point at which the service has been performed and revenue recognition criteria met. The cost of providing these services is recognised in operating cost.
Support income	Income relating to support services funded under Supporting People is recognised as it falls due under the contractual arrangements with the Administering Authority.
Disposal proceeds of *current assets such as:* • properties developed for outright sale; or • shared ownership first tranche sales.	Proceeds on property sales are recognised when the risks and *rewards of ownership transfer, principally on legal completion of* the sale. Proceeds from first tranche disposals are accounted for as turnover in the Statement of Comprehensive Income of the period in which the disposal occurs and the cost of sale is transferred from current assets to operating costs. Proceeds from subsequent tranche sales are treated as disposals of fixed assets.
Other miscellaneous income sources	Recognised as receivable on the delivery of services provided.

3) Summary of significant accounting policies (continued)

f) Employee benefits

Pensions

The Group operated three pension schemes during the year:

Defined contribution schemes (Scottish Widows and Social Housing Pension Scheme)

The Company participated in two defined contribution schemes during the year where the amount charged to the Statement of Comprehensive Income represents the contributions payable to the scheme in respect of the accounting period. All existing and new colleagues are eligible to join this defined contribution scheme. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the Statement of Financial Position.

Under the scheme, colleagues have been allocated their own personal pension policy and can choose their own investment fund from the many offered. The assets of the scheme are separate from the Company and are invested by independent investment managers. The pension cost charge in note 26 represents contributions payable by the company to all funds.

Defined benefit pension scheme - Social Housing Pension Scheme

The Social Housing Pension Scheme (SHPS) is a defined benefit multi-employer scheme administered by TPT Retirement Solutions (formerly The Pensions Trust) ("TPT").

This pension scheme was closed to new members in 2007. On 31st January 2022, the Company notified its intent to leave the Social Housing Pension Scheme (SHPS) by triggering the Section 75 of the Pensions Act 1995 debt through the withdrawal of our last active member of the scheme on 31st January 2022.

Mercer, the scheme actuary, estimated the pension deficit by comparing the value of the scheme's assets to the scheme liabilities calculated using an annuity buy-out basis. As management considered this estimate to be the most realistic calculation of our deficit, this *deficit was recognised in full in the prior year results of the financial statements presented.*

Due to a combination of increased interest rates, caps on social rent and general cost inflation the Board took the decision in November 2022 to indefinitely defer the exit of the SHPS scheme on the basis of affordability, effectively reversing the pension exit charge in this financial year.

Pension scheme assets are measured using market value in the current year results of the financial statements presented. Pension scheme liabilities are measured using the projected unit actuarial method and are discounted at the current rate of return on a high-quality corporate bond of equivalent terms and currency to the liability.

Full disclosure of our pension liability can be found in note 26.

g) Taxation

Corporate tax

Provision has been made for any corporation tax liabilities arising from the profits made in the year by Curo Enterprise Ltd, Curo Market Rented Services Ltd and Curo Finance Ltd. Curo Group (Albion) Ltd, Curo Places Ltd, Curo Choice Ltd and Mulberry Park Community Benefit Society have charitable status and are not liable for corporation tax on their charitable activities. The current charge or credit for taxation is based on the surplus or deficit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

3) Summary of significant accounting policies (continued)

Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Value added tax (VAT)

The Group's primary income stream, rent, is exempt for VAT purposes. The vast majority of expenditure is subject to VAT, which the Group is unable to reclaim and hence expenditure is shown inclusive of VAT. Some VAT can be reclaimed under the partial exemption method; this is credited to the statement of comprehensive income in the relevant cost heading. All Curo companies, with the exception of Curo Enterprise Ltd and Curo Finance Limited, operate within one VAT group.

Curo Enterprise Ltd's primary income stream, the market sale of houses, is not exempt for VAT purposes. Expenditure for Curo Enterprise Ltd is stated net of input VAT as it is wholly recoverable.

h) Fixed assets

Housing properties

Housing properties are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price of the asset, the costs directly attributable to bringing the asset to its working condition for its intended use and interest charges incurred during the development period.

Interest incurred during the construction of a new development from acquisition to practical completion is capitalised to each scheme at the average interest rate incurred, unless the financing of the development has been specifically hedged against, in which case that interest rate will be used.

Overhead costs relating to development activities are capitalised on an apportionment of the colleague time spent on this activity. Housing properties in the course of construction are held at cost and are not depreciated. They are transferred to completed properties when handed over for letting or sale.

Housing properties are split between the land, structure and those major components which have significantly different patterns of consumption of economic benefits. The replacement cost of components is capitalised. Each component is treated as a separate asset and depreciated over its expected useful economic life at the following annual rates:

Structure - General housing stock	100 years
Structure - Precast reinforced concrete (PRC) housing stock	30 years
Structure – Georgian housing stock	150 years
Kitchen	20 years
Bathroom	30 years
Boilers and Electrical Heating Systems	15-25 years
Heating distribution systems	30 years
Windows	30 years
Lifts	25 years
Fire alarms & fire doors	20 years

Properties held on long leases are depreciated over their estimated useful economic lives or the lease duration if shorter.

Land is not depreciated on account of its indefinite useful economic life.

3) Summary of significant accounting policies (continued)

Expenditure on major refurbishment to properties is capitalised where the works increase the net rental stream over the life of the property. An increase in the net rental stream may arise through an increase in the net rental income, a reduction in future maintenance costs, or a subsequent extension in the life of the property. All other repair and replacement expenditure is charged to the statement of comprehensive income.

Shared ownership

All shared ownership properties, including those under construction, are split between fixed assets and current assets. This split is determined by the percentage of the property to be sold under a first tranche sale, which is shown on initial recognition as a current asset, with the remainder classified as a fixed asset. Any surplus on disposal of the first tranche is limited to the overall surplus by adjusting the costs allocated to current or fixed assets. The overall surplus for these purposes is the difference between net present value of cash flows and cost.

Proceeds from the first tranche disposals are accounted for in the statement of comprehensive income in the period in which the disposal occurs. All subsequent tranche disposals are recognised in the statement of comprehensive income as a gain or loss on disposal of assets.

Allocation of costs for mixed tenure and shared ownership developments

Costs are allocated to the appropriate tenure where it is possible to specify which tenure the expense relates to. Where it is not possible to relate costs to a specific tenure costs are allocated on a floor area or unit basis depending on the appropriateness for each scheme.

Other fixed assets

Non-housing property, plant and equipment is stated at historic cost less accumulated depreciation and any provision for impairment. Non housing fixed asset expenditure under £1,000 is not capitalised.

Depreciation is provided on all non-housing property, plant and equipment, other than freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Other fixed assets	
Computer equipment and IT software	3-5 years
Furniture and equipment	3-15 years
Office premises (freehold)	40 years

Impairment of fixed assets

Properties held for their social benefit are not held solely for the cash inflows they generate and are held for their service potential.

The housing property portfolio for the Group is assessed for indicators of impairment at each balance sheet date. If such an indicator exists, an impairment assessment is carried out and an estimate of the recoverable amount of the asset or cash generating unit is made. Where the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognised in the statement of comprehensive income. The recoverable amount of an asset is the higher of its value in use and fair value less costs to sell.

Where assets are held for their service potential, value in use is determined by the present value of the asset's remaining service potential plus the net amount expected to be received from its disposal. Depreciated replacement cost is taken as a suitable measurement model.

The Group defines cash generating units as neighbourhoods. Where the recoverable amount of an asset or cash generating unit is lower than its carrying value an impairment is recorded through a charge to the statement of comprehensive income.

3) Summary of significant accounting policies (continued)

Social housing grant

Government grant is accounted for using the accrual model set out in FRS 102 and the Housing SORP 2014. Grant is carried as deferred income in the Statement of Financial Position and released to the statement of comprehensive income on a systematic basis over the useful economic lives of the asset for which it was received. In accordance with Housing SORP 2014 the useful economic life of the housing property structure has been selected.

Recycled Capital Grant Fund

On the occurrence of certain relevant events, primarily the sale of dwellings, Homes England can direct the Group to recycle capital grants or to make repayments of the recoverable amount. The Group adopts a policy of recycling, for which a separate fund is maintained. If unused within a three-year period, it will be repayable to Homes England with interest. Any unused recycled capital grant held within the recycled capital grant fund, which it is anticipated will not be used within one year is disclosed in the Statement of Financial Position under "creditors due after more than one year". The remainder is disclosed under "creditors due within one year".

Sale of social housing properties

Under the terms of the transfer agreement, a proportion of the proceeds from right to buy sales made by Curo Places Ltd. is shared with Bath and North East Somerset Council. On completion of a right to buy sales contract the full proceeds are credited to the Statement of Comprehensive income and the share payable to the Council is treated as a cost of sale.

Investment properties

Investment properties consist of commercial properties and other properties, assets not held for social benefit or for use in the business. Investment properties under construction are held at cost. Investment properties are professionally valued on completion and subsequently every 5 years, with the last formal valuation taking place in 2021. The fair value of each property is assessed and updated annually using the most appropriate indexation information publicly available. Any surplus or deficit arising is recognised in the Statement of Comprehensive Income for the period. Investment properties are not depreciated.

Investment in subsidiary undertakings

Investments in subsidiary undertakings are recorded at cost plus incidental expenses less any provision for impairment. Impairment reviews are performed by the directors when there has been an indication of potential impairment.

i) Stock

Stock

Stock and work in progress are valued at the lower of cost and net realisable value. Cost comprises of direct materials, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

Land held for development, including land in the course of development, is initially recorded at cost. Where, through deferred purchase credit terms, the carrying value differs from the amount that will ultimately be paid in settling the liability, this difference is charged as a finance cost in the Statement of Comprehensive Income over the period of settlement.

Due to the scale of the company's developments, the company has to allocate site-wide development costs between units built in the current year and in future years. It also has to estimate costs to complete on such developments. In making these assessments, there is a degree of inherent uncertainty. The company has developed internal controls to assess and review carrying values and the appropriateness of estimates made.

For shared ownership properties the value held as stock is the estimated cost to be sold as a first tranche.

Where necessary, provision is made for obsolete, slow moving and defective stocks.

3) Summary of significant accounting policies (continued)

j) Debtors and creditors

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

Recoverable amount of rental and other trade receivables

The Group estimates the recoverable value of rental and other receivables and makes a provision for unrecoverable debt. When assessing the level of impairment, it considers both the value and classification of debt to apply a tiered level of provision based on a prudent estimated risk of potential non-payment.

Rent and service charge agreements

Tenants who have a payment arrangement to pay their debts over a period of longer than the group's normal terms of business are treated as having a financing transaction. These transactions are recognised at their present value rather than transaction value.

Leasehold sinking funds

Unexpended amounts collected from leaseholders for major repairs on leasehold schemes and any interest received are included in creditors, either within amounts falling due within one year, or amounts falling due after more than one year, depending on when the funds are expected to be used.

k) Cash and cash equivalents

Cash

*Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-*term highly liquid investments with maturities of three months or less. Bank overdrafts, when applicable, are shown within current liabilities.

l) Financial instruments

Financial assets

Basic financial assets such as rent arrears, trade and other receivables and cash and cash equivalents are initially recorded at transaction price. If the arrangement constitutes a financing transaction, then the transaction is measured at the present value of future receipts discounted at a market rate. The assets are subsequently carried at amortised cost using the effective interest rate method. At the end of each reporting period the amortised cost is assessed for evidence of impairment. Any impairment is recognised in the Statement of Comprehensive Income. A financial asset is derecognised when the contractual rights to the cash flows expire, or when the financial asset and all substantial risks and rewards are transferred.

Financial Liabilities

Basic financial liabilities such as trade and other payables, bank loans and intercompany loans are initially recognised at transaction price. If the arrangement constitutes a financing transaction, then the debt instrument will be measured at the present value of the future receipts discounted at a market rate of interest. The debt instrument is subsequently carried at the amortised cost, using the effective interest rate method.

Derivative financial instruments

The Group uses derivative financial instruments to reduce exposure to interest rate movements. The Group does not hold or issue derivative financial instruments for speculative purposes. Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at each reporting date. The resulting gain or loss is recognised in surplus or deficit immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in surplus or deficit depends on the nature of the hedge relationship.

3) Summary of significant accounting policies (continued)

m) Leased assets

Leased assets

At inception the Group assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

Operating leases

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

n) Related party transactions

The Group discloses transactions with related parties which are not wholly owned within the same Group. Where appropriate, transactions of a similar nature are aggregated unless separate disclosure is necessary to understand the effect of the transactions on the Group financial statements.

4) Critical accounting judgements and estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Significant management judgements

In preparing these financial statements, the key judgements have been made in respect of the following:

- **Impairment**: whether there are indicators of impairment of the group's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit, incorporating any future regeneration plans. The Group have considered the measurement basis to determine the recoverable amount of assets based on depreciated replacement cost as the primary method of measurement. The Group have also considered impairment based on their assumptions to define cash generating units.

- **Stock value**: the anticipated costs to complete on a development scheme based on anticipated construction cost, effective rate of interest on loans during the construction period, legal costs and other costs. Based on the costs to complete, we then determine the recoverability of the cost of properties developed for outright sale and land held for sale. This judgement is also based on the Group's best estimate of sales value based on economic conditions within the area of development.

4. Critical accounting judgements and estimation uncertainty (continued)

Estimation uncertainty

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Tangible fixed assets

Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

For housing property assets, the assets are broken down into components based on management's assessment of the properties. Individual useful economic lives are assigned to these components.

Investment properties are professionally valued every 5 years and updated annually using the most appropriate indexation information publicly available. Market values may change considerably year on year depending on fluctuations within the property market coupled with potential changes in interest rates. There is an inevitable degree of judgement involved in making this estimate that can only ultimately be reliably tested in the market itself.

Provision for liabilities

A provision for liabilities is recognised only where probable that there is a legal or constructive *obligation to transfer economic benefits. The provision is recognised at the best estimate of the* amount required. These provisions require management's best estimate of the costs that will be incurred determined by a combination of management information available and technical specialist opinion.

The provision recognised and disclosed in note 21 is primarily comprised of fire safety property costs and the potential repayment of charges linked to an ongoing legal challenge.

The provision for Fire Safety property costs is based on management judgement that we have both a legal and constructive obligation to undertake corrective remedial works. Management have considered realistic alternatives and have come to the judgement these do not represent viable alternatives to settling the obligation for Curo.

Provision for bad or doubtful debts

The Group estimates the cost of irrecoverable debt linked to rent and service charge income. This provision is based on individual debtor balances, with increased levels of provision attributed to the highest risk cases primarily based on the size of the debt and dependant on whether the debtor is a remaining customer or not. Management estimates for provision levels aim to proportionately and prudently reflect the estimated cost of irrecoverable debt. We have reviewed the level of provision applied in light of the increased risk of non-payment linked to the current economic challenges that our customers face and have concluded that our existing provisions are prudent.

Defined benefit pension scheme

The costs of defined benefit pension plans are determined using actuarial valuation which involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long-term nature of these plans, the estimates are subject to significant uncertainty. See note 26 for details of the valuation and underlying assumptions.

5. Particulars of turnover, operating expenditure and operating surplus

Group consolidated	Turnover 2023 £000	Operating Costs 2023 £000	Surplus on disposal 2023 £000	Pension exit costs 2023 £000	Operating surplus 2023 £000	Operating surplus 2022 £000
Social housing lettings (Note 6)	75,020	(56,008)	-	-	19,012	18,474
Other social housing activities						
First tranche low cost home ownership sales	7,033	(5,035)	-	-	1,998	2,695
Charges for support services	3,316	(3,156)	-	-	160	170
Development administration	-	(389)	-	-	(389)	(347)
Gain on disposal of property, plant and equipment	-	-	2,878	-	2,878	3,632
	10,349	(8,580)	2,878	-	4,647	6,150
Activities other than social housing						
Market renting	2,253	(1,546)	-	-	707	1,004
Community Hub	558	(684)	-	-	(126)	(144)
Commercial properties	338	(143)	-	-	195	184
Leasehold properties	1,441	(1,576)	-	-	(135)	(121)
Open market property sales	50,355	(43,180)	-	-	7,175	7,437
Garages	1,402	(489)	-	-	913	884
Pension settlement release / (charges)	-	-	-	2,614	2,614	(2,586)
Stock for resale impairment	-	(2,743)	-	-	(2,743)	-
	56,347	(50,361)	-	2,614	8,600	6,658
Total	**141,716**	**(114,949)**	**2,878**	**2,614**	**32,259**	**31,282**

5. Particulars of turnover, operating expenditure and operating surplus (continued)

Company	Turnover 2023	Operating expenditure 2023	Operating surplus 2023	Operating surplus 2022
Social housing lettings activities	**£000**	**£000**	**£000**	**£000**
Social rental homes	7	(3)	4	6
Other social housing activities				
Group services	7,061	(7,061)	-	-
Total	**7,068**	**(7,064)**	**4**	**6**

6. Income and expenditure from social housing lettings

Group consolidated	General needs 2023	Affordable rent 2023	Sheltered housing 2023	Supported housing 2023	Shared ownership 2023	Rent to buy 2023	Total 2023	Total 2022
Income from lettings	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Income from rents receivable	48,904	6,471	9,588	1,082	2,048	525	68,618	65,068
Service charges receivable	2,088	-	1,062	1,011	553	8	4,722	3,599
Amortised government grants	1,028	-	205	3	89	8	1,333	1,313
Other income from lettings	347	-	-	-	-	-	347	314
Total income from lettings	**52,367**	**6,471**	**10,855**	**2,096**	**2,690**	**541**	**75,020**	**70,294**
Service costs	1,709	-	869	828	453	7	3,866	3,332
Management costs	7,189	783	1,470	74	640	54	10,210	10,551
Routine maintenance	12,686	1,348	2,534	130	-	93	16,791	13,739
Rent losses from bad debts	281	36	58	11	14	3	403	207
Major repairs	7,265	772	1,451	19	-	54	9,561	10,123
Housing property depreciation	8,525	910	1,709	22	265	63	11,494	10,788
Estate costs	1,599	170	320	4	139	12	2,244	2,117
Other expenditure	1,025	109	205	3	89	8	1,439	963
Operating expenditure on social housing lettings	**40,279**	**4,128**	**8,616**	**1,091**	**1,600**	**294**	**56,008**	**51,820**
Operating surplus on social housing activities	**12,088**	**2,343**	**2,239**	**1,005**	**1,090**	**247**	**19,012**	**18,474**
Void losses	625	50	171	126	15	10	997	918

7. Gain on disposal of property, plant and equipment

	Right to buy	Shared ownership	Other	Group Total	Group Total
	2023	**2023**	**2023**	**2023**	**2022**
	£000	**£000**	**£000**	**£000**	**£000**
Proceed of sales	1,666	1,752	3,342	6,760	8,534
Cost of sales	(287)	(974)	(1,325)	(2,586)	(3,318)
Amount due to Bath & N.E. Somerset Council	(1,296)	-	-	(1,296)	(1,584)
	83	**778**	**2,017**	**2,878**	**3,632**

Cost of sales includes legal and valuation fees incurred in connection with the sale of properties as well as the net book value of the disposed properties.

Right to Buy is available to Curo Places Ltd. tenants who transferred from Bath and North East Somerset Council and who hold an assured protected tenancy and to certain tenants of the former Curo Places (Bristol) Ltd. These tenants are eligible for a percentage discount when applying to purchase their homes.

Shared ownership sales relate to subsequent tranche disposals of low cost home ownership properties.

Other property sales is derived from open market disposals through our active asset management programme and Right to Acquire sales. Tenants applying under Right to Acquire are eligible for a lump sum discount. The levels of discount are governed by statute and contract.

8. Interest receivable

	Group	Group	Company	Company
	2023	**2022**	**2023**	**2022**
	£000	**£000**	**£000**	**£000**
Interest receivable and similar income	841	31	-	-
Interest receivable from group undertakings	-	-	4,116	1,804
	841	**31**	**4,116**	**1,804**

9. Interest payable and similar charges

	Group 2023 £000	Group 2022 £000	Company 2023 £000	Company 2022 £000
Bank loans and overdrafts	12,659	8,207	4,086	1,804
Right to buy interest	22	3	-	-
	12,681	8,210	4,086	1,804
Net cost on interest rate swaps	775	1,876	-	-
Capitalised interest	(2,862)	(2,235)	-	-
	10,594	7,851	4,086	1,804
Gain on basic swap – derivative instruments	(676)	(211)	-	-
	9,918	**7,640**	**4,086**	**1,804**

Interest incurred during the construction of new developments, not for resale, is capitalised based on the weighted average borrowing rate for Curo Places Ltd. for the year of 3.6% (2022: 3.2%).

10. Surplus for the year

This is arrived at after charging:	Group 2023 £000	Group 2022 £000	Company 2023 £000	Company 2022 £000
Depreciation on owned tangible fixed assets	12,149	11,507	2	2
Bad debts	403	207	-	-
Other operating lease rentals	704	684	-	-
Auditors' remuneration as statutory auditors	81	68	14	12
Auditors' remuneration – other services certification	6	7	-	-
Auditors' remuneration – tax compliance services	18	11	-	-
Auditors' remuneration – tax advisory services	-	13	-	-

11. Directors' emoluments

Directors are defined as the members of the Board (non-Executive Directors), the Group Chief Executive and the Executive Management Team as disclosed on page 1.

Fees of £91,166 (2022: £64,452) were paid to non-executive board directors and committee members across all group entities during the year. Expenses paid during the year to board directors amounted to £2,245 (2022: £1,602).

Board/committee director	Remuneration £
Jane Tabor (Chair)	8,250
Elizabeth Potter (Chair - resigned)	8,250
Elaine Barnes	8,250
Sonya Chowdhury	7,000
Helen Hyde	9,500
Jerry Loy	5,000
Mike Petter	15,000
Neil Sexton	5,833
Jamie Strathearn	6,250
Joe Webster	5,833
Chris Wilson	12,000
Grand Total	91,166

All members of the Executive Team receive remuneration from Curo Group (Albion) Ltd, with the exception of the Executive Director of Property Services who is remunerated through Curo Places Ltd, with the associated costs presented in their entity financial statements.

Details of remuneration for the Company are as follows:	**Company 2023 £**	**Company 2022 £**
Aggregate emoluments paid or receivable by the Executive Directors (including pension contributions and benefits in kind)	595,474	576,089
Aggregate pension contributions paid for the Executive Directors (including the Group Chief Executive)	32,391	34,390
Emoluments paid to the highest paid director (Group Chief Executive) excluding pension contributions	229,155	230,391

The highest paid director (Group Chief Executive) is not an active member of any pension scheme with Curo and therefore no employer pension contributions were made in the year.

No compensation payments for loss of office were paid to directors during the year (2022: nil).

12. Employees

The average number of full-time equivalents (37 hour week) employed during the year was as follows:

	Group 2023 Number	**Group 2022 Number**	**Company 2023 Number**	**Company 2022 Number**
Housing, support & administration	436	444	98	101
Direct maintenance	130	128	-	-
Total	**566**	**572**	**98**	**101**

12. Employees (continued)

Colleague costs	Group 2023 £000	Group 2022 £000	Company 2023 £000	Company 2022 £000
Wages and salaries	23,584	22,032	5,841	5,858
Social security costs	2,451	2,190	627	598
Other pension costs	1,834	1,670	468	451
Total	**27,869**	**25,892**	**6,936**	**6,907**

The full-time equivalent number of colleagues who received emoluments, including pension contributions and payments for loss of office, during the year were:

	Group 2023 Number	Group 2022 Number	Company 2023 Number	Company 2022 Number
£60,000 - £69,999	10	16	-	1
£70,000 - £79,999	10	7	-	-
£80,000 - £89,999	8	8	2	4
£90,000 - £99,999	5	4	3	3
£100,000 - £109,999	4	2	1	-
£110,000 - £119,999	2	3	-	-
£120,000 - £129,999	3	2	1	1
£180,000 - £189,999	1	1	1	1
£220,000 - £229,999	1	1	1	1
Total	**44**	**44**	**9**	**11**

13. Taxation

a) Tax expense included in statement of comprehensive income

	Group 2023 £000	Group 2022 £000	Company 2023 £000	Company 2022 £000
UK corporation tax charge on surpluses for the year	(5)	141	-	-

The corporation tax liability recognised during the year relates to taxable profits for Curo Enterprise Ltd.

14. Housing Properties

Company	Housing properties completed freehold
	£000
Cost	
At 1 April 2022	126
At 31 March 2023	**126**
Accumulated depreciation & impairment	
At 1 April 2022	14
Charge in year	2
At 31 March 2023	**16**
Net book value	
At 31 March 2023	**110**
At 31 March 2022	112

14) Housing properties (continued)

Group Consolidated	Housing properties completed freehold	Housing properties completed long term leasehold	Housing properties under construction	Housing properties shared ownership	Group Total
	£000	£000	£000	£000	£000
Cost					
At 1 April 2022	635,864	597	59,948	45,099	741,508
Additions	-	-	32,664	-	32,664
Components capitalised	17,907	-	-	-	17,907
Disposals	(4,386)	-	-	(5,140)	(9,526)
Transfer	25,098	-	(34,080)	9,729	747
At 31 March 2023	**674,483**	**597**	**58,532**	**49,688**	**783,300**
Accumulated depreciation & impairment					
At 1 April 2022	132,564	132	-	1,359	134,055
Charge in year	11,226	3	-	265	11,494
Disposals	(3,177)	-	-	(58)	(3,235)
At 31 March 2023	**140,613**	**135**	**-**	**1,566**	**142,314**
Net book value					
At 31 March 2023	**533,870**	**462**	**58,532**	**48,122**	**640,986**
At 31 March 2022	503,300	465	59,948	43,740	607,453

15) Investment properties

Group Consolidated	Group Total
Cost/Valuation	**£000**
At 1 April 2022	14,912
Revaluation in the year	734
Additions in the year	4,781
Disposals	(4,185)
At 31 March 2023	**16,242**

Investment properties consist of commercial properties and other properties, assets not held for social benefit or for use in the business. Investment properties are professionally valued on completion and subsequently every 5 years with the last valuation taking place in 2021. The fair value of each property is assessed and updated annually using the most appropriate indexation information publicly available.

16) Other property, plant & equipment

Group Consolidated	Computer equipment and IT software	Office premises (freehold)	Furniture and equipment	Group Total
	£000	**£000**	**£000**	**£000**
Cost				
At 1 April 2022	4,494	6,974	1,094	12,562
Additions	531	117	36	684
Disposals	(730)	(81)	(75)	(886)
Transfer	7	-	(7)	-
At 31 March 2023	**4,302**	**7,010**	**1,048**	**12,360**
Accumulated depreciation				
At 1 April 2022	3,630	4,391	949	8,970
Charge for the year	458	118	79	655
Disposals	(730)	(81)	(75)	(886)
Transfer	16	-	(16)	-
At 31 March 2023	**3,374**	**4,428**	**937**	**8,739**
Net book value				
31 March 2023	**928**	**2,582**	**111**	**3,621**
31 March 2022	864	2,583	145	3,592

17) Stocks

Group Consolidated	First tranche SO properties	Outright market sales	Group Total	Group Total
	2023	2023	2023	2022
Properties for sale	£000	£000	£000	£000
Properties under construction	2,600	71,013	73,613	71,471
Completed properties	1,520	5,613	7,133	10,234
	4,120	76,626	80,746	81,705
Consumable maintenance stock				
Stock			613	770
Stock provision			(245)	(308)
			368	462
Total			**81,114**	**82,167**

18) Debtors

	Group	Group	Company	Company
	2023	2022	2023	2022
Amounts falling due within one year	£000	£000	£000	£000
Rental arrears	2,603	2,551	-	-
Net present value adjustment	(184)	(137)	-	-
Less provision for bad debts	(1,625)	(1,661)	-	-
	794	**753**	**-**	**-**
Other debtors	1,206	926	5	1
Amounts owed by group undertakings	-	-	4	5
Prepayments and accrued income	3,002	2,130	60	79
Taxation & social security	9	6	-	-
	5,011	**3,815**	**69**	**85**
Amounts falling due after more than one year				
Amounts owed by group undertakings	-	-	153,000	158,400
	-	**-**	**153,000**	**158,400**

19) Creditors: amounts falling due within one year

	Group 2023 £000	Group 2022 £000	Company 2023 £000	Company 2022 £000
Land vendor	5,190	-	-	-
Rent paid in advance	2,499	2,377	-	-
Trade creditors	6,305	8,608	-	-
Amounts owed to group undertakings	-	-	197	98
Other creditors	2,064	2,693	478	770
Housing loans due within one year (note 22)	5,971	5,967	5,400	5,400
Social housing grant received in advance	17,448	22,411	-	-
Taxation and Social Security	587	40	128	-
Accruals and deferred income	11,785	7,489	-	-
Right to buy accruals	1,315	1,586	-	-
Sinking fund liabilities	435	680	-	-
Retentions	649	261	-	-
	54,248	**52,112**	**6,203**	**6,268**

20) Creditors: amounts falling due after more than one year

	Group 2023 £000	Group 2022 £000	Company 2023 £000	Company 2022 £000
Loans and borrowing (note 22)	338,908	344,880	147,600	153,000
Derivative financial instruments	3,001	9,392	-	-
Deferred capital grants (note 23)	114,960	113,223	38	39
Recycled capital grant fund (note 24)	3,608	3,357	-	-
Pension defined benefit liability (note 26)	600	3,375	-	-
Leaseholder sinking fund balances	2,736	2,208	-	-
Land Vendor	466	466	-	-
	464,279	**476,901**	**147,638**	**153,039**

Provision has been made representing the value of contributions paid in advance by leaseholders at 31 March 2023 in respect of their share of future planned maintenance.

21) Provision for liabilities and charges

	Group 2023 £000	Group 2022 £000	Company 2023 £000	Company 2022 £000
At 1 April	4,241	5,242	-	-
Amounts provided for		400	-	-
Amounts utilised	(297)	(803)	-	-
Amounts released	(1,093)	(598)	-	-
At 31 March	**2,851**	**4,241**	-	-

22) Loans and borrowing

Maturity of debt:	Group 2023	Group 2022	Company 2023	Company 2022
Banks and mortgages amounts falling due:	**£000**	**£000**	**£000**	**£000**
Between one and two years	28,632	11,922	12,600	10,800
Between two and five years	23,730	38,492	21,600	21,600
Over five years, not payable by instalments	292,517	300,433	118,800	126,000
	344,879	**350,847**	**153,000**	**158,400**
Less due within one year	(5,971)	(5,967)	(5,400)	(5,400)
	338,908	**344,880**	**147,600**	**153,000**

Housing loans

At 31 March 2023 the Group had a borrowing facility of £534.9 million (2022: £470.8 million) of which an amount of £344.9 million (2022: £350.8 million) had been drawn at the year end. Of the £534.9 million loan facility, all has been fully secured in fixed charges over properties owned by Curo Places Ltd.

The interest rate profile of the Group's financial liabilities was:

	Group 2023 £000	Group 2022 £000	Company 2023 £000	Company 2022 £000
Variable Rate	92,000	91,540	118,000	123,400
Fixed Rate	252,879	259,307	35,000	35,000
	344,879	**350,847**	**153,000**	**158,400**

The weighted average period for loans that are fixed was 18 year 7 months (2022: 19 years 3 months) and the weighted average interest rate at the 31 March 2023 was 3.9% (2022: 3.8%).

Fair value of financial liabilities

The Group has applied FRS 102 to its financial instruments and accounted for our derivative financial instruments on the Statement of Financial Position. The following disclosures have been made in relation to its interest rate swaps. At the 31 March 2023 Curo Places Ltd. had the following swaps:

- £20 million fixed interest rate swap which matures on 29 March 2037. This swap has a fixed interest rate of 5.13%.

- £21.3 million forward starting interest rate swap which matures on 20 June 2026. This swap fixes the interest rate at 3.165%.

22) Loans and borrowing (continued)

The Group's interest rate risk management policy is designed to reduce volatility in cash flows and earnings over the year. Of particular importance is the reduction of potential increases in net interest payable to an acceptable level.

The currency, size and maturity of debt is matched and hedged using a combination of various *interest rate hedge instruments. The Group's policy is to maintain a level of fixed rate debt of* between 40% to 85% of total debt.

The Group had hedge instruments in place at year end with the following fair values:

	2023 £000	2022 £000
Fair value of interest rate swaps	(3,001)	(9,392)

Curo Places Ltd has recognised that a portion of their interest rate swaps are ineffective and created a liability under FRS 102. At 31 March 2023, the ineffective hedge creates a cumulative liability of £0.6m (2022: £1.3m) which has been recognised in the income statement.

	£000
Ineffective hedge balance at 1 April 2022	1,259
Movement in income statement	(676)
Ineffective hedge balance at 31 March 2023	**583**

The fair value of the interest rate swaps has been determined by discounting the cash flows at prevailing interest rates and has been derived from the Group's Treasury management system.

23) Deferred capital grants

	Group 2023 £000	Group 2022 £000
At 1 April	113,223	113,358
Grants received during the year	3,233	1,191
Recycled capital grants	(162)	(13)
Amortisation to Statement of Comprehensive Income	(1,334)	(1,313)
At 31 March	**114,960**	**113,223**

The total accumulated amount of capital grant received or receivable, before amortisation to the statement of comprehensive income, at the balance sheet date is £134.8m (2022: £131.7m).

24) Recycled capital grant fund

	Group 2023 £000	Group 2022 £000
At 1 April	3,357	3,336
Inputs to recycled capital grant fund		
Grants recycled	351	292
Interest accrued	90	8

Recycling of grant		
New homes	(190)	(279)
At 31 March	**3,608**	**3,357**

24) Recycled capital grant fund (continued)

Recycled capital grant as at 31 March 2023 is less than 3 years old and relates to funding provided by Homes England (2022: all less than 3 years old).

	Group 2023 £000	Group 2022 £000
To be used after more than one year	3,608	3,357
At 31 March	**3,608**	**3,357**

25) Financial derivatives

The Group and the Company has the following financial instruments:

i). Financial assets that are debt instruments measured at amortised cost.

	Group 2023 £000	Group 2022 £000	Company 2023 £000	Company 2022 £000
Trade receivables	794	753	4	5
Other receivables	1,206	926	5	1
	2,000	**1,679**	**9**	**6**

ii). Financial instruments measured at fair value through cash flow hedge reserve.

	Group 2023 £000	Group 2022 £000	Company 2023 £000	Company 2022 £000
Derivative financial instruments	3,001	9,392	-	-
	3,001	**9,392**	**-**	**-**

Curo Places Ltd enters into interest rate swaps to mitigate the risk from interest rate movements on its variable rate debt. The fair value of the interest rate swaps has been determined by discounting the cash flows at prevailing interest rates and has been derived from using the Group's Treasury management system (see note 22).

iii). Financial liabilities measured at amortised cost.

	Group 2023 £000	Group 2022 £000	Company 2023 £000	Company 2022 £000
Bank loans and overdrafts	338,908	339,480	147,600	153,000
Trade creditors	6,305	8,608	-	-
Amounts owed to group undertakings	-	-	198	98

Other creditors	12,580	11,618	606	771
	357,79 3	**359,70 6**	**148,404**	**153,869**

26) Pensions

During the year the Group operated three pension schemes for its colleagues:-

- Defined contribution schemes:
    - Scottish Widows Services Ltd Pension Scheme
    - Social Housing Pension Scheme (SHPS)
- Defined benefit scheme:
    - Social Housing Pension Scheme

Defined contribution schemes

During the year Curo colleagues participated in two defined contribution schemes (Scottish Widows Services Ltd and SHPS) where the amount charged to surplus in the Statement of Comprehensive Income in respect of pension costs and other post-retirement benefits is the contributions payable in the year. All existing and new colleagues are eligible to join a defined contribution scheme. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the Statement of Financial Position.

Under the schemes, colleagues have been allocated their own personal pension policy and can choose their own investment fund from the many offered. The assets of the scheme are separate from the company and are invested by independent investment managers.

Defined benefit scheme (Social Housing Pension Scheme)

Curo Places Ltd participates in the Social Housing Pension Scheme (the Scheme), a multiemployer scheme which provides benefits to some 500 non-associated employers. The Scheme is a defined benefit scheme in the UK.

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

The last completed triennial valuation of the scheme for funding purposes was carried out as at 30 September 2020. This valuation revealed a deficit of £1,560m. A Recovery Plan has been put in place with the aim of removing this deficit by 31 March 2028.

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

For financial years ending on or before 28 February 2019, it was not possible for the company to obtain sufficient information to enable it to account for the Scheme as a defined benefit scheme, therefore the company has accounted for the Scheme as a defined contribution scheme.

For financial years ending on or after 31 March 2019, it is possible to obtain sufficient information to enable the company to account for the Scheme as a defined benefit scheme.

For accounting purposes, a valuation of the scheme is carried out with an effective date of 30 September each year. The liability figures from this valuation are rolled forward for accounting year-ends from the following 31 March to 28 February inclusive.

The latest accounting valuation was carried out with an effective date of 30 September 2022. The liability figures from this valuation were rolled forward for accounting year-ends from the following 31 March 2023 to 29 February 2024 inclusive.

The liabilities are compared, at the relevant accounting date, with the company's fair share of the Scheme's total assets to calculate the company's net deficit or surplus.

This is a legacy pension scheme that was closed to new members at the company since 2007.

26) Pensions (continued)

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

	31 March 2023 (£000)	31 March 2022 (£000)
Fair value of plan assets	2,783	4,148
Present value of defined benefit obligation	(3,383)	(4,775)
Deficit in plan	**(600)**	**(627)**
Unrecognised surplus	-	-
Defined benefit liability to be recognised	**(600)**	**(627)**

Reconciliation of opening and closing balances of the defined benefit obligation

	Period from 31 March 2022 to 31 March 2023 (£000)
Defined benefit obligation at start of period	4,775
Expenses	5
Interest expense	131
Actuarial losses (gains) due to scheme experience	(1)
Actuarial losses (gains) due to changes in demographic assumptions	(9)
Actuarial losses (gains) due to changes in financial assumptions	(1,381)
Benefits paid and expenses	(137)
Defined benefit obligations at end of period	**3,383**

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

	Period from 31 March 2022 to 31 March 2023 (£000)
Fair value of plan assets at start of period	4,148
Interest income	116
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	(1,505)
Employer contributions	161
Benefits paid and expenses	(137)

Fair value of plan assets at end of period	**2,783**

The actual plan on assets (including any changes in share of assets) over the period from 31 March 2022 to 31 March 2023 was (£1,433,000).

26) Pensions (continued)

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

On 31st January 2022, Curo Places Ltd notified its intent to leave the Social Housing Pension Scheme (SHPS) by triggering the Section 75 of the Pensions Act 1995 debt through the withdrawal of our last active member of the scheme on 31st January 2022.

As a result of our planned exit from SHPS, we recognised the full liability of our pension deficit as at 31 March 2022, calculated by the scheme actuary using an annuity buy-out basis. SHPS rules state that a company has upto 12 months from triggering the exit to settle the liability in full.

As a result of the widespread economic uncertainty caused by the mini-budget in September, the Board took the opportunity to review the decision to exit SHPS. Due to the combination of increased interest rates, caps on social rent and general cost inflation the Board took the decision to reverse the planned exit and remain in the SHPS pension scheme.

As a result of this decision, we have recognised the defined benefit liability as at 31 March 2023 as an active member.

Pension scheme assets are measured using market value in the current year results of the financial statements presented. Pension scheme liabilities are measured using the projected unit actuarial method and are discounted at the current rate of return on a high-quality corporate bond of equivalent terms and currency to the liability.

The table below summarises the change in pension liability and the related in year charge to the Statement of Comprehensive Income. No defined benefit costs have been recognised in other comprehensive income.

	31 March 2023 (£000)
Pension liability at 1 April 2022	**3,375**
Deficit contributions paid in current year	(161)
	3,214
Pension liability as at 31 March 2023	(600)
Release to Statement of Comprehensive Income	**2,614**

Key assumptions:

	31 March 2023
	% per annum
Discount rate	4.87
Inflation (RPI)	3.19
Inflation (CPI)	2.75
Salary growth	3.75
Allowance for commutation of pension for cash at retirement	75% of max allowance

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

	Life expectancy at age 65 (Years)
Male retiring in 2023	21.0
Female retiring in 2023	23.4
Male retiring in 2043	22.2
Female retiring in 2043	24.9

26) Pensions (continued)

Assets

	31 March 2023 (£000)	31 March 2022 (£000)
Global equity	52	796
Absolute return	30	166
Distressed opportunities	84	148
Credit relative value	105	138
Alternative risk premia	5	137
Emerging markets debt	15	121
Risk sharing	205	137
Insurance linked securities	70	97
Property	120	112
Infrastructure	318	295
Private debt	124	106
Opportunistic illiquid credit	119	139
High yield	10	36
Opportunistic credit	-	15
Cash	20	14
Corporate bond fund	-	277
Long lease property	84	107
Secured income	128	154
Liability driven investment	1,282	1,157
Currency hedging	5	(16)
Net current assets	7	12
Total assets	**2,783**	**4,148**

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

27) Capital commitments

	Group 2023 £000	Group 2022 £000

Capital expenditure that has been contracted for but has not been provided for in the financial statements	74,876	90,240
Capital expenditure that has been authorised by the Board but not yet contracted for	45,300	21,779
	120,176	**112,019**

27) Capital commitments (continued)

Capital commitments for the Group will be funded as follows:

	Group 2023 £000	Group 2022 £000
Social Housing Grant	2,505	845
Loan drawdowns	98,381	88,801
Sales of properties	19,290	22,373
	120,176	**112,019**

28) Operating leases

The Group holds non-cancellable operating leases for vehicles, water machines, franking machine and a storage unit. There were no leases relating to land during the financial year. At 31 March, the Group had the total of future minimum lease payments for each of the following periods:

	Group 2023 £000	Group 2022 £000
Not later than one year	644	633
Later than one year and not later than five years	663	15
	1,307	**648**

29) Related party transactions

Curo Group consists of Curo Places Ltd (registered provider), Curo Choice Ltd (specialist support provider), Curo Enterprise Ltd (commercial), Curo Market Rented Services Ltd, Mulberry Park Community Benefit Society, Curo Finance Ltd and Curo Group (Albion) Ltd.

Curo Group (Albion) Ltd is the ultimate controlling party and parent undertaking of Curo Places Ltd. It is a company incorporated in the United Kingdom. It has the right to appoint the Board directors of Curo Places Ltd. The consolidated financial statements of Curo Group (Albion) Ltd are available from The Maltings, River Place, Lower Bristol Road, Bath, BA2 1EP.

Legal status of associated companies

Curo Group (Albion) Ltd. is the ultimate controlling party and ultimate parent undertaking of Curo Places Ltd, Curo Choice Ltd, Curo Enterprise Ltd, Curo Market Rented Services Ltd and Mulberry Park Community Benefit Society. The consolidated financial statements of Curo Group (Albion) Ltd. are available from The Maltings, River Place, Lower Bristol Road, Bath, BA2 1EP.

Curo Places Ltd. – a charitable Community Benefit Society registered with Financial Conduct Authority and a Registered Social Landlord.

Curo Choice Ltd. – a charitable Community Benefit Society.

Curo Enterprise Ltd. - a company limited by shares.

Curo Market Rented Services Ltd. - a company limited by shares.

Mulberry Park Community Benefit Society – a charitable Community Benefit Society.

Curo Finance Ltd. - a company limited by shares.

29) Related party transactions (continued)

Transactions with associated companies

Curo Group (Albion) Ltd. provides management services to the companies within the Group. The most significant element of this is staff costs for the provision of group-wide central services including the Executive Management Team, Finance, IT, Human Resources, Communications etc. Costs are apportioned within the group based on a combination of turnover and units in management. Group services are provided at arm's length based on commercial terms.

Curo Choice Ltd. and Curo Places Ltd. provide housing management services to group members. Inter company charges are based on pre-agreed resources required to deliver this service. Charges are calculated on a management cost per property basis.

Curo Places Ltd has provided an arm's length facility of up to £50m to Curo Enterprise Ltd. The funding facility is available for up to 10 years from 2022. The interest rate on the loan was 2.25% above SONIA rate until 25th November 2022 and thereafter no interest has been charged. As at 31 March 2023, Curo Enterprise Ltd had drawn down £7.2m (2022: £40.1m) of the loan facility.

Curo Places Ltd has provided a loan facility of £40m to Curo Market Rented Services Ltd, £1.1m to Mulberry Park Community Benefit Society and £1m to Curo Finance Ltd. All four inter-company loan facilities are repayable on demand.

Curo Places Ltd. lease 186 market rental properties to Curo Market Rented Services Ltd. on 7 year leases.

Curo Places Ltd sold 19 properties to Curo Market Rented Services Ltd during the year.

Curo Enterprise Ltd., the commercial housebuilding company within the group, build and sale social units to Curo Places Ltd.

The table below summarises the intra company charges by services and by legal entity for the year:

Intra Group Service Provided Income/(costs) - £000	Curo Group (Albion) Ltd.	Curo Places Ltd.	Curo Choice Ltd.	Curo Enterprise Ltd.	Curo Market Rented Services Ltd.	Mulberry Park CBS	Curo Finance Ltd.
Group management services	7,061	(6,590)	(224)	(245)	-	(2)	-
Housing management services	(1)	(237)	286	-	(48)	-	-
Intra group interest charges	-	645	-	(540)	(105)	-	-
Leased property	-	1,549	-	-	(1,549)	-	-

services							
Property sales	-	3,650	-	757	(4,426)	-	19
Community Hub services	(7)	(8)	(13)	(93)	-	121	-
Total	7,053	(991)	49	(121)	(6,128)	119	19

There are no current board directors who hold tenancies.

30) Fixed asset investments

Curo Group (Albion) Ltd is a member of Curo Places Ltd and has agreed to contribute £1 in the event of the winding up of Curo Places Ltd. Curo Places Ltd became a subsidiary of Curo Group (Albion) Ltd in 2002 by amending its Memorandum and Articles of Association.

Curo Group (Albion) Ltd exercises control over Curo Places Ltd by virtue of its right to appoint and remove the Board directors of the organisation, and the need for its consent to any constitutional amendments.

Curo Group (Albion) Ltd owns one of three shares in Mulberry Park Community Benefit Society.

The directors believe that the carrying value of the investments is supported by their underlying net assets.

31) Homes and bed spaces in management

	Group 2023 Number	Group 2022 Number
General needs housing	8,955	8,891
Affordable rent	952	917
Sheltered housing	1,789	1,792
Supported housing	195	190
Shared ownership	778	737
Rent to buy	66	68
Total social housing units	**12,735**	**12,595**
Market renting	229	227
Leasehold	1,022	1,020
Total non-social units	**1,251**	**1,247**
Total homes in management	**13,986**	**13,842**

There were 541 social housing properties in the pipeline for development at 31 March 2023 (2022: 448). Curo Places Ltd own 38 housing properties that are managed by external organisations (2022: 38).

32) Net cash inflow from operating activities

	2023	2022
	£000	£000

Operating surplus	32,259	31,282
Depreciation of tangible fixed assets	10,377	11,507
Amortisation of grant	(1,333)	(1,313)
Decrease in stocks	1,053	1,220
(Increase) / decrease in debtors	(1,196)	343
(Decrease) / increase in trade creditors	(2,303)	542
Increase / (decrease) in accruals and provisions	6,127	(3,647)
Cash inflow from operations	**44,984**	**39,934**