

THE CO-OPERATIVE DEVELOPMENT SOCIETY LIMITED

Financial Statements

Year ended
31 March 2025



— CO-OPERATIVES —

THE CO-OPERATIVE DEVELOPMENT SOCIETY LIMITED

Annual report and financial statements year ended 31 March 2025

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THE CO-OPERATIVE DEVELOPMENT SOCIETY LIMITED
ADVISERS AND BANKERS

REGISTERED OFFICE

Unit A Arc House
82 Tanner Street
London
SE1 3GN

INDEPENDENT AUDITORS

Buzzacott Audit LLP
130 Wood Street
London
EC2V 6DL

INTERNAL AUDITORS

Bevers and Struthers
150 Minorities
London
EC3N 1LS

SOLICITORS' PANEL

Housing Association Legal Alliance (HALA)

PRINCIPAL BANKER

The Co-operative Bank Plc
London Corporate Centre
4th Floor, 9 Prescott Street
London E1 8AZ

Co-operative and Community Benefit Societies Act 2014: Registered number 17107R
Regulator of Social Housing: Registered number LH0170

THE CO-OPERATIVE DEVELOPMENT SOCIETY LIMITED

THE BOARD OF MANAGEMENT AND SENIOR MANAGEMENT TEAM

Members of the Board of Management of the Society who served during the year 31 March 2025 or who have been appointed since, are as follows:

BOARD OF MANAGEMENT

- Juliet Lack (Chair of the Board)
- Matthew Creasey (Chair of Governance Committee)
- Satish Jassal (Chair of Services Committee)
- Simon Charlick (Chair of Finance, Audit & Risk Committee)
- Ben Anim-Antwi
- Tony Bush
- Rebecca Fitzgerald
- Lakechia Jeanne
- Robert Robson
- Tom Bremner
- Rosemary Farrar (appointed co-optee 1 October 2024)

Each member of the Board of Management, who is not also a member of the senior team, holds one fully paid share of £1 each in the Society.

SENIOR MANAGEMENT TEAM (SMT)

Members of the SMT during the year to 31 March 2025 or who have been appointed since are:

Tom Bremner	Chief Executive
Christina Friedenthal	Corporate Services Director
Shazia Nawaz	Finance Director (left June 2025)
Chitranga Diyasena	Finance Director (appointed July 2025)
Levent Kerimol	Project Director, CLH London
Kristell Marcantoni	Operations Director
Nigel Moore	Head of Client Services

THE CO-OPERATIVE DEVELOPMENT SOCIETY LIMITED

REPORT OF THE BOARD OF MANAGEMENT

The Board presents its report and the audited financial statements of The Co-operative Development Society Limited (CDS) for the year ended 31 March 2025.

PRINCIPAL ACTIVITIES

CDS is a Charitable Community Benefit Society (previously a co-operative society) and a social landlord established in 1975 to provide, promote and support co-operative and community led housing. We are regulated by the Regulator of Social Housing (RSH) and registered with the Financial Conduct Authority (FCA). We also act as a co-op support agency providing landlord and business management services to a wide range of housing co-ops in London and the Southeast and we work with the GLA to reinvest some of our surpluses to promote growth in co-op and community led housing.

At 31st March 2025, we owned 750 rented homes and 237 shared ownership and leasehold properties and provided services to 36 housing co-ops and their 1,517 homes.

Our work aims to be of benefit to the wider community, increasing opportunities for people to be well housed in a home that they can afford, with a commitment to the long-term stewardship and protection of assets and to maintaining affordability in our housing stock. We are a social business and the way we do things is as important to us as the things we do. We strive to build trust with our customers and partners by being reliable, fair and acting with integrity. With our co-op history, we believe we can achieve more by working with others, listening for understanding and showing kindness in our work to build effective collaboration.

THE YEAR UNDER REVIEW

OVERVIEW

CDS is proudly unique. Co-operation is what we are about and nobody else covers the breadth of what we do. For 50 years we have been at the heart of co-operation in the housing sector and our mission is to continue that for the next 50.

CDS's purpose is to provide, support and promote co-op and community-led housing solutions. Our vision is to grow co-op and community-led housing to see more people living and working in co-operative ways. We have a set of seven values because we believe that how we work is as important as what we do: unity, trust, intention, impact, collaboration, communication and kindness.

CDS adopted a new 5-year Corporate Plan in 2024 and in 2024/25 we delivered a successful set of results against the year-one targets. The Corporate Plan has three Principles underpinned by three Pillars that will ensure that we continue to meet our purpose, vision and values.

The principles are:

1. CDS is committed to all three business streams: landlord services, management services and growth and development.
2. Each business stream is financially viable.
3. CDS continues to be an independent small (under 1,000) housing association.

The Pillars are that CDS is always:

1. Financially viable.
2. Legally and regulatory compliant.
3. Customer and community focussed.

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REPORT OF THE BOARD OF MANAGEMENT (continued)

These Principles and Pillars cover the 5 years of the Corporate Plan, with each year having a theme and a set of priorities and targets. The theme for 2024/25 was ***Foundations and Transformation***. Originally 41 targets across all CDS's activities were set, of which 30 would be used towards any award of a staff bonus. However, because there were capacity issues arising out of the comprehensive and robust response to the historic fraud (that was reported on in last year's Financial Statements) these targets were reduced to 37, with 26 relating to the staff bonus.

Overall, there was very significant achievements against the targets with 31 out of 37 being met (84%). These represent material improvements in the performance of CDS and touch every part of our business. They include delivering step changes in how we operate and provide services (such as a modernised, more intuitive CDS website; the online ordering of repairs; a comprehensive stock condition survey; a new client services agreement; and a better understanding of our operating costs); maintaining the very high standards on what we do well (such as top quartile performance on compliance and excellent staff engagement results) and having a wider impact through our work on community-led housing (such as a financially sustainable business plan for the Community-Led Housing Team and the work of the Co-operation in Social Housing Commission).

The Board agreed a set of Year 1 Objectives that helped make the targets feel 'real' as they describe the difference they will make. These include continuing with what CDS is excellent at, whilst changing what needs to improve. The table below shows how effectively CDS has delivered on these.

CDS is/has...	Objectives Year 1 2024/25	Has this been achieved?
	<i>Continue</i>	<i>Continued</i>
	1. Excellent at compliance	1. Yes
	2. Financially strong and resilient	2. Yes
	3. Well managed and well governed	3. Yes
	4. Value driven and a great place to work	4. Yes
	<i>Change</i>	<i>Changed</i>
	5. Improved operating model developed	5. Yes
	6. New offer/services agreement for co-ops	6. Yes
	7. Improved technology and online offer for customers	7. Yes
	8. Improving customer satisfaction	8. Partially
	9. Improving co-op satisfaction and recommendation	9. Yes
	10. Commercial and growth opportunities identified and/or pursued for CDS	10. Yes
	11. Commercial models for growth in CLH pursued	11. Yes
	12. Tackling poor performance	12. Yes
	13. Increased sector profile and reputation	13. Yes
	14. Stock condition survey completed, and asset management strategy updated	14. Partially
	15. Exploring how to be more community-led as a landlord	15. Yes

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REPORT OF THE BOARD OF MANAGEMENT (continued)

Community Led Homes

In 2017/18, we were instrumental in establishing Community Led Housing London with the GLA and with the support of other national bodies. We hosted CLH London, who provided practical advice, mentoring and support to emerging and established community groups and organisations looking to provide new homes. CLH London made progress in securing sites for community led housing, with several projects reaching planning stage. The GLA supported most of the costs of this work, although this funding has reduced in recent years, and ceased at the end of March 2025. The CLH London team have been partly supplementing their costs through other paid work and are developing new approaches to community led housing that are less reliant on early-stage revenue funding, whilst offering people control of what matters most, in a more efficient manner than undertaking housing development projects. CDS is committed to continue these approaches as part of its Community Led Homes team in future years.

Employee Matters

We continued our efforts to reduce our reliance on temporary staff. At the end of the year, we had no temporary workers and one vacant position. Our staff turnover decreased to 15%, down from 33% two years ago and lower than the sector median. We are proud that 93% of our employees said through staff engagement surveys that they would recommend us as an employer and over 95% said they believe CDS to be a values-driven organisation.

OUR FORWARD PLANS

CORPORATE PLAN

2025/26 sees us move into year two of the 5-Year Corporate Plan with the same purpose, vision and values, as well as the principles and pillars outlined above – this provides clarity and consistency and gives CDS an anchor in our unique history and position in the housing sector.

With this solid foundation, the theme for 2025/26 is ***Strengthen and Implement our Ambition*** which translates into two Priorities:

Priority A: Strengthen our performance and how we work

Priority B: Implement our ambition to advance community led housing and co-operation

There are 16 targets covering the whole of CDS.

1. Covenant compliance: "Actual and forecast covenant compliance"
2. Meet budgets: "Operating costs within budget for the year"
3. Regulatory compliance: "No material regulatory failures"
4. Property compliance: "Maintain high compliance (100%) with our legal requirements, the only exception being where all reasonable actions have been taken and risks mitigated and there is no material impact on CDS or our residents."
5. Overall resident satisfaction: "At least 65% of our residents (LCRA) are satisfied with the overall service"
6. Managing performance: "All colleagues are effectively managed to maintain high standards and meet expectations, with performance reviewed monthly by SMT."
7. Accounts Payable: "Fit for purpose accounts payable service with over 90% of valid invoices paid on time"
8. Client KPIs: "KPIs consistent with the new services agreement for clients in operation"
9. Embed internal controls implementation plan: "Improvement plan embedded with Board sign-off"
10. Asset management, repairs and property: "Asset management strategy adopted based on stock

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REPORT OF THE BOARD OF MANAGEMENT (continued)

condition survey and setting out our approach to property investment and deliver on 'bridge' major works programme during 2025/26"

11. Collective ownership: "Collective Ownership Society in operation with first scheme well developed"
12. Build belonging: "One or more proof of concept projects progressing"
13. Procurement framework: "CDS framework launched"
14. Supporting co-ops and community led housing: "Providing a valued management service to co-ops/clients"
15. Co-operation in Social Housing Commission: "Commission is having tangible impact in the sector on advancing the cause of co-operation with communities"
16. Co-operation pilot(s): "CDS co-operation pilot(s) are well developed"

RISK AND UNCERTAINTY

We have a Risk Strategy that outlines our approach to risk management and includes the following components:

- Risk register – identifying, evaluating and mitigating the main risks to CDS
- Risk appetite statement – clarity on how much risk CDS is willing to take
- Roles and responsibilities – defining clear accountabilities for risk management

The Senior Management Team and the Board have reviewed the risks facing CDS in the current economic climate alongside the Regulator of Social Housing's Sector Risk Profile. The Board has overall responsibility for risk management, supported by the Finance, Audit & Risk Committee.

The strategic risk register employs the three lines of defence model, drawing assurance from operational, internal and external sources. It highlights necessary controls and requires the Senior Leadership Team to confirm their existence and effectiveness.

Risks that may prevent CDS from meeting our objectives are included on the strategic risk register and reviewed monthly by CDS's Senior Management Team, at each quarterly meeting of the Finance, Audit and Risk Committee and annually by the Board.

Major strategic risks, presenting the greatest threats to CDS, are analysed in the table below:

Key Risk	Mitigations in place to manage the risk
Constrained financial headroom increases the risk that internal control failings will lead to financial distress.	We produce regular cashflow forecasts, have a Treasury Policy and Strategy, hold significant cash reserves, maintain a minimum cash holding and have retained consultants for annual advice on 30-year business planning and stress testing.
Costs outpace income in our landlord service, client service or Community Led Housing London, including from loss of clients	For the client stream of our business, we separate management accounts by business stream to highlight the relationship of costs to income, we have a six-month notice period for outgoing clients, we have monthly client contribution reporting, we provide benefits such as CCH membership and an annual health and safety circular in an effort to retain clients and we consult with clients on their service. In our provider business stream, we carry out pre-contract checks on capacity and carry out ongoing quality monitoring for major works, we use a planned works framework, and we created new roles to manage major and planned works and added a Head of Property Services. In our promoter business stream, we capped the level of investment each year that can come from operational surplus.
Breach of Loan Covenants	We actively monitor and report on financial covenant loan compliance, non-financial covenant compliance is monitored at each Finance, Audit

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REPORT OF THE BOARD OF MANAGEMENT (continued)

	& Risk Committee meeting and we have a covenant waiver in place until 2027.
Failure to keep tenants safe in their homes due to breach of property health and safety compliance statutes	The Senior Management Team monitors health and safety compliance performance monthly, there is a clear path for escalating potential risks before they materialise, our health and safety policies are reviewed annual by our external advisor and approved each year by Board, we have contracts in place for all required health and safety monitoring and testing and all HHSRS Category 1 risks are managed in line with our Repairs Policy following identification during stock condition surveys.
Major data breach including unauthorised access to CDS's IT systems	Our data that is stored in Microsoft's environment is kept behind industry-leading firewalls, we use multifactor authentication for Microsoft applications, all our systems are cloud-based, we backup all cloud-based data including Office 365, we are able to remotely wipe mobile phones and laptops if they are lost or stolen and we can remotely lock accounts so all entry points will close, we get exceptions reports for login attempts outside the UK, we have a Data Protection Policy and an IT Acceptable Use Policy, we provide annual staff training on GDPR, data protection and cybersecurity, all Microsoft data is encrypted at rest and in transit, all Microsoft applications data is stored in ISO27001 compliant data centres and we have malware protection and anti-virus software running on all CDS computers which is kept up-to-date.
Material non-compliance with regulatory standards or other statutory requirement	We carry out an annual regulatory compliance self-assessment, we are part of the National Housing Federation's CoSecForum network, we receive weekly updates from HALA (Housing Association Legal Alliance), we have adopted the NHF's code of governance 2020, we carry out an annual review of effectiveness of governance arrangements, we identify board skills gaps based on the board skills matrix when we recruit new members and we carry out periodic board training and development.
Fraud, including illegal activities perpetrated by employees, contractors or third-party vendors with the intent to obtain financial or material benefits unlawfully	Our financial regulations are approved and reviewed by Board, we have an internal controls framework to reduce the risk of fraud that has been reviewed, updated and strengthened, we maintain a fraud register, we have created and are implementing a detailed action plan to improve overall controls, a Finance team handbook of policies and procedures is being compiled and a Finance Team Code of Conduct has been created and has been signed by all team members.
Failure to invest adequately in our stock leading to decent homes failure, disrepair claims and additional costs to rectify	We are nearly done carrying out stock condition surveys on 100% of our stock, we use the Plentific platform to raise repairs which offers us robust geographical contractor coverage for our stock, we have an emergency out of hours contract in place, we carry out satisfaction surveys after repairs are completed to pinpoint bottlenecks and areas for improvement, we have both a Repairs and a Damp and Mould Policy, our KPI dashboard is monitored monthly including the average weekly cost of repairs, we use a single contractor for damp and mould investigation and repairs, we completed a bathroom and kitchens programme in 2024-25 and a boiler replacement programme in 2023-24, we have a three star maintenance contract in place for heating system repairs, we have online forms available for residents to report repairs or raise their own repair and we carry out monthly meetings with the Planned Works Manager and Repairs Manager to review major reactive work and assess risk and actions to manage remedial work.

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REPORT OF THE BOARD OF MANAGEMENT (continued)

Failure to deliver good quality housing management services or to engage effectively with tenants	We have an approved Resident Influence Strategy in place as well as Complaints, Compensation and Reasonable Adjustments Policies, we carry out regular resident satisfaction surveys by a third party, we use the Plentific platform for repairs, we assessed our compliance with the Consumer Standards and created an action plan where compliance can be improved, residents can order their own repairs online, we have launched Phoenix Place Vision 3030 – a resident co-production project – and recruited a task and finish group for residents to scrutinise performance and we carried out an external survey of all complainants to seek feedback and improve service.
The number and timing of growth initiatives put strain on staff and financial capacity. Income from grant and consultancy work can be lumpy and unpredictable. Some work will have a long payback period.	The Board agreed a budget for CLH growth which includes committed income from consultancy and grants and the budget position gets reported to Services Committee

Management of risks

At CDS we have embedded risk management throughout our business with employees at every level taking responsibility for identifying and managing risks.

Our risk map details those risks that could prevent us from achieving our strategic objectives and the controls in place for mitigating those risks. The risk map considers:

- Impact Mitigation Risks – underlying risks that CDS needs to have awareness of and a plan in place for how to respond to that risk should it crystallise.
- Managed Active Risks – These are the key day to day risks facing the business where there is a control framework in place to ensure that the risk is managed.
- Current Live Risks – This details current risks that are live in the business that Directors and Operational Management have on their agenda and for which there will be a definite short term action plan to reduce the risk.

It is prepared by the Senior Management Team and approved by the Board annually, reviewed by the Finance, Audit & Risk Committee at every meeting (quarterly) and discussed and updated regularly by SMT and Operational Managers.

Pensions

CDS participates in the Social Housing Pension Scheme (SHPS), which is a defined benefit scheme in relation to certain employees and past employees. The scheme is currently in deficit and the financial obligations are remeasured on a triennial basis, creating risks of increased costs if this deficit increases. Changes from 2030 to align the calculation of the Retail Prices Index with the Consumer Prices Index including owner-occupiers' housing costs will likely further reduce funding levels for many schemes.

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REPORT OF THE BOARD OF MANAGEMENT (continued)

FINANCIAL RESULTS – HIGHLIGHTS

Overview

We delivered an operating surplus of £1,550k (2023/24: £1,228k) which equates to a net operating margin of 18.4% (2023/24: 16.6%). The overall operating margin (excluding disposals) was 9%, (2023/24: 14%), this reduction is mainly due to an increase in maintenance costs. We received £793k of net proceeds from property disposals (2023/24: £199k) which are included in the operating surplus. Our surplus enables us to continue to invest in and improve the services we provide to our customers.

Our operating margin on social housing lettings (measured excluding losses and surpluses on disposals of properties and components) has reduced to 11.7% (2023/24: 19.4%), mainly due to an increase in maintenance costs.

Our Value for Money Statement for 2024/25 (included as part of this document) reviews our financial performance in more detail including our relative performance and plans for improving our profitability in future years to provide more resilience for changing demands and risks.

2024/25 Surplus before Taxation

Our 2024/25 surplus before taxation was £1,411k (2023/24: £1,073k), an overall increase of 337k. Net proceeds from property sales have increased by £594k.

Also included in the statement of comprehensive income is the remeasurement of the SHPS pension scheme deferred benefit obligation for 2024/25, which has resulted in a credit of £145k (2023/24: a charge of £322k). Excluding the effect of property sales the underlying surplus before tax and pension adjustments has decreased by £257k.

There were several contributing factors, but the main ones were;

- A substantial increase in maintenance costs to invest in our stock ahead of the Asset management plan that will be prepared following the completion of the stock condition surveys in 2025/26.
- Further expenditure (£96k) was incurred on an important and major safety project at the scheme at Phoenix Place and was completed following recommendations from the Kent Fire Brigade during their last visit.
- Working in collaboration with a specific damp and mould contractor, this is being managed effectively albeit there has been an increase in cases reported resulting in an increase in cost.
- In its 2023/24 Financial Statements, CDS had disclosed discovery of a historic fraud of circa £341k predominantly over 4 years. Consequently in 2024/25 we incurred expenditure of £353k on necessary investigative, legal, governance and other related costs. Our insurers confirmed coverage and paid CDS £381k in July 2025. This was accrued as income in the 24/5 Financial Statements.
- Extra costs are offset by an increase in Turnover of 998k, £529k in relation to rent and service charges and insurance claim with respect to the fraud.

Allocation of Overheads (Notes 3 & 4)

Our allocation of costs between different business activities is based on a detailed review carried out with Housemark in 2015/16. We continue to use this base as there has been no significant change in the nature of work or attribution. Where possible the allocation uses an assessment of actual levels of activity and is updated for changes in the balance of activity in the business in each operating year. Overheads are apportioned in relation to either staff costs, units under ownership/management or turnover depending on the nature of the cost.

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REPORT OF THE BOARD OF MANAGEMENT (continued)

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REPORT OF THE BOARD OF MANAGEMENT (continued)

Statement of Financial Position and Capital Expenditure

Our Statement of Financial Position demonstrates that we are financially strong with a significant property asset base of £34.5m at depreciated cost and reserves of £17.6m at the year end.

We have outstanding loan balances of £3.4m, producing a very low gearing, excluding cash balances, of only 12.0%. Our overall liquidity, including quick access to considerable cash reserves, provides us with confidence that we can meet our foreseeable commitments.

Significant amounts have been invested in stock, 87 boilers were replaced, a high number of defective boilers were identified through responsive maintenance and gas safety checks. This was not originally expected, and replacement was done to ensure health and safety compliance and decent homes for residents. 46 kitchens (compared to 8 in 2023/24) and 28 bathrooms (compared to 5 in 2023/24) were completed. During the installation of the planned bathrooms, unexpected issues were encountered related to flooring, walls, and electrical compliance that led to an increase in the cost of the project. Of the planned kitchens programme identified at the beginning of the financial year, some kitchens did not require replacement as they had either been addressed reactively earlier or were not prioritised for this year. Additional provision was agreed to respond to reactive replacement. Residents have expressed satisfaction with the investment.

VALUE FOR MONEY

Meeting the regulatory requirements in relation to value for money is an increasingly important part of our responsibility as an organisation funded largely by rents. The Value for Money (VFM) Standard focuses on improving the quality of governance around VFM, particularly the strategy and measurable impact of those strategies. We are measured against a standard set of metrics set by the regulator and also against the defined measures of success for our own strategic objectives.

Our value for money strategy is not separate from our business strategy but is a way of looking at our wider strategy through a value for money lens and selecting those goals and supporting strategies which deliver value for money through the most efficient use of our resources, and which best support the delivery of the overall strategy.

Key Risks

The Sector risk profile, published by the Regulator each year, highlights some of the most significant common sources of risk to providers ongoing compliance with the Standards.

This coupled with our own internal assessment of risk identifies a number of key risks relating to our ability to deliver value for money, these include.

- Economic risk including the impact of rising prices, particularly for repairs and investment work.
- Our ability and appetite to raise rents in line with cost inflation and the impact if we do not or cannot.
- Income collection and rising customer debt.
- Financial and Treasury risks including the impact of changes in interest rates on existing and future debt.
- Increased obligations for areas such as environmental sustainability and compliance.
- Difficulties in attracting and retaining specialist and expert staff and consultants.

Business Plan

Our Business Plan for the medium term, as approved in March 2024, includes our intention to invest in our stock as part of our Asset Management Plan over the period to March 2025 and demonstrates that we have the capacity and cash flow to do this, supported by the change in our loan covenants. Our plan is to ensure we have sufficient resources to respond to the expected pressures of safety, environmental and Decent

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REPORT OF THE BOARD OF MANAGEMENT (continued)

Homes requirements and to the challenging economic landscape and so we will continue to carefully manage our operating and other costs.

Our strategy also includes our intention to continue to invest in promoting co-operation and community-led housing in line with our charitable purpose (our promoter stream). This is central to our mission and may include opportunities to act as the registered provider for new groups and projects. Any opportunities to increase our stock will be properly evaluated to ensure they deliver value.

Value for Money Strategy

Our Value for Money strategy for 2024-27, approved in March 2024, centres around the goal of improving value for money to support the delivery of our overall business strategy and to ensure the continued viability of the whole of the organisation and progress toward our mission.

The three pillars which support our Corporate plan and therefore our value for money approach are that we should be:

- Financially Sustainable
- Compliant with relevant law and regulation
- Customer and community focused

We will achieve this by driving value through improved efficiency, collaborating with our residents and clients to deliver improved services and properly recovering the costs of our services from clients and in relation to service costs for both tenants and leaseholders.

We will target improvement of our overall operating surplus and the use of this to drive growth in the sector through others. We will benchmark both our costs and our performance against the sector as a whole, particularly in the cost and effectiveness of our repairs service which has such an impact on all of our outcomes. We will do this through a meaningful peer group and seek to understand differences so that we can act to make changes or improvements where these are needed.

We will assess our current and future structural and financing arrangements to make sure that both are consistent with our strategic goals and are able to support their achievement.

Value for money for us means achieving our goals with the right balance of quality, value and reliability and in line with our business values. To strengthen our financial resilience, we will need to reduce our risk by managing our overall costs whilst improving service. Only by achieving both of these goals together can we deliver on our financial and investment plan.

Measuring Value for Money

The Value for Money standard includes seven standard measures of VfM in our core landlord business, which are outlined below. In addition, it requires Providers to select their own measures which best reflect their strategic aims and overall approach to VfM. With this in mind, we have selected a small number of targets for each of our business streams.

We are primarily a service organisation and a key element of delivering value for money is that our customers know what they can expect from us, can rely on getting it and are happy with both quality and price. We monitor VfM primarily through:

- Monitoring our business plan, operational plan and performance against targets.
- Benchmarking our performance and costs relative to our peers.
- Reviewing feedback from customers, clients, employees and other stakeholders.

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REPORT OF THE BOARD OF MANAGEMENT (continued)

Our targets for each metric and our performance against them in the current and prior year are shown in the table below.

In our **Supporter** stream we measure progress towards profitability, with the goal of generating a 5% surplus.

In our **Promoter** stream we will measure value for money by the extent to which we are able to deliver agreed outcomes using the promoter budget

Value for Money Self-Assessment 2024/25

Measured against the standard metrics

Our performance for the year against the standard metrics is as follows. We have given comparatives from the 2023/24 Global accounts data for smaller providers (under 2,500 homes) and the sector median.

	Actual 24/25	Actual 23/24	Actual 22/23	Global Accounts (smaller providers) 23/24	Sector Median 2024
Value for Money Metrics					
Metric 1 – Reinvestment %	3.3%	3.8%	1.3%	4.4%	7.7%
Metric 2 – New supply delivered %	0%	0%	0%	0.3%	1.4%
Metric 3 – Gearing %	-12.0%	-13.3%	-15.3%	34.1%	45.6%
Metric 4 – Earnings Before Interest, Tax, Depreciation, Amortisation, Major Repairs Included (EBITDA MRI) Interest Cover %	158%	190%	395%	150.3%	122%
Metric 5 – Headline social housing cost per unit	6,250	5,336	4,936	5,768	5,136
Metric 6 – Operating Margin % Social housing lettings only Overall (including Promoter)	11.7% 18.4%	15.2%	12.7% 8.7%	19.0% 15.3%	20.4% 18.5%
Metric 7 – Return on capital employed (ROCE) %	20.6%	3.2%	1.8%	2.%	2.8%

The Global Accounts analysis and Sector Averages are produced by the Regulator for Social Housing who capture the data for all housing associations nationally. The data which is publicly available however, is for those housing associations which are over 1,000 homes but less than 2,500 homes nationally, which is the source of the comparisons above.

Reinvestment

Our business plan forecasts allows for the projected investment needed to keep our homes in good repair. As part of our annual budget, we allocate funds to spend on specific projects and on 'at fail' requirements, recognising that homes respond to use and environment as well as age and that our geography offers limited opportunities for economies of scale through procurement. The amount that we spend varies year to year depending both on what projects are planned and the "at fail" needs.

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REPORT OF THE BOARD OF MANAGEMENT (continued)

Most of the full stock condition survey was completed within the year with plans to finalise in 2025-26, this will inform a new Asset Management Strategy and an updated investment plan with a focus on safety, decent homes work and a plan to reach net zero. In 2024-25 we replaced 87 boilers, 18 windows and doors, 46 kitchens and 28 bathrooms increasing energy efficiency, fire resistance, ensuring our homes meet the required standards.

New Supply Delivered

The Board has considered how CDS can best use its assets to meet the challenge of providing more homes, taking account of our capacity and our specific purpose.

We believe we can best achieve this by enabling the design and delivery of mainstream co-op and community housing solutions, in collaboration with others, measuring our success by the number of homes built overall, rather than simply additions to our own stock.

The Board recognises that we will sometimes be the developer of choice, particularly where sites are adjacent to our own, where existing relationships offer advantageous deals or where there is the opportunity to pilot a new CLH approach. In these cases, we will consider each scheme on its merits, seeking to use our borrowing capacity to deliver more affordable and community led homes in line with our overall vision. For the year 2024/25 we had a surplus of £38k in promoter activities and we allocated £394k of the funds that we administer on behalf of the GLA, to providing support and direct grants to community led housing groups and projects. We also provided support to the GLA Hub from our central costs.

Gearing

CDS has relatively low gearing even compared to other non-developing providers, reflecting the age of the stock and low calls on borrowing for further investment. The standard measure also includes cash, so our ratio is negative, reflecting both the fact that we continue to repay debt and the amount of cash held at the year end. The ratio indicates lower risk but also potential unused borrowing capacity for the future.

Earnings Before Interest, Tax, Depreciation, Amortisation, Major Repairs Included (EBITDA MRI) Interest Cover %

This measure is also an indication of risk and of borrowing capacity. The reduction in the current year, reflects the high level of spend on maintenance.

Headline social housing cost per unit

This is the cost measured across our rented (750) and shared ownership (73) homes. Compared to the prior year, Social Housing costs have increased by 20%, compared to the benchmark group of smaller providers our cost is 8% higher, but it should be noted that the benchmark is for the prior year.

Operating Margin

Our operating margin on Social Housing lettings is above the sector average. Our cost per unit has increased compared to the prior year due to the higher property costs.

Our overall margin is on a par with the sector average, due to the inclusion of our Client Services (Supporter) business which has made a surplus. We met our target of improving this to a small margin for risk (a minimum of 5%) in the year. We have also lost a small number of contracts in year. This more sustainable business will be the basis for growth in support of the emerging community led housing market and other smaller

THE CO-OPERATIVE DEVELOPMENT SOCIETY LIMITED

REPORT OF THE BOARD OF MANAGEMENT (continued)

landlords. Total margin also includes the promoter stream which shows a £38k deficit and so reduces overall margin.

Return on Capital Employed

This measure has increased year on year due to an improvement in operating surplus.

Measured against our chosen metrics

In addition to the standard metrics, we also measure performance against our specific metrics which we have chosen to align with our strategic goals. The targets included below are taken from the 2024-25 Corporate Plan and the annual KPI dashboard.

CDS Specific Value for Money Metrics	Target	Met or not met	Actual 2024/25	Actual 2023/24
Provider Stream				
Tenant satisfaction with overall service	65%	Met	65%	60%
Tenant satisfaction with "listen and act"	60%	Not Met	50%	52%
Current tenant arrears as % rent debit	<2.5%	Met	1.78%	1.76%
Proportion of Stage 1 complaints responded to on time	90%	Not Met	86%	92%
Proportion of Stage 2 complaints responded to on time	90%	Met	90%	100%
Homes meeting Decent Homes Standard	100%	Met	100%	99.05%
Employees who would recommend us as an employer	>86.8%	Met	93.1%	90.3%
Supporter Stream				
Operating surplus on Client business	5%	Met	10.2%	(6.2)%

Tenant Satisfaction

Tenant satisfaction levels have improved on previous years, resulting from strategies employed since last year's performance results. We achieved an overall tenant satisfaction rate of 65% (2023-24 : 60%). Despite meeting our target for 2024-25, we are committed to making further improvements.

Improving customer satisfaction and demonstrating our responsiveness to tenants' views are integral to our corporate objectives for the upcoming financial year. As part of this objective, everyone across the business is encouraged and expected to contribute actively in their individual duties.

Tenant Debt

Debt performance continues to be very strong with current tenant arrears at 1.76% at the year end.

Property Standards and Compliance

We met our target for 100% compliance with the Building Safety act requirements. We identified nine properties needing investment to meet the Decent Homes Standard and work is underway.

THE CO-OPERATIVE DEVELOPMENT SOCIETY LIMITED

REPORT OF THE BOARD OF MANAGEMENT (continued)

Employee Satisfaction

Employee satisfaction, measured as the percentage of staff who would recommend us as an employer, has improved year-on-year exceeding our target at 93.1%.

Supporter Stream

Our strategic aim is for the Client Services business to break even and generate a small (5%) margin to cover risk. In 2024/25 we made a surplus of £160k an improvement from the previous 12 months due to a focus on streamlining services recover our costs appropriately.

COMPLIANCE

RSH Governance and Financial Viability Standard

The Board confirms our compliance with the Regulator of Social Housing's Regulatory Code. The Board has confirmed full compliance relating to financial viability and reasonable compliance relating to governance – the latter because of the reviews concerning controls and associated matters arising from the historic fraud uncovered in May 2024.

Our compliance is reviewed annually and the report as at June 2025, which confirmed CDS's compliance with the standard, went to Board for approval in June 2025.

NHF Code of Governance

We have adopted the National Housing Federation Code of Governance 2020 and are compliant with it. The Board conducts annual assessment of compliance with the code, with the latest taking place in June 2025.

NHF Voluntary Code on Mergers, Group Structures and Partnerships

In January 2016, the Board agreed to adopt the above code. They reviewed it and confirmed their continuing adoption of it at their January 2024 meeting.

The Board has agreed that there is no immediate need or benefit to be obtained from pursuing a merger. Partnerships to share services or central costs are of interest and any approach would receive appropriate consideration as to its value in increasing the pace or scale of movement towards the business mission.

No proposals for merger were made in the year and no representations were received from any third party with any proposals for merger.

STATEMENT OF BOARD'S RESPONSIBILITIES

As a Registered Provider of Social Housing, the Board is responsible for preparing the report and financial statements for each financial year in accordance with applicable law and regulations, Co-operative and Community Benefit Societies Act 2014 and registered social landlord legislation. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws). Under the Co-operative and Community Benefit Societies Act 2014, the directors must not approve the financial statements unless

THE CO-OPERATIVE DEVELOPMENT SOCIETY LIMITED

REPORT OF THE BOARD OF MANAGEMENT (continued)

they are satisfied that they give a true and fair view of the state of affairs and surplus or deficit of the Society for that period. In preparing these financial statements, the directors are required to:

- Select suitable accounting policies and apply them consistently.
- Make judgements and estimates that are reasonable and prudent.
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that CDS will continue in business.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of CDS and enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, Housing and Regeneration Act 2008 and the Accounting Requirements for Registered Social Landlords General Determination 2019 and the Statement of Recommended Practice: Accounting by Registered Social Housing Providers 2018.

The Board has general responsibility for safeguarding the assets of CDS and hence for the prevention and detection of fraud and other irregularities.

The Board is responsible for the maintenance and integrity of the corporate and financial information on CDS's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

STATEMENT ON INTERNAL CONTROLS

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

The Board recognises that no system of internal control can provide absolute assurance or eliminate all risk and that the system of internal control is designed to manage risk and to provide reasonable assurance that key business objectives and expected outcomes will be achieved. It also exists to give reasonable assurance about the preparation and reliability of financial and operational information and the safeguarding of the Society's assets and interests.

In meeting its responsibilities, the Board has adopted a risk-based approach to internal controls which is embedded within the normal management and governance process. This approach includes the regular evaluation of the nature and extent of risks to which the Society is exposed. The Board ensures that there is a long-term business plan setting out both the goals of the Society and our financial capacity and this plan is robustly tested. Our risk assessment framework is directly related to ensuring that we manage and mitigate those risks that might undermine our ability to meet our business plan goals.

The process adopted by the Board in reviewing the effectiveness of the system of internal controls, together with some of the key elements of the control framework includes:

- Identification and evaluation of key risks

Management responsibility has been clearly defined for the identification, evaluation and control of significant risks. There is a formal and ongoing process of management review in each area of the Society's activities. This process is co-ordinated through a regular reporting framework by the senior management team which regularly considers reports on significant risks facing the Society and the team is responsible for reporting to the Board any significant changes affecting key risks.

- Monitoring and corrective action

THE CO-OPERATIVE DEVELOPMENT SOCIETY LIMITED

REPORT OF THE BOARD OF MANAGEMENT (continued)

A process of control self-assessment and regular management reporting on control issues provides hierarchical assurance to management and to the Board. This includes an agreed programme of internal audit reviews designed to provide regular and objective assurance on key internal controls.

There is in place a rigorous procedure for ensuring that corrective action is identified in relation to any significant control issues, particularly those with a material impact on the financial statements.

- Control environment and control procedures

The Board retains responsibility for a defined range of issues covering strategic, operational, and financial and compliance issues including new investment projects. The Board has adopted and disseminated to all employees a code of conduct for board members and staff based upon the NHF Code of Conduct 2022. This sets out CDS's requirements regarding the quality, integrity and ethics of its employees. It is supported by a framework of policies and procedures with which employees must comply. These cover issues such as delegated authority, segregation of duties, accounting, treasury management, health and safety, asset protection and fraud prevention and protection.

- Information and financial reporting systems

Financial reporting procedures include detailed budgets for the year ahead and forecasts for the subsequent four years, as well as detailed cash flow forecasts for the same period. These are reviewed and approved by the Board. The Board also regularly reviews key performance indicators to assess progress towards the achievement of key business objectives, targets and outcomes.

- Arrangements for managing the risk of fraud

The Board has an anti-fraud policy which sets out the arrangements for preventing, detection and reporting of fraud. As part of the internal fraud review, the Finance & Audit Committee has reviewed the fraud register and reported any instances of fraud to the Board, as appropriate. The historical fraud has been noted, and appropriate action has been taken.

- Key Risks

The Board considers that the key risks that are most likely to influence future performance and our ability to deliver our business objectives are economic and political, staff turnover, information and communications technology, internal controls and health and safety. More detail on the key risks and the action taken to mitigate these risks is included in the Risk and Uncertainty section above.

- Internal audit

The internal control framework and risk management process are subject to regular review by the Internal Auditors who are responsible for providing independent assurance to the Board via its Finance & Audit Committee. The Finance & Audit Committee considers internal controls and risk at each of its meetings.

- Annual review of the effectiveness of internal controls

The Board confirms that it has received the annual report of the senior management team on the effectiveness of internal controls and has conducted its annual review of the effectiveness of the system of internal control and has taken account of any changes needed to maintain the effectiveness of the risk management and control process.

The Board confirms that there is an on-going process for identifying, evaluating and managing

THE CO-OPERATIVE DEVELOPMENT SOCIETY LIMITED

REPORT OF THE BOARD OF MANAGEMENT (continued)

significant risks faced by the Society. This process has been in place throughout the year under review and up to the date of the approval of these statements and is regularly reviewed by the Board. The Board confirms that no weaknesses in internal controls have resulted in any material losses, contingencies or uncertainties which would require disclosure in the financial statements.

EQUALITY AND DIVERSITY

CDS is committed to operating fairly and openly and without discrimination. All decisions relating to employment practices will be objective, free from bias and based solely on work criteria and individual merit. We are responsive to the needs of our employees, residents and the community at large. In January, a new policy on Fair & Equal Pay was approved by our Board, codifying our practice of not only paying equally for equal work, but also of ensuring all staff make at least the benchmarked median salary for their job role.

HEALTH AND SAFETY

The Board receives a health and safety report at every meeting with regular updates on property compliance, as well as employee safety. The health and safety of CDS's employees, residents and partners is paramount to the Board and we are constantly seeking to develop a safety aware and safety confident culture.

We strive for safe and healthy working conditions, housing, equipment, and systems of work for all those connected with CDS and to provide such information, training and supervision as is needed for this purpose. In the last year, our external health and safety consultant reviewed and updated our suite of health and safety policies, which were subsequently approved by the board.

There have been no material health and safety breaches in the year.

DISCLOSURE OF INFORMATION TO AUDITORS

At the date of making this report each of CDS's Board Members, as set out on page 2, confirm the following:

- so far as each Board Member is aware there is no relevant information needed by CDS's auditors in connection with preparing their report of which CDS's auditors are unaware; and
- each Board Member has taken all the steps that they ought to have taken as a Board member to make themselves aware of any relevant information needed by CDS's auditors in connection with preparing their report and to establish that CDS's auditors are aware of that information

GOING CONCERN

The "going concern" principle requires management to consider whether CDS is expected to continue to operate as normal for the foreseeable future (typically the next 12 months), including meeting its financial and other obligations as they fall due and to confirm that there are no plans to cease trading or significantly curtail its operations. In response there is nothing within our risk register, finances and operations that raise any concern to management as to this principle.

The key areas reviewed in the strategic and operational risk registers by the Audit & Risk Committee and Board during the year that are relevant in making a judgment include:

THE CO-OPERATIVE DEVELOPMENT SOCIETY LIMITED

REPORT OF THE BOARD OF MANAGEMENT (continued)

Liquidity

Insufficient cashflow to meet operating costs, debt obligations and maintenance. At 31st March 2025, CDS had £7.6m of cash in hand or on deposit. The 12-month cashflow demonstrates that the Trust has sufficient cash to meet its obligations over the next financial year as does the financial plan

Revenue Dependence

The need for social housing is still strong. High levels of rent arrears or significant number of tenants unable to pay rent would impact CDS's revenue. Rent arrears are below target and are reviewed monthly with debt being chased. Voids were in line with expectations. CDS does not expect any significant loss of income that would impact its going concern.

Breaches of Financial Covenant

Failure to meet interest cover or gearing covenants. CDS has £3.4m of loans with Natwest/RBS Bank and Orchardbrook, gearing is negative at 12%. Interest cover is 158% against a target of 110%. CDS monitors and reports financial covenants regularly through the monthly management accounts to the Senior Management Team and quarterly to the Board. The long-term financial plan demonstrates continued compliance with covenants.

Significant increase in cost – not matched by increase in income

The organisation ensures that the service charge costs are matched by the amounts charged to the tenants including an annual review process. There is a robust budget for the current financial year and financials are reviewed regularly.

Serious litigation – Significant legal costs or financial penalties

The organisation has not incurred any financial penalties during the year or expecting any in the future. The Trust does have several disrepair and damp and mould cases however there are no cases where management consider there would be a material financial impact on the Trust or would impact the going concern principal.

Major disaster – Incident impacting the office, its systems, properties, or tenants

CDS has a tested Business Continuity Plan and a cyber security policy and has commenced a programme of penetration testing. The organisation has adopted the principles of the Fire Safety Bill, has a Fire Safety policy and regularly undertakes fire risk assessments. In addition, CDS has in place, insurances, established relationships with key stakeholders including local MPs, as well as dedicated IT specialists.

Management and Governance – Inadequate management capabilities or governance issues can lead to poor performance

CDS follows the 2020 NHF Code of Governance. An external review of Governance was completed in 2023, there were no reasons for concern and CDS was found to be compliant with the Code. There were areas that could be strengthened A monthly and annual appraisal system is in place for all staff including the Chief Executive and Board members.

THE CO-OPERATIVE DEVELOPMENT SOCIETY LIMITED

REPORT OF THE BOARD OF MANAGEMENT (continued)

Conclusion

Taking into consideration the above risks, assessment of outcomes, demand for properties, future predicted cashflows, the 2025/26 budget and the long-term financial plan, there is a reasonable expectation that CDS will continue to deliver adequate surpluses and meet its financial covenants and that CDS has adequate resources to continue in operational existence for the foreseeable future. It is therefore recommended that the Board continues to adopt the going concern basis in preparing the financial statements.

By order of the Board of Management



C. Friedenthal
Secretary

Date: 22nd September 2025

THE CO-OPERATIVE DEVELOPMENT SOCIETY LIMITED

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

Independent Auditor's Report to the Members of The Co-operative Development Society Limited Opinion on the financial statements

We have audited the financial statements of The Co-operative Development Society Limited the 'Society') for the year ended 31 March 2025 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Reserves, the Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Society's affairs as at 31 March 2025, and of the income and expenditure of the Society for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing in England 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 Society 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 [Group's and] Society'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 members with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Report and Financial Statements, other than the financial statements and our auditor's report thereon. The Board members are responsible for the other information contained within the annual report. Our opinion on the financial

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS (continued)

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.

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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where we are required by the Co-operative or Community Benefit Societies Act 2014 or the Housing and Regeneration Act 2008 to report to you if, in our opinion:

- the information given in the Report of the Board for the financial year for which the financial statements are prepared is not consistent with the financial statements;
- adequate accounting records have not been kept by the [parent] Society; or
- a satisfactory system of control has not been maintained over transactions; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the Society's financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the board

As explained more fully in the statement of Board's responsibilities set out on page 15-16, the board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the board members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the board is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intend to liquidate the Society 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.

THE CO-OPERATIVE DEVELOPMENT SOCIETY LIMITED

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS (continued)

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks within which the Society operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements such as the Co-operative and Community Benefit Societies Act 2014, the Statement of Recommended Practice for registered housing providers: Housing SORP 2018, the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2022, tax legislation, health and safety legislation, and employment legislation. We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.
- 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 evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks related to the potential manipulation of financial results and management bias in accounting estimates through the posting of journal entries.

The audit procedures to address the risks identified included:

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Discussions with management about actual or potential litigation and claims;
- Challenging assumptions made by management in their significant accounting estimates;
- Identifying and testing the appropriateness of journal entries and assessing whether the judgements made in making accounting estimates were indicative of a potential bias;
- Reviewing minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC and the Regulator of Social Housing to identify any actual or potential frauds or any potential weaknesses in internal control which could result in fraud susceptibility; and
- Reviewing financial statements disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above.

THE CO-OPERATIVE DEVELOPMENT SOCIETY LIMITED

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS (continued)

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the trustees and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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/auditors_responsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Society's members as a body in accordance with 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 Society's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Society and the Society's members as a body, for our audit work, for this report, or for the opinions we have formed.



24 September 2025

Buzzaacott Audit LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

THE CO-OPERATIVE DEVELOPMENT SOCIETY LIMITED

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2025

	2025	2024
	£	£
Turnover	3	3
Operating costs	3	3
Surplus on sale of housing properties	5	5
Operating surplus	3	3
Investment and other income	6	6
Interest payable and similar charges	7	7
Surplus before taxation	1,410,923	1,073,747
Tax on surplus on ordinary activities	11	-
Surplus for the financial year	1,410,923	1,073,747
Re-measurement of pension obligation	145,097	(322,000)
Total comprehensive income for the year	1,556,020	751,747

All amounts relate to continuing activities.

These financial statements were approved by the Board of Management and signed on its behalf by:


J. Lack
Chair


S. Charlick
Treasurer


C. Friedenthal
Secretary

Date of approval: 22nd September 2025

The notes on pages 29 to 54 form part of these financial statements.

THE CO-OPERATIVE DEVELOPMENT SOCIETY LIMITED

STATEMENT OF CHANGES IN RESERVES

At 31 March 2025

	Revenue Reserve £
At 1 April 2023	15,246,308
Surplus for the year	1,073,747
Re-measurement of pension obligation	(322,000)
At 31 March 2024	15,998,055
Surplus for the year	1,410,923
Re-measurement of pension obligation	145,097
At 31 March 2025	17,554,075

The notes on pages 29 to 54 form part of these financial statements.

THE CO-OPERATIVE DEVELOPMENT SOCIETY LIMITED

STATEMENT OF FINANCIAL POSITION

At 31 March 2025

	2025	2024
Note	£	£
Tangible fixed assets		
Housing properties	12 34,540,201	33,525,306
Other fixed assets	13 181,864	201,578
Fixed asset investment	14 24,046	23,345
	<u>34,746,111</u>	<u>33,750,229</u>
Current assets		
Debtors	15 695,761	322,423
Cash at bank and in hand	7,587,168	8,069,258
	<u>8,282,929</u>	<u>8,391,681</u>
	(4,429,911)	(4,008,685)
Creditors: amounts falling due within one year	17	
	<u>3,853,018</u>	<u>4,382,996</u>
Net current assets		
Total assets less current liabilities		
Creditors: amounts falling due after one year	18 38,599,129	38,133,225
	(20,044,045)	(20,735,736)
Defined benefit pension liability	22 (1,001,000)	(1,399,424)
Total net assets	<u>17,554,084</u>	<u>15,998,065</u>
Capital and reserves		
Share capital	23 9	10
Revenue reserve	17,554,075	15,998,055
Total capital and reserves	<u>17,554,084</u>	<u>15,998,065</u>

All shareholdings relate to non-equity interests, as disclosed in note 23.

These financial statements were approved by the Board of Management and signed on its behalf by:




J. Lack
Chair

S. Charlick
Treasurer



C. Friedenthal
Secretary

Date of approval: 22nd September 2025

The notes on pages 29 to 54 form part of these financial statements.

THE CO-OPERATIVE DEVELOPMENT SOCIETY LIMITED

STATEMENT OF CASHFLOWS

For the year ended 31 March 2025

	2025	2024
Note		
Net cash inflow from operating activities	24	241,276
	241,276	1,603,582
Cash flow from investing activities		
Purchase of fixed assets – housing properties	(2,275,019)	(2,315,564)
Purchase of fixed assets – other	(8,007)	(11,657)
Transfer of engagements	929,446	40,060
Net proceeds from lease extensions/ sales of housing properties	993,073	207,089
Social Housing Grant repaid	(77,482)	(70,458)
Interest received	103,414	107,873
Net cash used in investing activities	(334,575)	(2,042,657)
Cash flow from financing activities		
Repayment of borrowings	(209,400)	(185,456)
Interest paid	(179,390)	(174,025)
Share issued	-	1
Shares redeemed	(1)	(1)
Net cash used in financing activities	(388,791)	(359,481)
Net increase in cash and cash equivalents	(482,090)	(798,556)
Cash and cash equivalents at the beginning of the year	8,069,258	8,867,814
Cash and cash equivalents at the end of the year	7,587,168	8,069,258
Cash and cash equivalents consist of:		
Cash at bank in hand	7,587,168	8,069,258
Bank overdraft	-	-
Cash and cash equivalents	7,587,168	8,069,258

The notes on pages 29 to 54 form part of these financial statements.

THE CO-OPERATIVE DEVELOPMENT SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 March 2025

1. PRINCIPAL ACCOUNTING POLICIES

The following accounting policies have been applied consistently from one financial year to another and in dealing with items which are considered to be material in relation to the financial statements of The Co-operative Development Society Limited (The Society).

Basis of preparation

The Society is registered under the Co-operative and Community Benefit Societies Act 2014 and is a registered provider of social housing.

The financial statements have been prepared under the historical cost convention and in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), and the Housing SORP 2018 Statement of Recommended Practice for registered social housing providers (Housing SORP 2018) and comply with the Accounting Requirements for Private Registered Providers of Social Housing 2022 (the Accounting Direction).

The functional currency is GBP sterling. The preparation of the financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires the Society's management to exercise judgement in applying its accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

Going concern

The Society's activities, its current financial position and factors likely to affect its future development are set out within the Report of the Board.

The Society has in place long term debt facilities as well as considerable cash reserves which provide adequate resources to finance committed reinvestment programmes along with day-to-day operations.

The Society also has a long-term business plan which shows that it can service these debt facilities whilst continuing to comply with lenders' covenants. This plan has been stress tested, key risks, their likely impact and appropriate mitigation have been identified. The budget for the current year also shows a good surplus.

The Society's treasury strategy also provides that cash requirements over the medium term (at least the next 24 months) are considered and that an updated cash flow is prepared on at least a quarterly basis. The cash flow shows that sufficient cash is available to meet expected needs over this period.

On this basis, the Board has a reasonable expectation that the Society has adequate resources to continue in operational existence for the foreseeable future, being a period of at least twelve months after the date on which the report and financial statements are signed. For this reason, in the opinion of the Board, a material uncertainty does not exist and as a result it continues to adopt the going concern basis of preparation in the financial statements.

THE CO-OPERATIVE DEVELOPMENT SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

31 March 2025

1. PRINCIPAL ACCOUNTING POLICIES (continued)

Turnover

Turnover represents rental income (receivable net of rent losses from voids), service charges, other services included at the invoiced value (excluding VAT) of goods and services supplied in the year, revenue grants receivable in the year and amortisation of deferred capital grants.

Revenue recognition

Rental income is recognised from the point when the properties under development reach practical completion or otherwise become available for letting. Revenue grants are recognised when the conditions for receipt of grant funding have been met. Income from deferred capital grants is recognised in turnover in a systematic basis over the useful economic life of the asset (usually the properties fabric) for which it was received. Income from services contracts is recognised in the period to which it relates.

Value Added Tax

The Society is VAT registered but a large proportion of its income, comprising rents, is exempt for VAT purposes. Accordingly, expenditure relating to rental income is shown inclusive of VAT in these accounts. VAT on expenditure relating to taxable supplies is reclaimable in full and, accordingly, this expenditure is shown net of VAT in these accounts. For expenditure of a general nature (i.e. certain overheads) which cannot be directly attributed to exempt or taxable supplies the partial exemption provisions apply. This expenditure is accounted for net and irrecoverable VAT is charged to other expenditure.

Interest payable

The arrangement fees and legal costs incurred in connection with loan facilities have been capitalised as part of loan issue costs and will be amortised over the term of the facilities or until there is a significant event that would require immediate expensing.

Housing properties

Housing properties are properties available for Social rent and properties subject to shared ownership leases. Housing properties are stated at cost less depreciation. Cost includes the cost of acquiring land and buildings, development costs, interest charges incurred during the development period and expenditure incurred in respect of improvements which have resulted in an economic benefit to the Society as well as directly incremental overhead costs and staff time associated with new developments, improvements and component-works.

Disposal of housing properties

Gains and losses on disposals of housing properties are determined by comparing the proceeds with the carrying amount and incidental costs of sales and recognised within gain/loss on disposal of fixed assets, which is included in the operating surplus for the year in the statement of comprehensive income.

THE CO-OPERATIVE DEVELOPMENT SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

31 March 2025

1. PRINCIPAL ACCOUNTING POLICIES (continued)

Depreciation of housing properties

The Society accounts for its expenditure on housing properties using component accounting. A housing property is divided into those major components which are considered to have substantially different useful economic lives. These components are then depreciated over their individual useful economic lives.

The components identified by the Society and their respective useful economic lives are as follows:

Component	Useful Economic Life
Structure	100 Years
Structure (Sylhet)	59 Years
Kitchens	20 Years
Boilers	15 Years
Wiring	25 Years
Bathrooms	25 Years
Heating	30 Years
Roof	60 Years
Windows	30 Years
Lifts	30 Years
Fire alarm systems	10 Years

Where a separately identified and depreciated component of an existing property is replaced, the carrying value of the component is expensed and the cost of the replacement component capitalised.

Expenditure on items not separately identified as components are capitalised if they result in an increase in the net rental stream over the life of the property, over the standard originally assessed when the property was first acquired or constructed.

Freehold land is not depreciated. Properties held on leases are amortised over the life of the lease or their estimated useful economic lives in the business, if shorter.

Other fixed assets and depreciation

Other fixed assets are stated at cost less accumulated depreciation. Depreciation is charged for a full year in the year of acquisition on a straight-line basis with no charge in the year of disposal. The principal annual rates used for other assets are:

Improvements to leasehold offices	-	over the term of the lease
Office furniture and equipment	-	20%
Computer equipment and software	-	20%
Tenant service equipment	-	25%
Community buildings	-	2%

NOTES TO THE FINANCIAL STATEMENTS (continued)

31 March 2025

1. PRINCIPAL ACCOUNTING POLICIES (continued)

Impairment of tangible fixed assets

Tangible fixed assets (mainly housing properties) are assessed for indicators of impairment at each reporting date. Where indicators are identified a detailed assessment is then undertaken at estate or block level to determine the assets or cash generating units (CGUs) recoverable amount. The recoverable amount will be the higher of fair value less costs to sell, or Existing Use Valuation for Social Housing (EUV-SH), or Value in Use (in respect of assets held for their service potential) (VIU-SP). As allowed by Housing SORP 2018 the Society uses Depreciated Replacement Cost (DRC) as a reasonable estimate of VIU-SP.

Where the carrying amount of an asset or CGU is deemed to exceed its recoverable amount, the excess will be recognised in the Statement of Comprehensive Income.

Financial assets

Basic financial assets, including tenant debtors and other receivables, cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

Social Housing Grant (SHG) and other capital grants

SHG is receivable from the Homes and Communities Agency (HCA), and other capital grants are receivable from local authorities and other organisations.

Grant received is recognised as deferred income in the Balance Sheet and released to the Statement of Comprehensive Income on a systematic basis over the useful economic life of the asset for which it was received, usually a housing property's fabric.

When a Grant funded property is sold, any attributable Grant becomes recyclable and is transferred to a recycled capital grant fund (RCGF) or disposal proceeds fund (DPF for right to acquire units) until it is reinvested in a replacement property. The related Grant amortisation is charged to the Income and Expenditure Account.

CDS administers grant funding on behalf of the GLA as part of its London Hub activity to support "early stage" Community Led Housing projects. This funding is released to the Statement of Comprehensive Income to match the costs of providing this support, including direct grants awarded to projects. Unallocated grant is shown in other creditors and accruals falling due within one year.

Recycled capital grant fund

The Grant element on the net sale receipts of Grant funded properties, typically right to buy or shared ownership staircasing but not right to acquire, are required to be credited to a recycled capital grant fund under the terms of the SHG originally paid on such properties. Within the terms defined by the Homes and Communities Agency (HCA) the fund is to be used to provide replacement properties for rent, land acquisition and works to existing stocks or if unused within three years, is repayable to the HCA.

THE CO-OPERATIVE DEVELOPMENT SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

31 March 2025

1. PRINCIPAL ACCOUNTING POLICIES (continued)

Pension costs

CDS participates in the Social Housing Pension Scheme (SHPS), which is a defined benefit scheme in relation to certain employees and past employees. The liability recognised in the balance sheet in respect of the defined benefit plan is the present value of the defined benefit obligation less the fair value of the plan assets at the reporting date.

The scheme assets are measured at fair value. Scheme liabilities are measured on an actuarial basis using the projected unit credit method and are discounted at appropriate high-quality corporate bond rates.

The current service cost and costs from settlements and curtailments are charged against operating surplus. Past service costs are recognised in the current reporting period within the income and expenditure account. Interest is calculated on the net defined benefit liability. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as remeasurement of net defined benefit liability. Further details are shown in note 21.

Provisions

CDS only makes provision for any contractual and constructive liabilities existing at the balance sheet date.

Leased assets

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

Taxation

Since 8 August 2019, CDS has been a charitable Community Benefit Society. It also has exempt tax status, effective the same date and does not therefore pay Corporation Tax on surpluses generated from its Charitable activities. In the prior year the charge for taxation is based upon the surplus generated prior to conversion and includes current tax and deferred tax.

Deferred tax

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the Society anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences. Any assets and liabilities recognised have not been discounted.

Deferred tax is measured at the tax rates expected to apply in the periods when the timing differences are expected to reverse, based on tax rate and law enacted or substantially enacted at the balance sheet date.

2. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTY

The preparation of financial statements in conformity with FRS 102 requires that management exercise its judgement in the process of applying the Society's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Determining whether an impairment review is required

Annually housing properties are assessed for impairment indicators and, in particular, factors that could impact on ability to let the property. These include the condition of the properties, current experience of void periods, including short term effects such as letting delays and demand for properties in the local area. We also consider any property specific factors such as upcoming works that might indicate the need to impair or dispose existing components and any recent valuations obtained. No indicators were identified that required a full impairment review and no impairment losses have been recognised in the year.

(b) Key accounting estimates and assumptions

Preparation of the financial statements requires management to make significant judgement and estimates. The areas in the financial statements where these have been made include impairment, capitalisation and any areas where there is estimation or uncertainty.

(i) Useful economic lives of tangible fixed assets

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

(iii) Impairment of debtors

The Society makes an estimate of the recoverable value of tenant and other debtors. When assessing impairment of tenant and other debtors, management considers factors including the ageing profile of debtors and historical experience. We make a provision of 35% against current tenant arrears and 100% against former tenant arrears. We have considered this level of provision in light of current experience of income collection during the current Coronavirus epidemic and consider it to be adequate. For other, non tenant debtors we consider the recoverability of balances on a case by case basis and make provision as required.

THE CO-OPERATIVE DEVELOPMENT SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

31 March 2025

2. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTY (continued)

(iii) Defined benefit obligation

The estimate of the defined benefit obligation is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Management has adopted the assumptions proposed by the SHPs scheme actuaries. Variation in these assumptions may significantly impact the liability and the annual defined benefit expenses (as analysed in Note 21). The net defined benefit pension liability at 31 March 2025 was £1,001k.

THE CO-OPERATIVE DEVELOPMENT SOCIETY LIMITED
NOTES ON THE FINANCIAL STATEMENTS (continued)
31 March 2025

3. INCOME AND EXPENDITURE FROM LETTINGS

	2025				2024			
	Turnover	Other	Operating	Operating	Turnover	Other	Operating	Operating
	£	Income	costs	surplus/ (deficit)	£	Income	costs	surplus/ (deficit)
		£	£	£		£	£	£
Social housing lettings (note 4)								
General needs accommodation	5,382,012	-	(4,946,748)	435,264	4,882,024	-	(4,121,508)	760,516
Shared ownership accommodation	383,915	-	(141,855)	242,060	355,096	-	(98,242)	256,854
	5,765,927	-	(5,088,603)	677,324	5,237,120	-	(4,219,750)	1,017,370
Other social housing activities								
Leasehold services	208,562	-	(374,302)	(165,740)	178,242	-	(81,994)	96,248
Promoter activities	393,870	-	(432,023)	(38,153)	397,501	-	(390,959)	6,542
	602,432	-	(806,325)	(203,893)	575,743	-	(472,953)	102,790
Activities other than social housing activities								
Fees from managed associations	1,568,089	-	(1,408,087)	160,002	1,560,523	-	(1,657,662)	(97,139)
Commercial letting	476,879	-	-	476,879	41,572	-	-	41,572
Other (fraud)	-	-	(352,642)	(352,642)	-	-	-	-
	2,044,968	-	(1,760,729)	284,239	1,602,095	-	(1,657,662)	(55,567)
Surplus on disposal of housing properties	-	792,578	-	792,578	-	198,634	(35,429)	163,205
Total	8,413,327	792,578	(7,655,657)	1,550,248	7,414,958	198,634	(6,385,794)	1,227,798

THE CO-OPERATIVE DEVELOPMENT SOCIETY LIMITED
NOTES ON THE FINANCIAL STATEMENTS (continued)
31 March 2025

4. INCOME AND EXPENDITURE FROM LETTINGS	General needs properties £	Shared ownership properties £	2025 Total £	General needs properties £	Shared ownership properties £	2024 Total £
Income						
Rents receivable net of identifiable service charges	4,760,251	285,018	5,045,269	4,327,846	274,227	4,602,073
Service charges income	333,388	85,072	418,460	265,805	71,432	337,237
Amortisation of deferred capital grants	288,373	13,825	302,198	288,373	9,437	297,810
Turnover from social housing lettings	5,382,012	383,915	5,765,927	4,882,024	355,096	5,237,120
Expenditure						
Management	(706,476)	(32,641)	(739,117)	(598,818)	(10,702)	(690,520)
Service charge costs	(530,252)	(46,609)	(576,861)	(444,313)	(54,656)	(498,969)
Routine maintenance	(1,908,853)	(33,051)	(1,941,904)	(1,643,227)	-	(1,643,227)
Planned maintenance	(853,049)	(16,562)	(869,611)	(568,696)	(13,970)	(582,666)
Bad debts	(15,563)	1,209	(14,354)	(22,526)	(3,890)	(26,416)
Depreciation of housing properties						
-annual charge	(852,903)	(14,201)	(867,104)	(776,936)	(15,024)	(791,959)
-accelerated on disposal of components	(79,652)	-	(79,652)	(66,992)	-	(66,992)
Operating expenditure on social housing lettings	(4,946,748)	(141,855)	(5,088,603)	(4,121,508)	(98,242)	(4,219,750)
Operational surplus on social housing lettings	435,264	242,060	677,324	760,516	256,854	1,017,370
Void losses	(38,840)	-	(38,840)	(90,486)	-	(90,486)

THE CO-OPERATIVE DEVELOPMENT SOCIETY LIMITED
NOTES ON THE FINANCIAL STATEMENTS (continued)
31 March 2025

5. SURPLUS ON SALE OF HOUSING PROPERTIES

	2025	2024
	£	£
Sale Proceeds	1,010,774	210,778
Costs of sale transferred from fixed assets	(200,495)	(8,456)
Incidentals	(17,701)	(3,688)
Surplus for the year	792,578	198,634

6. INTEREST RECEIVABLE

	2025	2024
	£	£
On surplus cash	104,115	108,553
	104,115	108,553

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2025	2024
	£	£
On loans	161,732	181,964
On Recycled Capital Grant Fund	1,888	3,498
On sinking fund	13,820	15,142
Loan fee amortisation	5,000	5,000
Net Interest on defined benefit pension liability	61,000	57,000
	243,440	262,604

8. SURPLUS ON ORDINARY ACTIVITIES BEFORE TAX

Is stated after charging / (crediting):	2,025	2,024
	£	£
Depreciation	894,824	852,546
Loss on disposal of components	79,652	66,992
Surplus on sale of fixed assets	(792,578)	(198,634)
Operating lease rentals: land and buildings	57,373	59,789
Auditors' remuneration (excluding VAT):		
- for their audit of the financial statements	37,485	36,500

THE CO-OPERATIVE DEVELOPMENT SOCIETY LIMITED
NOTES ON THE FINANCIAL STATEMENTS (continued)
31 March 2025

9. EMPLOYEE INFORMATION

	Average number of employees	
	2025	2024
	Number	Number
The average monthly number of employees (including the Chief Executive) expressed in full time equivalents during the year	39	41
Staff costs were as follows:		
Wages and salaries	2,426,128	2,216,693
Social security costs	258,774	209,602
Other pension costs	105,932	89,389
	<u>2,790,834</u>	<u>2,515,684</u>

10. BOARD MEMBERS AND KEY MANAGEMENT PERSONNEL

The aggregate remuneration for key management personnel, which includes the executive directors and other members of the senior management team, charged in the year is:

	£	£
Aggregate emoluments payable to key management personnel (including pension contributions and benefits in kind)	560,700	623,213
Emoluments payable to the highest paid director, the Chief Executive, excluding pension contributions but including benefits in kind	<u>160,936</u>	<u>135,441</u>

The figures include the cost of Employer's National Insurance contributions and of pension contributions (except where stated otherwise) and also include amounts paid in respect of previous years such as bonus to the extent that these have been included in the accounts in the current year. The Chief Executive served for 12 months of the year.

THE CO-OPERATIVE DEVELOPMENT SOCIETY LIMITED
NOTES ON THE FINANCIAL STATEMENTS (continued)
31 March 2025

10. BOARD MEMBERS AND KEY MANAGEMENT PERSONNEL (continued)

The number of staff, including directors, who received emoluments, excluding pension contributions, greater than £60,000;

	2025 Number	2024 Number
£60,001 - £70,000	6	4
£70,001 - £80,000	1	2
£80,001 - £90,000	3	2
£90,001 - £100,000	1	-
£100,001 - £110,000	1	1
£110,001 - £120,000	1	1
£140,001 - £150,000	1	-
	<u>14</u>	<u>10</u>

The Chief Executive is a member of the Social Housing Pension Scheme. He is an ordinary member of the pension scheme and no enhanced or special terms apply. The society does not make any further contribution to an individual pension arrangement for the Chief Executive.

During the year, the aggregate compensation for loss of office of key management personnel was £nil (2024: £nil).

Payments to members of the Board of Management, excluding the Chief Executive, were:

	2025 £	2024 £
B Anim-Antwi	2,441	2,217
A Bush	2,441	2,217
S Charlick	3,654	2,392
M Creasey	3,269	4,359
J Dalal	-	5,751
R Farrar	2,500	-
R FitzGerald	2,441	2,174
S Jassal	3,052	2,804
L Jeanne	2,441	2,217
J Lack	10,780	5,401
R Robson	2,441	1,624
R Southern	2,441	2,365
	<u>37,901</u>	<u>33,521</u>

THE CO-OPERATIVE DEVELOPMENT SOCIETY LIMITED
NOTES ON THE FINANCIAL STATEMENTS (continued)
31 March 2025

10. BOARD MEMBERS AND KEY MANAGEMENT PERSONNEL (continued)

Total expenses payments paid to members of the Board of Management, excluding the Chief Executive were £356 paid to four members and comprised reimbursement of travel costs and membership fees.

11. TAXATION

	2025	2024
	£	£
Tax on profit on ordinary activities	-	-

The tax assessed for the period is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2025	2024
	£	£
Surplus on ordinary activities before tax	1,410,923	1,073,747
Surplus on ordinary activities at the standard rate of corporation tax in the UK of 25% (2024:25%)	352,731	268,437
Effect of:		
Surplus generated as a charitable society	(352,731)	(268,437)
	-	-

THE CO-OPERATIVE DEVELOPMENT SOCIETY LIMITED
NOTES ON THE FINANCIAL STATEMENTS (continued)
31 March 2025

12. TANGIBLE FIXED ASSETS – Housing properties

	Housing properties held for letting £	Shared ownership housing properties £	Total £
Cost			
At 1 April 2024	47,615,119	2,694,965	50,310,084
Additions - properties	992,123	-	992,123
Additions - components	1,137,320	-	1,137,320
Disposals - properties	-	(225,964)	(225,964)
Disposals - components	(462,280)	-	(462,280)
At 31 March 2025	49,282,282	2,469,001	51,751,283
Accumulated depreciation			
At 1 April 2024	16,187,973	596,805	16,784,778
Charge for the year	865,642	1,462	867,104
Disposals - properties	-	(58,172)	(58,172)
Disposals - components	(382,628)	-	(382,628)
At 31 March 2025	16,670,988	540,095	17,211,082
Net Book Value			
At 31 March 2025	32,611,294	1,928,906	34,540,200
At 31 March 2024	31,427,146	2,098,160	33,525,306

All housing properties are held as freehold. Loans are secured against a number of these properties. There is no capitalised interest included in housing properties (2024: nil)

Improvement to properties

	2025 £	2024 £
Replacement of components	1,137,320	1,259,844
Improvements expensed	207,281	-
	<u>1,344,601</u>	<u>1,259,844</u>

THE CO-OPERATIVE DEVELOPMENT SOCIETY LIMITED
NOTES ON THE FINANCIAL STATEMENTS (continued)
31 March 2025

13. TANGIBLE FIXED ASSETS – Other

	Community buildings £	Office furniture and equipment £	Computer equipment and software £	Tenant services equipment £	Total £
Cost					
At 1 April 2024	155,418	14,812	1,024,112	121,927	1,316,269
Additions	-	-	8,007	-	8,007
Disposal	-	-	-	-	-
At 31 March 2025	155,418	14,812	1,032,119	121,927	1,324,276
Accumulated depreciation					
At 1 April 2024	18,132	14,812	963,034	118,714	1,114,692
Charge for the year	2,590	-	24,059	1,071	27,720
Disposal	-	-	-	-	-
At 31 March 2025	20,722	14,812	987,093	119,785	1,142,412
Net Book Value					
At 31 March 2025	134,696	-	45,026	2,142	181,864
At 1 April 2024	137,286	-	61,078	3,213	201,577

14. FIXED ASSET INVESTMENT

At 1 April 2024	£
Additions	23,345
Interest charged for the year	-
At 31 March 2025	701
	24,046

The fixed asset investment is a holding in the loan stock of Bunker Housing Co-operative Ltd.

THE CO-OPERATIVE DEVELOPMENT SOCIETY LIMITED
NOTES ON THE FINANCIAL STATEMENTS (continued)
31 March 2025

15. DEBTORS

	2025	2024
	£	£
Amounts due within one year:		
Rent and service charge arrears	178,002	161,094
Less: provision for bad debts	(94,729)	(84,798)
	83,273	76,296
Amounts due from clients for monies paid on their behalf	67	17,032
Other debtors and prepayments	612,421	229,095
	695,761	322,423

16. CONTINGENT ASSET

The Society has pursued a legal case to recover funds in relation to a historic fraud perpetrated against them. The judgement hearing took place on 3rd April 2025 with the judgement ordered in favour of the Society. The Society is entitled to receipt of £575,000 following this judgement, however an application for bankruptcy has been made by the counterparty. The Society therefore considers there to be doubt over the probability and value of receipt of these amounts. No income or corresponding asset has been recognised prior to the balance sheet date as a result.

17. CREDITORS: amounts falling due within one year

	2025	2024
	£	£
Housing loans (note 19)	215,685	204,400
Recycled capital grant fund (RCGF) (note 20)	121,712	14,531
Trade Creditors	62,491	31,818
Loan Interest accrued	23,830	33,517
Capital expenditure on housing properties	-	193
Other taxation and social security payable	116,680	120,579
Rent and service charges received in advance	309,444	312,757
Amounts due to clients for monies received on their behalf	1,588,313	1,151,425
Leaseholder sinking funds	799,027	719,556
GLA grants not paid out	202,163	573,296
Other creditors and accruals	688,368	543,198
Deferred social housing grant (note 21)	302,198	303,415
	4,429,911	4,008,685

THE CO-OPERATIVE DEVELOPMENT SOCIETY LIMITED
NOTES ON THE FINANCIAL STATEMENTS (continued)
31 March 2025

18. CREDITORS: amounts due after one year

	2025	2024
	£	£
Housing loans (note 19)	3,201,334	3,417,019
Recycled capital grant fund (RCGF) (note 20)	96,299	182,313
Deferred social housing grant (note 21)	16,746,412	17,136,404
	20,044,045	20,735,736

19. HOUSING LOANS

Housing loans are secured by specific charges on the Society's housing properties.
Interest rates and maturities of the loans are disclosed at note 30.

Repayment profile of housing loans	2025	2024
All repayable by instalments	£	£
Repayable in one year	215,685	204,400
Repayable in two to five years	951,771	899,461
Repayable in more than five years	2,249,563	2,517,558
	3,417,019	3,621,419

20. RECYCLED CAPITAL GRANT FUND

	2025	2024
	£	£
At 1 April 2024	196,844	249,465
Grants recycled (note 29)	121,712	14,531
Interest accrued	1,888	3,306
Repayments	(102,433)	(70,458)
At 31 March 2025	218,011	196,844

During the year £121,712 (2024: £14,531) of SHG including simple interest was recycled into the fund on disposal of a property that was staircasing. Of the total £81,477 (2024: £132,280) is repayable within one year.

THE CO-OPERATIVE DEVELOPMENT SOCIETY LIMITED
NOTES ON THE FINANCIAL STATEMENTS (continued)
31 March 2025

The notional interest charged to the fund was £1,888 (2024: £3,306).

21. DEFERRED SOCIAL HOUSING GRANT

	Housing properties held for letting £	Shared ownership housing properties £	Total £
Cost			
At 1 April 2024	26,155,002	1,504,267	27,659,269
Transferred to recycled capital grant	-	(121,712)	(121,712)
At 31 March 2025	26,155,002	1,382,555	27,537,557
Accumulated depreciation			
At 1 April 2024	9,749,893	469,558	10,219,451
Amortisation credit for the year	288,373	13,825	302,198
Released on disposals	-	(32,702)	(32,702)
At 31 March 2025	10,038,266	450,681	10,488,947
Net Book Value			
At 31 March 2025	16,116,736	931,874	17,048,610
At 1 April 2024	16,405,109	1,034,709	17,439,818

22. DEFINED BENEFIT PENSION LIABILITY

The society participates in SHPS, a multi-employer pension scheme which provides benefits to non-associated participating employers. The scheme is classed as a defined benefit scheme in the UK. The scheme is classified as a 'last man standing' arrangement. Therefore, the society is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

THE CO-OPERATIVE DEVELOPMENT SOCIETY LIMITED
NOTES ON THE FINANCIAL STATEMENTS (continued)
31 March 2025

22. DEFINED BENEFIT PENSION LIABILITY (CONTINUED)

For the year ended 31 March 2025, sufficient information is available for the society in respect of SHPS to account for its obligation on a defined benefit basis. The most recent formal actuarial valuation was completed as at 30 September 2020 and rolled forward, allowing for the different financial assumptions required under FRS 102, to 31 March 2025 by a qualified independent actuary.

Under the defined benefit pension accounting approach, the SHPS net deficit as at 31 March 2025 is £1,001k and £1,405k as at 31 March 2024.

Fair value of plan assets, present value of defined benefit obligation, and defined benefit asset

	31 March 2025 (£000s)	31 March 2024 (£000s)
Fair value of plan assets	5,809	5,902
Present value of defined benefit obligation	6,810	7,307
Deficit in plan	(1,001)	(1,405)
Defined benefit liability to be recognised	(1,001)	(1,405)

Reconciliation of opening and closing balances of the defined benefit obligation

	Year ended 31 March 2025 (£000s)
Defined benefit obligation at start of period	7,307
Expenses	7
Interest expense	351
Actuarial losses due to scheme experience	254
Actuarial (gains) due to changes in demographic assumptions	-
Actuarial (gains) due to changes in financial assumptions	(811)
Benefits paid and expenses	(291)
Defined benefit obligation at end of period	6,817

22. DEFINED BENEFIT PENSION LIABILITY (CONTINUED)

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

	Year ended 31 March 2025 (£000s)
Fair value of plan assets at start of period	5,902
Interest income	290
Loss on plan assets (excluding amounts included in interest income)	(412)
Contributions by the employer	320
Benefits paid and expenses	(291)
Fair value of plan assets at end of period	5,809

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2025 was (£122,000).

Defined benefit costs recognised in statement of comprehensive income (SOCI)

	Year ended 31 March 2025 (£000s)
Expenses	7
Net interest expense	61
Defined benefit costs recognised in Statement of Comprehensive Income	68

Defined benefit costs recognised in other comprehensive income

	Year ended 31 March 2025 (£000s)
Loss on plan assets (excluding amounts included in net interest cost)	(412)
Experience losses arising on the plan liabilities	(247)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain	-
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain	811
Total amount recognised in other comprehensive income - loss	152

THE CO-OPERATIVE DEVELOPMENT SOCIETY LIMITED
NOTES ON THE FINANCIAL STATEMENTS (continued)
31 March 2025

22. DEFINED BENEFIT PENSION LIABILITY (CONTINUED)

Assets	31 March 2025 (£000s)	31 March 2024 (£000s)
Global Equity	651	588
Absolute Return	-	231
Distressed Opportunities	-	208
Credit Relative Value	-	193
Alternative Risk Premia	-	187
Liquid Alternatives	1,077	-
Emerging Markets Debt	-	76
Risk Sharing	-	346
Insurance-Linked Securities	18	31
Property	291	237
Infrastructure	1	596
Private Equity	5	5
Real Assets	695	-
Private Debt	-	232
Opportunistic Illiquid Credit	-	231
High Yield	-	1
Cash	79	116
Long Lease Property	2	38
Secured Income	97	176
Liability Driven Investment	1,759	2,402
Currency Hedging	9	(2)
Net Current Assets	13	10
Total Assets	5,809	5,902

Principal actuarial assumptions: Financial assumptions

	31 March 2025 % per annum	31 March 2024 % per annum
Discount Rate	5.82%	4.90%
Inflation (RPI)	3.10%	3.15%
Inflation (CPI)	2.79%	2.78%
Salary Growth	3.79%	3.78%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

22. DEFINED BENEFIT PENSION LIABILITY (CONTINUED)

Mortality assumptions

The mortality assumptions adopted at 31 March 2025 imply the following life expectancies:

	Life expectancy at age 65 (Years)
Male retiring in 2025	20.5
Female retiring in 2025	23.0
Male retiring in 2045	21.7
Female retiring in 2045	24.5

23. NON-EQUITY SHARE CAPITAL

Ordinary shares of £1 each issued and fully paid	2025 £	2024 £
At 1 April	10	9
Issued during the year	-	2
Cancelled during the year	(1)	(1)
At 31 March	9	10

Each non-executive member of the Board of Management holds one £1 share in the Society.

THE CO-OPERATIVE DEVELOPMENT SOCIETY LIMITED
NOTES ON THE FINANCIAL STATEMENTS (continued)
31 March 2025

24. NOTES TO THE CASH FLOW STATEMENT

	2025 £	2024 £
Surplus for the financial year		
Surplus on sale of housing properties	1,410,922	751,747
Interest receivable and similar income	(792,578)	(198,634)
Interest payable and similar charges	(104,115)	(108,553)
	243,440	262,604
Operating Surplus	757,669	707,164
Depreciation	894,824	852,546
Grant amortisation	(302,198)	(297,810)
Other capital adjustments – disposals	79,652	66,992
Pension deficit payment	(312,716)	(297,992)
Increase in debtors	(368,508)	(122,592)
(Decrease)/Increase in creditors	(507,447)	695,274
Net cash generated from operating activities	241,276	1,603,582

25. NET DEBT

	At 1 April 2024	Cash Flows	Fair Value Movements	Foreign Exchange Movements	Other non-cash Movements	At 31 March 2025
	£	£	£	£	£	£
Cash	8,069,258	(482,090)	-	-	-	7,587,168
Bank loans due within one year	(204,400)	204,400	-	-	(215,685)	(215,685)
Bank loans due in over one year	(3,417,019)	-	-	-	215,685	(3,201,334)
	(3,621,419)	204,400	-	-	-	(3,417,019)
Net Debt	4,447,839	(277,690)	-	-	-	4,170,149

THE CO-OPERATIVE DEVELOPMENT SOCIETY LIMITED
NOTES ON THE FINANCIAL STATEMENTS (continued)
31 March 2025

26. OPERATING LEASES

The total of future minimum lease payments under non-cancellable operating leases for each of the following periods:

	2025	2024
	£	£
Not later than 1 year	18,360	30,438
Total	18,360	30,438

27. CONTINGENT LIABILITIES

There were no contingent liabilities (2024: nil).

28. UNITS AND BED SPACES IN MANAGEMENT

	2025	2024
	Number	Number
Units in management owned		
Units for rent	750	738
Shared ownership units	73	78
Leasehold	164	162
Total Owned	987	978
Units managed on behalf of others		
Units for rent	1,382	1,438
Shared ownership units	68	68
Leasehold	67	67
Total managed on behalf of others	1,517	1,573
Total owned and managed units	2,504	2,551

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NOTES ON THE FINANCIAL STATEMENTS (continued)
31 March 2025

29. ACCUMULATED SOCIAL HOUSING GRANT

	Treated as a capital grant (note 20) £	Treated as revenue income £	Total 2025 £	Total 2024 £
At 1 April 2024	27,659,269	1,504,267	29,163,536	29,621,226
Recycled in year	(121,712)	-	(121,712)	-
At 31 March 2025	27,537,557	1,504,267	29,041,824	29,621,226

30. FINANCIAL ASSETS AND LIABILITIES

The board policy on financial instruments is explained in the board report as are references to financial risks.

Categories of financial assets and financial liabilities

	2025 £	2024 £
Financial liabilities measured at amortised cost	3,417,019	3,621,419
Total	3,417,019	3,621,419

Financial assets

Other than short-term debtors, financial assets held are equity instruments in other entities, cash deposits placed on money markets at call and cash at bank. They are sterling denominated and the interest rate profile at 31 March was:

	2025 £	2024 £
Floating rate on money market deposits	5,301,653	6,060,303
Fixed rate investments	24,046	23,345
Financial assets on which no interest is earned	2,285,515	2,008,955
Total	7,611,214	8,092,603

The fixed rate investment is a trade investment in the loan stock of another entity. The financial assets on which no interest is earned comprise cash balances in non-interest bearing accounts. The remaining financial assets are floating rate, attracting interest at rates that vary with bank rates.

THE CO-OPERATIVE DEVELOPMENT SOCIETY LIMITED
NOTES ON THE FINANCIAL STATEMENTS (continued)
31 March 2025

31. FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

Financial liabilities excluding trade creditors – interest rate risk profile

The group's financial liabilities are sterling denominated. The interest rate profile of the group's financial liabilities at 31 March was:

					2025	2024
					£	£
Financial liabilities measured at amortised cost						
Fixed Rate Instruments						
	Rate	Maturity				
Bilateral bank loan	4.54%	2037			1,900,449	2,006,724
Bilateral bank loan	11.32%	2037			88,567	109,942
					1,989,016	2,116,666
Variable Rate Instruments						
	Margin over LIBOR	Maturity				
Bilateral bank loans	0.375%					
	0.4%	2037			1,461,886	1,543,636
					1,461,886	1,543,636
					(33,883)	(38,883)
Amortised loan issue costs						
Total					3,417,019	3,621,419

31. RELATED PARTY TRANSACTIONS

One member of the Society's Board of Management is also a committee member of a fully mutual co-operative to which the Society has provided landlord and business management services during the year (Mr Tony Bush, Shorncliffe Co-op in Folkestone). All transactions between the Society and the fully mutual co-operative were conducted with the co-op's management committee on the Society's normal trading terms. The total value of fees receivable from this cooperative was £21,865 inclusive of VAT (2024: £20,636 inclusive of VAT) and the net balance due to the co-operative at 31 March 2025 was £25,667 (2024: £27,821).

32. LEGISLATIVE PROVISIONS

The Society is incorporated under the Co-operative and Community Benefit Societies Act 2014 with registration number 17107R and is a Registered Provider registered with the Regulator of Social Housing, with number LH0170 under the Housing Act 1996.