Group Report and Financial Statements

Year ended March 2023

Co-operative and Community Benefit Societies Act 2014,
registered society, number 30398R

Contents

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38%
growth since 2008

About Thrive

Thrive exists to provide and manage housing that helps individuals and families secure a good quality, safe home that they can afford.

We own and manage over 5,500 homes throughout Hertfordshire, Bedfordshire, Buckinghamshire and Oxfordshire delivering much-needed homes for social and affordable rent, intermediate rent, leasehold, shared ownership and private market rent (through Thrive Places). We are focused on increasing housing availability and affordability in some of the most expensive parts of the UK.

Since its formation in 2008, Thrive has pursued its aim of improving the condition of its existing homes, developing new homes for rent and sale, and expanding our area of operation to include adjacent home counties and the Oxford-Cambridge Arc. In 2021, Thrive achieved its first growth milestone of 5,000 homes. This year has seen an acquisition of over 500 homes, taking the total to 5,780, a 38% growth in 15 years.

Highlights

2022/23

G1	V2	A+ stable	5,780
Regulator of Social Housing governance rating (2021/22: G1)	Regulator of Social Housing viability rating (2021/22: V1)	Standard and Poors rating (2021/22: A Positive)	Total homes (2021/22: 5,174)
547	**57**	**228**	**£5.1m**
New homes acquired (2021/22: 0)	New homes built (2021/22: 229)	Homes under construction, start on site (2021/22: 240)	£ invested in maintaining homes (2021/22: £4.3m)
£105.4m	**£16.3m**	**181**	**68%**
£ invested in development (2021/22: £30.6m)	Operating surplus (2021/22: £13.7m)	No. of employees (2021/22: 155)	Customer satisfaction (2021/22: 71.4%)

Chair's Welcome

2022/23 presented the sector with an unprecedented range of challenges – high inflation, concerns about the quality of social housing and the need to respond to changes in regulation around building safety and consumers.

At Thrive, we continue to focus on our core purpose of providing safe, affordable homes and good landlord services. As such we are continuing to grow in order to provide more opportunities for people to secure a home that they can afford. This year we delivered 57 new homes and acquired 547 from London & Quadrant (L&Q). These properties improve the overall quality of our portfolio and create opportunities to manage out homes that are costly to maintain or no longer meet the needs of our customers, while protecting our income and profitability.

Despite the many challenges, Thrive has achieved good operational results at year end and customer satisfaction within our target range, as well as receiving positive external validation of our approach to delivering our strategy. This includes:

- retention of compliant ratings (G1/V2) rating by the Regulator of Social Housing, following an in-depth assessment
- an improved S&P Global credit rating from A (positive) to A+ (stable).
- retention of our Investors in People (IIP) 'We invest in people' gold accreditation.

During the year we welcomed a new member to the Board, helping to ensure that we have a good mix of skills and experience. The Board is also trialling an Associate Board Member programme that supports prospective members without Non-Executive Director experience to become 'board ready', which we hope will improve diversity by removing a potential barrier to selection.

Looking forward, Thrive is:

- developing a roadmap for every home to inform the level of investment required to ensure the quality of accommodation it offers. This ties in with our journey to Energy Performance Certificate 'C' rating (already achieved by 75% of our homes) by 2030 and ultimately to net zero carbon by 2050
- investing in technology to ensure that our data is robust
- continuing to roll out HomePlan – this helps us to understand the condition of our homes and how customers experience living in them
- embedding Thrive Customer Voice – to date, 48% of households are members and almost 700 customers have engaged on a range of issues important to them, which provides the Board with good assurance that we understand our customers' views.

Leadership, agility and a focus on risk are key to delivery in these changing times and I am grateful to the Executive, the entire colleague team and to my fellow board members for demonstrating these qualities in order to ensure that Thrive continues to provide good quality homes for rent and sale.

Kate McLeod
Chair of the Board

Chief Executive's Introduction

Thrive delivered a very successful year in 2022/23, despite the wide-ranging challenges facing our sector. Key to this success is our agility as a business, our ability to adapt to a constantly evolving operating environment by embracing change and seeking out new opportunities.

As a strong business with ambition, we continue to maintain our focus on balancing risks in the short, medium and long-term, thus ensuring we are well-equipped to rise to the challenges not just of today but also the future.

Our sound financial base has enabled us to accommodate the restrictions placed on us by the Government's rent cap, allowing us to maintain investment in our existing stock so that we can continue providing safe, affordable homes.

In such a harsh economic climate, I am delighted that we have improved our credit rating and retained a compliant G1/V2 regulatory rating, while delivering on our arrears targets and collecting 99.7% of our rental income.

Mindful of our responsibilities as a professional landlord, we continuously hold ourselves to account and, as such, have been preparing for our regulator's new consumer standards. This has included an overhaul of our approach to customer engagement, which seeks to ensure we listen to the customer voice by balancing the views of individuals with performance and other data.

Thrive welcomed over 500 new customers with the acquisition of homes from L&Q and we are continuing to develop our relationship with CBRE which will see additional homes brought into our management in the 2023/24 financial year. Although the tough financial climate has led to many landlords scaling back their housebuilding ambitions, we remain confident in our growth aspirations and are keen to continue adding to the supply of homes in the areas where we operate, while balancing this with the need to continue investing in existing homes.

We believe it is vital to continue acquiring and developing new homes for a variety of reasons:

- there is a pressing need for people to have somewhere affordable to live, through low-cost rent or an affordable way route home ownership
- it makes sound business sense for Thrive as it ensures that we maintain income levels while having the flexibility to actively manage the quality of homes within our portfolio, providing a better offer for customers and enabling us to ensure that money spent on maintaining our housing stock adds value
- increased income from new homes also enables us to invest in initiatives which improve the way we do business – such as the ongoing project to enhance our IT capability which will benefit customer experience by improving our understanding of the data that we hold.

We are proud of our achievements as a robust, well-run business but never lose sight of our fundamental social purpose, closely monitoring our ESG (environmental, social and governance) performance.

Having been an early adopter of the Good Economy's Sustainable Reporting Standard for Social Housing, this has become a golden thread – similar to our Value for Money strategy – throughout Thrive's Strategic Framework. Full details of our performance against the standard can be found at www.thrivehomes.org.uk/esg, with key highlights included in this report.

Elspeth Mackenzie
Chief Executive

68%
of tenants have been signed up HomePlan

Strategic Report

Our Strategic Report reviews our progress in 2022/23 against three out of four of our key themes. The fourth theme – Resilient with a strong financial base – is covered in our Financial Review (page 18).

Operating efficiently is central to Thrive's resilience and our approach is detailed in our Value for Money statement on page 24.

Fair Deal for Customers

As a professional landlord, we are committed to delivering a fair deal for our customers – providing them with a safe, well-maintained home and listening to what they have to say. However, we appreciate that sometimes things go wrong and are always keen to work with customers to resolve any issues.

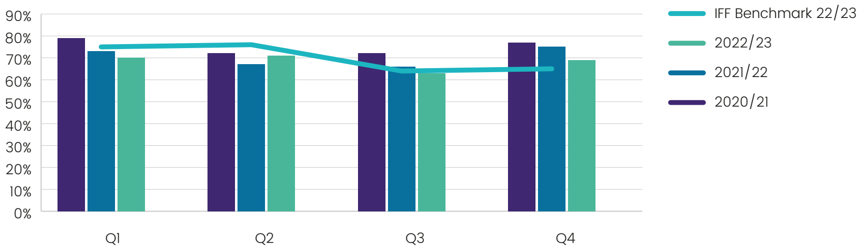
Reflecting a trend across the sector, we saw a 1% increase in complaints compared with the previous year and a 48% increase in escalations. This prompted us to look at how we can improve our handling of complaints and ensure they are responded to on time. This review and subsequent changes to the process have resulted in all complaints being answered on time since November 2022.

In addition, we now have two Customer Engagement and Insight Officers who provide regular training and support to help our teams respond well and resolve complaints efficiently.

Three complaints were upheld by the Housing Ombudsman, resulting in changes to our procedures and more internal audits around the defects process, handling of anti-social behaviour and contractor management[1].

At the end of the year Thrive's level of customer satisfaction (overall) ranked 25th against 42 comparators and was 1% higher than the average benchmark from IFF Research[2]. Alongside handling complaints, other areas for improvement were identified including doing what we say we will and listening and acting.

Customer Satisfaction (overall)



Early in 2023 we launched a campaign to get a fuller picture of who is living in our homes. By asking residents to update their records, we may be able to tailor our services to meet their individual needs – such as arranging a translator when contacting customers whose first language is not English. This two-month campaign resulted in 493 customers (8.1% of those contacted) updating their information.

1 Sustainability Reporting Standard, Criteria C11 'Complaints'
2 Sustainability Reporting Standard, Criteria C10 'Resident Satisfaction

Thrive Customer Voice[3]

As part of our drive to improve knowledge and understanding of what customers think and feel, we overhauled our customer engagement model. This involved the launch in May 2022 of Thrive Customer Voice (TCV), which aims to make it as easy as possible for people to engage with us on issues that matter to them.

It works by using feedback from a range of sources to identify areas needing review and reaching out to customers with details of how they can take part. Customers then choose if, how and when they want to be involved.

This revised approach has been a huge success, encouraging many more people to get involved and bringing us a broader cross-section of views which is more representative of our wider customer community.

TCV membership has exceeded expectations, growing by just over 40% in the first year and involving 48% of our households, with nearly 700 customers taking part in activities including surveys and online events.

48%
of households have joined Thrive Customer Voice

HomePlan

Our annual HomePlan visits are an important aspect of our work to better understand customers and how they live in our properties. As well as providing an opportunity to discuss how things are going, these visits allow us to assess the condition of their home, plan repairs more efficiently and identify potential problems such as damp and mould.

We have so far signed up 68% of tenants to our HomePlan visits.

HomePlan is also key to our delivery of the Thrive Deal, which clearly spells out our 'offer' (what customers can expect from us) and our 'ask' (what we expect from our customers). This year we reviewed our 'offer' and 'ask', including making our website easier to access.

Investing in existing homes

We continue to invest in our housing stock not only to maintain Thrive's assets but also to ensure we are providing decent, safe and comfortable homes for our customers.

Damp and mould

Following the tragic death of Awaab Ishak in 2020 and the subsequent coroner's findings that damp and mould were the main cause, there has been a heightened focus by the Regulator of Social Housing (RSH) and government on how landlords are managing cases.

Housing secretary Michael Gove wrote to all social landlords setting out his expectations in November 2022, and the RSH asked all larger social landlords to submit evidence about the extent of damp and mould in tenants' homes and their approach to tackling it.

In December 2022 Thrive reported 68 live cases and 260 homes under observation.

We have since revised our approach to dealing with damp and mould. Previously, cases were closed once work had been undertaken to resolve the issue. Our new process keeps all cases live until three annual re-inspections have taken place with no mould reappearing.

3 Sustainability Reporting Standard, Criteria C9 'Residents holding management to account'

100%

of homes have an in-date Fire Risk Assessment[5]

Following this review, we now have 161 live cases logged and 100 homes requiring re-inspection. This equates to 1.7% of our homes.

We have also provided updated information to customers about how Thrive deals with condensation, damp and mould, and how we can help them resolve such issues.

Building safety

Providing a safe home is a fundamental element of our core purpose. As such, we have carried out considerable work to prepare for the implementation of recent legislative and regulatory changes around fire and building safety.

We tightly managed development of our first two high-rise buildings, which are within the scope of these new regulations, including additional checks to ensure the quality and safety of their construction.

Thrive is also seeking to build up an overall picture of our homes which enables us to fully understand their individual safety status, including blocks where we have a mixture of tenants and leaseholders.

- 99.92% of homes have an in-date gas safety check (three homes have not, due to access issues)[4]
- 100% of homes have an in-date Fire Risk Assessment[5]
- 99.8% of homes meet the national housing quality Decent Homes Standard.[6]

Repairs and maintenance

Over the year we have seen a huge increase in repairs requests, partly due to the success of our HomePlan visits picking up on issues at an early stage. But, as demand for the service has grown, we have faced the UK-wide challenges of rising costs, limited availability of materials and a shortage of skilled labour.

This inevitably impacted our repairs and planned works programme. However, we sought to address these external factors by fully recruiting to our own in-house team and securing a new reserve contractor. These steps have since resulted in a dramatic increase in productivity and improvement in our performance.

Repair type	Performance achieved
Emergency repairs	99%
Standard repairs (up to 20 days)	78%
Planned repairs (up to 60 days)	82%
Repairs completed right first time	87%

Energy efficiency[7]

In line with our sector's decarbonisation journey, we are working to improve our homes' energy efficiency for the benefit of our stock, our customers and the environment.

To achieve government targets for social housing – Energy Performance

4 Sustainability Reporting Standard, Criteria C6 'Gas Safety'
5 Sustainability Reporting Standard, Criteria C7 'Fire Risk Assessments'
6 Sustainability Reporting Standard, Criteria C8 'Decent Homes Standard'
7 Sustainability Reporting Standard, Criteria C17 'Energy efficiency'

Certificate 'C' rating by 2030 and net zero carbon by 2050 – we are developing a roadmap for every home, detailing what improvement work is needed to meet energy efficiency standards so we can plan future investment.

Supporting this, we are rolling out a project to install external wall insulation in 82 homes after securing £826,000 from the Social Housing Decarbonisation Fund (SHDF) with our partners in 2022.

In March 2023 we won another £1.5 million in the second wave of SHDF funding, in partnership with Three Rivers District Council. This will be used to enhance the energy efficiency of 155 homes and help reduce the impact of rising energy prices for our customers.

To further support residents struggling with increasing energy costs, we have developed a page on our website offering information and advice about using their heating systems most efficiently and ran a webinar on the subject in September 2022[8].

75%
of homes are EPC C or above

EPC Rating	New homes			Existing homes		
	2021/22	2022/23	Change	2021/22	2022/23	Change
A	-	10%	↑	-	-	-
B	84%	90%	↑	7%	9%	↑
C	16%	-	↓	49%	66%	↑
D	-	-	-	37%	24%	↓
E or worse	-	-	-	3%	1%	↓
No rating	-	-	-	4%	-	↓

Great Place to Work

Investing in our people

Recruitment within the housing sector has been challenging in recent years due to a range of external factors, including a competitive job market, skills shortages and the ongoing financial squeeze.

To support our business operating model, we have adopted a range of measures to ensure we attract and retain talented individuals to our teams. This has included:

- working with specialist recruitment agencies
- improving engagement by posting recruitment videos via social media
- job fairs and advertising within the local community
- offering competitive salaries
- promoting our 'smart working' approach, using technology to provide greater flexibility in our working practices
- introducing a wider range of our generous benefits and incentives for colleagues
- more learning and development opportunities, such as skills clinics and apprenticeships.

Thrive's culture is based on a mature, adult-to-adult relationship between

8 Sustainability Reporting Standard, Criteria C4 'Reducing the effect of fuel poverty on residents'

colleagues, encouraging everyone across the business to suggest solutions to challenges and managers to be open to fresh ideas.

Underlying this culture are the newly defined colleague behaviours necessary to deliver our Strategic Framework. Developed with the involvement of colleagues, these are now embedded in our people processes, policies, one-to-ones and performance reviews.

Colleagues are also encouraged to challenge the status quo and explore ways of doing things differently by joining our working groups, influencing all areas of the business on both a strategic and operational level.

Our commitment to being a great employer is underlined by our retention of the Investors in People 'We invest in people' gold accreditation.

Equality, diversity and inclusion (EDI)

Our inclusive culture is reflected in our smart working policy, which not only promotes an agile business but also enables people to do their best for Thrive and themselves at whatever point they are in their lives.

The most recent quarterly colleague survey attracted positive feedback, with over 94% of those taking part saying "Thrive is a good employer", 95.3% viewing Thrive as an organisation which supports health and wellbeing, and 95% believing that Thrive is an inclusive employer.

Our commitment to inclusivity was also evidenced in 2022 when we gained Housing Diversity Network Accreditation, with six distinctions for our approach to EDI within the areas of leadership and strategy, workforce, customers and community.

Committed to wellbeing[10]

In a tough operating environment, along with the ongoing cost-of-living crisis, Thrive appreciates the need to ensure all colleagues feel supported to cope with the challenges they face.

We want people to feel comfortable, fulfilled, valued and listened to at work. Our Wellbeing Commitment has various strands, outlining what we offer in terms of colleagues' safety, physical and mental health, and financial wellbeing.

Since the launch of this commitment in 2020, we have seen a significant reduction of absence across the business from 4.97% to 3.13%[11]. This includes a drop in the proportion of absences related to mental health issues from 53% to 31%, due to better training, understanding and intervention.
Our work in this area has resulted in Thrive being awarded Investors in People 'We invest in wellbeing' gold accreditation.

Investment in our systems

Over the past year we have made excellent progress with our Project Phoenix transformation programme, the first phase of which is due to 'go live' by the end of 2024. This multi-year project is a significant investment in updating our core applications, to make us fit for purpose now and adaptable as the business grows and evolves in the future.

10 Sustainability Reporting Standard, Criteria C45 'Supporting Physical and Mental Health of Staff'

11 Sustainability Reporting Standard, Criteria C46 'Average sick days'

We are developing a new, integrated cloud-based system with numerous benefits, including:

- good quality, accurate and up-to-date data in one place – a 'single source of the truth' which will be easy to access, manage and scrutinise
- tighter cyber security
- improved efficiency by streamlining processes and reducing repetitive manual tasks, freeing up colleagues to add value to the business in other ways
- future scope to use artificial intelligence and machine learning to enhance our operations.

We are also improving our customer portal, providing more opportunities to self-serve, and introducing a dedicated portal to engage with contractors. An additional benefit of Project Phoenix is the fact that we have seconded and upskilled people from across Thrive to work on the programme alongside specialist technical consultants, opening up career opportunities and supporting colleague retention.

Growth

Supporting our ambition to grow our stock to 10,000 homes over the next five years, we delivered 57 new-build properties in 2022/23 – almost doubling our target of 30. These were a mix of houses and flats for social rent, affordable rent, shared ownership and rent to buy. We have another 228 homes on site, due to be completed during the next two years.

In addition, we refurbished and converted 60 properties for shared ownership. This ensures we make the best use of our assets, generating a return on investment to help us grow the business, while providing opportunities for affordable home ownership in some of the UK's most expensive areas to live. Reflected by a consistently successful sales programme, despite difficult economic conditions.

This past year also saw the acquisition of 547 homes from L&Q in the heart of our operating area. Including over 400 affordable properties, spread across Hertfordshire, Buckinghamshire, Oxfordshire and Northamptonshire.

We are always keen to explore innovative joint ventures and investment opportunities to supplement our core business. We continue to develop our relationship with CBRE Investment Management, which will result in more homes being managed by Thrive in 2023/24.

This long-term partnership allows us to secure additional investment and share risk, helping us to accelerate our growth plans by supporting the acquisition and development of over 1,000 affordable homes over the next five years.

Further contributing to our growth agenda, we have recently become a key delivery partner for the Accent Strategic Partnership. Our £27 million allocation of Homes England funding will support schemes starting on site before March 2026, helping to improve our financial viability and mitigate the impact of commercial economic challenges.

Giving back

Thrive's greatest social contribution is delivered through our core purpose – providing and managing housing that helps individuals and families secure a good quality, safe home that they can afford. We also partner with organisations that provide other services to support our customers and their wider communities.

Grant funding[12]

Our community grant application scheme – Thrive GIVE – provides funding to locally based charities and community groups, enabling them to deliver projects and services that make a real difference to our customers.
In 2022/23 we supported:

- Three Rivers Citizens Advice Service – delivering money advice and budgeting support within the Three Rivers area and remote support to those outside its operating area.
- Herts Mind Community Support Services – providing domestic abuse and community support caseworkers.
- Abbots Langley Safer Neighbourhoods Team – a community policing service that will use the money to provide training and equipment to reduce damage to doors during forced entry.
- Ascend 'Dig Deep' Sensory Garden Project – a weekly volunteering gardening programme in South Oxhey, which will be working with a horticultural therapist to create a peaceful oasis for members of the local community to enjoy.
- Liberty Tea Rooms – a community-run tearoom and community hub in Hemel Hempstead which offers a donations-based payment service and free services including award-winning debt counselling, budgeting and life skill courses, as well as working with the local foodbank to provide emergency food parcels.
- Oxhey Woods Conservation Volunteers – enhancing and maintaining access to Oxhey Woods for the local community.
- Small Acts of Kindness – sourcing and distributing practical gifts and information to reduce the negative impact of feeling lonely or isolated on older people's physical and mental wellbeing.
- Watford Workshop – providing employment and independent life skills training opportunities to local adults with disabilities, the project tackles issues of unemployment, lack of skills and social isolation.

12 Sustainability Reporting Standard, Criteria C12 'Resident Support'

Watford Workshop employee receiving training
in packing and labelling for a commercial client.
Image courtesy of Watford Workshop.

Financial Review

2022/23 – year one of our current development cycle – has seen us nearing completion of our current committed development plans whilst building a strong, resilient base to continue our corporate strategy. This is reflected in the year's performance, which has also been impacted by our response to a challenging and uncertain economic climate.

Our metrics, both internal and external, reveal Thrive's ongoing financial resilience and provides us with sufficient capacity to continue investing in our existing homes and building new ones.

Our key performance metrics demonstrate that we have a good balance of rental and sales income, with the core social housing lettings business operating efficiently and not reliant on support from other income streams or sales.

We end the year with significant capacity, from completion of the latest funding exercise (bond tap and Revolving Credit Facility), to progress our strategy. Fundamental to this is our carefully monitored and controlled development programme.

In November 2022, as part of its normal engagement with providers, the Regulator of Social Housing re-graded Thrive's viability rating from V1 to V2. This, along with our G1 governance rating, was confirmed in March 2023 following an in-depth assessment.

This assessment was based on the following:

- our regulator's view of the current economic climate and associated risks
- a planned increase in spend on existing properties, including investment in improving energy efficiency
- Thrive's growth ambitions, which are more extensive than other organisations of our size
- a relatively high exposure to shared ownership sales.

There is recognition that these exposures need to be monitored and managed and are key considerations in our strategic decision making. The strategy remains on course. However, this is supported by a robust mitigation plan and an agile business able to flex the timing and size of its investments as it progresses. The compliant V2 rating has no direct impact on our funding arrangements.

Thrive's credit rating has been revised from A (positive outlook) to A+ (stable outlook) by S&P Global. The upgrade represents recognition of the strength of our financial health and business resilience.

Key highlights include:

- operating surplus of £16.3m and a margin of 34% (statutory definition)
- underlying surplus before tax of £8.4m
- arrears at 3.38%
- liquidity – end of year cash balance available of £28m
- built and acquired 606[13] homes with investment of £105.4m
- V2 viability rating
- A+ (stable outlook) credit rating.

13 Reference note 12 in the Notes to the Financial Statements

Turnover and operating surplus

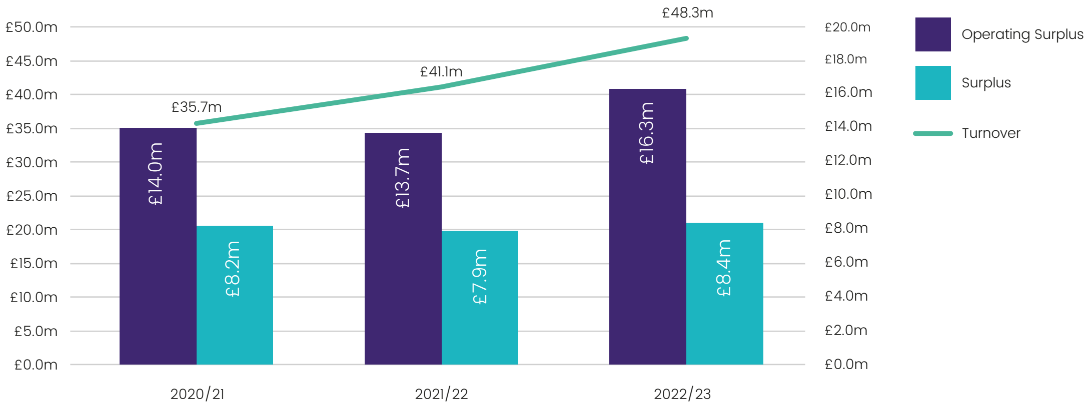
Turnover and operating surplus have continued to grow with the L&Q acquisition and continued strong demand for shared ownership homes. Total turnover has grown by 17% to £48m (£41m in 2022). Operating margins continued to perform well and have averaged 35% since 2020/21. We continue to reinvest our surplus to deliver safe, affordable homes for our customers.

Turnover continues to rise. However, margins have reduced for three key reasons:

- investment in our people so we can deliver stronger frontline services and operational resilience, supporting customer satisfaction and compliance in line with sector and Board expectations
- the progression of our growth strategy
- absorbing the impact of current high inflation levels.

The current economic climate is impacting margins across the sector, the continued challenge being to balance these emerging pressures with plans for increased investment in existing homes to comply with new building safety and environmental legislation.

Turnover and surplus



Development, sales and investment

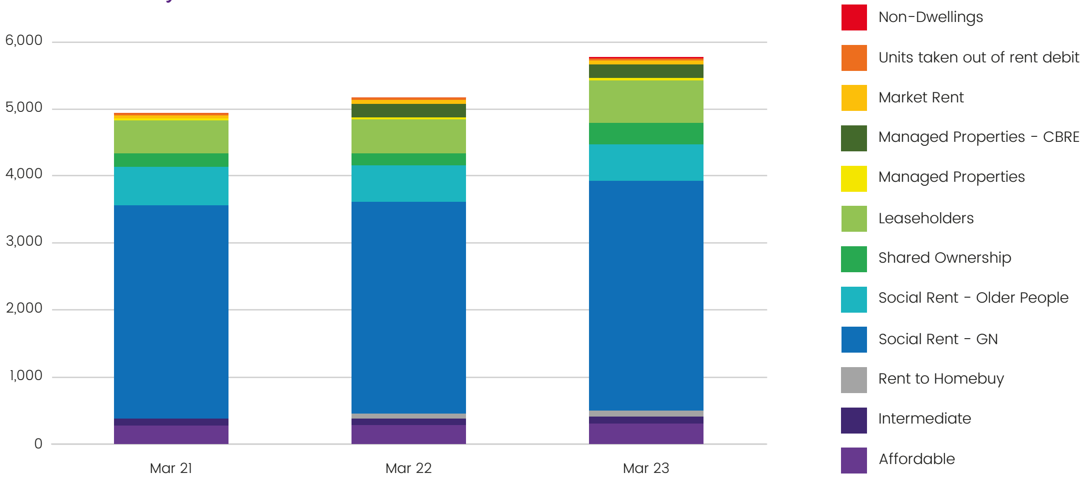
Development capital spend in the year totalled £105.4m, which is higher than the previous year (£30.6m). This is because, as set out in last year's Annual Financial Statements, Thrive has entered a new cycle of development and spend has increased following the recent agreement of funding. Turnover from shared ownership sales has increased by 30% to £15m. As stated earlier in the report, this is due to Thrive's increased focus on local demand for this tenure, which continues to be strong. This number includes shared ownership conversions, enabling us to refurbish homes, that are no longer financially viable as rental properties, whilst keeping them as a social housing option and maintaining a rental income from the property. This programme ensures that we focus our investment within the portfolio, while releasing value that supports the production of new homes.

Included in this year's spend is the cost of 547 homes from L&Q (incorporating 341 homes for social and affordable rent, 76 shared ownership, 124 leasehold and 6 non-social). This was seen as a low-risk opportunity for growth, enabling us to utilise recently raised funds and increase our income. It aligns with Thrive's strategic growth ambitions and allows us to provide good landlord and property management services to a wider customer group. This has contributed to £31m of our income being generated from social housing lettings.

Turnover Analysis

Tenure	Mar 21	Mar 22	Mar 23
Affordable	281	285	310
Intermediate	100	100	99
Rent to Homebuy	-	72	88
Social Rent - General Needs	3,188	3,163	3,438
Social Rent - Older People	571	544	544
Shared Ownership	199	182	322
Leaseholders	499	504	631
Managed Properties	27	30	36
Managed Properties - CBRE	-	203	203
Market Rent	47	61	61
Units taken out of rent debit	33	30	30
Non-Dwellings	-	-	18
Total	4,945	5,174	5,780

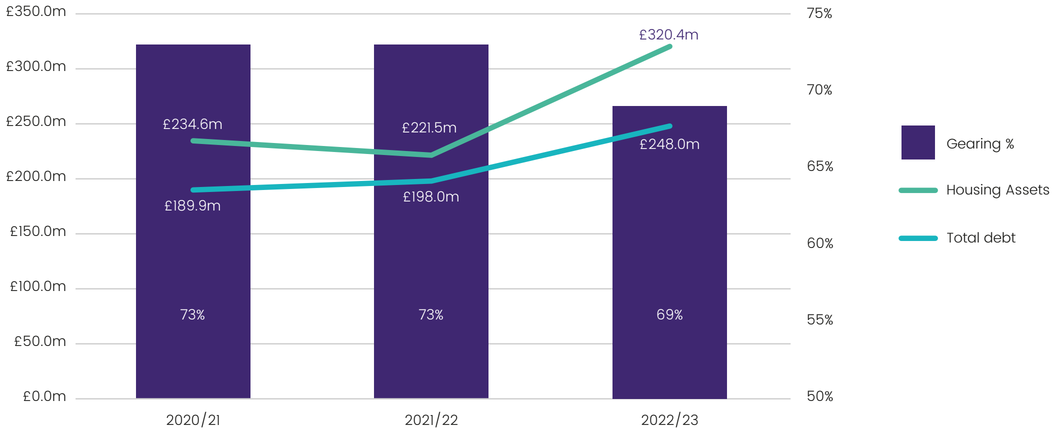
Total Homes by Tenure



Gearing, assets and debt

Gearing has reduced from previous years' levels and debt growth is in line with plans. Housing assets increased in 2023 due to the L&Q acquisition whilst Thrive was able to repay one of its facilities.

Gearing, assets and debt



Cash generation

Thrive continues to generate significant cash from operations to meet interest costs. This cash generation will rise as developments are completed and we see the full year effect of the L&Q acquisition, which will support future investment in major repairs. Shared ownership sales continue to be a resilient and strong source of cash.

	2021/22 £m	2022/23 £m
Net cash from operating activities excluding shared ownership	9	10
Net cash from operating activities	1	18
Net interest paid	(8)	(10)
Improvements to housing properties	(4)	(5)
Other items	1	1
Operating cash flow net of debt interest and capex	(10)	4
Proceeds from asset sales	31	7
First tranche shared ownership sales	12	15
Net movements in borrowings and deposits	9	107
Development spend	(24)	(105)
Net cash flow	18	28

Statement of Comprehensive Income	2021 £'000	2022 £'000	2023 £'000
Group Turnover	35,718	41,137	48,289
Cost of Sales - Shared Ownership	(4,149)	(7,847)	(9,555)
Operating expenditure	(17,770)	(20,981)	(24,754)
Gain on disposal of fixed assets	273	316	3,215
Revaluation gain/(loss) on investment properties		1,538	(362)
Impairment		(436)	(531)
Operating Surplus	14,072	13,727	16,302
Interest receivable and similar income	24	2	1,244
Interest payable and financing costs	(5,937)	(5,780)	(9,109)
Surplus before taxation	8,159	7,949	8,437
Taxation	-	-	-
Surplus for the year	8,159	7,949	8,437

Funding and treasury management

This year, through delivery of year one of the Treasury Sub-Strategy, we have strengthened our treasury position – creating an internal treasury function and completing the funding exercise begun in the previous year. This ensures the business has sufficient current and future liquidity and the expertise to continue to strengthen relationships with external stakeholders and finance the business plan efficiently.

In March 2023, following its annual review, Standard & Poor's (S&P) improved our credit rating from A (positive outlook) to A+ (stable outlook). These metrics, coupled with our successful funding exercise and V2 viability rating, demonstrate the external confidence in our organisation and the value generated from our strategy.

S&P's report identified that its decision was driven by strong confidence in our management and governance. It recognises our control over our housing portfolio, high EPC levels across the current housing stock (75% are EPC C or above) and that sales activity is resilient in the face of challenging economic conditions.

Thrive has a diverse portfolio of lenders to ensure we are not dependent on a single bank or investor.

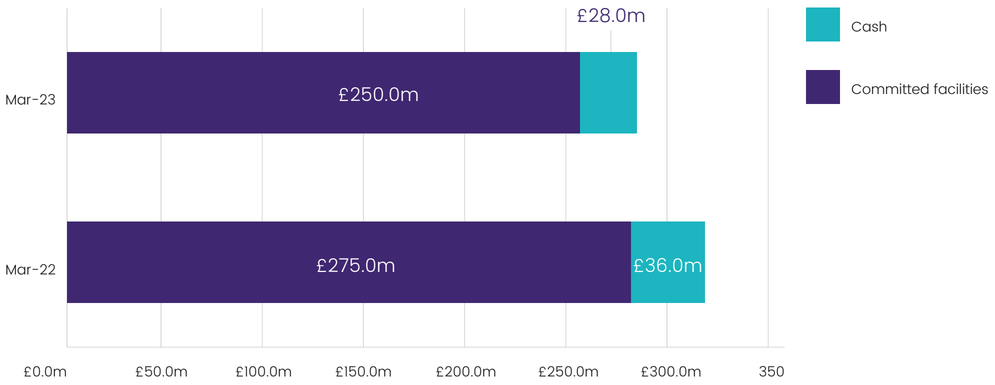
Our treasury risk is managed through our Treasury Management Policy (TMP), which focuses on key risks and setting targets that match our risk appetite. It is updated annually to reflect the latest agreed covenants.

Key treasury risks:

- Liquidity risk – on 31 March 2023 we had liquidity of £129m (cash and undrawn Revolving Credit Facilities). Our liquidity golden rule in the TMP calculates the level of liquidity required to remain resilient.
- Counterparty credit risk – our TMP sets out credit rating limits for our deposit counterparties, which we use to decide on investing our surplus cash. The counterparty credit ratings are provided by our treasury consultants and monitored regularly in-house.
- Interest rate risk – within our TMP are set parameters to manage our exposure to fluctuations in interest rates. On 31 March 2023, 100% of drawn debt was fixed with no variable rate exposure.
- Covenant compliance risk – through our budget and business plan process, we monitor our financial covenants within our loan agreements and maintain headroom above these covenants. Compliance with all covenants is monitored through the Risk and Audit Committee each quarter. Thrive comfortably complied with its covenants throughout the year.

On 31 March 2023 Thrive had agreed and committed facilities of £350m, of which £250m were drawn. All future committed developments could be funded through existing agreed facilities.

Committed Facilities and Available Cash



The bond and various loan agreements all contain financial covenants. Predominantly, loan covenants are based upon interest and asset covers. Compliance with all covenants is monitored through the Risk and Audit Committee each quarter. Thrive comfortably complied with its covenants throughout the year.

Thrive does not have any abnormal exposure to credit liquidity, interest rate, counterparty currency or cashflow risks arising from its treasury activities.

Value for Money statement

What value for money means to Thrive

A focus on delivering long-term, sustainable Value for Money (VFM) is important to Thrive as we grow as an organisation and become more complex.

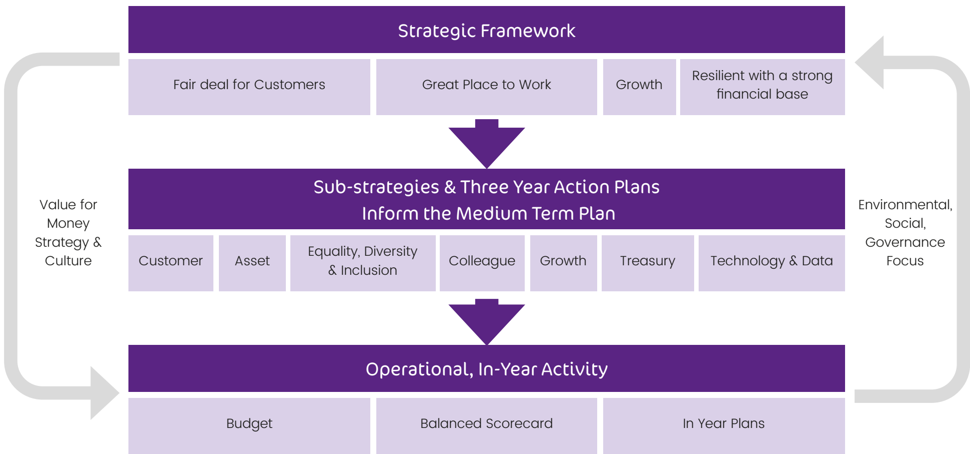
Making the best decisions, plans and interventions on resources, while leveraging investment by partner organisations – now and into the future – maximises value to our customers. This:

- underpins Thrive's ongoing resilience and our ability to offer a fair deal to customers
- will enable Thrive to deliver its primary purpose of delivering more homes
- facilitates an organisation that can deliver on its intent to be a good landlord, through making best use of the resources available to invest in new homes whilst maintaining the quality and value of its portfolio
- enables us to maintain our independence, our ability to define and maintain our relationship with customers and other stakeholders, and continue to exercise choice.

Our corporate strategy has VFM at its core. We operate in some of the most expensive areas to live in the country, so we believe our commitment to be a sustainable business and a good landlord – by delivering efficient services while meeting the high demand for growth – delivers VFM. This also ensures compliance with the Regulator of Social Housing's VFM Standard.

Our approach to VFM

VFM is a golden thread throughout the organisation and the way it operates. It is prominent in the development of our plans and decision-making processes – from our Principles and the approach set out in our Strategic Framework 2021, 'Foundations for Growth', through our Business Plan to the budget.



Governance of VFM is embedded in Thrive with clear Board ownership, cascading through the organisation.

VFM Strategy and Progress

Thrive's Board agreed three areas of focus for 2022/23 with specific deliverables to demonstrate how resources are being used most efficiently and effectively, whilst leveraging investment by partner organisations.

These are:

Resilient with a strong financial base Great place to work	1	Developing our capabilities to ensure we are an organisation that is fit for purpose, able to deliver our strategy and support growth.
Fair deal for customers	2	Development of the Thrive Deal, continuing to embed our new customer engagement model throughout the business.
Growth	3	Grow and manage the portfolio in cost-effective ways, seeking to support an effective cost to homes managed ratio.

1. Developing our capabilities

We will seek to use all our resources – people, technology (including processes and data), partners, finance, treasury and assets – to grow and manage our portfolio in the most cost-effective and efficient way, with a principle of continuous improvement and transformation. This will require further analysing of the underlying cost base and the value driven from Thrive's business units to identify areas where action can be taken to improve performance.

Progress

- Long-term funding in place at strong rates.
- Security position improved through efficient allocation of assets.
- Three-year business transformation project achieves 30% completion (phase 1), replacing multiple 'silo' legacy systems with a consolidated cloud-based solution (Microsoft Dynamics 365), streamlining business processes and creating a single source of data.
- Creating the internal teams needed to deliver our growth strategy and reducing the use of external partners/contractors.
- Data cleansing and implementation of a smart energy system to enable development of our roadmap for every home, including identification of energy efficiency costs.

2. Development of the Thrive Deal

We relaunched the Thrive Deal to colleagues and customers following a financial analysis of HomePlan and other strands of the Deal, such as the online hub and digital tenancies. The aim is to restate its purpose and objectives and understand the cost versus benefits and the volume needed to make the Deal work. We will also look at the social value of closer interaction with customers – including how we engage with them, our capacity to manage more challenging customers, customer incentives and communication around energy efficiency.

Progress

- Relaunched the Thrive Deal, including digital tenancies and HomePlan visits, supported by the myThrive customer hub – enabling and encouraging customers to self-serve and sort out repairs that are their responsibility.
- 'HomePlan lite' and virtual HomePlan visits have been introduced, saving time for customers and allowing us to be flexible in our service delivery.
- To date 68% of Thrive tenants have received a HomePlan visit, enabling early intervention to maintain quality homes, clarification of responsibility for repairs and helping customers manage their tenancy. Visits resulted in 1,200 repairs raised (12 related to damp and mould), 68 asset management referrals, 89 tenancy sustainment referrals and 45 referrals for estate and block issues.
- Target of 62% digital interactions with customers increased to 70%, resulting in £80k worth of savings in time efficiency from manual tasks. We anticipate this is the maximum level of digital interactions we can achieve, based on our knowledge that 30% of customers cannot engage digitally.
- First-time resolution of calls from customers retained at 79%, ensuring we efficiently handle contacts.
- Number of digital tenancies increased, with 2,471 customers paying by Direct Debit (an increase of 9.5%) and 889 customers in four weeks' rent credit (an increase of 4%).
- Focus on customer satisfaction, resulting in 68% overall satisfaction, 62% agreeing that we provide an effective and efficient service, 69% that we are easy to deal with, 54% that we listen to residents and act on their views, and 75% that we treat customers with respect.

Areas for focus in 2023/24 will be ensuring repairs – following HomePlan – are completed in one visit, reporting to track if homes that have had HomePlan visits are left in a better condition when customers move out, and establishing capacity in the tenancy sustainment and intervention service.

Due to changes proposed by the Renters (Reform) Bill we are moving away from fixed-term tenancies, which were a pillar of the Thrive Deal.

3. Grow and manage the portfolio in cost-effective ways

Growth represents a key part of Thrive's Strategic Framework and, as such, holds significant value for our organisation.

It is important that we increase the number of homes we provide to ensure our current and future customers have a wide choice of safe, affordable housing. This will be achieved by striking a balance between the different routes to growth and progressing a long-term acquisition, development and disposal plan to ensure that we strengthen our financial resilience.

Growth will help us deliver value for money as it provides the opportunity to have the people and technical resources required to operate effectively while operating within sensible costs per unit (CPU) and continuing to deliver improved margins, improved income and a stronger balance sheet, alongside the provision of a greater quantum of ethically managed and affordable homes.

Thrive will seek ways to support an effective cost to homes managed ratio. As we grow, we will spread costs over a larger unit base while analysing the efficiency and size of this cost base.

Progress

- L&Q acquisition and annual shared ownership programme completed, increasing the overall number of homes owned and managed, supporting an efficient CPU.
- An initial roadmap developed for every home.
- Increased income from grants, totalling £2.1m towards energy efficiency works.
- Reducing spend on external support from agents and consultants.

External wall insulation added to homes in South Oxhey with grant from Social Housing Decarbonisation Fund

How do we compare?

Thrive uses the Regulator of Social Housing's metrics to monitor the impact of interventions with a focus on cost per unit (CPU), growth and reinvestment, as these are aligned to our aspiration to increase the number of homes we own and manage whilst continuing to invest in existing homes. Thrive has specific challenges relating to the nature, age and historic under-investment in communal areas of the portfolio acquired through stock transfer.

We continue to achieve levels of growth and investment that exceed or equal our peer group. CPU is relatively high compared to the sector due to several current factors such as levels of investment in upgrading our core applications and also inflationary pressures in the cost base. Thrive will continue to invest in its current homes to deliver Board expectations on quality and also EPC/sustainability targets. The CPU budget for next year reflects the increasing number of homes under management.

Thrive utilises a peer group consisting of associations with Large Scale Voluntary Transfer (LSVT) origins based in the northern home counties to compare performance, in addition to the wider sector metrics.

Performance against VFM measures has been strong and continues to reflect the stage we are at in delivering our strategy. These measures, mandated by the Regulator of Social Housing, may differ slightly from similar measures included throughout this report – for example, in the financial statements and covenants. This performance is measured against our peer group (six organisations similar in geography and size) and the wider sector.

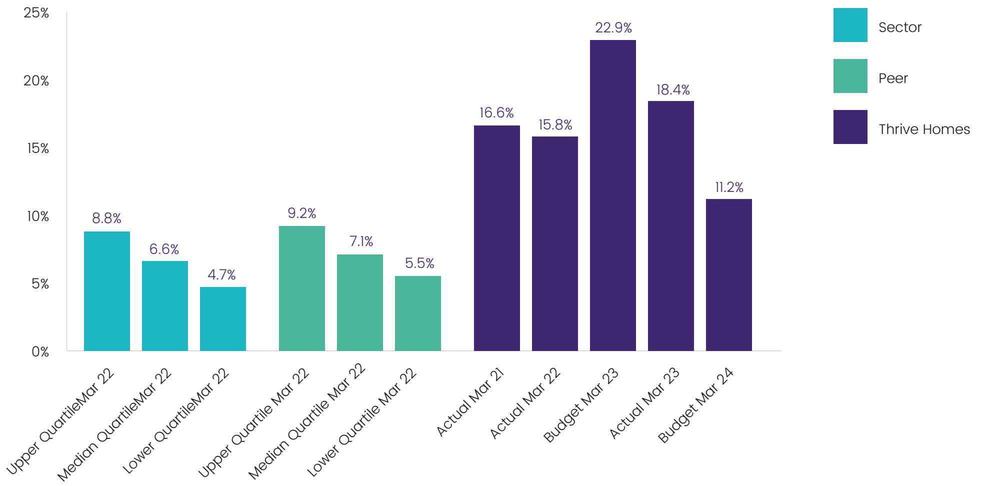
Our future targets represent Thrive's budget for the year 2023/24 and, again, reflect the stage we are at in our cycle of development and sales. Margin and Interest Cover calculations include the impact of the Investment Property Valuations (also stated are the metrics excluding this impact). Changes in the Accounting Direction and FRS102 mean that the impact needs to be reflected above the line (in operating surplus) as they are related to day-to-day operations.

Reinvestment

This metric looks at investment in properties (both development and maintenance of existing properties, excluding stock acquisitions). In 2023, investment in existing properties has increased as we critically examine our areas of highest spend within major works, to meet our EPC C commitment and develop our broader asset management strategy.

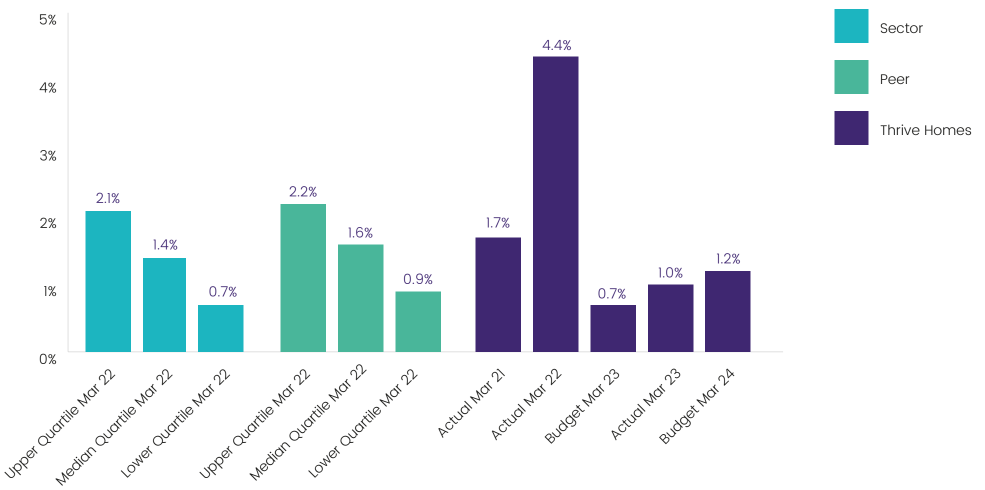
Development expenditure has increased in line with our business plan and development cycle, but will reduce into the next financial year as these schemes are progressed and built out. We continue to review growth opportunities and current risks to the sector. The asset management strategy includes a placeholder for further sustainability investment, which is being modelled as part of business plans, and further investment decisions may be made once the roadmap for every home has been approved by Board.

Compared to both the wider sector and our peer group, we focused more of our resources on reinvestment, reflecting the scale of our development programme and the degree of spend on existing homes. This is sustainable within our medium-term business plan but we will seek ways to manage costs through careful procurement and initiatives such as the shared ownership conversion programme.



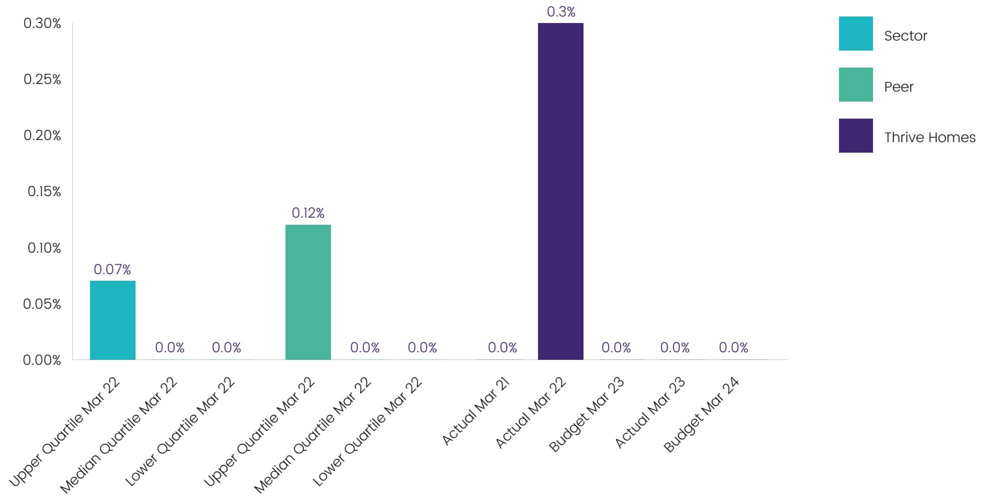
New home supply % (social)

Delivery of homes is dependent on our development cycle, which determined a lower level of completed development in the year. We developed 57 new homes for social housing, increasing the number of homes we own and manage. The acquisition from L&Q means we have de-risked our development programme, bringing forward some planned investment. However, this acquisition is not reflected in the chart.



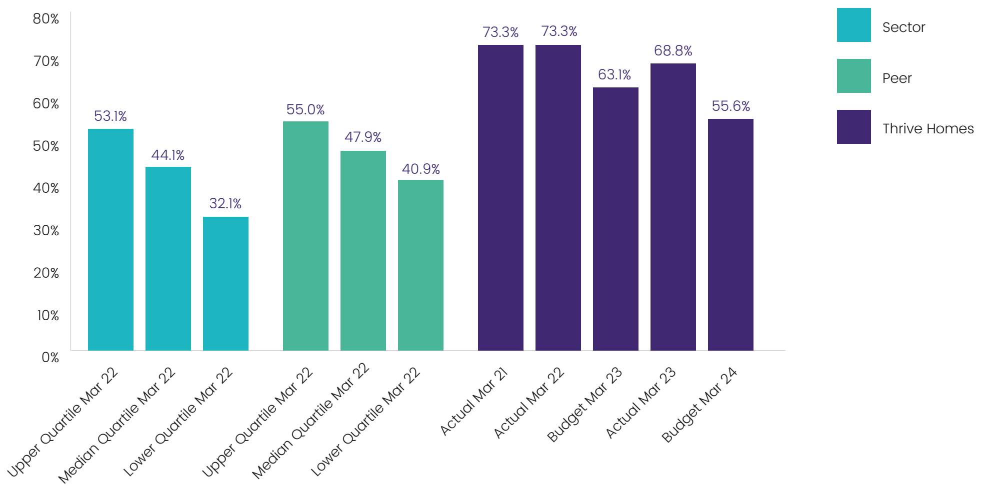
New home supply % (non-social)

In line with our Strategic Framework, we have a market rent portfolio that grew by 14 in 2022. The purpose is to deliver a required level of return by achieving a portfolio size where costs are spread across the required unit level to deliver an efficient, VFM business unit. Although this is still a channel for growth that Thrive is exploring, in 2023 there was no further growth and there is no further committed growth budgeted, as we review the current economic climate's impact on a market rent operation.



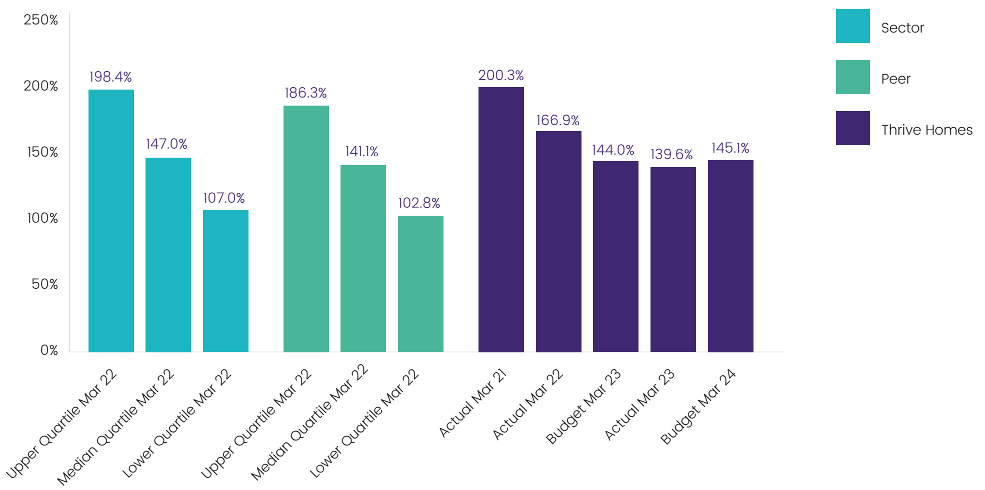
Gearing

Thrive continues to operate with a sustainable and cost-efficient level of debt. Our gearing, measured as debt to the net book value of housing, is relatively high and above the sector average. This is due to our LSVT origins and initial financing. We expect this to reduce as we continue to strengthen our balance sheet through shared ownership sales and efficient cash management. The transition to MV-ST (market value, subject to tenancies) valuation has led to an increase in the reported value of our assets for security purposes. This valuation, alongside Thrive's net debt per unit measure compared to the sector, provides further evidence of a healthy gearing position.



EBITDA Interest Cover %

This metric, a measure of cashflow, shows our earnings continue to exceed our interest costs. Thrive can demonstrate its ability to service interest on borrowings out of its day-to-day operations. This performance is indicative of our continued strong core margins and remains significantly above covenants. The small reduction in the year reflects increased debt to support our growth strategy. Surplus cash has been invested to generate a larger interest receivable than in previous years.



Actual Mar 23, Excl. Revaluations 152%

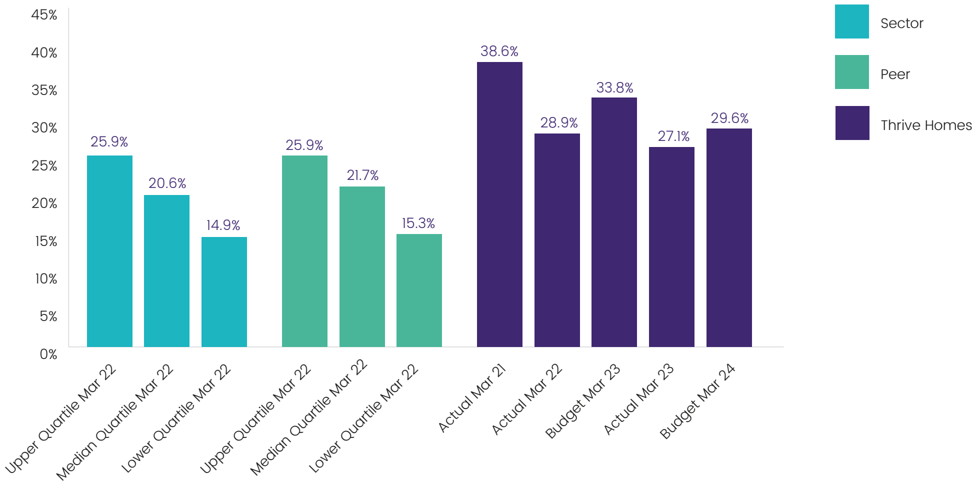
Headline Social Housing Cost per Unit (CPU)

We continue to deliver CPU broadly in line with our targets, at a level comparable to the wider sector. The year's performance reflected an increase in CPU due to additional expenditure in major repairs as we deliver on our EPC targets and also inflationary pressures in the cost base. This metric is forecast to evolve as the benefit of a growing estate is balanced with emerging economic challenges and further investment in improving the energy efficiency of our homes.

Operating Margins Overall

Our overall operating margin has fallen compared to the previous year and target. The additional investment agreed by the Board in building resilience contributes to this reduction in operating margin, alongside inflationary pressures seen across the sector.

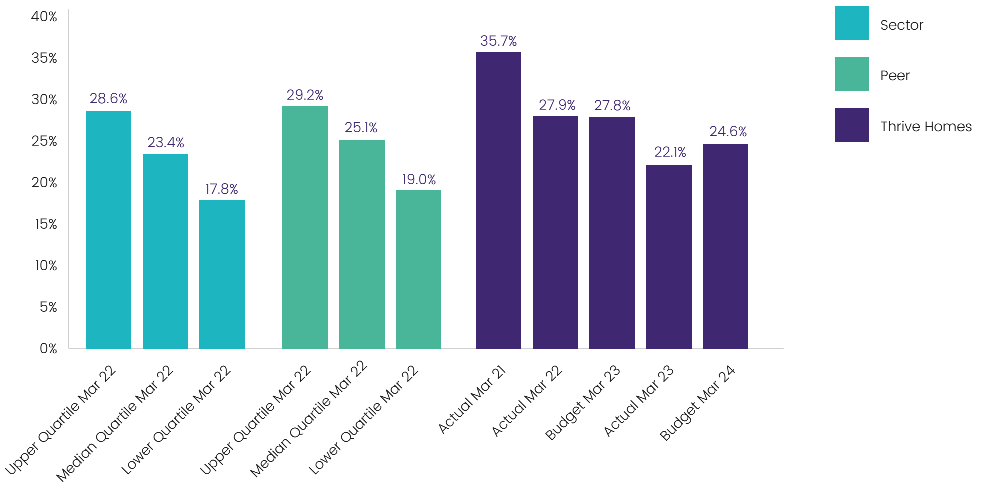
Operating costs are planned to rise at a slower rate in 2024 as we progress our strategy, with current developments driving an increase in income and strengthening all financial metrics.



Actual Mar 23, Excl. Revaluations 28.9%

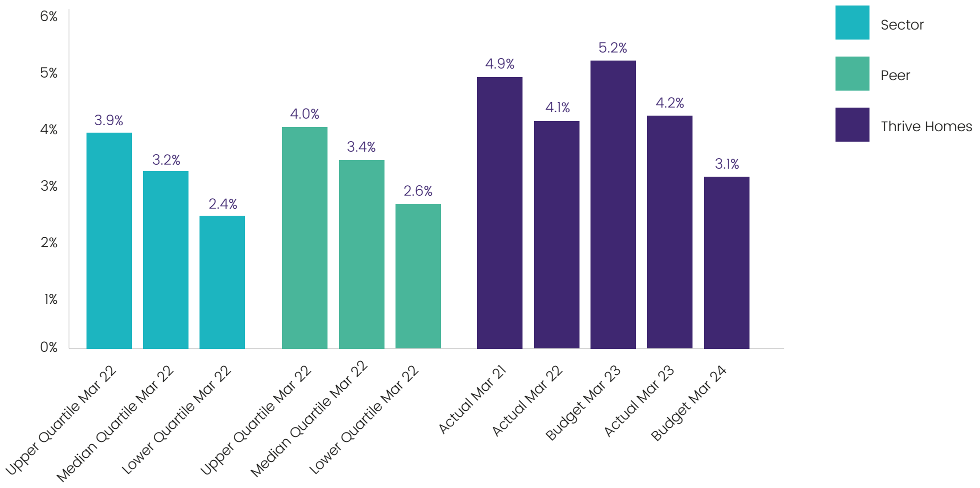
Operating Margin Social Housing Lettings

The margin on our social housing lettings remains in line with expectations, behind our peers in 2023, reflecting increased investment in our people to address current sector challenges alongside inflationary pressures within maintenance as we continue to deliver our expected service levels. We continue to monitor our cost base and this margin is targeted to improve in coming years. Thrive has managed operating costs through, for example, procurement and agile working which enables us to continue operating from downsized office space despite staff numbers increasing.



Return on Capital Employed (ROCE) %

Thrive's return on capital employed continues to be delivered at the top end of both our peer group and wider sector. This demonstrates we are using our assets effectively and efficiently to deliver sustained long-term returns. Increased investment in the year has been offset by surplus from shared ownership sales, which are likely to reduce in the coming years as margins tighten.



Governance[14]

The Board is pleased to present its report and the audited financial statements of Thrive Homes Limited ("the Association") and its subsidiary entities (together "the Group") for the year ending 31 March 2023. This is the 14th full year of operations for Thrive Homes since its formation.

Thrive Homes continues to comply with the NHF Code of Governance 2020. Compliance is reviewed annually with an internal self-assessment which is reviewed by the Customer, Colleague and Governance Committee and approved by Board.

Additionally, Thrive has adopted the 2020 NHF Model Rules for registered providers and is a signatory to the NHF Together with Tenants Charter which forms part of Board's commitment to ensuring that the voice of the customer is heard and informs decision making. We are also compliant with the Housing Ombudsman's Complaint Handling Code.

Regulator of Social Housing and regulation review

The Regulator of Social Housing (RSH) published the results of their In-Depth Assessment (IDA) in April 2023. The results were that the Association was assessed to retain the highest level possible for Governance (G1) and, reflecting the current economic climate, Viability (V2). The overview report from this IDA can be viewed on GOV.UK (www.gov.uk) by searching Thrive Homes Regulatory Judgement or using the QR code. For more information on the regulation of social housing in the UK, see the RSH website Regulatory standards - GOV.UK (www.gov.uk)

Group structure and overview

Thrive Homes is a registered not-for-profit provider of affordable homes. It owns and manages 5,780 homes in Hertfordshire, Bedfordshire, Buckinghamshire and Oxfordshire. Thrive Homes has been growing over the years by a combination of building new homes and acquisitions from other registered providers.

Its wholly owned subsidiaries are identified in the chart below.

The principal activity of the Group is the development and management of affordable housing.

14 Sustainability Reporting Standard, Criteria C35-30 'Structure and Governance'

Board and committees[15]

Thrive Homes is governed and monitored by the Board working through three committees and supported by an Executive Management Team of non-voting Executive Directors (as set out on page 36).

Board membership is based on an evaluation of skills and experience and is made up entirely of non-executive members who are drawn from a wide range of backgrounds, bringing together professional and commercial expertise. All appointments to Board positions are made via an appointments panel and the maximum tenure for a Board member is six years, with an option to extend for another three years in exceptional circumstances.

The Board appoints the Executive Directors and Company Secretary of all Thrive's subsidiaries: Thrive Homes Finance plc, Thrive Places Limited and Building for Thrive Limited.

Board members receive payment for their services as Non-Executive Directors. Payment is reviewed periodically by members supported by independent advisors. Levels of remuneration paid to Board members during 2022/23 and 2021/22 are shown on page 61 in the Notes to the Financial Statements.

The Executive Directors hold no interest in the share capital of Thrive. They have responsibility for day-to-day management of the business and implementation of the Board's strategic policies and plans.

Over the course of the year the Board met eight times, including four strategic away days. The Board has set up the following committees, which all meet quarterly. The committees provide additional scrutiny of delivery in each of these specific areas:

- Risk & Audit Committee – responsible for ensuring that Thrive Homes has appropriate risk management and business assurance arrangements in place, and maintains good standards of probity.
- Customer, Colleague & Governance Committee – responsible for ensuring governance and regulatory compliance and a positive experience for customers and colleagues, including oversight of health and safety, EDI, Board and Executive renumeration and appraisals, and Board effectiveness.
- Business Resilience & Growth Committee – responsible for ensuring our Finance and Treasury Strategies are sustainable; how we are developing, growing and investing; the partnerships we are developing, and that we are maintaining and managing our existing assets effectively.

Board key facts

Gender Balance
64% male | 36% female

Average age
53

BME profile
9% BME
91% White

% with a disability
0%

Average tenure
3.14 years

Board turnover in last two years
25%

15 Sustainability Reporting Standard, Criteria C31-41 'Board and Trustees'

Board Members

Kate McLeod
Chair of the Board

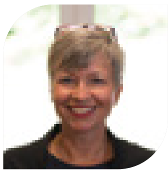
Graham Olive
Vice-Chair of the Board

David Dahan
Non-Executive Director

Francesco Elia
Non-Executive Director and Chair of Business Resilience & Growth Committee

Jessica Friend
Non-Executive Director

Rachel Harrison
Non-Executive Director and Chair of Risk & Audit Committee



Rachel Hatfield
Non-Executive Director and Chair of Customer, Colleague & Governance Committee

James Invine
Non-Executive Director

Craig O'Donnell
Non-Executive Director

Jamie Smith
Non-Executive Director (stood down Sept-22)

Graeme Snell
Non-Executive Director

John Tibbitts
Non-Executive Director (appointed Sept-22)

Executive Management Team

Elspeth Mackenzie
Chief Executive

Jo Barrett
Executive Director – Operations

Jack Burnham
Executive Director – Growth & Investment (resigned Sep-22)

Mark Farrar
Executive Director - Resources

Karen Forbes-Jackson
Executive Director – Corporate Services and Company Secretary

Alix Green
Executive Director – Growth & Investment (appointed Jan-23)

Committee Membership Key

- Risk & Audit Committee
- Customer, Colleague & Governance Committee (CCG)
- Business Resilience & Growth (BRG) Committee

Risk and assurance

To maintain our strength, resilience and agility as a business, we are very conscious of the need to take an astute and proactive approach to balancing risk in the short, medium and long-term.

Constantly monitoring and managing such risks ensures that Thrive is able to rise successfully to today's challenges while being well-prepared for the potential challenges of the future.

We have programmes of internal audit to sustain and improve the quality of our day-to-day business operations, along with mitigation strategies which flag up risks at the earliest opportunity so we can take appropriate steps to address them.

Our strategic risks

The Board has agreed a Risk Management Framework which sets out our approach to identifying, monitoring and managing current and emerging risks to the business. It has determined our risk appetite and adopted a range of measures to monitor our exposure to risk.

The Board identifies the changing risks to our business, along with the various external and internal factors influencing their management. Each Executive Director is responsible for identifying risks facing their area of operation and for putting in place procedures to mitigate and monitor risk. These risks are regularly reviewed by the Risk & Audit Committee, which reports back to the Board on its findings.

Here are the key risks we currently face:

Key Risk Area	Context	How this is being managed
Economic climate	The tough financial environment poses a significant risk to our income, as many customers struggle to pay their rent and other bills during the cost-of-living crisis.	We have been working with customers to support them with the financial challenges they face, helping them to keep up to date with their rent or ensuring they have a plan in place to pay back any arrears.
Health and safety	Keeping customers safe in their homes is our top priority. New legislative and regulatory changes are tightening up aspects of fire and building safety.	We have spent much of the past 12 months preparing for these changes, managing our homes to ensure they are compliant with revised fire and building safety regulations.
Internal	Along with our customers, colleagues are also being impacted by external factors such as the cost-of-living crisis.	We have stepped up our efforts to ensure we are providing appropriate support, such as free financial advice and our wide-ranging benefits scheme, to help colleagues cope with the current economic climate.
Data and technology	Managing and scrutinising data effectively is crucial to the success of any business, while robust cyber security is increasingly important as technology becomes ever more complex.	Project Phoenix, which will transform our IT systems, is well under way – with regular progress reports to the Business Resilience & Growth Committee and Board to ensure it delivers on its objectives.

Statement of Board Responsibilities

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

Housing association legislation requires the Board to prepare financial statements for each financial year. Under that legislation, the Board has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards including FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and applicable law). Under housing association legislation, the Board must not approve the financial statements unless it is satisfied that they give a true and fair view of the state of affairs of the Group and the Association and of the surplus or deficit of the Group and Association for that period. In preparing these financial statements, the Board is required to:

- select and adopt suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Group and Association will continue its business.

The Board is responsible for making the appropriate arrangements for keeping proper accounting records, which disclose with reasonable accuracy at any time, the financial position of the Group and Association and to enable it to ensure that the financial statements comply with housing association legislation (The Cooperative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and The Accounting Direction for Private Registered Providers of Social Housing 2019). It has responsibility for taking such steps as are reasonably open to it to safeguard the Group's assets and to prevent and detect fraud and other irregularities.

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

Statement of compliance

In preparing this strategic report, the Board has followed the principles set out in the Housing SORP 2018.

Disclosure of information to the auditor

The Board members who held office at the date when this report was approved confirm that:

- so far as each of the directors is aware, there is no relevant audit information of which the Group and Association's auditor is unaware; and
- each of the directors has taken all the steps that they ought to have taken as a director to make them aware of any relevant audit information and to establish that the Group and Association's auditor is aware of that information.

External auditor

Beever and Struthers have expressed their willingness to continue in office and a resolution to reappoint them as auditor will be proposed at the Q3 Thrive Homes Board Meeting.

Approved and signed on behalf of the Board on 18 September 2023

Kate McLeod Chair of the Board

Nicholas Court, Abbots Langley

Financial Statements

Independent auditor's report to Thrive Homes Limited

Opinion

We have audited the financial statements of Thrive Homes Limited (the Association) and its subsidiaries (the Group) for the year ended 31 March 2023 which comprise the Consolidated and Association Statement of Comprehensive Income, Consolidated and Association Statement of Financial Position, Consolidated and Association Statement of Changes in Reserves, Consolidated Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies in note 1. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Association's affairs as at 31 March 2023 and of the Group's income and expenditure and the Association's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

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

In connection with our audit of the financial statements our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Co-operative and Community Benefit Societies Act 2014 or the Housing and Regeneration Act 2008 requires us to report to you if, in our opinion:

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

Responsibilities of the Board

As explained more fully in the Statement of Board's Responsibilities set out on page 39, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intends to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Extent to which the audit was considered capable of detecting irregularities, including fraud
We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

In identifying and addressing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

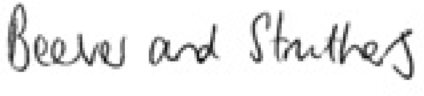
- We obtained an understanding of laws and regulations that affect the Group and Association, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws and regulations that we identified included the Co-operative and Community Benefit Societies Act, the Statement of Recommended Practice for registered housing providers: Housing SORP 2018, the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2022, tax legislation, health and safety legislation, and employment legislation.

- We enquired of the Board and reviewed correspondence and Board meeting minutes for evidence of non-compliance with relevant laws and regulations. We also reviewed controls the Board have in place, where necessary, to ensure compliance.
- We gained an understanding of the controls that the Board have in place to prevent and detect fraud. We enquired of the Board about any incidences of fraud that had taken place during the accounting period.
- The risk of fraud and non-compliance with laws and regulations and fraud was discussed within the audit team and tests were planned and performed to address these risks. We identified the potential for fraud in the following areas: laws related to the construction and provision of social housing recognising the nature of the Group's activities and the regulated nature of the Group's activities.
- We reviewed financial statements disclosures and tested to supporting documentation to assess compliance with relevant laws and regulations discussed above.
- We enquired of the Board about actual and potential litigation and claims.
- We performed analytical procedures to identify any unusual or unexpected relationships that might indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud due to management override of internal controls we tested the appropriateness of journal entries and assessed whether the judgements made in making accounting estimates were indicative of a potential bias.

Due to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing fraud or non-compliance with laws and regulations and cannot be expected to detect all fraud and non-compliance with laws and regulations.

Use of our report

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



Beever and Struthers
Chartered Accountants
Statutory Auditor

The Colmore Building
20 Colmore Circus Queensway
Birmingham
B4 6AT

Date: 28 September 2023

Consolidated and Association Statement owprehensive Income

	Notes	Group		Association	
		2023	2022	**2023**	2022
		£'000	£'000	**£'000**	£'000
Turnover	2a	**48,289**	41,137	**51,310**	40,642
Cost of Sales - Shared Ownership	2a	**(9,555)**	(7,847)	**(9,555)**	(7,821)
Operating costs	2a	**(24,754)**	(20,981)	**(24,617)**	(20,770)
Gain on disposal of fixed assets	11	**3,215**	316	**1,708**	107
Gain/(loss) on investment properties	13	**(362)**	1,538	**(274)**	1,450
Impairment		**(531)**	(436)	**(3,214)**	0
Operating surplus	2a	**16,302**	13,727	**15,358**	13,608
Interest receivable	3	**1,244**	2	**1,234**	78
Interest payable and other finance costs	4	**(9,109)**	(5,780)	**(9,109)**	(5,780)
Surplus before tax		**8,437**	7,949	**7,483**	7,906
Taxation	8	**-**	-	**-**	-
Surplus for the year		**8,437**	7,949	**7,483**	7,906
Revaluation gain/(loss) on pension scheme	21	**(13)**	1,475	**(13)**	1,475
Total comprehensive income for the year		**8,424**	9,424	**7,470**	9,381

The financial statements were approved by the Board on 18 September 2023 and were signed on its behalf by:

Kate McLeod
Chair

Graham Olive
Vice Chair

Karen Forbes-Jackson
Company Secretary

The Consolidated and Association's results relate wholly to continuing activities and the notes on pages 49 to 84 form an integral part of these financial statements.

Consolidated and Association Statement of Financial Position

	Notes	Group		Association	
		2023	2022	**2023**	2022
		£'000	£'000	**£'000**	£'000
Fixed assets					
Intangible assets	9	**1,671**	-	**1,671**	-
Housing properties	10	**320,384**	221,485	**319,718**	209,552
Other property, plant and equipment	9a	**1,149**	1,342	**1,149**	1,342
Investment properties	13	**36,040**	36,933	**24,910**	25,330
Total fixed assets		**359,244**	259,760	**347,448**	236,224
Investments	19	**30**	30	**11,795**	14,864
Current assets					
Properties for shared ownership sale	14	**4,235**	5,222	**4,235**	5,222
Debtors	15	**7,063**	6,611	**7,591**	14,742
Refurbishment obligation asset	15	**5,454**	8,234	**5,454**	8,234
Cash and cash equivalents		**27,749**	35,716	**26,483**	34,869
		44,501	55,783	**43,763**	63,067
Creditors: amounts falling due within one year	16	**(19,326)**	(14,625)	**(19,354)**	(14,542)
Net current assets		**25,175**	41,158	**24,409**	48,525
Total assets less current liabilities		**384,449**	300,948	**383,652**	299,613
Creditors: amounts falling due after more than one year	17	**(308,030)**	(232,897)	**(308,030)**	(231,405)
Provision for liabilities	20	**(767)**	(864)	**(767)**	(864)
Provision for pension liability	21	**-**	41	**-**	41
Net assets		**75,652**	67,228	**74,855**	67,385
Capital and reserves					
Called up share capital	18	**-**	-	**-**	-
Income and expenditure reserve		**74,476**	65,690	**73,679**	65,935
Revaluation gain/(loss) on investment properties	13	**1,176**	1,538	**1,176**	1,450
		75,652	67,228	**74,855**	67,385

The accompanying notes on pages 49 to 84 form an integral part of the financial statements. These financial statements were approved by the Board on 18 September 2023 and were signed on its behalf by:

Karen Forbes-Jackson

Kate McLeod
Chair

Graham Olive
Vice Chair

Karen Forbes-Jackson
Company Secretary

Consolidated and Association Statement of Changes in Reserves

	Group			Association		
	Income and expenditure reserve	Revaluation reserve investment properties	Total	Income and expenditure reserve	Revaluation reserve investment properties	Total
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2022	65,690	1,538	67,228	65,935	1,450	67,385
Surplus for the year	8,799	(362)	8,437	7,757	(274)	7,483
Actuarial (loss)/gain on pension scheme	(13)	-	(13)	(13)	-	(13)
At 31 March 2023	**74,476**	**1,176**	**75,652**	**73,679**	**1,176**	**74,855**

	Group			Association		
	Income and expenditure reserve	Revaluation reserve investment properties	Total	Income and expenditure reserve	Revaluation reserve investment properties	Total
	£'000	£'000	£'000	£'000		£'000
At 1 April 2021	57,804	-	57,804	58,004	-	58,004
Surplus for the year	6,411	1,538	7,949	6,456	1,450	7,906
Actuarial (loss)/gain on pension scheme	1,475	-	1,475	1,475	-	1,475
At 31 March 2022	**65,690**	**1,538**	**67,228**	**65,935**	**1,450**	**67,385**

Income and Expenditure Reserve

The Income and Expenditure reserve represents cumulative surpluses and deficits of the Group and Association.

The accompanying notes on pages 49 to 84 form part of the financial statements.

Consolidated Statement of Cash Flows

Group	Notes	2023		2022	
		£'000	**£'000**	£'000	£'000
Net cash generated from operating activities	(a)		**17,877**		13,685
Cash flows from investing activities					
Software purchased and developed		**(1,660)**		-	
Acquisition and improvement of housing properties, including construction		**(72,313)**		(12,583)	
Net proceeds from sale of properties		**87**		36	
Purchase of other PPE		**(1,900)**		(471)	
Construction of shared ownership properties for sale		**(37,424)**		(12,181)	
Other Disposals		**6,950**		30,825	
Purchase of investment properties		**-**		(3,677)	
Grants received		**229**		1,243	
Interest received		**770**		2	
			(105,261)		3,194
			(87,384)		16,879
Cash flows from financing activities					
Interest paid		**(9,858)**		(7,740)	
Loan financing costs		**(278)**		(269)	
Loan premium received		**31,553**		-	
Loan paid		**(17,000)**		(8,000)	
Loan drawdown (Revolving Credit Facility)	(b)	**-**		17,000	
Retained Bond Issue (at par)	(b)	**75,000**		-	
			79,417		991
Increase/(decrease) in cash and cash equivalents	(c)		**(7,967)**		17,870
Cash and cash equivalents at beginning of the year			**35,716**		17,846
Cash and cash equivalents at end of the year			**27,749**		35,716

The accompanying notes on pages 49 to 84 form an integral part of the financial statements.

Group

(a) Reconciliation of surplus to net cash inflow from operating activities

	2023	2022
	£'000	£'000
Surplus for the financial year	**8,437**	7,949
ADD BACK non-cash items:		
Depreciation and Amortisation	**5,351**	5,360
Grant amortisation income	**(172)**	(178)
Impairment Charge	**531**	-
Surplus on disposal of fixed assets	**(3,450)**	(316)
(Increase)/Decrease in < 1-year debtors	**(452)**	236
Increase/(Decrease) in < 1-year creditors	**(373)**	(3,310)
Decrease in Provisions	**(257)**	(347)
Change in pension liability	**35**	51
Revaluation Gain/(loss) on investment properties	**362**	(1,538)
Adjustments for investing or financing activities		
Interest received	**(1,244)**	(2)
Interest payable	**9,109**	5,780
Net cash generated from operating activities	**17,877**	13,685

(b) Reconciliation of net cash flow to movement in net debt

	2023	2022
	£'000	£'000
Increase/(Decrease) in cash in the year	**(7,967)**	17,870
New loans	**(75,000)**	(17,000)
Loans paid	**17,000**	8,000
Change in net debt	**(65,967)**	8,870
Net debt brought forward	**(164,284)**	(173,154)
Net debt carried forward	**(230,251)**	(164,284)

(c) Analysis of changes in net debt

	At 1 April 2022	Cash flow	At 31 March 2023
	£'000	£'000	**£'000**
Cash on instant access	-	-	**-**
Cash at bank	35,716	(7,967)	**27,749**
	35,716	(7,967)	**27,749**
Debt due before 5 years	(50,000)	17,000	**(33,000)**
Debt due after 5 years	(150,000)	(75,000)	**(225,000)**
Total net debt	(164,284)	(65,967)	**(230,251)**

Notes to the Financial Statements

1. Accounting Policies

General information

Thrive Homes Limited (the 'Association') is a Community Benefit Society incorporated and domiciled in the United Kingdom. The address of the registered office is Westside, London Road, Hemel Hempstead, HP3 9TD.

The main activities of the Association and its subsidiaries are the provision of affordable homes for rent for people in housing need.

The consolidated Group financial statements are presented in Pounds Sterling, generally rounded to the nearest thousand.

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the comparative year.

Basis of Consolidation

The consolidated financial statements include the results of Thrive Homes Limited and its subsidiary undertakings Thrive Homes Finance plc, Thrive Places Limited (formerly Thrive Living Limited) and SRJ Homes Limited, whose accounts are prepared to the same accounting date. Building for Thrive Limited was a subsidiary set up in November 2016, and has not traded during the accounting period to 31 March 2023 and SRJ Homes which was dissolved in the year.

The financial year represents the 12 months ended 31 March 2023 (prior year, 12 months ended 31 March 2022).

Basis of accounting

The financial statements have been prepared under the historical cost convention in accordance with FRS 102, "The Financial Reporting Standard applicable in the UK and Republic of Ireland" issued by the Financial Reporting Council and comply with the Statement of Recommended Practice for Registered Social Housing Providers 2018 (SORP), the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022. Thrive Homes Limited is a public benefit entity, as defined in FRS 102, and applies the relevant paragraphs prefixed 'PBE' in FRS 102.

FRS 102 allows a qualifying entity certain disclosure exemption, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the Association's shareholders.

In preparing the Association's individual financial statements, the Association has taken advantage of the following exemptions:

- from disclosing key management personnel compensation, as required by paragraph 7 of Section 33 'Related Party Disclosures';
- from presenting a reconciliation of the number of shares outstanding at the beginning and end of the year, as required by paragraph 12 of Section 4 'Statement of Financial Position'; and
- from presenting a statement of cash flows, as required by Section 7 'Statement of Cash Flows'.

On the basis that equivalent disclosures are given in the consolidated financial statements; the Association has also taken advantage of the exemption not to provide certain disclosures as required by Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues'.

Significant management judgements and key sources of estimation uncertainty

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

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

Significant management judgements

The following are management judgements in applying the accounting policies of the organisation that have the most significant effect on the amounts recognised in the financial statements.

Impairment of social housing properties

The Group must make an assessment as to whether an indicator of impairment exists. In making the judgement, management considered the detailed criteria set out in the SORP. No indicators of impairment have been identified as existing at the year end.

Impairment is recognised where the carrying value of a cash generating unit exceeds the higher of its net realisable value less costs to sell or its value in use. A cash generating unit is normally a group of properties at scheme level whose cash income can be separately identified.

Following a trigger for impairment, the Group perform impairment tests based on fair value less costs to sell or a value in use calculation. The fair value less costs to sell calculation is based on available data from sales transactions in an arm's length transaction on similar cash generating units (properties) or observable market prices less incremental costs for disposing of the properties. The value in use calculation is based on either a depreciated replacement cost or a discounted cash flow model. The depreciated replacement cost is based on available data of the cost of constructing or acquiring replacement properties to provide the same level of service potential to the Group as the existing property.

Fixed Asset vs Investment Properties

The Group must decide which properties that would otherwise be shown as social housing properties, meet the definition of investment properties. The Group has determined that all 'market rent' residential properties which earn rental income at market rates will be classified as Investment properties. The Group's social housing properties are not classified as investment properties as they are held for their social benefit, i.e. they are rented out at subsidised rates to eligible tenants.

Valuation of Investment Properties

The Group has confidence in the values disclosed in the financial statements. In the light of the current situation - the Group has discussed the valuations with their valuers and also undertaken internal reviews of the most recent investment property valuations and assessed the financial performance of the portfolio and are confident that when taking into consideration the financial strength of the Group, any potential downturn in the value or financial returns from its investment properties would not have an impact on the Groups long term financial viability.

CBRE Lease and Lease Back

The arrangement with CBRE Affordable Housing Fund (CBRE) is considered a finance lease and an operating lease back. The headlease is the finance lease which is considered a disposal due to the duration of the lease being longer than the life of the properties and also with all risks and rewards transferred over to CBRE. The disposal is included in Note 11 under the heading Other. The sublease is the operating lease and generates a monthly management fee which is recognised as part of turnover and in Note 2.

Estimation uncertainty

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Bad and doubtful debts

Provision is made against rent and service charge arrears for both current and former tenants and against sundry debts to the extent that they are considered by management not to be recoverable at their full value. The level of provision is based on historical experience and future expectations.

Economic life of assets

An estimation of the useful economic life of the organisation's assets are determined by management and disclosed within accounting policies. The estimates are based on industry standards adjusted to reflect our own experience, quality of components and maintenance procedures.

Defined benefit pension scheme

The Group has obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on many factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management uses independent actuaries to advise on suitable estimates for these factors in determining the net pension obligation. The assumptions reflect historical experience and current trends.

Pension assets are restricted to comply with FRS 102 paragraph 28, and recognise a plan surplus as a defined benefit pension asset only to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan. These criteria were not considered to be met at 31 March 2023 and an asset was therefore not recognised, specifically as the scheme is in a funding deficit, a reduction in future contributions is not available and contributions are not based on the FRS 102 valuation.

Going Concern

The Group's business activities, its current financial position and factors likely to affect its future development are set out within the Board Report. The Group has in place the proceeds of a bond issue which provide adequate resources to finance the growth aspects of the Group's Strategic Plan.

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

Turnover

Turnover represents rent and service charges receivable in the year (net of rent and service charge losses from voids) and disposal proceeds of current assets such as properties developed for outright sale or Shared Ownership first tranche sales at completion together with revenue grants from local authorities and Homes England and charitable fees and donations.

Tangible Fixed Assets, Impairment and Depreciation

(a) Housing Properties

Housing properties are principally properties available for rent and are stated at cost less depreciation and reduced by any impairment. Freehold land is not depreciated.
Depreciation of building structure is charged to write down the value of housing properties to their estimated residual value on a straight-line basis over their expected useful economic lives, which are:

Traditional build type	100 years
Non-traditional build type	30 years (as at 31 March 2023 these number 632)

No depreciation is charged on housing properties during construction.

(b) Impairment

For all properties if there are indicators of impairment, then an impairment review is undertaken. Where there is evidence that impairment has occurred, any shortfall between the carrying costs and the higher of value in use or net realisable value is recognised immediately in the surplus or deficit.

The main indicator of housing property impairment is the existence of long-term voids.

The reversal of past impairment losses is recognised when the recoverable amount of a tangible fixed asset or investment in a subsidiary has increased because of a change in economic conditions or in the expected use of the asset.

(c) Disposal of Housing Properties

The sale of properties under the 'Right to Buy' legislation is treated as disposals of fixed assets. The surplus or deficit arising on disposal is shown net of the share due to Three Rivers District Council, as determined in the Development Agreement which governed the 2008 stock transfer to Thrive Homes.

(d) Components

Major components are treated as separable assets and depreciated over their expected useful economic lives or the lives of the properties to which they relate, if shorter, at the following annual rates:

Roofs	50 years
Bathrooms	30 years
Central Heating Systems	30 years
Central Heating Boilers	15 years
Windows	25 years
Kitchens	20 years
Doors	20 years
Electrical works	20 years
Building envelope	100 years

Expenditure on housing properties is capitalised where it results in an increase of the economic benefits of the asset in excess of the performance anticipated when the asset was first acquired.

Any works which do not result in an increase to economic benefits, e.g. routine and responsive repairs, are charged to the Statement of Comprehensive Income.

(e) Shared Ownership

Shared Ownership properties are valued at the lower of cost and net realisable value. Costs include acquisition and development costs together with interest payable. Net realisable value is based on estimated sales price after allowing for further costs of completion and disposal. Properties are split proportionately between current and fixed assets based on the element relating to expected first tranche sales. The first tranche proportion is classed as a current asset until sold. Sales proceeds are then included in turnover. The unsold balance is classed as a fixed asset with any subsequent sale treated as a disposal of the fixed asset.

Mixed tenure development costs are apportioned by square footage.

(f) Capitalisation of Overheads

Overhead costs which are identifiable to and directly attributable to the creation of assets are capitalised. These costs include legal and professional fees, bought in construction and design services, bought in works programme delivery management and in-house management and administration. With respect to acquisitions, these costs will also include valuation and stock condition survey services.

(g) Other tangible fixed assets

Other tangible fixed assets are stated at cost and are written down to their residual value over their expected useful lives, which are:

Information, technology and communications (ITC) hardware	3 years
Office furniture and equipment and office fixtures and fittings	5 years
Plant, machinery and vehicles	5 years

Social Housing Grant and other Government grants

Government grants are recognised using the accrual model and are classified either as a grant relating to revenue or a grant relating to assets. Grants relating to revenue are recognised in income on a systematic basis over the period in which related costs for which the grant is intended to compensate are recognised. Where a grant is receivable as compensation for expenses or losses already incurred it is recognised as revenue in the period in which it becomes receivable.

Grants relating to assets are recognised in income on a systematic basis over the expected useful life of the asset. Grants received for housing properties are recognised in income over the expected useful life of the housing property structure. Where a grant is received specifically for components of a housing property, the grant is recognised in income over the expected useful life of the component.

Grants are written off when properties are sold at market value with the purchaser recognising the grant written off as a contingent liability. Grant attached to the development Riverside Mills was written off after it was sold at market value to Thrive Homes. This has been recognised as a contingent liability which is disclosed in note 24.

Provision for Bad Debts

The provision for tenant bad debts is based on the age and type of arrear. Arrears in respect of former tenants are fully provided for.

The provision for sales ledger bad debts is based on a review of the age and collectability of each debt.

Financial instruments

Financial assets carried at amortised cost

Financial assets comprise rent and service charge arrears, other debtors, prepayments and cash and cash equivalents. Where the effect of discounting is material, financial assets are measured at amortised cost using the effective interest method.

A financial asset is derecognised when the contractual rights to the cash flows expire, or when the financial asset and all substantial risks and reward are transferred.

Financial liabilities carried at amortised cost

Financial liabilities include trade and other creditors and interest-bearing bond issues. Liabilities which are classed as basic financial instruments are measured at amortised cost using the effective interest method, with interest and related charges recognised as an expense in finance costs in the Statement of Comprehensive Income.

A financial liability is derecognised only when the contractual obligation is extinguished, that is, when the obligation is discharged, cancelled or expires.

Bond issue

The amount due to bond holders is stated as at the Statement of Financial Position date as the amount of the issue net of deferred financing costs. Deferred financing costs are written off evenly over the period until the issue is repayable. Further details are set out in Note 17a.

Bond premium

Bond premium is the value above par achieved on bond sales. This is recorded as deferred income and amortised to revenue over the remaining years until the first bond repayment is due. The bond premium resulting from the 2015, 2017 and 2022 bond sales are amortised to 2039 using the discounted cash flow method to reduce the balance to nil at this point.

Operating Leases

Rentals payable under operating leases are charged to the Statement of Comprehensive Income as incurred, on the accrual's basis.

Interest Payable

Interest is capitalised on borrowings to finance developments to the extent that it accrues in respect of the period of development if it represents interest on borrowings specifically financing the development programme, after deduction of Social Housing Grant received in advance. Other interest payable is charged to the Statement of Comprehensive Income in the year.

Pension Costs – Defined Benefit Scheme

For defined benefit schemes, the amounts charged to the operating surplus are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in Other Comprehensive Income.

The defined benefit scheme is funded, with the assets of the scheme held separately from those of the Group, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high-quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each Statement of Financial Position date. The resulting defined benefit asset or liability is presented separately on the face of the Statement of Financial Position.

Pension Costs – Defined Contribution Scheme

Thrive Homes provides a defined contribution stakeholder type pension scheme for employees. The employee chooses their own contribution rate which is enhanced by the employer in the ratio of £2 for every £1 the employee contributes, up to a maximum employer contribution of 10% of salary. The employer contribution to the scheme is charged to the Statement of Comprehensive Income when paid. The assets of the scheme are kept separately from those of Thrive Homes and are invested in independently managed funds as chosen by the employee.

Investments

The Association holds investments in Thrive Homes Finance plc, Building for Thrive Limited, Thrive Places Limited (formerly Thrive Living Limited), and MORhomes PLC. These investments are held at cost less any impairment.

Intangible Assets - Software

Software purchased and developed or developed in house, is an intangible asset. Cost is measured initially at acquisition cost or costs incurred to develop the asset. Development expenditure incurred on an individual project is capitalised only if specific criteria are met including that the asset created will probably generate future economic benefits.
Acquired software and developed software are both amortised over five years.

Taxation

Thrive Homes Limited is not subject to corporation tax on its ordinary activities due to its charitable status. Thrive Homes Finance plc does not have charitable status but was established to on-lend the proceeds of a bond issue to Thrive Homes Limited and is not expected to make either a profit or loss. Profits will be generated from interest received for deposits or cash held. Any profits from Thrive Homes Finance Plc and Thrive Places Limited will be either gift-aided to Thrive Homes Limited or offset using group interest relief.

Cash and Cash equivalents

Cash and cash equivalents include cash in hand, deposits held with banks, other short-term highly liquid investments with original maturities of three months or less.

VAT

Thrive Homes is VAT registered but a large proportion of its income, namely rental income, is exempt for VAT purposes. This gives rise to a partial exemption VAT recovery calculation on VAT charges incurred on purchases. Expenditure is recorded inclusive of VAT and the input VAT recovered is credited to the Statement of Comprehensive Income or credited against capital additions as appropriate.

As part of the Development Agreement which governed the stock transfer from Three Rivers District Council at Thrive Homes' inception, there is a VAT sharing agreement referencing a VAT shelter arrangement entered by Thrive Homes and the Council. This enables the full recovery of VAT on costs incurred as Thrive Homes completes qualifying works to the transferred properties. The arrangement requires Thrive Homes to perform works to bring the properties up to an agreed standard for a fixed sum of £70m, equal to the expected cost of the works. The VAT recovered on these qualifying works is shared between the parties as determined in the agreement.

2a. Turnover, Cost of Sales, Operating Costs and Operating Surplus

Group

	Notes	2023					2022				
		Turnover	Cost of sales	Operating costs	Other	Operating surplus/ (deficit)	Turnover	Cost of Sales	Operating costs	Other	Operating surplus/ (deficit)
		£'000	**£'000**	**£'000**	**£'000**	**£'000**	£'000	£'000	£'000	£'000	£'000
Social Housing Lettings	2b	**30,912**	**-**	**(24,075)**	**-**	**6,837**	28,084	-	(20,257)	-	7,827
Other Social Housing Activities											
Charges for Support Services		**1**	**-**	**-**	**-**	**1**	1	-	-	-	1
SO 1st tranche sales		**14,998**	**(9,040)**	**-**	**-**	**5,958**	11,538	(7,847)	-	-	3,691
Development		**-**	**-**	**(474)**	**-**	**(474)**	-	-	(562)	-	(562)
Other		**-**	**-**	**-**	**-**	**-**	-	-	-	-	-
Non-Social Housing Activities											
Market Rent		**1,628**	**-**	**(205)**	**-**	**1,423**	1,514	-	(162)	-	1,352
Surplus on disposal of fixed assets		**750**	**(515)**	**-**	**3,215**	**3,450**	-	-	-	316	316
Revaluation gain/(loss) on investment properties		**-**	**-**	**-**	**(362)**	**(362)**	-	-	-	1,538	1,538
Impairment on investment properties		**-**	**-**	**-**	**(531)**	**(531)**	-	-	-	(436)	(436)
Total		**48,289**	**(9,555)**	**(24,754)**	**2,322**	**16,302**	41,137	(7,847)	(20,981)	(1,418)	13,727

Included in social housing letting is income and costs for managing units on behalf of other landlords. Income for the year is £234k (2022: £52k).

Charges for support services income is based on support provided to individuals and is not property based.

Association

	Notes	2023					2022				
		Turnover	Cost of sales	Operating costs	Other	Operating surplus/ (deficit)	Turnover	Cost of sales	Operating costs	Other	Operating surplus/ (deficit)
		£'000	**£'000**	**£'000**	**£'000**	**£'000**	£'000	£'000	£'000	£'000	£'000
Social Housing Lettings	2b	**30,959**	**-**	**(24,100)**	**-**	**6,859**	28,076	-	(20,223)	-	7,853
Other Social Housing Activities											
Charges for Support Services		**1**	**-**	**-**	**-**	**1**	1	-	-	-	1
SO 1st tranche sales		**14,998**	**(9,040)**	**-**	**-**	**5,958**	11,538	(7,821)	-	-	3,717
Gift Aid received		**3,567**	**-**	**-**	**-**	**3,567**	-	-	-	-	-
Development		**-**	**-**	**(467)**	**-**	**(467)**	-	-	(534)	-	(534)
Other		**-**	**-**	**-**	**-**	**-**	-	-	-	-	-
Non-Social Housing Activities											
Market Rent		**1,035**	**-**	**(50)**	**-**	**985**	1,027	-	(13)	-	1,014
Surplus on disposal of fixed assets		**750**	**(515)**	**-**	**1,708**	**1,943**	-	-	-	316	316
Revaluation gain/(loss) on investment properties		**-**	**-**	**-**	**(274)**	**(274)**	-	-	-	1,450	1,450
Impairment on investments		**-**	**-**	**-**	**(3,068)**	**(3,068)**	-	-	-	(209)	(209)
Impairment on investment properties		**-**	**-**	**-**	**(146)**	**(146)**	-	-	-	-	-
Total		**51,310**	**(9,555)**	**(24,617)**	**(1,780)**	**15,358**	40,642	(7,821)	(20,770)	1,557	13,608

Included in social housing letting is income and costs for managing units on behalf of other landlords. Income for the year is £234k (2022: £52k).

Charges for support services income is based on support provided to individuals and is not property based.

2b. Income and Expenditure from Social Housing Lettings

Group and Association

Group and Association	2023				2022			
	General Needs	Housing for Older People	Shared Ownership	Total	General Needs	Housing for Older People	Shared Ownership	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Income								
Rents	23,756	3,075	1,269	28,100	22,019	3,256	1,009	26,284
Service charges income	1,023	721	343	2,087	929	256	142	1,327
Amortised government grant	164	-	8	172	170	-	8	178
Other income	553	-	-	553	295	-	-	295
Turnover from Lettings	25,496	3,796	1,620	30,912	23,413	3,512	1,159	28,084
Expenditure								
Management	(7,730)	(1,088)	(858)	(9,676)	(6,641)	(989)	(353)	(7,983)
Service charges costs	(1,102)	(347)	(219)	(1,668)	(856)	(236)	(130)	(1,222)
Routine maintenance	(4,813)	(678)	-	(5,491)	(3,589)	(523)	-	(4,112)
Planned maintenance	(1,423)	(200)	-	(1,623)	(1,571)	(229)	-	(1,800)
Bad debts	(236)	(30)	-	(266)	(113)	(16)	-	(129)
Depreciation, Housing Properties	(4,749)	(602)	-	(5,351)	(4,390)	(621)	-	(5,011)
Operating Costs on Lettings	(20,053)	(2,945)	(1,077)	(24,075)	(17,160)	(2,614)	(483)	(20,257)
Operating Surplus	5,443	851	543	6,837	6,253	898	676	7,827
Memo - Voids	213	27	-	240	410	60	-	470

As there are publicly traded securities within the Group, it is required to disclose information about the operating segments under IFRS 8. Segmental information is disclosed in notes 2(a) and 2(b) and as part of the analysis of housing properties in note 10. Information about income, expenditure and assets attributable to material operating segments are presented based on the nature and function of housing assets held by the Group rather than geographical location. As permitted by IFRS 8 this is appropriate based on the similarity of the services provided, the nature of the risks associated, the type and class of customer and the nature of the regulatory environment across all the geographical locations in which the Group operates. The Board does not routinely receive segmental information disaggregated by geographical location.

3. Interest Receivable

	Group		Association	
	2023	2022	2023	2022
	£'000	£'000	**£'000**	£'000
Interest receivable from bank deposits	**770**	2	**760**	2
Interest receivable from subsidiary	**-**	-	**-**	76
Other finance income from pension scheme	**474**	-	**474**	-
	1,244	2	**1,234**	78

4. Interest Payable and Other Finance Costs

	Group		Association	
	2023	2022	2023	2022
	£'000	£'000	**£'000**	£'000
To THF (subsidiary)	**-**	-	**8,727**	5,850
To Bondholders	**8,727**	5,850	**-**	-
Amortised bond premium	**(1,160)**	(405)	**(1,160)**	(405)
On bank loans, overdrafts and other loans	**2,013**	1,891	**2,013**	1,891
Other finance costs – pension scheme	**467**	27	**467**	27
Other finance costs	**278**	269	**278**	269
	10,325	7,632	**10,325**	7,632
Borrowing costs capitalised	**(1,216)**	(1,852)	**(1,216)**	(1,852)
	9,109	5,780	**9,109**	5,780

Borrowing costs within the Association have been capitalised using a rate of 4.68% (2022: 4.68%), [which is the actual rates applicable to the Group's current borrowings outstanding during the year]. Borrowing costs are charged to development projects from the date of completion on land acquisition or the date of signing works contracts through to practical build completion of properties.

5. Surplus on Ordinary Activities Before Interest

The surplus on ordinary activities before interest is stated after:

	Group		Association	
	2023	2022	2023	2022
	£'000	£'000	**£'000**	£'000
- Depreciation of housing properties	**5,351**	5,011	**5,351**	4,951
- Depreciation of other assets	**422**	308	**422**	308
- Amortisation of intangible assets	**-**	42	**-**	42
- Operating lease payments				
- Land & Buildings	**364**	385	**364**	385
- Other	**81**	160	**81**	160
- Auditor's remuneration (excluding VAT):				
- In the capacity of auditor	**48**	49	**33**	30
- Non - audit services	**5**	5	**5**	5

6. Employee information

Group and Association

	2023			2022
	Staff No.	**Non-Exec No.**	**Total No.**	Total No.
Average number of full-time equivalent staff employed during the year (at 37 hours / week)	**181**	**-**	**181**	155
These were categorised as:				
- Support functions	**88**	**-**	**88**	73
- Development	**16**	**-**	**16**	13
- Housing Management	**25**	**-**	**25**	24
- Property Services (including maintenance)	**52**	**-**	**52**	45
	181	**-**	**181**	155
	Staff	**Non-Exec**	**Total**	Total
	£'000	**£'000**	**£'000**	£'000
Salaries and other benefits	**7,251**	**83**	**7,334**	5,672
Social security costs	**852**	**1**	**853**	635
Pension costs	**550**	**-**	**550**	446
	8,653	**84**	**8,737**	6,753
Excluded from the above costs are:				
Compensation for loss of office	**7**	**-**	**7**	30

There was no compensation for loss of office payments made to any of the directors.

The number of full-time equivalent staff whose total remuneration was above £60,000 in the year, by pay band (includes employer's contribution to pension schemes).	2023 Staff No.	2023 Non-Exec No.	2023 Total No.	2022 Total No.
£170,000 +	4	-	4	1
£160,000 - £169,999	-	-	-	-
£150,000 - £159,999	-	-	-	-
£140,000 - £149,999	-	-	-	3
£130,000 - £139,999	-	-	-	1
£120,000 - £129,999	1	-	1	-
£110,000 - £119,999	-	-	-	-
£100,000 - £109,999	11	-	11	-
£ 90,000 - £ 99,999	-	-	-	3
£ 80,000 - £ 89,999	2	-	2	1
£ 70,000 - £ 79,999	2	-	2	-
£ 60,000 - £ 69,999	11	-	11	4
	31	-	31	13

7. Directors' Emoluments

Group

Emoluments paid to the Directors of Thrive Homes (the Board of Management, the Chief Executive, Executive Director - Operations, Executive Director - Growth and Investment, Executive Director - Resources and Executive Director - Corporate Services) are shown below. The key management personnel of the group comprise the Executive Management Team and Board members as named on page 36.

Emoluments are defined as salaries paid plus the employer's contributions to pension schemes.

	2023 Exec £'000	2023 Non-Exec £'000	2023 **Total £'000**	2022 Total £'000
Salary	994	84	**1078**	881
Pension	57	0	**57**	56
Total emoluments	1,051	84	**1,135**	937
Emoluments paid to the highest paid director	242	-	**242**	180
Excluding pension contribution	226	-	**226**	165
Total expenses reimbursed to Directors not chargeable to UK income tax	1	1	**2**	3

The Chief Executive receives an addition to salary in lieu of pension contributions. No additional contributions to any pension scheme have been made and there were no special or enhanced terms which applied.

Director's emoluments are included in staff costs in Note 6.

During the year remuneration paid to Board Members was:

		Board Meetings Attended	2023 £	2022 £
Kate McLeod	Chair of the Board	4 / 4	**14,108**	17,273
Vic Baylis	Resigned September 2021		**-**	4,176
Rachel Harrison	Chair of Risk and Audit Committee	4 / 4	**7,614**	10,160
Craig O'Donnell		4 / 4	**5,596**	6,960
Malcom Green	Resigned September 2021		**-**	4,176
Graham Olive	Vice Chair of the Board	4 / 4	**7,614**	10,160
Jamie Smith	Resigned November 2022	3/ 3	**5,596**	10,160
James Invine		4 / 4	**5,596**	6,960
Francesco Elia	Chair of Business Resilience and Growth Committee	4 / 4	**8,150**	6,960
Jessica Friend		4 / 4	**7,614**	7,600
Rachel Hatfield	Chair of Customer Colleague and Governance Committee	3 / 4	**7,638**	4,816
David Dahan		4 / 4	**5,596**	894
Graeme Snell		4 / 4	**5,596**	894
John Tibbitts	Appointed September 2022	2 / 2	**3,291**	-
John Osborn	Associate Board Member Appointed September 2022	2 / 2	**-**	-

Due to a change in the payment arrangements in 2022 for Non-executive Directors' salaries, some of the values reported represent five quarters rather than four, this reverted back to four quarters in 2023.

8. Taxation

Thrive Homes Limited has been granted charitable status and is not liable to corporation tax on ordinary activities.

Thrive Homes Finance plc is subject to United Kingdom corporation tax on its ordinary activities but is able to take advantage of gift aid to donate any taxable profits to Thrive Homes Limited. Thrive Homes Finance plc, Building for Thrive Limited and Thrive Places Limited are subject to United Kingdom corporation tax on their ordinary activities, but can take advantage of Group Relief surrendered and Gift Aid to donate any taxable profits to Thrive Homes Limited.

Thrive Homes Limited is a member of a joint venture, Jobs at Home. The joint venture has no taxable profit in the year.

9. Intangible Assets

Group and Association

	Note	Internally developed software	Acquired software	Total
		£'000	£'000	£'000
Cost				
At 1 April 2022		411	862	1,273
Additions in year		1,660	-	1,660
Reclassification from Other Property, Plant and Equipment		11	-	11
As at 31 March 2023		**2,082**	**862**	**2,944**
Amortisation				
At 1 April 2022		411	862	1,273
Charge for the year	5	-	-	-
As at 31 March 2023		**411**	**862**	**1,273**
Net book value				
As at 31 March 2023		**1,671**	**-**	**1,671**
As at 31 March 2022		-	-	-

9a. Other Property, Plant and Equipment

Group and Association

	Office Equipment, Fixtures & Fittings	Total
	£'000	£'000
Cost		
At 1 April 2022	2,104	2,104
Additions	240	240
Reclassification to Intangible Assets	(11)	(11)
Disposal of assets	-	-
As at 31 March 2023	**2,333**	**2,333**
Depreciation		
At beginning of year	762	762
Charge for the year	422	422
Disposal of assets	-	-
As at 31 March 2023	**1,184**	**1,184**
Net book value		
As at 31 March 2023	**1,149**	**1,149**
As at 31 March 2022	1,342	1,342

10. Housing properties

Group

	Housing properties under construction	Housing properties completed	Housing properties under construction	Housing properties completed	Total
	For letting £'000	For letting £'000	For shared ownership £'000	For shared ownership £'000	£'000
Cost					
At 1 April 2022	3,709	218,808	9,365	25,768	257,650
Additions in year	24,706	-	29,209	-	53,915
Developments completed	(6,174)	6,174	(10,854)	10,854	-
Works to existing properties	-	5,098	-	-	5,098
Reclassifications	-	(1,271)	-	1,271	-
Acquisitions	-	43,110	-	8,390	51,500
Transfer from current assets	-	-	(4,236)	(2,566)	(6,802)
Disposals	-	(287)	-	-	(287)
Component write-offs	-	(178)	-	-	(178)
At 31 March 2023	22,241	271,454	23,484	43,717	360,896
Depreciation					
At beginning of year	-	36,165	-	-	36,165
Charge for year	-	5,121	-	-	5,121
Reclassifications	-	(387)	-	-	(387)
Component write-offs	-	(244)	-	-	(244)
Eliminated on disposal	-	(143)	-	-	(143)
At 31 March 2023	-	40,512	-	-	40,512
Net book value					
At 31 March 2023	**22,241**	**230,942**	**23,484**	**43,717**	**320,384**
At 31 March 2022	3,709	182,643	9,365	25,768	221,485

Interest of £1,216k (2022: £1,852k) and own costs of £974k (2022: £660k) have been capitalised in the year to 31 March 2023.

Works to existing properties includes costs charged by contractors, external consultants, interest capitalised and related in-house supervision and administration costs which have been capitalised.

Capitalisation of own costs totalled £351k (2022: £268k).

10. Housing properties (continued)

Association

	Housing properties under construction	Housing properties completed	Housing properties under construction	Housing properties completed	Total
	For letting £'000	For letting £'000	For shared ownership £'000	For shared ownership £'000	£'000
Cost					
At 1 April 2022	5,095	205,430	9,365	25,768	245,658
Additions in year	24,766	-	29,209	-	53,975
Developments completed	(6,234)	6,234	(10,854)	10,854	-
Works to existing properties	-	5,098	-	-	5,098
Reclassifications	-	(1,271)	-	1,271	-
Acquisitions	-	54,377	-	8,390	62,767
Transfer from current assets	-	-	(4,236)	(2,566)	(6,802)
Transfer to Subsidiary	-	-	-	-	-
Disposals	-	(287)	-	-	(287)
Component write-offs	-	(178)	-	-	(178)
At 31 March 2023	23,627	269,403	23,484	43,717	360,231
Depreciation					
At beginning of year	-	36,106	-	-	36,106
Charge for year	-	5,121	-	-	5,121
Reclassifications	-	(387)	-	-	(387)
Component write-offs	-	(243)	-	-	(243)
Eliminated on disposal	-	(84)	-	-	(84)
At 31 March 2023	-	40,513	-	-	40,513
Net book value					
At 31 March 2023	**23,627**	**228,890**	**23,484**	**43,717**	**319,718**
At 31 March 2022	5,095	169,324	9,365	25,768	209,552

Interest of £1,216k (2022: £1,852k) and own costs of £974k (2022: £660k) have been capitalised in the year to 31 March 2023.

Works to existing properties includes costs charged by contractors, external consultants, interest capitalised and related in-house supervision and administration costs which have been capitalised.

Capitalisation of own costs totalled £351k (2022: £268k).

10. Housing properties (continued)

Association

	2023	2022
	£'000	£'000
Analysis of works to existing properties:		
Capitalised: replacement of components	**4,798**	4,099
Capitalised: improvements (Aids and Adaptations)	**300**	224
	5,098	4,323
Charged to Statement of Comprehensive Income	**1,623**	1,800
	6,721	6,123

Properties held for security

Thrive Homes Limited – Registered social housing provider had property with a total net book value of £98.0m pledged as security as 31 March 2023 (2022; £95m).

11. Disposal of fixed assets

Group and Association

	2023			2022
	Right to buy	Other	Total	Total
	£'000	**£'000**	**£'000**	£'000
Proceeds	**87**	**17,423**	**17,510**	30,772
Costs	**-**	**(14,755)**	**(14,755)**	(30,546)
Depreciation eliminated on disposal	**-**	**41**	**41**	161
Fees	**-**	**419**	**419**	(71)
	87	**3,128**	**3,215**	316

The disposals classed as Other relate to the sale of 39 Rent to Home Buy units from SRJ Limited to Thrive Homes, the annual contingent sales proceeds realised on the sale of Units to CBRE UK Affordable Housing Fund in 2021 and the sale of Land. All profits on the sale of the 39 Rent to Home Buy units between the Group has been eliminated on consolidation.

16 Sustainability Reporting Standard, Criteria C2, C3 'Share and number of new and existing homes allocated by tenure'

12. Units in ownership and management[16]

	2022	Additions	Disposals	Transfers	2023
	No.	No.	No.	No.	No.
Social Housing					
Owned – General Needs, let at social rents	3,162	326	(11)	(39)	**3,438**
Owned – General Needs, let at affordable rents	285	27	(2)	-	**310**
Owned – General Needs, let at intermediate rents	100	-	-	(1)	**99**
Owned – General Needs, let as rent to home buy	72	12	-	4	**88**
Owned – Housing for Older People	544	-	-	-	**544**
Owned – Shared Ownership	183	109	(2)	32	**322**
Managed – General Needs, let at affordable rents	97	-	-	-	**97**
Managed – General Needs, let at intermediate rents	14	-	-	-	**14**
Managed – Shared Ownership	122	6	-	-	**128**
Leasehold Properties	504	123	-	4	**631**
	5,083	603	(15)	-	**5,671**
Non-Social Housing					
Market Rented	61	-	-	-	**61**
Other Dwellings	-	6	-	-	**6**
Non-Dwellings	-	12	-	-	**12**
Total	5,144	621	(15)	-	**5,750**
The above excludes units taken out of rent debit					
Owned – General Needs, let at social rents	3	-	-	-	**3**
Owned – Housing for Older People	27	-	-	-	**27**

12. Units in ownership and management (continued)

	2021	Additions	Disposals	Transfers	2022
	No.	No.	No.	No.	No.
Social Housing					
Owned – General Needs, let at social rents	3,181	-	(1)	(18)	3,162
Owned – General Needs, let at affordable rents	314	59	(88)	-	285
Owned – General Needs, let at intermediate rents	100	-	-	-	100
Owned – General Needs, let as rent to home buy	-	72	-	-	72
Owned – Housing for Older People	545	-	-	(1)	544
Owned – Shared Ownership	199	71	(115)	28	183
Managed – General Needs, let at affordable rents	9	88	-	-	97
Managed – General Needs, let at intermediate rents	14	-	-	-	14
Managed – Shared Ownership	4	118	-	-	122
Leasehold Properties	499	5	-	-	504
	4,865	413	(204)	9	5,083
Non-Social Housing					
Market Rented	47	14	-	-	61
Total	4,912	427	(204)	9	5,144
The above excludes units taken out of rent debit					
Owned – General Needs, let at social rents	3	-	-	-	3
Owned – Housing for Older People	30	-	-	(3)	27

13. Investment properties

	Group		Association	
	Land & buildings 2023 £'000	Land & buildings 2022 £'000	Land & buildings 2023 £'000	Land & buildings 2022 £'000
At 1 April 2022	36,933	29,213	25,330	21,148
Additions	-	6,618	-	2,941
Disposals	-	-	-	-
Gain/(loss) on revaluation	(362)	1,538	(274)	1,450
Impairment	(531)	(436)	(146)	(209)
At 31 March 2023	36,040	36,933	24,910	25,330

Market rented properties (Private Rented Sector, 'PRS') are treated as investment properties. The company have adopted the provisions under sections 16.1 and 16.2 of FRS 102 in relation to the revaluation of their investment. This valuation was carried out by Brasier Freeth Limited and Phoenix and Partners, both firms of RICS registered valuers in accordance with Royal Institute of Chartered Surveyors (RICS) Valuation – Global Standards 2017 using qualified chartered surveyors who had sufficient current local knowledge of the particular market and skills and understanding to undertake the valuation competently.

14. Properties for shared ownership sale

	Group		Association	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Properties under construction	4,235	2,874	4,235	2,874
Completed Shared Ownership Units held for sale	-	2,348	-	2,348
	4,235	5,222	4,235	5,222

15. Debtors

	Group		Association	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Due within one year				
Gross rent and service charges arrears	2,999	2,594	2,978	2,594
Less: provision for bad debts	(947)	(791)	(923)	(777)
	2,052	1,803	2,055	1,817
VAT due from HMRC	52	188	52	188
Trade debtors less provision for bad debts	703	8	703	8
Refurbishment obligation	3,310	3,840	3,310	3,840
Due from subsidiary undertakings	-	-	508	8,160
Other debtors	27	77	27	34
Prepayments and accrued income	919	695	936	695
	7,063	6,611	7,591	14,742
Due after one year				
Deferred expenditure, refurbishment obligation (note 17f)	5,454	8,234	5,454	8,234

16. Creditors: Amounts falling due within one year

	Group		Association	
	2023	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
Trade creditors	**52**	155	**52**	155
Rents and service charges received in advance	**1,538**	1,436	**1,538**	1,436
Due to Three Rivers District Council – VAT sharing agreement	**-**	513	**-**	513
Due to Three Rivers District Council – RTB proceeds share	**1,453**	197	**1,453**	197
Taxation & social security costs	**413**	248	**425**	260
Other pension creditors	**76**	71	**76**	71
Leaseholder sinking funds	**1,440**	148	**1,440**	148
Refurbishment obligation – see Note 17f	**3,310**	3,840	**3,310**	3,840
Sundry creditors	**4,016**	203	**4,007**	163
Due to subsidiaries	**-**	-	**100**	101
Interest payable to bond holders	**-**	-	**-**	-
Government Grants – see Note 17e	**172**	182	**172**	167
Bond Premium Amortisation – see Note 17d	**1,404**	417	**1,404**	417
Retentions, due on works to properties	**797**	928	**797**	928
Accruals and deferred income	**4,655**	6,287	**4,580**	6,146
	19,326	14,625	**19,354**	14,542

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

	Group		Association	
	2023	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
Housing loans – Bond, Note 17a	**198,037**	123,090	**198,037**	123,090
Housing loans – Bank loans, Note 17b	**25,000**	50,000	**25,000**	50,000
Housing loans – Other loans, Note 17c	**25,000**	25,000	**25,000**	25,000
Deferred Income - Bond Premium, Note 17d	**38,158**	8,752	**38,158**	8,752
Deferred Income – Grant, Note 17e	**16,381**	17,821	**16,381**	16,329
Deferred Income – Refurbishment obligation, Note 17f	**5,454**	8,234	**5,454**	8,234
Disposal Proceeds Fund – Note 17g	**-**	-	**-**	-
Total creditors more than one year	**308,030**	232,897	**308,030**	231,405

17a. Housing loans - Bond

Group

On 24 March 2014, Thrive Homes Finance plc, a subsidiary of Thrive Homes Limited, issued a £125 million fixed rate bond with four equal maturities of 25, 29, 33 and 37 years. The annual coupon rate is 4.68%.

£70 million of the issue was sold to investors on the issue date, £30 million was sold on 14 July 2017, £25 million was issued on 26 May 2015, £45m was issued on 31 March 2022 at a premium of £19.6m and the final £30m tranche was issued on 30 September 2022 at a premium of £11.98m. The premiums arising, are being amortized to interest expense within Thrive Homes Limited over the 28-year period to 2051 when the final bond payment is due.

£50 million is therefore repayable on each of 24 March 2039, 24 March 2043, 24 Mar 2047, and 24 Mar 2051.

Thrive Homes Finance plc has on-lent the £200 million bond proceeds to Thrive Homes Limited under a guarantee and security trust agreement. Thrive Homes Limited provides the underlying asset security and this is held through a Security Trust arrangement with the Prudential Trust Company Limited.

The £200 million debt held by investors is secured by fixed charges over 2,445 Thrive Homes Limited properties (2,125 rent and 320 leasehold at Nil Value) at Market Value Tenanted (MV-T) of £344.3 million and their Existing Use Value - Social Housing (EUV-SH) of £38.4 million. This includes a revaluation of EUV-SH values completed by Savills during the year to June 2022 and September 2022 valuation for the remaining £30m tap and is net of the disposal of secured properties, e.g. under Right to Buy legislation, since the initial bond issue.

Under the terms of their loan agreement, all Thrive Homes Finance plc costs relating to providing funding services to Thrive Homes Limited are payable by Thrive Homes Limited.

Thrive Homes Finance plc successfully issued a further £45m deferred bonds on 31 March 2022 and tapped a further £30m on 30 September 2022. The bond was issued at an annual coupon of 4.68%, secured bonds due 2051. The £45m bond was issued at a premium of £19.6m and the £30m bond tap was issued at premium of £11.98m.

The new bond taps have been consolidated to form a single £200,000,000 Secured Bonds at 4.68% coupon rate. The premiums arising will be amortised within Thrive Homes Limited to 2051 when the final bond repayment is due.

Under the terms of their loan agreement, all Thrive Homes Finance plc costs relating to providing funding services to Thrive Homes Limited are payable by Thrive Homes Limited.

Association

Thrive Homes Limited has a loan from its subsidiary Thrive Homes Finance plc. £70 million was put in place on 24 March 2014 with further £30 million on 14 July 2015, £25 million on 26 May 2017, £45 million on 1 April 2022 and a final £30 million on 30 September 2022 to total £200 million. The period of the loan is to 2051 at a coupon rate of 4.68%. Interest is payable by Thrive Homes Limited to Thrive Homes Finance plc half yearly, September and March. Any fees and financing costs incurred by Thrive Homes Finance plc regarding bond issuing, bond sales, and on lending to Thrive Homes Limited are payable by Thrive Homes Limited. These are deferred in the accounts of Thrive Homes Limited and written off over the period of the loan.

Amounts repayable by instalments and not wholly repayable within five years.

17a. Housing loans - Bond (continued)

	Group		Association	
	2023	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
Long Term Loan – THF plc	**-**	-	**200,000**	125,000
Deferred finance fees – re Bond	**(1,963)**	(1,910)	**(1,963)**	(1,910)
Due to bond holders	**200,000**	125,000	**-**	-
Repayable after five years	**198,037**	123,090	**198,037**	123,090

The Statement of Financial Position shows the position net of deferred financing costs.

17b. Housing loans – Bank loans

	Group		Association	
	2023	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
Loan	**25,000**	25,000	**25,000**	25,000
Revolving Credit Facility	**-**	25,000	**-**	25,000
At 31 March 2023	**25,000**	50,000	**25,000**	50,000
Due within one year	**-**	-	**-**	-
Due after one year	**25,000**	50,000	**25,000**	50,000
	25,000	50,000	**25,000**	50,000

The bank loans are drawn from loan facilities of £50m. Bank loans are secured by charges on specific properties and are repayable at fixed rate of 2.61% and variable interest rates are now linked to the Sterling Overnight Index Average (SONIA).

17c. Housing loans – Other

	Group		Association	
	2023	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
Due within one year	**-**	-	**-**	-
Due after one year	**25,000**	25,000	**25,000**	25,000
	25,000	25,000	**25,000**	25,000

17d. Deferred income – Bond premium

	Group		Association	
	2023	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
At 1 April	**9,169**	9,569	**9,169**	9,569
Additions	**31,553**	-	**31,553**	-
Amortised in year	**(1,160)**	(400)	**(1,160)**	(400)
At 31 March	**39,562**	9,169	**39,562**	9,169
Due within one year	**1,404**	417	**1,404**	417
Due after one year	**38,158**	8,752	**38,158**	8,752
	39,562	9,169	**39,562**	9,169

Bond premium is the cash received over and above the bond value, on bond sales. This is amortised to revenue over the remaining years until the first bond repayment is due.

17e. Deferred income – Grants

	Group		Association	
	2023	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
Original Capital Grant Value	**20,058**	20,058	**18,395**	18,395
At 1 April	**18,003**	16,938	**16,496**	14,956
Grant received	**229**	1,243	**229**	1,712
Amortisation to Statement of Comprehensive Income	**(172)**	(178)	**(172)**	(172)
Grant Written Off	**(1,507)**	-	**-**	-
At 31 March	**16,553**	18,003	**16,553**	16,496
Due within 1 year, note 16	**172**	182	**172**	167
Due after 1 year, Note 17	**16,381**	17,821	**16,381**	16,329
	16,553	18,003	**16,553**	16,496

Capital grants received are recorded as deferred income and subsequently amortised to turnover within the Statement of Comprehensive Income. The period of amortisation is the remaining years of useful economic life for the building structure from its date of construction, or at the time of its acquisition by Thrive (if this is later). Grant written off relates to grant received for the development of Riverside Mills which was sold to Thrive Homes at market value and all profits have been eliminated on consolidation. The grant written off has been recognised as a contingent liability which is disclosed in note 24.

17f. Refurbishment Obligation

	Group		Association	
	2023	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
Debtor Balances				
Original Debt	**70,196**	70,196	**70,196**	70,196
At 1 April	**12,074**	15,913	**12,074**	15,913
LESS: works completed in year	**(3,310)**	(3,839)	**(3,310)**	(3,839)
At 31 March	**8,764**	12,074	**8,764**	12,074
Due within 1 year, Note 15	**3,310**	3,840	**3,310**	3,840
Due after 1 year, Note 15	**5,454**	8,234	**5,454**	8,234
	8,764	12,074	**8,764**	12,074

	Group		Association	
	2023	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
Creditor Balances				
Original Liability	**70,196**	70,196	**70,196**	70,196
At 1 April	**12,074**	15,913	**12.074**	15,913
LESS: works completed in year	**(3,310)**	(3,839)	**(3,310)**	(3,839)
At 31 March	**8,764**	12,074	**8,764**	12,074
Due within 1 year, Note 16	**3,310**	3,840	**3,310**	3,840
Due after 1 year, Note 17	**5,454**	8,234	**5,454**	8,234
	8,764	12,074	**8,764**	12,074

This represents the Association's liability to carry out refurbishment works under the Development Agreement with Three Rivers District Council. As work within the agreement is undertaken, this liability is reduced. This agreement is a sub agreement to the principal 2008 transfer agreement. The value and scope of these works is part of the agreement and the total value was invoiced by the Association to the council in 2008 – the income being deferred. The requirement to carry out the works is a contractual obligation and is therefore treated as a liability. The equal and opposite side of the liability is recognised as a debtor (prepayment) as this is effectively deferred expenditure.

18. Called up share capital

Association

	2023		2022	
	No.	**£**	No.	£
Issued and fully paid shares of £1 each:				
At beginning of year	**11**	**11**	10	10
Issued during the year	**1**	**1**	3	3
Cancelled during the year	**(1)**	**(1)**	(2)	(2)
At end of the year	**11**	**11**	11	11

The share capital of the Association consists of shares with a nominal value of £1 each, which carry no rights to dividends or other income. Shares in issue are not capable of being repaid or transferred. When the shareholder ceases to be a member, that person's share is cancelled, and the amount paid up thereon becomes the property of the Association. All shareholdings relate to non-equity interests; there are no equity interests in the Association.

No shareholders have any rights in the residual interest in the assets of the Association after deducting all liabilities.

19. Investments

	Group		Association	
	2023	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
Thrive Finance plc (08902717)	**-**	-	**50**	50
SRJ Homes Limited (08932833)	**-**	-	**-**	3,068
Building for Thrive Limited (10471305)	**-**	-	**1**	1
MORHomes Plc (10974098)	**30**	30	**30**	30
Thrive Places Limited (12292058)	**-**	-	**11,714**	11,714
At 31 March	**30**	30	**11,795**	14,864

On the 21 February 2022, the SRJ Homes Board passed an ordinary resolution to dissolve the company hence all liabilities have been settled and any remaining assets distributed to Thrive Homes.

20. Provision for liabilities

The Group recognises provisions and liabilities of uncertain timing or amounts. Provision is made for specific and quantifiable liabilities, measured at the best estimate of expenditure and only where probable that it is required to settle a legal or constructive obligation that existed at the Statement of Financial Position date.

Group and Association

	2023	2022
	£'000	£'000
At the beginning of the year	**864**	1,211
Increase in provision	**160**	-
Release of provision	**(257)**	(347)
At 31 March	**767**	864

An analysis of the movement in each provision is set out below:

Remedial works
Group and Association

	2023	2022
	£'000	£'000
At the beginning of the year	**454**	588
Increase in provision	**-**	-
Release of provision	**(44)**	(134)
At 31 March	**410**	454

Other
Group and Association

	2023	2022
	£'000	£'000
At the beginning of the year	**410**	623
Increase in provision	**160**	-
Release of provision	**(213)**	(213)
At 31 March	**357**	410

Other provision consists of amounts provided in respect of disputes as well as provision for works from L&Q stock acquisition.

21. Retirement benefit scheme

Group and Association

Defined Benefit Scheme

Thrive Homes Limited is an admitted member of the Hertfordshire County Council Pension Fund, which is part of the Local Government Pension Scheme (LGPS) – a funded defined benefit scheme based on final salary. Entry to the scheme for new employees was closed in November 2009. Thrive Homes' contribution rate over the year was 27.1% of pensionable salary (2022: 27.1%).

The assets and liabilities of the LGPS were moved to Three Rivers District Council (TRDC) under a subsumption agreement during 2021/22, which did not affect the financial treatment of the fund. The most recent actuarial valuations of scheme assets and the present value of the defined obligation were carried out at 31 March 2023. The present value of the defined benefit obligation related current service cost and past service cost were measured using the projected unit credit method.

The principal assumptions used by the actuaries for FRS 102 purposes were:

	2023 %	2022 %
Financial assumptions:		
Pension increase rate	**2.95**	3.20
Salary increase rate	**3.45**	3.60
Discount rate	**4.75**	2.70

Mortality

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2021 model, with a 10% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long-term rate of improvement of 1.5% p.a. for both males and females. Based on these assumptions, the average future life expectancies at age 65 for the Employer are summarised below:

	Males Years	Females Years
Current pensioners	21.7	24.3
Future pensioners	22.5	26.2

Amounts recognised in the Statement of Comprehensive Income in respect of this scheme are as follows:

	2023 £'000	2022 £'000
Current service cost	**(105)**	(125)
Net interest cost	**7**	(27)
	(98)	(152)
Actuarial (loss)/gain recognised in other comprehensive income	**(13)**	1,475
Total (loss)/gain relating to defined benefit scheme	**(13)**	1,475

21. Retirement benefit scheme (continued)

The amount included in the Statement of Financial Position arising from the Group's obligations in respect of this scheme is as follows:

	2023 £'000	2022 £'000
Present value of defined benefit obligations	**(12,205)**	(17,401)
Fair value of scheme assets	**16,277**	17,442
(deficit)/surplus	**4,072**	41
Net (liability)/asset recognised in the Statement of Financial Position	**-**	41

Movements in the present value of defined benefit obligations are as follows:

	2023 £'000	2022 £'000
At 1 April	**(17,401)**	(18,493)
Service cost	**(105)**	(125)
Interest cost	**(467)**	(368)
Actuarial gains/(losses)	**5,460**	1,344
Contributions from members	**(17)**	(18)
Benefits paid	**325**	259
At 31 March	**(12,205)**	(17,401)

Movements in the fair value of scheme assets are as follows:

	2023 £'000	2022 £'000
At 1 April	**17,442**	17,137
Plan asset adjustment 2021-22	**230**	-
Interest income	**474**	341
Return on plan assets (excluding amounts included in net interest cost)	**(1,713)**	131
Contributions from the employer	**70**	74
Contributions from members	**17**	18
Other Experience	**82**	-
Benefits paid	**(325)**	(259)
At 31 March	**16,277**	17,442

The analysis of the scheme assets at the Statement of Financial Position date are:

	2023 %	2022 %
Equity instruments	**50**	55
Bonds	**23**	25
Property	**15**	13
Cash	**12**	7
	100	100

The employer contribution rate from 1 April 2023 will be 20.6% (2022: 27.3%).

The pension plan has not invested in any of the Group's own financial instruments or other assets of the Group.

Defined Contribution Scheme

Thrive Homes provides a defined contribution stakeholder type pension scheme for employees which is administered by Royal London (formerly Scottish Life). The assets of the scheme are kept separately from those of Thrive Homes and are invested in independently managed funds chosen by the employee.

The employers' contributions to the scheme charged to the Statement of Comprehensive Income for the year ended 31 March 2023 were £515k (2022: £430k). The amount of pension contributions payable at the 31 March 2023 was £71k (2022: £63k).

Thrive Homes' contribution ranges from 6% to 10%, being twice the employee's own personal contribution. The minimum contribution levels are compliant with 'Automatic Enrolment' legislation.

Employee members as at 31 March 2023 were 149 (2022: 128).

22. Capital commitments

Group and Association

	2023 £'000	2022 £'000
Capital expenditure contracted for but not provided in the financial statements	**37,124**	14,513
Capital expenditure authorised by the Board but not yet under contract	**23,948**	5,504

The Board expects the expenditure it has authorised to be fully financed by a combination of cash, available loan facilities, grant funding or from Thrive Homes' own reserves.

23. Other financial commitments

Group and Association

At the reporting date there were outstanding commitments for future minimum lease payments under non-cancellable operating leases falling due as follows:

	2023				2022			
	Land & buildings	Office equipment	Vehicles	Total	Land & buildings	Office equipment	Vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Expiring:								
Not later than one year	**378**	**6**	**-**	**384**	378	6	-	384
Later than one year but not later than five years	**1,464**	**18**	**-**	**1,482**	1,464	24	-	1,488
After 5 years	**-**	**-**	**-**	**-**	12	-	-	12
	1,842	**24**	**-**	**1,866**	1,854	30	-	1,884

24. Contingent liabilities

At the 31 March 2023 Thrive Homes Limited has a contingent liability with respect to the capital grants received that may be repayable should the units that the grants are attached to be disposed or otherwise no longer be properties for social housing letting. This liability is the value of the grant income recognised to date and is the difference between the original grant value and the liability recognised as per note 17e as well as grants attached to properties acquired from L&Q in the year which have been transferred to Thrive as a contingent liability. The contingent liability at year end is £18,863,861 (2022: £1,071,000).

25. Legislative provisions

Thrive Homes is a registered society under the Co-Operative and Community Benefit Societies Act 2014, registered number 30398R.

It is also registered with the Regulator for Social Housing, Number L4520, and subject to its Regulatory Framework.

26. Related party transactions

Resident Board Members - Tenants

During the year, there was no Tenant Member of the Board.

Tenant Board member tenancies are on normal terms and they are not able to use their position on the Board to their advantage. During the year, rent and related charges to tenant Board members amounted to nil (2022: nil). Arrears charges outstanding at year end, for tenant Board members amounted to nil (2022: nil).

Resident Board Members - Leaseholders

During the year there was no Leasehold Member who served as a member of the Board.

During the year, service charge costs charged to leasehold Board members amounted to nil (2022: nil). Balances outstanding at year end for leasehold Board members, relating to the costs of major works being paid in instalments, amounted to nil (2022:nil).

Development Agreement with Three Rivers District Council

The Development Agreement covers the long-term refurbishment of the housing stock following its transfer to Thrive Homes in 2008 and includes a VAT shelter arrangement whereby 'savings' generated are shared between both parties. The value paid to Three Rivers District Council for the year is £259,654 (2022: £333,171).

The Development Agreement also includes some proceeds sharing agreement when properties are disposed of under the 'Right to Buy' legislation. Annual values can be seen in note 15.

27. Subsidiary undertakings

Thrive Homes Finance plc

Thrive Homes Finance plc is a subsidiary of Thrive Homes Limited. It is 100% owned and controlled by Thrive Homes Limited, who own 50,000 £1 ordinary shares in Thrive Homes Finance plc.

Thrive Homes Finance plc, registered England & Wales 08902717, was incorporated on 19 February 2014. The company registered office is Westside, London Road, Hemel Hempstead, HP3 9TD.

Its principal activity is to source funds on behalf of Thrive Homes Limited directly from the capital markets and to on-lend the proceeds to Thrive Homes Limited.

Transactions and balances with Thrive Homes Finance plc are as follows:

	2023 £'000	2022 £'000
Statement of Comprehensive Income		
Interest payable	**8,727**	5,850
Outstanding balances as at 31 March		
Creditors, less than 1 year, interest payable	**(181)**	(112)
Creditors, greater than 1-year, long term loan	**(200,000)**	(125,000)

Building for Thrive Limited

Building for Thrive Limited is a subsidiary of Thrive Homes Limited. It is 100% owned and controlled by Thrive Homes Limited, who own 1,000 £1 ordinary shares in Building for Thrive Limited. Building for Thrive Limited, registered England & Wales 10471305 was incorporated on 9 November 2016. The company registered office is Westside, London Road, Hemel Hempstead, HP3 9TD.

Its principal activity is to carry out design and build activities for Thrive Homes Limited development activities.

Transactions and balances with Building for Thrive Limited are as follows:

	2023 £'000	2022 £'000
Statement of Comprehensive Income		
Interest payable	**-**	-
Balances as at 31 March		
Creditors, less than 1 year, unpaid share capital	**-**	-

27. Subsidiary undertakings (continued)

Thrive Places Limited (formerly Thrive Living Limited)

Thrive Places Limited is a subsidiary of Thrive Homes Limited. It is 100% owned and controlled by Thrive Homes Limited, who own 11,714,000 £1 ordinary shares in Thrive Places Limited.

Thrive Places Limited, registered England & Wales 12292058 was incorporated on 31 October 2019. The company registered office is Westside, London Road, Hemel Hempstead, HP3 9TD.

Its principal activity is the letting and operating of own or leased real estate.

Transactions and balances with Thrive Places Limited are as follows:

	2023 £'000	2022 £'000
Statement of Comprehensive Income		
Interest payable	-	-
Balances as at 31st March		
Creditors, less than one-year, unpaid share capital	-	-
Debtors, less than 1 year, Gift Aid	-	-

28. Financial instruments

The carrying values of the Group and Association's financial assets and liabilities are summarised by category below:

	Group		Association	
	2023	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
Financial assets				
Measured at undiscounted amount receivable				
Deferred expenditure- refurbishment obligation (note 17f)	**5,454**	8,234	**5,454**	8,234
Rent arrears and other debtors (note 15)	**6,092**	5,728	**6,603**	13,859
Cash	**27,749**	35,716	**26,483**	34,869
	39,295	49,678	**38,540**	56,962
Financial liabilities				
Measured at amortised cost				
Loans payable (note 17a-17c)	**248,037**	198,090	**248,037**	198,090
Measured at undiscounted amount payable				
Refurbishment obligation (note 17f)	**5,454**	8,234	**5,454**	8,234
Trade and other creditors (note 16)	**19,325**	14,625	**19,253**	14,441
Amounts owed to related undertakings (note 27)	**-**	-	**100**	101
	272,816	220,949	**272,844**	220,866

The Group and Association's income, expense, gains and losses in respect of financial instruments were £nil (2022: £nil).

Thrive Homes, Westside, London Road, Hemel Hempstead, HP3 9TD

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