



LUTON COMMUNITY HOUSING LIMITED

trading as

SQUARED

FINANCIAL STATEMENTS

For the year ended

31 March 2024

LUTON COMMUNITY HOUSING LIMITED T/A SQUARED

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LUTON COMMUNITY HOUSING LIMITED T/A SQUARED

BOARD MEMBERS AND ADVISORS

BOARD OF MANAGEMENT

Glyn Early David Cheesman Iain Smith Mostaque Koyes Jo Simcox	Chair
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SECRETARY

Claire Bryan

REGISTERED OFFICE

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BANKERS

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Chartered Accountants
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SOLICITORS

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REGULATOR OF SOCIAL HOUSING REGISTERED NUMBER

L1518

CO-OPERATIVE AND COMMUNITY BENEFIT SOCIETIES ACT 2014 NUMBER REGISTERED WITH FINANCIAL CONDUCT AUTHORITY

19688R

MEMBER OF THE NATIONAL HOUSING FEDERATION

1082

HMRC VAT number

220801948

HMRC charitable number

ZD04314

LUTON COMMUNITY HOUSING LIMITED T/A SQUARED

REPORT OF THE BOARD

OVERVIEW

The Board presents its report and the audited financial statements for Luton Community Housing Limited trading as Squared for the year ended 31 March 2024. Squared is a Co-operative and Community Benefit public entity.

Principal activities

The principal activities of Squared, are the provision of, management and maintenance of social housing, including support and advocacy, cleaning and gardening services for the local community.

During the year under review, Squared continued to provide a range of services. Our Vision is "Inspiring Lives" and our mission is "Placing Customers at the heart of everything that we do by providing Homes, Support and Opportunity" and, as with all areas of our work, continuing to carry out activities to improve life opportunities for our customers.

Most people would rather be contributing members of society and our customers are no different. In recognition of this we have continued to work with customers, assisting them to obtain training, leading to permanent employment. We continued to seek opportunities to do this through our coaching staff roles.

Review of the business

Squared made a deficit of £1,564,797 in 2024 compared with a deficit £900,652 in 2023 reducing reserves to negative £131,098. This deficit was generated from a turnover of £7,781,424 (2023: £7,200,921). Squared found it challenging to meet one funding covenant in 2023-24 due to the deficit and funders provided an amended covenant. Squared undertook an independent business review in 2022-23 to assist stakeholders to understand the reasons for the deficits and have been taking the necessary actions to get Squared back into making a surplus, now evidenced in our results for 2024-25.

Capital assets

Housing properties are included on the balance sheet at their net book value, after the deduction of depreciation, of £25,893,289 (2023: £26,908,367).

	2024		2023	
	£		£	
Historical cost	32,497,185		33,572,504	
Depreciation	<u>6,603,896</u>		<u>(6,664,137)</u>	
Depreciated cost	25,893,289		26,908,367	
Financed by:				
- Grants	12,892,897	(40%)	12,628,413	(38%)
- Loans	13,835,749	(42%)	13,835,749	(41%)
- Reserves	(131,098)	(-0.4%)	1,433,699	(4%)

LUTON COMMUNITY HOUSING LIMITED T/A SQUARED

REPORT OF THE BOARD (continued)

HOMES

Customers

In April 2023, rent policy followed Government legislation for both general needs and supported housing activities, with an increase of CPI plus 1% for rents and service charges increasing by CPI.

Squared continued to use Language Line and Luton Interpreting and Translation Services (LITS) to assist in communicating with customers whose first language is not English.

Our Housing Services team use a tenancy credit check tool to monitor financial stability. Although this tool can also assist in detecting the occasional fraudulent tenancy, our aim is to identify customers in financial distress and provide the necessary support to them to improve their circumstances.

We have 271 registered members using our customer portal, customers are paying rent, reporting repairs, using online forms and making suggestions using our customer portal and via our website.

We work closely with customers experiencing adverse impacts of benefit changes and refer to external agencies who have experience in this area for assistance.

The last full Star Survey was carried out in 2023-24 and this independent survey included the suite of new Tenant Satisfaction Measures recently introduced by the Regulator of Social Housing.

Housing for older people

There were 28 properties at Squared designated for older people in the year (2023: 28), for whom we provide a fortnightly surgery for these customers. There are also 8 one-bedroom flats in Barton-Le-Clay for elderly persons who are independent and do not need a visiting service or warden. Another 12 one-bedroom flats are provided for the over 50s group in the Farley Hill area.

Luton Lets Squared (LLS)

Squared continued working in partnership with Luton Borough Council on the joint-venture known as Luton Lets Squared, providing more opportunities to rent from an ethical landlord in the private market. This joint venture ceased to exist from 31 July 2023 as external funding ceased. This service leases properties from private landlords to provide to LBC as accommodation for homeless people. There were 112 properties in our stock that came back in-house from the joint venture at 31 March 2024 (2023: 114), 7 of which were owned by Squared (2023: 5). All customer and landlord leases are in the name of Squared and will continue to be managed by Squared and have been merged into our Landlord Services team

Landlord Services

For this scheme, Squared leases properties and HMOs, from private landlords and lets them to people nominated by Luton Borough Council from their homeless families waiting list and from the Homeless Prevention Team. At 31 March 2024 there were 230 units in management (2023: 267) There were 3 new leases signed (2023: 1), 17 leases were renewed (2023: 33) and 40 leases ended in order for properties to be returned to the landlords (2023: 8). Previous units from the former LLS joint venture have been merged into our Landlord Services team.

LUTON COMMUNITY HOUSING LIMITED T/A SQUARED

REPORT OF THE BOARD (continued)

HOMES (continued)

HOMES WITH SUPPORT

Supported Housing

Supported Housing department continued working with the local authority, Luton Borough Council, providing support to 12 Unaccompanied Asylum-Seeking Children (UASC), running in-house managed projects and providing next steps accommodation pathways. Squared have achieved OFSTED registration which is a new requirement due to some customers being under 18 years of age.

Hostel projects managed by our in-house team

In the year to 31 March 2024, 5 in-house hostel projects showed a surplus of £374,914 (2023: 266,340), before mortgage repayments and contribution to central costs and sinking funds. Turnover was £750,346 (2023: £680,784) and operating costs were £375,432 (2023: £414,444). The Supported Housing steady-state contracts were maintained at £180,807 for 2023-24, and a 9% increase for the next 2 years to 2025-26 was successfully negotiated with the relevant local authority. One new build hostel with 9 units, self-contained kitchenettes and 3 shared bath/shower rooms was completed in July 2023.

Squared mother and baby hostel was awarded a grant of £8,225 by Luton Rising, the owner of London Luton Airport. We are hugely grateful for this grant from their community funding programme, which is managed by Bedfordshire and Luton Community Foundation to our mother and baby hostels. This grant from Luton Rising is a great opportunity for us to fund items for our mother and baby hostels and will make a real difference. Enhancing the internal and external environment of these projects and directly benefiting our young mums and their children. This grant helps us deliver our vision of inspiring lives.

Houses in Multiple Occupation

During the year 138 units of shared HMO accommodation (2023: 143) provided safe and secure housing for single homeless customers with low to medium support needs, most live semi-independently. but often support needs change, and costumers can develop issues around Mental health, addictions, budgeting, and offending, increasing the level of support needed.

Our HMO Coaches visit our HMO properties regularly and customers receive support personalised to their needs,

We work with customers to help identify their personal goals and support them to achieve those goals, and actively participate in Luton Homeless Partnership. Placements are for up to two years with the aim of customers moving on to independent, secure accommodation.

All Homes with Support customers are also eligible for other services Squared offers, such as our in-house mental health therapy service, offering sessions with a trained therapist.

LUTON COMMUNITY HOUSING LIMITED T/A SQUARED

REPORT OF THE BOARD (continued)

HOMES WITH SUPPORT (continued)

Next Steps Accommodation Programme

Next Steps Accommodation Programme in partnership with Luton Borough Council to provide more security for customers and enhance the already existing pathways continued in 2023-24. Homes England revenue funding of £33,088 was receivable in the year (2023: £36,790), for the third year of revenue funding for a role offering Intensive Floating support and Housing Management, over 3 years, not only for the 3 tenants housed in Squared Next Steps Accommodation apartments but to all of Squared's over 200 customers who are within 6 months of move on, in order to free up the existing Pathways more quickly. In 2024-25 Homes England confirmed an extension of the funding extended for a fourth year of £33,088.

Community partnering

Squared also provided 7 units of accommodation to local charity NOAH (2023: 7), to be made available to individuals with no recourse to public funds.

PROPERTY SERVICES

Maintenance and major repairs

Squared is committed to maintaining and improving its stock. Excluding overheads, £93,720 (2023: £157,074) was spent on major repair expenses, and £802,472 (2023: £525,905) on responsive maintenance. With a further £508,374 (2023: £162,806) on 138 components (2023: 84), such as bathrooms, kitchens and boilers. We spent £Nil (2023: £142,775) on structural capital improvements required to improve the existing useful lives of specific properties.

We have an in-house maintenance team who provide a responsive maintenance service to customers, and manage planned maintenance and compliance checks of our properties. We have an in-house cleaning and gardening team, providing work opportunities to customers who show an interest in maintaining our estates

Asset management

Last year we accelerated our component replacement programme by utilising a hybrid method of works that had been derived from the stock condition survey and works that needed replacement from inspections of properties, we also carried out a series of catch up repairs on major components such as refurbishing roofs to ensure they are fit for purpose in the future.

Careful decisions were made when committing to large scale planned works as we have been mindful of our overarching disposal project, although this did not compromise any health and safety or replacements that could have a detrimental effect on customers such as the need for new boiler replacements. The priority going forward is to continue in this way ensuring there is investment in the stock which will have a positive effect on reactive repairs. We commissioned a 2nd phase of stock condition survey programme in 2022 to support our work in complying with the Energy Efficiency Standard for Social Housing (EESH) as well as Decent Homes Standards. Phase 1 was completed in the 2021-22 financial year. We will be planning the best use of all our stock for the future, including exploring opportunities to access the Social Housing Decarbonisation Fund. The priority for this review will be a combination of reducing both running costs for customers and on-going maintenance costs for the organisation, ensuring that future investment in existing stock is focused on improvements rather than on reactive repairs.

LUTON COMMUNITY HOUSING LIMITED T/A SQUARED

REPORT OF THE BOARD (continued)

PROPERTY SERVICES (continued)

SHIFT (Sustainable Homes Index for Tomorrow)

Squared is looking to make environmental improvements starting with examining the energy efficiency of all our homes. This will enable Squared to implement appropriate retrofits that (using the fabric 1st approach in all that we do) meet the PAS2030 Green Deal and ECO installations of all our homes. Not only will this help reduce CO2 emissions, but it will also help reduce fuel bills for customers. This will help make our existing homes warmer in winter, cooler in summer with better indoor air quality so our customers are able to stay healthy.

Cleaning and Gardening Squared (CGS)

In the year to 31 March 2024, Cleaning and Gardening team at Squared showed a surplus of £20,871 (2023: £11,490). Turnover was £273,716 (2023: £264,752) and operating costs were £252,845 (2023: £253,262).

Trading as a department of Squared, CGS has continued to empower its customers that are currently unemployed or those that experience long-term unemployment and some of the hard-to-reach individuals within the local communities by providing a sustainable employment programme and unique training opportunities. Beneficiaries have acquired accredited cleaning and gardening qualification through a targeted training and certificated programme.

During the year, CGS continued to meet its targets for external and internal customers in terms of service delivery. CGS supported housing facilities and HMOs by continuing to provide void cleaning and gardening maintenance services to improve the quality and cleanliness of re-let properties and reduced the void period significantly. We also used the opportunity to maintain our estates. A review of loss-making historical contracts took place, particularly with the cleaning team, this has had a positive impact on the service as we can now service void cleans much more regularly, this has had a positive impact on historical void loss rates.

Rubbish clearance activity, continued to do well in the last financial year, when we responsibly removed over 70 metric tons of general household waste.

Property Purchases and Sales

There were 3 property sales (2023: 3) and no property purchases in the year (2023: Nil).

Sales proceeds were £1.8m and accounting gain was £235k, these disposals increased the grant to be recycled to future developments or repaid to Homes England within 3 years of the financial year of these disposals to £2.1m, however, £632k of grant recycled in 2022-23 was allocated to the new build hostel in 2023-24, reducing the recycled grant liability to £1.5m at 31 March 2024.

LUTON COMMUNITY HOUSING LIMITED T/A SQUARED

REPORT OF THE BOARD (continued)

HEALTH & SAFETY

We continued to strengthen our approach to Health & Safety across Squared, working closely with Sureteam H&S Consultants to ensure that we are providing our services safely and complying with Health & Safety regulations and have robust practices in place.

All teams worked collaboratively to continue actioning the 12-month Health & Safety Plan to minimise risks.

The annual H&S Audit 2024 was undertaken with members of Squared's team, including leadership, operational management and team members in Summer 2024 using the auditing tool "Safe365". Our teams continue to be committed to implementing recommendations and improving health & safety practices.

Annual mandatory training has continued with all managers and team members with certified Level 2 being undertaken; teams continue to be proactive and challenge and query H&S issues and concerns. All our teams are responsible for ensuring the health and safety of customers, fellow team members and other stakeholders.

To enable Squared to create a focused and supported way forward to ensure a robustly managed Safety Management System (SMS), we have continued employing a compliance lead to further develop Squared's Compliance Framework and consolidate data.

The outcomes and recommendations of the audit have helped us focus on and prioritise areas for improvement to minimise risk, keep everyone safe and protect our properties too. The audit is a useful tool for us to continuously improve our service offering and ensure all team members are working within safe practices and environments.

Squared has a robust H & S Policy in place which is in date and approved by the Board. The policy is reviewed by Sureteam in consultation with Squared when changes within the business take place, or legislation and best practice requires this. Sureteam continue to work strategically alongside the leadership and management teams to provide support and help drive continuous improvement in a coordinated approach.

PEOPLE EXCELLENCE (PE_x)

Leadership Team (LT)

The Leadership Team comprises the Chief Executive, Kierson Benfield; Business Support & Governance Director, Claire Bryan; Finance Director (part-time consultant), Lee Schopp; Head of Homes, Graham Haynes and Head of Property Services, Darren George.

Operational Team (OT)

Operational Team (OT) is made up of senior and junior managers and manages the operational link between the Leadership Team and the rest of the workforce.

LUTON COMMUNITY HOUSING LIMITED T/A SQUARED

REPORT OF THE BOARD (continued)

PEOPLE EXCELLENCE (continued)

Ensuring the continuation of excellence in people management throughout the organisation

The PEx team have continued to be integral to supporting and advising managers and teams across Squared, helping them to gradually stabilise following the earlier transition from the lockdown periods. We continued applying our 'PEx Partnering' approach to coach managers and team members; ensuring we are keeping abreast of changing legal obligations and best practice and contributing to minimising risks to the health and safety of team members, customers, and all stakeholders.

We further developed our use of a self-service portal "Employment Hero" as part of our continual drive to improve the digital experience for team members and maximise efficiency.

Investing in our people

We continue to be accredited as an Investors in People Gold employer.

This helps us to focus on how we use measurement tools and data relating to our team members to further drive business performance, maintain our forward-thinking culture and ensure newer team members embrace the vision and culture we aspire to.

Future proofing our staffing resources

We continued to focus on our organisational design to ensure business objectives were delivered and business continuity sustained; reviewing our Homes with Support Services structure to ensure the team is effectively resourced.

Fair reward and recognition

In 2023/2024 all eligible team members received a 3% pay increase, as Squared continued to recognise and value the contribution of team members.

We continue to provide employee benefits via our online benefits platform, providing a central location for all team members to access and self-serve, including, but not limited to: access to health cash plan, pension contributions, life assurance, buying and selling of annual leave, shopping discounts/cashback, wellbeing initiatives.

We utilised our self-service HR platform, Employment Hero to shout out and recognise key contributions from team members.

Managing performance using Objective Key Results (OKRs)

We continue to emphasise setting objectives and targets across Squared, with the further use of OKRs, supporting team members to stay on track to deliver their objectives and key results, enhancing customer services across Squared and enabling greater focus in teams and to ensure commercially sound decisions are made.

LUTON COMMUNITY HOUSING LIMITED T/A SQUARED

REPORT OF THE BOARD (continued)

PEOPLE EXCELLENCE (continued)

Transformational development across Squared

Our leadership & management team focused on their individual development needs, utilising our Go1 e-learning platform as well as through our professional memberships.

Our Homes with Support team annual training programme continued and included training on safeguarding, managing trauma and creating a psychologically-informed environment for our customers; building resilience in our team coaching and supporting customers with complex issues and needs.

We continued to encourage self-responsibility for personal development through the use of our e-learning platform “Go1” linked to our new HR self-service portal, enabling our team members’ access to a library of e-learning; encouraging team members to explore their own development needs.

Inspiring our people

We continued to maximise employee engagement and wellbeing levels, actively involving our teams to participate in Squared initiatives:

- Fair & Squared – group engaged in our commitment to FREDIE (fairness, respect, equality, diversity, inclusion and engagement for all).
- The Exchange – quarterly staff meeting.
- Staff Conference 2024 – focusing on “Squared: a new chapter”; as we focus on our key business objectives and welcome a new CEO and broader Leadership Team
- Held a virtual mindfulness session every Wednesday lunchtime.
- Engagement Survey outcomes were consistently above 75%, evidencing an engaged workforce.
- Quarterly team meeting to provide opportunity to collaborate with colleagues and encourage participation and employee voice – empowering and involving team members.
- Annual Work Positive day – providing a valuable opportunity for team members across Squared to join together and focus on their mental, physical and financial wellbeing.

Quality of services

Squared strives to provide quality services, matching or exceeding the best. We do this through a committed and well-trained team, which also reflects the local community and our customers. To test and evidence the quality of our services we continue to be accredited for:

- Investors In People Gold – we are proud to have been reaccredited as a Gold standard Investor in People in 2023, evidencing our commitment to strive for excellence as an employer.
- Leaders in Diversity – to test our performance in the way we manage diversity throughout the organisation, this recognises those organisations that have performed particularly well in EDI and benchmarks them against others.

Very few organisations in Luton have achieved this level of recognition of their approach to diversity and nationally only a few organisations have achieved Leaders in Diversity.

LUTON COMMUNITY HOUSING LIMITED T/A SQUARED

REPORT OF THE BOARD (continued)

Post Balance Sheet events - Funding

On 16th August 2024, Squared entered into a revised lending facility with RBS plc for £13.8m. This did not increase overall borrowing but consolidated all previous lending agreements into a single loan facility.

The properties charged remained unchanged and there were minor amendments to financial covenants including a new minimum liquidity level which Squared need to maintain.

Squared have committed to use at least 50% of sales proceeds from the sale of properties under it's asset disposal program to make capital repayments against this loan.

The Board

During the year, there were no additions to the membership of the Board of Management (2023: 1). The 5-year business plan continues to be reviewed and updated by the Board. Squared continues to actively seek new board members, with specific skills to help it achieve its vision. New board members with relevant knowledge and experience as well as tenant board members are always sought, and applications are welcomed. There are currently 5 board members. There are vacancies for up to 7 more members, especially tenant board members.

Statement of the board's responsibilities

The Board of Management is responsible for preparing the Report of the Board and the financial statements in accordance with applicable law and regulations.

The law requires the Board of Management to prepare financial statements for each financial year. Under that law, the Board of Management has elected to prepare Squared's financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". The Board of Management must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of Squared and of the surplus or deficit for that period.

In preparing these financial statements, the Board of Management are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Board of Management is responsible for keeping adequate accounting records that are sufficient to show and explain Squared's transactions and disclose with reasonable accuracy at any time the financial position of Squared and enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008, the Accounting Direction for private registered providers of social housing 2022 and the Statement of Recommended Practice: Accounting by registered social housing providers (SORP 2018). They are also responsible for safeguarding the assets of Squared and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

LUTON COMMUNITY HOUSING LIMITED T/A SQUARED

REPORT OF THE BOARD (continued)

Going Concern

Squared continued to be affected by uncertainty from the regulatory environment, government economic policy and economic uncertainty. These include the direct and indirect impacts of the Covid-19 pandemic as well as inflationary pressures due to the war in Ukraine and the recent increases in the Bank of England base rate.

Squared experienced a continued decline in trading performance in 2023/24, due to a number of reasons, such as an increase in the number of empty properties as well as an increase in arrears having to be written off, and the impact of the increase in loan interest rates.

This decline in trading performance resulted in our funder writing to us in September 2023 to seek a consensual restructuring and repayment strategy.

In October 2023, we appointed a new finance director to oversee this restructuring and during this time our funder has continued to be very supportive and have extended ongoing capital repayment holidays and a waiver on the interest cover covenant.

A new business plan was developed and approved by the Board in December 2023 which included:

- Increasing rents as permitted within regulations and the rent standard
- Renegotiating lease terms to ensure we were not letting any properties at a loss
- Sub-letting or otherwise making better use of surplus office space
- Reducing the overall costs of running the business with particular attention to how we commissioned maintenance repairs
- Commencing an asset disposal program in mid-2024 to sell at least 24 properties over the next 2 years focusing on those that were either void or uneconomical to improve their energy efficiency.

The business plan showed a return to underlying operating profit and a significant improvement in cash flow.

Since 31st March, Squared's performance has surpassed all aspects of the business plan and the business has returned to generating a surplus. A new funding agreement has also been signed (see post balance sheet events – funding).

In addition, Squared continues to have over 350 unsecured properties with a market value of £50m.

On this basis, the Board has a reasonable expectation that Squared has adequate resources to meet committed contractual expenditure and all known liabilities as they fall due and to continue in operation for the foreseeable future.

The Board continues to adopt the going concern basis for preparing the financial statements.

LUTON COMMUNITY HOUSING LIMITED T/A SQUARED

REPORT OF THE BOARD (continued)

Internal Control

The Board acknowledges that it is responsible for the system of internal control within Squared and for reviewing its effectiveness. The Board recognises that such systems are designed to manage rather than eliminate risks of failure to achieve the business objectives of Squared. Such systems can only provide reasonable rather than absolute assurances against material misstatements or losses.

The process for identifying, evaluating and managing significant risks faced by Squared is ongoing and has been in place for the year under review, and up to the date of approval of the annual report and accounts. The process is regularly reviewed by the Board and managed by the Management Team.

The Board has retained the management authority for reviewing the internal controls systems. The Board reviews policies regularly and a cycle has been established to ensure this regular review continues.

The following policies and procedures are in place to support the Board's assurance on internal controls:

- Code of governance
- Commitment made to "NHF Code of Integrity at Work" by each staff member
- Complaints
- Conflict of Interest
- General Data Protection Regulations
- Delegated Authorities
- Disciplinary, Grievance & Capability
- Disclosure & Barring Service
- FREDIE (Fairness, Respect, Equality, Diversity, Inclusion & Engagement)
- Financial Regulations
- Gifts and Hospitality
- Health & Safety
- Internal Fraud
- Probity and Propriety
- Programme of independent Internal Audit
- Risk Management
- Whistleblowing

An internal audit is carried out periodically by an independent organisation. The last review took place in March 2018.

The Board have not had to deal with any material internal control problems in the year. The Leadership Team would highlight such problems to the Board and an action plan for the Management Team to carry out would be agreed at Board level. There are no regulatory concerns currently outstanding with the Regulator of Social Housing and the Board is satisfied that the internal controls are constantly being reviewed to identify areas of improvement.

Risk

The Board accepts that no organisation can provide a service, and grow, without taking some risk. Therefore, on an annual basis, the Board reviews the risks faced by Squared, and is satisfied that the risk management is adequate and is continuously under review.

LUTON COMMUNITY HOUSING LIMITED T/A SQUARED

REPORT OF THE BOARD (continued)

Governance

The Board continues to adopt the NHF Code of Governance 2020. The Board considers that Squared continues to meet the requirements of both the NHF Code of Governance and the Regulator Standards.

Marketing and Communications

Over the last year, our Marketing and Communications team has continued to develop their plans for a marketing programme to strengthen our organisation by raising our profile as an inclusive, caring, approachable, forward-thinking and lively organisation. As well as managing Squared's organisation-wide news and promotional activity, our Marketing and Communications team continue to work with our various teams to deliver their specific marketing and communications needs, to support our services and keep our customers updated and informed.

As part of the Luton Homeless Partnership, our team has supported the partnership by helping to communicate its messaging and activities through social media activity and also by contributing to content planning.

We are continuing to increase our digital footprint by utilising digital marketing to communicate with our customers and to raise our profile locally through social media platforms, video content, digital advertising, sponsored content and email. We are working with our wider teams to identify customer touchpoints in every service to explore digital communication solutions to improve communication and service efficiency for our customers, for example website bots to help support customers with their queries and questions.

Value for money (VfM)

The Value for Money (VfM) standard was issued by the Regulator of Social Housing (RSH) with effect from 1 April 2018. The standard requires that registered providers must:

- ✓ clearly articulate their strategic objectives.
- ✓ have an approach agreed by their board to achieving VfM in meeting these objectives and demonstrate their delivery of VfM to stakeholders.
- ✓ through their strategic objectives, articulate their strategy for delivering homes that meet a range of needs.
- ✓ ensure that optimal benefits is derived from resources and assets and optimise economy, efficiency and effectiveness in the delivery of their strategic objectives.

Squared's vision is Inspiring Lives and our mission is to Place Customers at the heart of everything that we do by providing Homes Support and Opportunity.

Squared's strategic objectives for the next 5 years are;

- Improve financial position
- Achieve customer service excellence & engagement
- Effective management of existing assets
- Achieve operational excellence

LUTON COMMUNITY HOUSING LIMITED T/A SQUARED

REPORT OF THE BOARD (continued)

VALUE FOR MONEY (continued)

Squared is committed to providing good quality, safe and secure homes that people want to live in. We will create spaces that give people the chance to live well and thrive. We will provide the right support services that people need. We will be guided by the principles of economy, effectiveness and efficiency at all levels within the business. Squared will be looking for additional loan funding and aim to get the best use of all of the resources available to us by investing in developments wisely and sustainably. We will identify older properties that are inefficient to repair/refurbish for sale, re-investing proceeds in newer properties to reduce repair costs.

By considering VfM within teams at all levels of the business, we will be able to provide high quality services to our residents at the lowest possible cost with the best possible outcomes. We will seek to maximise our income and minimise our costs. We will use the resulting operating surpluses to provide new homes, improve existing homes and provide services of genuine value to our residents and to the wider community.

Squared formally reviews its performance on VfM, including VfM metrics set up by RSH, comparing ourselves to our benchmarking peer group and reporting this to the Board annually.

Peer Group Benchmarking

Squared is a member of a benchmarking group London Southeast Benchmarking Club (LSBC) the tools for which are provided by the organisation Acuity www.arap.co.uk. Our performance data is submitted to Acuity who work in partnership with House Mark. We monitor our performance with Acuity and LSBC because we recognise that some more useful insight can be gained from comparing ourselves with organisations operating in inner London boroughs of a similar size. Specialist benchmarking clubs offer the opportunity to meet with colleagues from similar organisations facing similar challenges to network, share ideas and to learn from each other.

The peer comparison results for our benchmarking group are published below with last year's results and future year's targets linked to our strategic objectives.

Peer Group Benchmarking results

Improve financial position

We have managed to reduce our relet times and increase amount of rent collected in 2023-24 for our Homes With Support (HWS) properties.

METRIC	Targets							
	Prior Year 2022/23	Report Year 2023/24	Peergroup median 2023/24	Quartile Ranking	2023/24	2024/25	2025/26	2026/27
Rent collected from current tenants - HfOP	94.3	100.96	100.09	1	96	97	98	99
Overhead costs as a percentage of turnover	14	13	17.87	1	10	10	10	10
Operating margin (social housing lettings)	33	34	20.2	1	25	25	25	25

LUTON COMMUNITY HOUSING LIMITED T/A SQUARED

REPORT OF THE BOARD (continued)

PEER GROUP BENCHMARKING RESULTS (continued)

We will be focusing all teams on how they can make similar improvements by learning from our HWS team. We will also be reviewing arrears and bad debt policy and approach to improve levels of bad debts and arrears which have not improved in the year.

METRIC	Targets							
	Prior Year 2022/23	Report Year 2023/24	Peergroup median 2023/24	Quartile Ranking	2023/24	2024/25	2025/26	2026/27
% rent collected - GN & HFOP	98.5	91.8	98.03	4	100	100	100	100
% rent collected - GN	97.6	91.7	98.95	4	100	100	100	100
Current tenant arrears - GN only	6.8	7	3.62	4	4	3	2.5	2
Former tenant arrears - GN only	4.4	4	1.04	4	3	3	2.5	2
Current tenant arrears - HFOP	7.5	7.20	1.6	4	4	4	3	2
Former tenant arrears - HFOP	10	12.51	0.23	4	7	6	5	4

Achieve customer service excellence & engagement

Our independent star survey carried out by Acuity based mostly on the newly introduced TSMs was invaluable to set a baseline of customer satisfaction levels and we will now be using our own survey tool CX-Feedback to continue capturing and monitoring satisfaction levels. Overall satisfaction levels were lower than our previous independent survey, which was a theme across the sector and our benchmarking group. Despite that we had some great results on some of the metrics for our HWS customers compared to our benchmarking colleagues.

METRIC	Targets							
	Prior Year 2022/23	Report Year 2023/24	Peergroup median 2023/24	Quartile Ranking	2023/24	2024/25	2025/26	2026/27
Repairs satisfaction Supported Hsg tenants	n/a	89	84.5	1	95	98	100	100
Home well maintained satisfaction Supported Hsg tenants	n/a	86	85.5	1	95	98	100	100
Listens and acts Supported Hsg tenants	n/a	70	66	1	95	98	100	100
Satisfaction: ASB handling Supported Hsg tenants	n/a	75	67.5	1	95	98	100	100

We will be working on action plans to improve the satisfaction levels that were not as good as our benchmarking peer group using our CX Feedback survey tool to carry out regular surveys at 'touchpoints' of interaction with our customers. Information obtained from survey will be used to improve our services.

METRIC	Targets							
	Prior Year 2022/23	Report Year 2023/24	Peergroup median 2023/24	Quartile Ranking	2023/24	2024/25	2025/26	2026/27
Overall satisfaction GN tenants	79	65	75	4	95	98	100	100
Repairs satisfaction GN tenants	78	72	70	4	95	98	100	100
Home is safe satisfaction GN tenants	88	65	72	4	95	98	100	100
Satisfaction with complaint handling GN tenants	100	28	35	4	95	98	100	100
Satisfaction: contribution to neighbourhood GN tenants	71	51	63	4	95	98	100	100

LUTON COMMUNITY HOUSING LIMITED T/A SQUARED

REPORT OF THE BOARD (continued)

PEER GROUP BENCHMARKING RESULTS (continued)

Effective management of existing assets (housing stock)

Asset compliance is being monitored continuously with some areas showing we are achieving our targets.

METRIC	Targets							
	Prior Year 2022/23	Report Year 2023/24	Peergroup median 2023/24	Quartile Ranking	2023/24	2024/25	2025/26	2026/27
% homes that fail to meet Decent Homes Standard	0	0.00	0	1	0	0	0	0
Fire safety checks	0	100	100	1	100	100	100	100
Water safety checks	0	100	100	1	100	100	100	100
Lift safety checks	0	100	100	1	100	100	100	100

Other areas need careful planning to achieve continuous improvement, which will be a feature of our plans for 2024-25.

METRIC	Targets							
	Prior Year 2022/23	Report Year 2023/24	Peergroup median 2023/24	Quartile Ranking	2023/24	2024/25	2025/26	2026/27
% Homes with EPC C or better	51	42	72	N/A	65	70	75	75
Percentage of gas safety checks completed	93	93	100	4	100	100	100	100
Repairs per unit	4.4	6.37	3.2	4	3	2	1	1

Achieve operational excellence (quality & efficiency)

It has been encouraging to see good performance on some of the new metrics arising out of the Tenant Satisfaction Measures.

METRIC	Targets							
	Prior Year 2022/23	Report Year 2023/24	Peergroup median 2023/24	Quartile Ranking	2023/24	2024/25	2025/26	2026/27
Repairs satisfaction Supported Hsg tenants	n/a	89	84.5	1	95	98	100	100
Home well maintained satisfaction Supported Hsg tenants	n/a	86	85.5	1	95	98	100	100
Listens and acts Supported Hsg tenants	n/a	70	66	1	95	98	100	100
Satisfaction: ASB handling Supported Hsg tenants	n/a	75	67.5	1	95	98	100	100

We have some work to do on both existing and new metrics that are not satisfactory. One key area being targeted for 2024-25 is the area of complaints. 80% of our staff team have undergone the Housing Ombudsman dispute resolution training. We have carried out internal complaint handling training as well and have prepared a Complaints Toolkit to assist all staff who may come into contact with a customer who is making a complaint. There was only one stage 2 complaint however resolution deadline was missed. We have introduced 100% targets for resolving all complaints from now on.

LUTON COMMUNITY HOUSING LIMITED T/A SQUARED

REPORT OF THE BOARD (continued)

PEER GROUP BENCHMARKING RESULTS (continued)

METRIC	Prior Year 2022/23	Report Year 2023/24	Peergroup median 2023/24	Quartile Ranking	Targets			
					2023/24	2024/25	2025/26	2026/27
Satisfaction - neighbourhood - GN	71	51	80	4	95	98	100	100
Stage 1 complaint responses within timescales	0	50	96.15	3	100	100	100	100
Stage 2 complaint responses within timescales	n/a	0	87.5	4	100	100	100	100
ASB cases per 1000 homes	n/a	45	26.9	4	n/a	80	90	100

Value for Money and RSH Metrics

Financial performance has been challenging due to a combination of circumstances that we are working to resolve such as high loan interest rate and high inflation impacting labour and materials and almost all costs. Where possible, we have negotiated or tendered rates for responsive repair and planned investment works, and we are exploring the advantages of procurement frameworks particularly for material supply partly due to the requirements of the new Procurement Act 2023 Action plans achieved during the year have helped improve the financial position and we are seeing improved results in the year so far in 2024-25.

METRIC	Prior Year 2022/23	Report Year 2023/24	Peergroup median 2023/24	Quartile Ranking	Targets			
					2023/24	2024/25	2025/26	2026/27
Cost per property of Housing Management	538	970	611.6	3	500	450	400	350
Cost per property of responsive repairs and void works	1504	1753	986.63	4	1350	1300	1250	1200
Cost per property - Major and cyclical works	1599	2407	1207	4	1000	900	850	800
Overhead costs as a percentage of turnover	14	13	17.87	1	10	10	10	10
Operating margin (social housing lettings)	33	34	20.2	1	25	25	25	25
Return on Capital Employed (ROCE) %	-1.28	-1	2.3	4	2.5	3	3.5	4
Headline social housing cost per unit	7426	8421	6221.42	4	7000	6500	6000	6000

Key: GN – General Needs
HFOP – Housing for Older People

LUTON COMMUNITY HOUSING LIMITED T/A SQUARED

REPORT OF THE BOARD (continued)

Other Financial Metrics

Return on assets

	31 March 2024	31 March 2023
Tangible fixed assets	£27,221,537	£28,187,932
(Deficit)/surplus for the year	(£1,564,797)	(£900,652)
Return on Net Assets	-5.98%	-3.28%
Return on Capital Employed	-2.16%	-1.17%

Assets reduced due to the asset sales as part of our disposal programme of properties that are uneconomical to repair, improving our cash flow.

Deficit increased on the previous year due to continued inflationary pressure on maintenance costs as well as continued high interest rates. Development costs previously capitalised that will not be proceeding valuing £289k were written off in the year. Bad debts of £329k were also provisioned, review of arrears and bad debts is planned to commence at the earliest opportunity.

Cost of delivering services

FINANCIAL RATIOS	31 March 2024	31 March 2023
Total borrowing to Net Worth (including acquisition costs)	0.62	0.59
Total borrowing to Net Worth (excluding acquisition costs)	1.08	0.96
Operating profit to Interest Payable	-1.56	-1.64
Value of charged properties to outstanding debt	125%	124%

LUTON COMMUNITY HOUSING LIMITED T/A SQUARED

REPORT OF THE BOARD (continued)

Value For Money improvements during 2023-24

- Void loss - appointment of new HMO Co-ordinator and updating roles within the team helped reduce time taken to relet properties, improving rent lost from empty properties.
- Purchasing mattresses in bulk reduces our renewal costs by storing in space that Squared own.
- Customer satisfaction - organising independent 3-yearly Star Survey and continuing regular internal quarterly survey to inform improvements and report on new TSMs introduced by the Regulator of Social Housing. Square have purchased CX-Feedback system to facilitate the surveys internally.
- Repair target times - appointment of new Property Services Manager and surveyor and re-structure of the team, increasing hours for roles and introducing new roles to ensure compliance and meeting repair targets.
- Gas Certificates - serve section 21 notices as soon as access is not gained at a property to improve our performance on obtaining certificates for all properties.
- We acknowledge a high management cost due to our Supported Housing and Coaching activities as well as making investments in new technology.
- Update all policies with new clearer layouts.
- Map processes organisation-wide to improve efficiency.
- Introduce new housing system MRI Housing Enterprise with integrated document management and finance system to improve efficiency and effectiveness of our activities.
- Carried out annual benchmarking to other similar organisations in order to compare, obtain new ideas and carry out improvements.
- Negotiating increases in rent to existing licencees of office space at our Head Office.
- Marketing empty office space to achieve as high occupancy as possible.
- Improving profitability of landlord leases through rent increases to customers, most of which were overdue and by negotiating with landlords.
- Outsourcing payroll to derisk potential for regulatory failures, save time internally, and avoid loss of specialist payroll and pension knowledge due to staff turnover, for an additional cost of £1.2k annually.

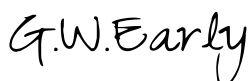
LUTON COMMUNITY HOUSING LIMITED T/A SQUARED

REPORT OF THE BOARD (continued)

Remedial action plans for 2024-25

- Continue quarterly and annual benchmarking reporting in our benchmarking club in order to compare, obtain new ideas and be able to achieve continuous improvement and work towards targets.
- Phone system – phone system to be reviewed with virtual receptionist under trial in order to improve our accessibility to our customers.
- Bad debts - review policy, procedures, process and approach to arrears and bad debts.
- Customer satisfaction - continue monitoring and reporting on new TSMs introduced by the Regulator of Social Housing last year using our recently introduced CX-Feedback system to facilitate carrying our surveys internally.
- Customer satisfaction – complaints handling target of 100% response time for stage 1 and stage 2 complaints.
- EICR - improve efficiency by agreeing value of works that can be carried out at the same time as the EICR inspection.
- EPC – formulate a plan to ensure EPCs for all properties, whether owned or managed, are at least C by the year 2030, as required by law.
- Continue to pursue customers to rent out any empty office space at our Head Office.
- Update all policies with new clearer layouts and impact statement.
- Map processes organisation-wide to improve efficiency.
- Introduce new housing system MRI Housing Enterprise with integrated document management and finance system to improve efficiency and effectiveness of our activities, speed and accuracy of reporting, to aid decision making at Squared.

By order of the Board of Management



.....
Glyn Early
Chair

C.L. Bryan

.....
Claire Bryan
Secretary

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
LUTON COMMUNITY ASSOCIATION LTD TRADING AS SQUARED

Opinion

We have audited the financial statements of Luton Community Housing trading as Squared for the year ended 31st March 2024, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Capital and Reserves 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).

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31st March 2024 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008, and the Accounting Direction for Private Registered Providers of Social Housing 2022.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Board's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Association's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Board with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Report of the Board, other than the financial statements and our auditor's report thereon. The Board is responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

LUTON COMMUNITY ASSOCIATION LTD TRADING AS SQUARED (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Matters on which we are required to report by exception

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

- a satisfactory system of control over transactions has not been maintained; or
- the Association has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we need for our audit.

Responsibilities of the Board

As explained more fully in the Statement of the Board's responsibilities the Board is responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board 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 Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intends to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 83 of the Co-operative and Community Benefit Society Act 2014 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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

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:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Association and determined that the most significant are the Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), the Co-operative and Communities Benefit Societies Act 2014, and the Housing and Regeneration Act 2008.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

LUTON COMMUNITY ASSOCIATION LTD TRADING AS SQUARED (continued)

- We understood how the Association is complying with those frameworks via communication with those charged with governance, together with the review of the Association's documented policies and procedures.
- We assessed the susceptibility of the Association's financial statements to material misstatement, including how fraud might occur by considering the key risks impacting the financial statements. These included risks associated with revenue recognition, application of accounting estimates and management override of controls, which were discussed and agreed by the audit team.
- Our approach included agreeing the Association's recognition of income to the terms of tenancy agreements, reviewing the assumptions used and controls applied in the calculation of accounting estimates, the review of journal entries processed in the accounting records and the investigation of significant and unusual transactions identified from our review of the accounting records.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of the reporting to the board members with respect to the application of the documented policies and procedures and review of the financial statements to ensure compliance with the reporting requirements of the Association.

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

Use of our report

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

Knox Cropper LLP

Knox Cropper LLP
Chartered Accountants and Statutory Auditor
65 Leadenhall Street
London
EC3A 2AD

Date 30/09/2024

LUTON COMMUNITY HOUSING LIMITED T/A SQUARED

STATEMENT OF COMPREHENSIVE INCOME for the year ended 31 MARCH 2024

	Notes	2024 £	2023 £
Turnover	2(a)	7,781,424	7,200,921
Operating costs	2(a)	(8,582,272)	(8,054,968)
Gain on property disposal		<u>235,545</u>	<u>532,159</u>
Operating (deficit)/surplus		(565,303)	(321,888)
Interest receivable and other income	5	2,225	246
Interest payable and similar charges	6	(1,001,719)	(579,010)
Deficit for the year		<u>(1,564,797)</u>	<u>(900,652)</u>
Other Comprehensive Income		-	-
Total Comprehensive Income		<u>(1,564,797)</u>	<u>(900,652)</u>

These financial statements were approved on 25 September 2024 and were signed by:

C.L. Bryan

Secretary

Mostaque Hayes

Board member

G.W. Early

Chair

The notes on pages 29 to 49 form part of these accounts.

A statement of movement in reserves is set out on page 28.

The results for both years are wholly attributable to continuing activities.

LUTON COMMUNITY HOUSING LIMITED T/A SQUARED

STATEMENT OF FINANCIAL POSITION at 31 MARCH 2024

	Notes	2024 £	2023 £
Tangible fixed assets			
Housing properties	10	25,893,289	26,908,367
Investment properties	19	426,712	426,712
Intangible fixed assets	10	205,344	153,706
Other tangible fixed assets	10	696,192	699,147
		<u>27,221,537</u>	<u>28,187,932</u>
Current assets			
Debtors due within one year	11	812,196	1,657,501
Cash and cash equivalents		(5,611)	(191,360)
		<u>806,585</u>	<u>1,466,141</u>
Creditors: amounts falling due within one year	12	<u>(1,875,886)</u>	<u>(2,220,021)</u>
		(1,875,886)	(2,220,021)
Net current assets/(liabilities)		<u>(1,069,301)</u>	<u>(753,880)</u>
Total assets less current liabilities		26,152,236	27,434,052
Creditors: amounts falling due after more than one year	13	(26,283,334)	(26,000,353)
Total net assets/(liabilities)		<u>(131,098)</u>	<u>1,433,699</u>
Capital and reserves			
Non-equity share capital	14	14	14
Revenue reserve		(131,112)	1,433,685
Total net assets/(liabilities)		<u>(131,098)</u>	<u>1,433,699</u>

These financial statements were approved on 25 September 2024 and were signed by:

C.L. Bryan

Secretary

Mostaque keyes

Board member

G.W. Early

Chair

The notes on pages 29 to 49 form part of these accounts.

LUTON COMMUNITY HOUSING LIMITED T/A SQUARED

STATEMENT OF CASH FLOWS for the year ended 31 MARCH 2024

	Notes	2024 £	2023 £
Net cash generated from operating activities	17	423,004	96,839
Cash flow from investing activities			
Purchase of other fixed assets		(24,912)	(89,509)
Purchase of tangible fixed assets		(960,279)	(1,176,157)
Purchase of intangible fixed assets		(52,569)	(75,540)
Social Housing capital grant		-	-
Disposal Proceeds		1,800,000	681,385
Interest received		2,225	246
		<u>764,465</u>	<u>(659,575)</u>
Cash flow from financing activities			
Interest paid		(1,001,719)	(579,010)
New loan drawdown		-	1,000,000
Loan repaid		-	(309,500)
		<u>(1,001,719)</u>	<u>111,490</u>
Increase/(decrease) in cash		<u>185,750</u>	<u>(451,246)</u>
Cash and cash equivalents at start of the year		<u>(191,360)</u>	<u>259,886</u>
Cash and cash equivalents at end of the year		<u>(5,611)</u>	<u>(191,360)</u>

Analysis of changes in Net Debt

	Brought Forward Apr-23	Cashflows	Other non-cash Changes	Carried Forward Mar-24
Cash and cash equivalents	(191,360)	185,750	-	(5,611)
Borrowings				
Debt due within one year	(309,500)	-	-	(309,500)
Debt due after one year	<u>(12,026,250)</u>	<u>-</u>	<u>-</u>	<u>(12,026,250)</u>
	<u>(12,335,750)</u>	<u>-</u>	<u>-</u>	<u>(12,335,750)</u>
Total	<u>(12,527,110)</u>	<u>185,750</u>	<u>-</u>	<u>(12,341,361)</u>

LUTON COMMUNITY HOUSING LIMITED T/A SQUARED

STATEMENT OF CHANGES IN CAPITAL AND RESERVES for the year ended 31 MARCH 2024

	Share capital £	Restricted reserve £	Revenue reserve £	2024 Total £	2023 Total £
Reserves					
Balance at 1 April	14	-	1,433,685	1,433,699	2,334,351
Total comprehensive income for the year	-	-	(1,564,797)	(1,564,797)	(900,652)
Adjustment	-	-	-	-	-
Transfer between reserves	-	-	-	-	-
Balance at 31 March	<u>14</u>	<u>-</u>	<u>(131,112)</u>	<u>(131,098)</u>	<u>1,433,699</u>

LUTON COMMUNITY HOUSING LIMITED T/A SQUARED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2024

1. Legal Status

Squared is incorporated in England and Wales under the Co-operative and Community Benefit Societies Act 2014 with the Financial Conduct Authority and is a registered provider of social housing within the Housing and Regeneration Act 2008. Squared is registered with The Regulator of Social Housing (RSH).

Squared's principal activities are stated in Report of the Board of Management on page 3.

Squared's registered office is Bramingham Business Centre, Unit B2, Enterprise Way, Luton, LU3 4BU.

2. Principal Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to Squared's financial statements.

Basis of accounting

The financial statements are prepared in accordance with applicable accounting standards, "FRS102", the Financial Reporting Standard applicable in the UK and Republic of Ireland, the Statement of Recommended Practice for Accounting by Registered Social Housing Providers (SORP 2018) and comply with the Accounting Direction for Private Registered Providers of Social Housing 2022 ("the Direction").

In accordance with FRS102 (3.3A), Squared is a public benefit entity that has applied the "PBE" prefixed paragraphs.

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets in accordance with Squared's accounting policies.

The financial statements are presented in sterling, which is the functional currency of the entity. Monetary amounts in the financial statements are rounded to the nearest pound (£).

The principal accounting policies of Squared are set out on the following pages.

LUTON COMMUNITY HOUSING LIMITED T/A SQUARED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2024 (continued)

2. Principal accounting policies (continued)

Going Concern

Assessment

In accordance with FRS102, the Financial Reporting Standard applicable in the UK and Republic of Ireland, the Board of Management have considered a period of 12 months from the date of signing of these financial statements and concluded that the use of the going concern assumption is appropriate.

This is based primarily on the following:

- Operational plans to increase revenue and reduce costs within the new business plan have been being executed resulting in the business returning to profit in 2024/5
- Asset disposal program has begun, and the first properties have now been sold with offers on a number of further properties and a list of the next 15 properties for sale being maintained at all times
- A new lending agreement committed until September 2026 is now in force
- All banking covenants are being met and projections show they will continue to be met.

Uncertainties

Levels of interest rates and inflation in the future continue to be difficult to predict.

How quickly we can achieve property sales is also uncertain and we are working on a guide for most suitable properties, with high maintenance costs, smaller bedroom sizes that are attractive for sale, in the event that any of those are vacated.

The recent change in Government could see changes in legislation that could have an impact on our plans.

The Board of Management have considered the above uncertainties and has concluded that the use of the going concern is appropriate.

Turnover

Turnover represents rental income receivable, supporting people income, fees and revenue grants receivable from customers, local authorities (Luton Borough Council and Central Bedfordshire Council) and Universal Credit from Department for Work & Pensions. Supporting people income is made up of grants received from Luton Borough Council and revenue funding from Homes England.

Rental income is recognised on the basis of the amount receivable for the year. Rental income received in advance is disclosed within the creditors in the balance sheet.

Service charge income is accounted for on the basis of the value of goods or services supplied in the previous period. Any over or under recovery of service charge amounts due is reflected in the service charge income in the following year for general needs properties subject to variable service charges.

Government capital grant received is amortised to income over the useful life of the structure of the property.

LUTON COMMUNITY HOUSING LIMITED T/A SQUARED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2024 (continued)

2. Principal accounting policies (continued)

Fixed assets and depreciation

Housing properties are held for the provision of social housing or to otherwise provide social benefit. Housing properties are stated at cost less depreciation and impairment. Squared accounts for its capital expenditure on housing properties using component accounting. Under component accounting, the housing property is divided into those major components which are considered to have substantially different useful economic lives. These components are then depreciated over their individual useful economic lives. The particular components' useful economic lives when new are as follows and are capitalised at purchase cost:

Land	Infinite
Structure	100 years
Windows	30 years
Central Heating	15 years
Bathroom	30 years
Kitchen	20 years
Wiring	30 years
Roof	50 years

Where land cost is not known, an estimate is based on the matrix issued by the National Housing Federation using the Property Market Report from the Valuation Office.

Fixed assets and depreciation (continued)

Expenditure on items not separately identified as components is capitalised if it results in incremental future benefit, for example an increase in the net rental stream over the life of the property, and the carrying amount of any replaced components or part component is written off.

Unit B2, Bramingham Business Park

This property is used for administrative purposes and is also rented out to external local businesses. The part used for administrative purposes is classified as property, plant and equipment with depreciation on a straight-line basis over 100 years after deducting the land cost. The part rented out is classified as an investment property.

Properties in the course of construction are stated at cost and are transferred into housing properties when completed.

Other fixed assets are stated at cost less accumulated depreciation and impairment. Depreciation is charged to the Income Statement on an annual pro rata basis as follows:

	Rate	Basis
Office improvement works	4%	Over life of lease
Office/computer equipment	10%/33%	Straight line
Property fixtures & fittings	25%	Straight line
Motor vehicles	25%	Reducing balance
Website development	20%	Straight line

LUTON COMMUNITY HOUSING LIMITED T/A SQUARED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2024 (continued)

2. Principal accounting policies (continued)

Investment property

Investment properties, which are properties held to earn rentals and/or for capital appreciation, are initially measured at cost and subsequently at fair value. Revaluation surpluses and deficits are recognised as part of the income statement.

Intangible fixed assets

Intangible fixed assets are non-monetary assets without physical substance, which are measured at cost and will be written off as benefits are derived as follows:

	Rate	Basis
Software	10%	Straight line

Government grant

Government grant is a grant from Homes England to reduce the capital cost of social housing developments.

Government grant comprises social housing grant, grant from local authorities and other government sources.

Capital grants received for housing properties are recognised in income over the expected life of the asset they have funded on a straight-line basis under the accrual model. The unamortised element of the government grant is recognised as deferred income in creditors.

Under most circumstances, if housing properties are disposed of, Social Housing Grant is repayable to the Homes England or subject to restrictions on use and included in the creditors "The Recycled Capital Grant Fund".

Other grants

Grants received from non-government sources are recognised using the performance model. A grant which does not impose a specific future performance condition is recognised as revenue when the grant proceeds are receivable. A grant that imposes a specific future performance related condition on Squared is recognised only when these conditions are met. A grant received before the revenue recognition criteria are satisfied is deferred and shown as a liability in the Statement of Financial Position.

Short term employee benefits

Pension costs

Squared contributes to a defined contribution pension scheme. Contributions are charged to the income and expenditure account in accordance with the rules of the scheme. Differences between contributions payable and those actually paid are shown as either accruals or prepayments in the balance sheet.

Holiday Pay

Holiday pay is accrued as services are rendered. Any differences are shown as either accruals or prepayments in the Statement of Financial Position.

LUTON COMMUNITY HOUSING LIMITED T/A SQUARED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2024 (continued)

2. Principal accounting policies (continued)

Employee termination benefits

Where Squared has committed to pay employee termination benefits before the year end, those benefits are accrued in the current year.

Financial Instruments

Financial assets and financial liabilities are recognised when Squared becomes a party to the contractual provisions of the instrument.

Financial assets and liabilities comprise investments, trade and other debtors, cash and cash equivalents, trade and other payables and loans.

All financial assets and financial liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through the Statement of Comprehensive Income, which are initially measured at fair value (normally the transaction price less transaction costs), unless the arrangement constitutes a financial transaction. If an arrangement constitutes a financial transaction, the financial asset or financial liability is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the Statement of Financial Position when, and only when, there exists a legally enforceable right to set off the recognised amounts and Squared intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the conditions of Section 11.9 of FRS 102 are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Debt instruments that are classified as payable or receivable within one year on initial recognition and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

LUTON COMMUNITY HOUSING LIMITED T/A SQUARED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2024 (continued)

2. Principal accounting policies (continued)

Financial Instruments (continued)

Financial assets are derecognised when and only when:

- the contractual rights to the cash flows from the financial asset expire or are settled;
- Squared transfers to another party substantially all the risk and rewards of ownership of the financial asset; or
- Squared, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires. Squared does not use standalone derivative financial instruments to reduce exposure to interest rate movements.

Impairment

Assets, other than those measured at fair value, are assessed for indicators of impairment at each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in the Statement of Comprehensive Income as described below.

Non-financial assets

Non-financial assets comprise tangible fixed assets. Squared's tangible fixed assets are assessed for impairment at each reporting date. Where indicators are identified, then an assessment is undertaken to compare the carrying amount of assets or cash-generating units for which impairment is indicated to their recoverable amounts. If there is objective evidence of impairment, an impairment loss is recognised immediately in the Statement of Comprehensive Income.

A cash generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

LUTON COMMUNITY HOUSING LIMITED T/A SQUARED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2024 (continued)

2. Principal accounting policies (continued)

Impairment (continued)

Value in use represents the present value of the future cash flows expected to be derived from an asset or cash-generating unit, appropriately adjusted to account for any restrictions on their use. The assessment of value in use may involve considerations of the service potential of the assets or cash-generating units, provided the property concerned is being used for social housing and is in demand. Value in use for assets held for their service potential represents the depreciated replacement cost, being the most economic cost required to replace the service potential of the asset. Depreciated replacement cost is the lower of the cost of constructing or acquiring a replacement asset to provide the same level of service potential. The cost of acquiring a replacement asset could be either through purchasing an equivalent property on the open market or purchasing an equivalent property from another registered provider, providing there is considered to be an active market.

Where indicators exist for a decrease in impairment loss previously recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Financial assets

Financial assets comprise trade and other debtors and cash and cash equivalents.

For financial assets carried at amortised cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

LUTON COMMUNITY HOUSING LIMITED T/A SQUARED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2024 (continued)

2. Principal accounting policies (continued)

Judgements and estimates

Impairment

From 1 April 2016, Squared has reduced social housing rents by one per cent per annum and although this came to an end in 2019/20, this was a trigger for impairment and a review was carried out accordingly.

As a result, in April 2016, we estimated the recoverable amount of its housing properties as follows:

- a) determined the level at which recoverable amount is to be assessed (i.e. the asset level or cash generating unit (CGU) level). The CGU level was determined to be an individual scheme or building;
- (b) estimated the recoverable amount of the cash-generating unit by using fair value;
- (c) calculated the carrying amount of the cash-generating unit; and
- (d) compared the carrying amount to the recoverable amount to determine if an impairment loss has occurred.

Based on this assessment, we calculated the Depreciated Replacement Cost (DRC) of each social housing property scheme or building, using appropriate construction costs provided by a local architect. Comparing this to the carrying amount of each scheme, it was concluded that no impairment charge was required against our social housing properties.

Recoverable Amount

The recoverable amount of a scheme is the higher of its fair value less costs to sell and its value in use. Value in use for housing schemes which are able to be let in their current condition and which are fulfilling the social purpose for which they were acquired is based on the depreciated replacement cost of the asset. Depreciated replacement cost is the most economic cost required to replace the service potential of an asset. Construction costs provided by a local architect have been compared with EUV-SH and there is not considered to be any impairment of property.

Useful Lives

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

The key judgements and estimates applied in respect of housing properties are disclosed above and include the useful economic life of property structure at 100 years and that properties have no residual values at the end of useful life.

These are conservative assumptions that have been aligned with general practice followed by registered housing providers.

LUTON COMMUNITY HOUSING LIMITED T/A SQUARED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2024 (continued)

2. Principal accounting policies (continued)

Judgements and estimates (continued)

Basic versus other

Following a review in accordance with FRS102 (Section 11) all financial instruments are considered to be basic.

Bad debt provision

The trade debtors balance of £1,545,431 (2023: £1,344,628) recorded in Squared's statement of financial position comprises a relatively large number of small balances. All former tenant balances are provisioned in full and specific current tenant provisions are made where necessary following review by operational teams.

PLS hand back provision

Held to cover cost of repairs upon hand back of property to a private landlord and reviewed annually. This provision is currently capped at £1,500, which is the average current financial exposure experienced following a review of the costs of repairing properties handed back to private landlords over the last year.

Valuation of investment property

After initial recognition in October 2015, investment property is measured at its fair value based on the valuation in April 2021 by an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and class of the investment property valued. Management do not consider that there has been a material change to the value of the property since the valuation date.

Identification of housing property components

Housing property depreciation is calculated on a component-by-component basis. The identification of such components is a matter of judgement and may have a material impact on the depreciation charge. The components selected, listed in the accounting policies fixed asset and depreciation section, are those which reflect how the major repairs to the property are managed.

Restricted reserves

There are no restricted reserves to report.

LUTON COMMUNITY HOUSING LIMITED T/A SQUARED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2024 (continued)

2. Principal accounting policies (continued)

Operating leases

Rentals payable under operating leases are charged in the Statement of Comprehensive Income on a straight-line basis over the lease term.

VAT

Squared charges Value Added Tax (VAT) on some of its income and is able to recover part of the VAT it incurs on expenditure. The financial statements include VAT on expenditure to the extent that it is suffered by Squared and not recoverable from HM Revenue and Customs. The balances shown in these accounts are inclusive of VAT where applicable.

Capitalisation of interest

Interest on the mortgage or loan deemed to be financing a development is capitalised up to the date of practical completion of a housing scheme.

Supported Housing

The transactions incurred directly by managing agencies leasing our properties are not included in the financial statements.

Landlord Leasing Schemes

The property leases are taken out for durations of two to three years. The assets are not reflected in Squared's statement of financial position.

LUTON COMMUNITY HOUSING LIMITED T/A SQUARED

NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2024 (continued)

2(a) Turnover, operating costs and operating surplus

		2024			2023		
	Notes	£	Operating costs	Operating surplus/(deficit)	Turnover	Operating costs	Operating surplus/(deficit)
		£	£	£	£		£
Social Housing Lettings	2 (b)	7,433,279	(7,080,577)	352,702	6,820,575	(6,677,368)	143,207
Other Social Housing Activities		348,145	(1,212,392)	(864,247)	380,346	(1,356,434)	(976,088)
Development overheads not capitalised		-	(289,303)	(289,303)	-	(21,166)	(21,166)
Total		7,781,424	(8,582,272)	(800,848)	7,200,921	(8,054,968)	(854,047)

Income for week 53 recognised in turnover in 2024 £Nil (2023: £Nil).

LUTON COMMUNITY HOUSING LIMITED T/A SQUARED

NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2024 (continued)

2(b) Particulars of income and expenditure from social housing lettings

	2024				2023			
	Supported Housing £	General Housing £	Landlord Leasing £	Total £	Supported Housing £	General Housing £	Landlord Leasing £	Total £
Income from social housing lettings								
Rent receivable net of identifiable service charges	1,352,146	2,174,484	1,542,060	5,068,690	1,033,761	2,045,025	1,575,860	4,654,646
Service charges receivable	1,591,551	140,071	-	1,731,622	1,261,325	153,333	-	1,414,658
Net rents receivable	2,943,697	2,314,555	1,542,060	6,800,312	2,295,086	2,198,358	1,575,860	6,069,304
Amortisation of government grant	17,372	118,437	-	135,809	35,465	118,841	-	154,306
Revenue grants receivable	304,699	-	-	304,699	271,487	-	-	271,487
Donations and other income	51,373	-	122,648	174,021	48,353	12,588	144,636	205,577
Fees from schemes managed by agents	18,438	-	-	18,438	119,901	-	-	119,901
Total income from social housing lettings	3,335,579	2,432,992	1,664,708	7,433,279	2,770,292	2,329,787	1,720,496	6,820,575
Expenditure on social housing letting activities								
Services	591,369	162,395	864	754,628	562,123	134,938	7,354	704,415
Management	1,456,773	732,175	625,753	2,814,701	1,380,944	750,564	659,014	2,790,522
Routine maintenance	379,573	402,647	20,252	802,472	173,398	269,899	82,608	525,905
Rent losses from bad debts	140,784	13,058	251,408	405,250	142,501	12,241	96,378	251,120
Major repairs expenditure	368	82,723	10,629	93,720	12,727	101,217	43,130	157,074
Depreciation of housing properties	80,677	331,593	19,489	431,759	78,606	324,331	19,374	422,311
Private Leasing Scheme - landlords' rent/incentive	444,300	-	1,333,747	1,778,047	451,948	-	1,374,073	1,826,021
	3,093,844	1,724,591	2,262,142	7,080,577	2,802,247	1,593,190	2,281,931	6,677,368
Operating surplus on social housing letting activities	241,735	708,401	(597,434)	352,702	(31,955)	736,597	(561,435)	143,207
Rent loss from voids	(264,562)	(21,232)	(19,638)	(305,432)	(350,754)	(31,323)	(39,634)	(421,711)

LUTON COMMUNITY HOUSING LIMITED T/A SQUARED

NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2024 (continued)

3	Key management personnel	2024 £	2023 £
	Expense payments made to the Board of Directors of the association	1,551	348
	Aggregate remuneration for key management personnel		
	Basic salary	188,342	195,150
	Benefits in kind	5,935	5,181
	Pension contributions	52,028	51,028
		246,305	251,359
	National insurance contributions	22,494	23,674
		268,799	275,033

Key management personnel have remained at 3 in the Leadership Team.

Emoluments of highest paid director, the Chief Executive (excluding pension contributions, including benefits in kind and excluding employers NI).

44,370	51,383
--------	--------

Squared currently operates a Group Personal Pension Scheme which is funded by contributions from Squared and the individual. The Chief Executive is an ordinary member of the pension scheme, and Squared's contribution was 8% for the year, amounting to £9,979 (2023: £10,839).

Related party transactions

Squared purchased printing services valuing £1,293 (2023: £5,874) from Bartham Group, a company controlled by board member Mostaque Koyes.

4 Employee information

The average full-time equivalent (F.T.E.) of persons employed during the year, based on 37 hours per week, was:

2024 No.	2023 No.
-------------	-------------

Office staff	27	28
Residential staff, caretakers, maintenance workers and cleaners	31	35
	58	63

2024 £	2023 £
-----------	-----------

Staff costs (for the above persons):

Wages and salaries	2,098,348	2,002,920
Social security costs	187,561	176,634
Other pension costs	105,252	120,077
Redundancy payments	1,535	23,067
	2,392,696	2,322,698

There were employees who earned more than £60,000 as follows

2024	2023
------	------

Band	Number of Employees	Number of Employees
£70,000 - £80,000	2	2
£60,000 - £70,000	1	1
	3	3

LUTON COMMUNITY HOUSING LIMITED T/A SQUARED

NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2024 (continued)

5	Interest receivable and similar income	2024 £	2023 £
	Interest on deposit accounts	<u>2,225</u>	<u>246</u>
6	Total Interest payable less interest capitalised		
	On bank loans, overdrafts and other loans:		
	Total Interest payable during the year	1,030,665	579,010
	Interest capitalised during the year	<u>28,946</u>	<u>-</u>
		<u>1,001,719</u>	<u>579,010</u>
7	Operating surplus	2024 £	2023 £
	Surplus on ordinary activities is stated after charging:		
	Depreciation	459,218	533,837
	Auditor's remuneration in their capacity as auditors (excl. VAT)	9,000	9,000
	Operating rentals - land and buildings	1,778,047	1,826,022
	Operating rentals - plant and machinery	<u>45,522</u>	<u>52,757</u>
8	Taxation		
	Squared has charitable model rules and its surpluses and gains are free from taxation provided that they are dealt with in accordance with the rules.		
9	Operating lease commitments		
	At 31 March 2024 Squared is committed to the total following minimum lease payments in respect of non-cancellable operating leases :		
		2024 £	2023 £
	Land and buildings		
	Within one year	1,405,834	1,722,605
	Between two and five years	<u>823,925</u>	<u>1,212,225</u>
		£	£
	Plant and machinery		
	Within one year	45,522	52,757
	Between two and five years	<u>37,472</u>	<u>80,810</u>

LUTON COMMUNITY HOUSING LIMITED T/A SQUARED

NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2024 (continued)

10a Tangible fixed assets

	Housing properties held for letting owned	Housing properties held for letting leased improvements	Housing properties currently under construction	Total Housing properties	Office Birmingham Head Office owned	Intangibles	Motor vehicles, fixtures & fittings & other equipment	2024 Total	2023 Total
	£	£	£	£	£	£	£	£	£
Cost									
At beginning of year	32,238,534	155,189	1,178,781	33,572,504	426,712	155,568	1,360,921	35,515,705	34,916,589
Additions to properties	127,937	-	323,968	451,905	-	52,569	24,912	529,386	1,178,400
Work to existing properties	508,374	-	-	508,374	-	-	-	508,374	162,806
Transfers	1,145,458	-	(1,145,458)	-	-	-	-	-	-
Disposals	(1,748,545)	-	(287,053)	(2,035,598)	-	-	-	(2,035,598)	(742,090)
At end of year	32,271,758	155,189	70,238	32,497,185	426,712	208,137	1,385,833	34,517,867	35,515,705
Depreciation									
At beginning of year	6,508,948	155,189	-	6,664,137	28,388	1,862	1,060,098	7,754,485	7,409,880
Charge for the year	431,350	-	-	431,350	3,717	931	24,150	459,218	534,767
Transfers	-	-	-	-	-	-	-	-	-
Disposals	(491,591)	-	-	(491,591)	-	-	-	(491,591)	(190,162)
At end of year	6,448,707	155,189	-	6,603,896	32,105	2,793	1,084,248	7,723,042	7,754,485
Depreciated cost	25,823,051	-	70,238	25,893,289	394,607	205,344	301,585	26,794,825	27,761,220
Social Housing & Other Grants									
At the beginning of the year	12,628,413	-	-	12,628,413					
Receivable during the year	-	-	-	-					
Amortised in the year	(135,809)	-	-	(135,809)					
Recovered in the year	400,293	-	-	400,293					
Disposals	-	-	-	-					
At end of year	12,892,897	-	-	12,892,897					

The total Social Housing Grant received at the balance sheet date was

£16,430,446 (2023: £16,430,446)

LUTON COMMUNITY HOUSING LIMITED T/A SQUARED

NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2024 (continued)

10a Tangible fixed assets (continued)

	Housing properties held for letting owned	Housing properties held for letting leased improvements	Housing properties currently under construction	Total Housing Properties	Office Bramingham Head Office owned	Intangibles	Motor vehicles, fixtures fittings & other equipment	2024 Total	2023 Total
	£	£	£	£	£	£	£	£	£
Net book value At 31 March 2024	25,823,051	-	70,238	25,893,289	394,607	205,344	301,585	26,794,825	27,761,220
At 31 March 2023	25,729,586	-	1,178,781	26,908,367	398,324	153,706	300,823	27,761,220	
Cost	2024 Total	2023 Total							
Housing properties comprise:	£	£							
Freehold	28,054,774	29,166,146							
Long leasehold	4,442,411	4,406,358							
	32,497,185	33,572,504							

During the year, £730,031 (2023: £462,655) was spent on existing housing properties held for letting.

LUTON COMMUNITY HOUSING LIMITED T/A SQUARED

NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2024 (continued)

10b Housing Properties

	Land	Structure	Other Components	2024	2023
	£	£	£	£	£
Cost					
At beginning of year	7,886,433	17,233,287	7,274,003	32,393,723	32,639,015
Additions to properties	337,149	634,450	301,796	1,273,395	333,992
Component replacements	-	-	508,374	508,374	162,806
Disposals	(438,628)	(1,019,156)	(290,761)	(1,748,545)	(742,090)
At end of year	7,784,954	16,848,581	7,793,412	32,426,947	32,393,723
Depreciation					
At beginning of year	-	3,202,837	3,461,300	6,664,137	6,430,829
Charge for the year	-	169,316	262,034	431,350	423,470
Depn on disposal	-	(283,964)	(207,627)	(491,591)	(190,162)
At end of year	-	3,088,189	3,515,707	6,603,896	6,664,137
Net book value					
At 31 March 2024	7,784,954	13,760,392	4,277,705	25,823,051	25,729,586
At 31 March 2023	7,886,433	14,030,450	3,812,703	25,729,586	

Under most circumstances, if housing properties are disposed of Social Housing Grant is repayable to Homes England or subject to restrictions on permitted use and included in the creditors within "The Recycled Capital Grant Fund".

LUTON COMMUNITY HOUSING LIMITED T/A SQUARED

NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2024 (continued)

11	Debtors	2024 £	2023 £
	Amounts falling due within one year:		
	Rental debtors	1,545,431	1,344,628
	Less: bad debt provision	(1,301,195)	(910,428)
		<u>244,236</u>	<u>434,200</u>
	Other debtors:		
	Buildings Insurance	73,226	58,440
	Others	494,734	1,164,861
		<u>812,196</u>	<u>1,657,501</u>
12	Creditors: amounts falling due within one year	2024 £	2023 £
	Rents in advance	266,953	333,221
	Taxation and social security payable	44,451	46,207
	Loan capital repayable within one year (see note 13)	309,500	309,500
	Private Leasing repairs provision	332,407	285,297
	Pension	20,356	24,531
	Accruals and deferred income	442,873	584,337
	Purchase ledger control account	323,537	482,622
	Deferred Income - capital grants	135,809	154,306
		<u>1,875,886</u>	<u>2,220,021</u>
13	Creditors: amounts falling due after more than one year	2024 £	2023 £
	Deferred grants	11,211,184	11,841,939
	Loans	13,526,249	13,526,249
	Recycled Grant Liability	1,545,901	632,165
		<u>26,283,334</u>	<u>26,000,353</u>

Housing loans from banks and building societies are secured by specific charges on Squared's housing properties and are repayable at an average rate of interest of 6.8% (2023: 4%) in instalments due as follows:

Loan Maturity Analysis	2024 £	2023 £
Less than one year	309,500	309,500
Between one and two years	619,000	619,000
Between two and five years	928,500	928,500
In five years or more	11,978,749	11,978,749
	<u>13,835,749</u>	<u>13,835,749</u>

LUTON COMMUNITY HOUSING LIMITED T/A SQUARED

NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2024 (continued)

14	Non-equity share capital	2024	2023
		£	£
	Allotted, issued and fully paid:		
	At beginning of year	14	14
	Added during the year	-	1
	Deducted during the year	-	(1)
	At end of year	<u>14</u>	<u>14</u>

Each member holds one share of £1 in Squared. The shares have limited rights.

They carry no entitlement to dividend, they are not repayable and do not participate in a winding up.

They carry an entitlement to vote at Squared's Annual and Special General Meetings.

LUTON COMMUNITY HOUSING LIMITED T/A SQUARED

NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2024 (continued)

15	Capital commitments	2024 £	2023 £
	Expenditure contracted for but not provided	-	264,857
	Expenditure approved but not contracted	-	-
		<u>-</u>	<u>264,857</u>

Squared is able to fund the expenditure above due to recently negotiated loan funding and property sales

16	Property units in management	2024 No.	2023 No.
	General needs housing - Social	345	353
	General needs housing - Affordable	12	12
	Supported - Social	91	110
	Sheltered - Social	28	28
	Supported House of Multiple Occupation	145	159
	Private Leasing Scheme	23	42
	Luton Lets Squared Joint Venture	112	114
	Total properties in management	<u>756</u>	<u>818</u>

62 units are no longer managed, 34 due to property sales the remainder returned to landlords

145 HMO units (2023: 150) recategorised as Supported

	Property units owned	2024 No.	2023 No.
	General needs housing - Social	345	353
	General needs housing - Affordable	12	12
	Supported - Social	86	103
	Sheltered - Social	28	28
	Supported House of Multiple Occupation	44	44
	Private Leasing Scheme	4	4
	Luton Lets Squared Joint Venture	7	7
	Total properties owned	<u>526</u>	<u>551</u>

44 HMO units (2023: 44) recategorised as Supported

Properties owned and managed under the Luton Lets Squared Joint Venture are rented under an agreement with the local authority, Luton Borough Council, scheme ceased 31 July 2024

LUTON COMMUNITY HOUSING LIMITED T/A SQUARED

NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2024 (continued)

17 Reconciliation of operating surplus to net cash inflow from operating activities

	2024 £	2023 £
Operating (deficit)/surplus	(565,303)	(321,888)
Depreciation of tangible assets	459,218	533,837
(Gain)/loss on disposal of fixed assets or asset replacement	(183,467)	(514,090)
Amortised grant received	(135,809)	(154,306)
Other non cash changes	64,214	(150,632)
	<u>(361,147)</u>	<u>(607,079)</u>
Working capital movements		
Increase in debtors	845,305	(554,654)
Increase in creditors	(61,154)	1,258,572
Net cash inflow from operating activities	<u>423,004</u>	<u>96,839</u>

18	Deferred capital grant	Capital Grant Fund £	Recycled Grant Fund £	2024 £	2023 £
	Aggregate amount received				
	At 1st of April 2023	12,313,304	503,953	12,817,257	12,817,257
	Additions	-	-	-	-
	Transfer	-	-	-	-
	At 31st March 2024	<u>12,313,304</u>	<u>503,953</u>	<u>12,817,257</u>	<u>12,817,257</u>
	Released to Income & Expenditure				
	At 1st of April 2023	(317,056)	(154,306)	(471,362)	(162,750)
	Released in the year	(128,212)	-	(128,212)	(154,306)
	Recovered in the year	-	128,212	128,212	128,212
	At 31st March 2024	<u>11,868,036</u>	<u>477,859</u>	<u>12,345,895</u>	<u>12,628,413</u>

19 Investment Properties

	2024 £	2023 £
Valuation		
At 1 April 2023	426,712	426,712
Additions	-	-
Revaluation	-	-
At 31 March 2024	<u>426,712</u>	<u>426,712</u>
Net Book Value		
At 31 March 2024	<u>426,712</u>	<u>426,712</u>
At 31 March 2023	<u>426,712</u>	

The investment property was revalued in 2021. Management consider there to be no material difference in fair value between the date of acquisition and the reporting date.

Document Information

Document

Title	Squared year end accounts Mar 2024
ID	9d43bfdc-ec8c-4c7d-a296-736420f9b95b
Status	Signed
Sender	Jacqueline Constantine (jacky.constantine@squared.org.uk)
Dept/business	Team at Squared
Dept/business ID	finance-team-at-squared
PDF Certified	True

Signers

Name	Authentication
Glyn Early <glyn.early@squared.org.uk>	Email
Claire Bryan <claire.bryan@squared.org.uk>	Email
Mostaque Koyes <mostaque@barthamgroup.com>	Email
Simon Goodridge <simon.goodridge@knoxcropper.com>	Email

History

Event	Email	IP address	Date/Time
Squared year end accounts Mar 2024 created by Jacqueline Constantine	jacky.constantine@squared.org.uk	91.198.3.30	Mon, 30 Sep 2024 16:18:33 +0000
Squared year end accounts Mar 2024 emailed to Glyn Early	jacky.constantine@squared.org.uk		Mon, 30 Sep 2024 16:18:35 +0000
Squared year end accounts Mar 2024 emailed to Claire Bryan	jacky.constantine@squared.org.uk		Mon, 30 Sep 2024 16:18:35 +0000
Squared year end accounts Mar 2024 emailed to Simon Goodridge	jacky.constantine@squared.org.uk		Mon, 30 Sep 2024 16:18:35 +0000
Squared year end accounts Mar 2024 emailed to Mostaque Koyes mostaque@barthamgroup.com	jacky.constantine@squared.org.uk		Mon, 30 Sep 2024 16:18:35 +0000
opened email for document Squared year end accounts Mar 2024	mostaque@barthamgroup.com		Mon, 30 Sep 2024 16:18:47 +0000
glyn.early@squared.org.uk opened email for document Squared year end glyn.early@squared.org.uk accounts Mar 2024			Mon, 30 Sep 2024 16:21:05 +0000
claire.bryan@squared.org.uk opened email for document Squared year end claire.bryan@squared.org.uk accounts Mar 2024			Mon, 30 Sep 2024 16:21:07 +0000
Squared year end accounts Mar 2024 visited by Claire Bryan <claire.bryan@squared.org.uk>	claire.bryan@squared.org.uk	102.119.212.240	Mon, 30 Sep 2024 16:21:16 +0000
Ticked checkbox for statement: I confirm that I am authorised to accept the terms of this document.	claire.bryan@squared.org.uk	102.119.212.240	Mon, 30 Sep 2024 16:21:28 +0000
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Squared year end accounts Mar 2024 visited by Glyn Early <glyn.early@squared.org.uk>	glyn.early@squared.org.uk	81.158.42.8	Mon, 30 Sep 2024 16:23:42 +0000
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Squared year end accounts Mar 2024 completed by Glyn Early <glyn.early@squared.org.uk> Squared year end accounts Mar 2024 visited by Simon Goodridge <simon.goodridge@knoxcropper.com> Ticked checkbox for statement: I confirm that I am authorised to accept the terms of this document. Browser geo-location provided: Lat 51.4013, Long -0.2496 Ticked checkbox for statement: I understand that accepting the terms of this document creates a legally binding obligation. Signature applied (page 25)	glyn.early@squared.org.uk glyn.early@squared.org.uk simon.goodridge@knoxcropper.com simon.goodridge@knoxcropper.com simon.goodridge@knoxcropper.com simon.goodridge@knoxcropper.com simon.goodridge@knoxcropper.com	81.158.42.8 81.158.42.8 86.134.226.73 86.134.226.73 86.134.226.73 86.134.226.73 86.134.226.73	Mon, 30 Sep 2024 16:24:40 +0000 Mon, 30 Sep 2024 16:26:14 +0000 Mon, 30 Sep 2024 16:26:23 +0000 Mon, 30 Sep 2024 16:26:23 +0000 Mon, 30 Sep 2024 16:26:24 +0000 Mon, 30 Sep 2024 16:27:27 +0000
Squared year end accounts Mar 2024 completed by Simon Goodridge <simon.goodridge@knoxcropper.com> 'Squared year end accounts Mar 2024' completed by all recipients.	simon.goodridge@knoxcropper.com simon.goodridge@knoxcropper.com jacky.constantine@squared.org.uk	86.134.226.73 86.134.226.73 86.134.226.73	Mon, 30 Sep 2024 16:27:27 +0000 Mon, 30 Sep 2024 16:27:28 +0000