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Audit findings report

Bield Housing & Care

Year ended 31 March 2026

Presented to the Audit, Performance and Risk Committee

Reissued for the Board Meeting on 26 August 2026

12 August 2026



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Executive summary

Status and overview of the audit

Our audit progressed as planned and is now complete. We anticipate issuing an unmodified opinion on the financial statements.

Final materiality

Final materiality was set at £3,100,000 and has not changed since our planning.

Unadjusted misstatements

A list of the unadjusted misstatements is included in the Appendix.

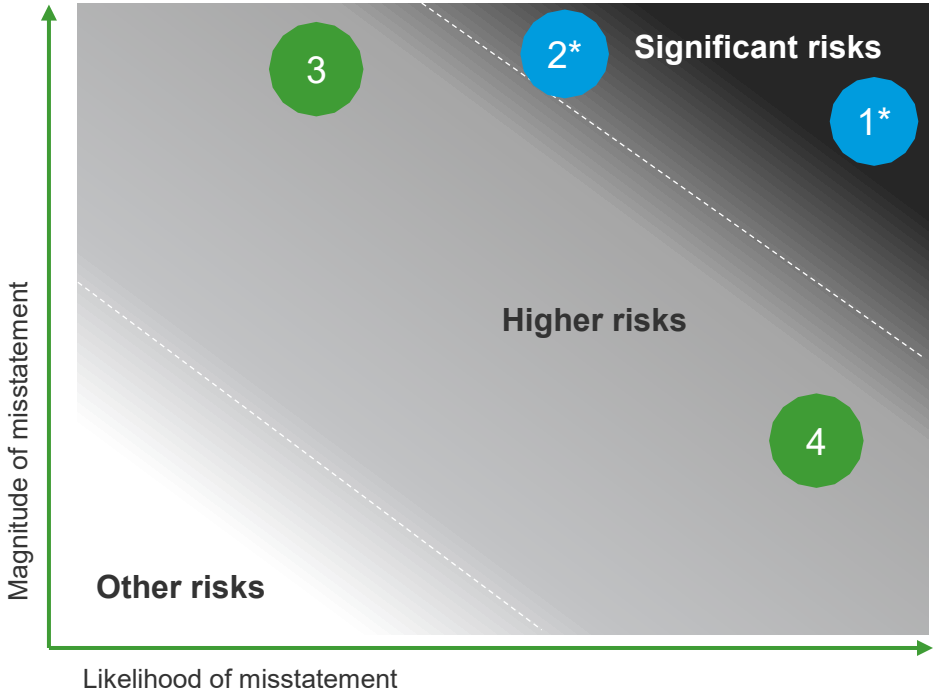


Key audit risk findings

(See Appendix for risk description and planned work)

We have set out below details of those areas that we considered to be the key audit risks arising when we presented our audit plan.

There have been no changes to the risks identified.



* = ISA 240 'The auditor's responsibilities relating to Fraud in an audit of financial statements' identifies that there is a presumed fraud risk in relation to management override of controls. As a result, this has been classified as a significant risk.

Audit risks summary

Item	Risk identified	Change in risk
1	Management override of controls	▶
2	Impairment of long-term voids	▶
3	Valuation of defined benefit pension scheme	▶
4	Cut-off of planned maintenance costs	▶

Audit risks

	Findings
Management override of controls	We have walked through all the key processes within the organisation and have evaluated the design and operation of these controls; with some minor recommendations for improvement reported as recommendations on controls from page 8. We have reviewed the journals recorded through the general ledger in the period against a set of risk criteria by using our Alteryx software. This software analyses the general ledger against a variety of risk criteria to which identify those transactions that indicate the greatest risk of an attempt by management to override the internal control environment. We have identified a risk-based sample of transactions in the period using this process and obtained explanations of these transactions along with evidence of the activity being posted. These journals tested included; the posting of year-end and month-end day-to-day accruals, alongside other journals relating to posting of rental income and accruals into suspense accounts that had not been netted to £nil at the year-end. We are satisfied that these transactions are reasonable and had supporting documentation and evidence behind each of them. We have reviewed the key estimates, particularly in relation to the valuation of pension schemes, the impairment of long-term voids and the useful lives and depreciation of housing properties. We are satisfied that there is no management bias in the calculation of the estimates and the assumptions used. We have reviewed the work of the internal auditors and are not aware of any weaknesses that suggest the potential override of internal controls. Through our audit procedures performed we have not identified any significant transactions outside the normal course of business.
Impairment of long-term voids	We have obtained a report from management providing details of the organisation's long term voids, being anything which has been void for more than one year. The majority of these represent studio or bedsit properties which are no longer sought after, or units in locations that are considered less desirable and so are difficult to fill. The tenant base at Bield are predominantly elderly people and from our discussions with management, we understand that the preference for these tenants is to have more living space than would be afforded to them in a one room studio or bedsit, including easier access to local amenities. Management have indicated that these properties form the basis of their future redevelopment plans. These plans involve repurposing many of these properties to transition them into larger 2 or 3-bedroom apartments which will be far more desirable for tenants. As such, management do not believe any impairment would be appropriate. Management have not obtained a formal valuation for the properties this year, as they engaged Savills to provide a valuation report on the Association's property portfolio in the FY2024. We have obtained managements' impairment review for the current year which compared the carrying value of Long-term voids against local house prices. We have recalculated this approach, looking at any properties that were void at the year-end and had been for a period greater than 100 days. In our revaluation, the total carrying value of these identified units was trivial, which provides sufficient assurance for us to conclude that management's assessment of no impairment is appropriate. We have performed other procedures to identify other indicators of impairment, including discussing the properties with those outside of the finance team and reviewing other information. None of these procedures identified any indicators that these voids required further impairment. We have examined the organisation's closed assets to determine if a potential impairment exists on these. We have obtained a listing of closed assets and confirmed that there has been no change in these since the prior year when we confirmed that the NBV of these properties was immaterial, as such management do not believe that there is a risk of further impairment on these properties, and we believe this conclusion to be appropriate. Please note that these properties have been previously impaired during both FY18 and FY19 and given they are immaterial we do not believe any further write down is appropriate. We have reviewed the estimates involved with the valuation of housing properties and so are satisfied that management's judgements in this area are appropriate.

Audit risks (continued)

	Findings
Valuation of defined benefit pension scheme	We have obtained the year end valuation pension reports from the Pensions Trust and we have reviewed the assumptions and data in reaching the year end valuation position. We received separate data direct from the Pensions Trust to outline the total scheme assets within the SHPS scheme and Bield's share of those assets allowing us to recalculate the asset value within the pension scheme. Using benchmarking data, we have also assessed the reasonableness of the underlying assumptions. We have concluded that while some of the assumptions adopted are outside of the appropriate range, the impact on the underlying assets and liabilities are trivial. Therefore, we are comfortable the valuation of the pension scheme deficit is appropriate. We have reviewed the disclosure in the financial statements to confirm that management have applied the assumptions and valuations correctly. We are satisfied that the disclosure in the financial statements accurately reflects the figures provided by the Pensions Trust. Based on the work performed above we are satisfied that the pension liability is presented accurately in the financial statements.
Cut-off of planned maintenance costs	We have reviewed the controls management have in place over their purchasing process and are satisfied that these are designed and operating effectively. We have examined the population of planned maintenance expenditure for the period either side of the year end and tested these items to invoice to verify that they are recorded at the correct value and that the classification as an item of expenditure is reasonable. We have reviewed the accruals recorded in respect of planned maintenance and verified that any estimates made by management are appropriate and have identified no exceptions with regard to this risk. We do note that some invoices were recorded months after they were received, due to a delay in being provided to the finance team from the relevant department, which we have raised as a control point on page 8. Based on the work we have performed we are satisfied that there are no issues with regards to the cut-off of planned maintenance expenditure.

Qualitative aspects of accounting

Management judgements and accounting estimates

The following areas are considered to be the principal management judgements and estimates. The graphic below visually represents the impact (lower or higher) on the financial statements of a change in management's estimate. In overview, a reasonably possible change in estimate that has a low impact means that such a change will have limited impact on the financial statements.

Areas of judgement / estimate	Low impact	High impact
Valuation / impairment of housing properties		■
Valuation of pension liability		■
Useful economic lives of housing properties / components	■	



Recommendations on controls

We have set out below recommendations on internal controls which came to our attention during the course of our audit work. This does not constitute a comprehensive statement of all internal control matters or of all improvements which may be made and has addressed only those matters which have come to our attention as a result of the audit procedures performed. An audit is not designed to identify all matters that may be relevant to you and accordingly the audit does not ordinarily identify all such matters.

Control observation	Recommendations and response
Owner service properties in CX While testing rental income, we noted that CX contains Owner Services properties that are no longer serviced by Bield and therefore, do not generate any income. Each unit has £Nil income in total from the report. This may have GDPR implications and also add unnecessary noise to the rent due report, in terms of testing.	**Recommendations** We recommend that the client removes all Owner Services properties that are no longer serviced by BHC from CX to ensure the system only contains relevant, income-generating properties. **Management response** All owner services properties that are no longer serviced by Bield are registered as out of management and are currently unlettable on CX, our housing management system. These properties were transferred to a new factor in 2023, therefore the data currently held on these properties is held in line with our document retention schedule. We will therefore review our system and remove these properties from our system within the retention schedule timescale.
Regular review of owners funds due to Tenants During our testing we note £567k of owners funds in other receivables. These are costs that Bield has paid for on behalf of Shared Ownership properties, hence they are amounts due to Bield. This has aged items, unreconciled and dating back to 2009, included therefore there is a control issue for these to be reviewed and funds transferred over to Bield on a timely basis, as this is not occurring.	**Recommendations** We recommend that more timely exercise is undertaken in order to transfer these funds and reduce the other payables/receivables due to/from the owner services. **Management response** A review of our factored services is currently underway and a full review of owners funds is included as part of this work. This is due to be completed by the end of 2026.

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Control recommendation



Assessment key

- **Significant control recommendation***
- **Other control recommendation**

- **Owner service properties in CX**
- **Regular review of owners funds due to Tenants**
- Timeliness of invoices provided to finance
- Overdue cash due to tenant

** = these represent a risk of material misstatement to the financial results*

Recommendations on controls (continued)

Control observation	Recommendations and response
Timeliness of invoices provided to finance During our purchases testing, we noted timing differences between service delivery and invoice processing due to invoices not being provided to the finance team in a timely manner, with invoices dated December 2025 recorded in March 2026. Whilst this is in the same period, there is an increased risk of invoices not being received and recorded in the correct period.	**Recommendations** Improve the timeliness of internal communication and invoice processing to ensure expenses are recognised in the correct accounting period. **Management response** A plan for wider financial improvements was presented to Audit, Performance and Risk Committee in May 2026, this plan noted the timeliness of invoice processing and payments. Collaborative efforts led by the Director of Finance and Business Services with the finance, property and ICT departments has focussed on such invoices. Processes and controls have been improved with invoicing now up-to-date and full supplier statement reconciliations being completed. Future plans include the centralisation of invoice processing which will mitigate the risk of the reoccurrence of these issues.
Overdue cash due to tenant During our testing, we have picked up an item dated 11/02/2022 relating to money owed to a former tenant. We could find no evidence that the Housing Team had followed the process to contact next of kin and return this money on a timely basis. As this is an aged creditor, it should have been returned to the former tenant, alongside all other overdue returns, with approval from the board. This has yet to occur.	**Recommendations** We would recommend timely recognition for items to be written back and approved by the board, with a review of the process around historic items and progress updates on these. **Management response** A review of the current process for reviewing and progressing former tenant rent accounts arrears and credits is currently underway. This will incorporate training and development for all housing staff supporting the management of former tenant rent accounts, including a regular internal audit to ensure these accounts are processed in line with procedures.

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Control recommendation

Assessment key

- **Significant control recommendation***
- **Other control recommendation**

- Owner service properties in CX
- Regular review of owners funds due to Tenants
- **Timeliness of invoices provided to finance**
- **Overdue cash due to tenant**

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Appendix

Summary of unadjusted misstatements

A summary of the unadjusted misstatements identified during the course of our work is set out below, analysed between misstatements of fact and differences in judgement.

Factual misstatements			
Account	**Profit & loss (£'000)**	**Balance sheet (£'000)**	**Description**
Dr Prepayments		8	Being factual misstatement of year end accounts payable from post year end receipts testing. These are above trivial threshold when extrapolated
Cr Accounts payable		(8)	
Dr Development costs (AUC)		97	Being the factual development cost misstatement, relating to Menzies Court invoice received after year-end relating to work performed in the current year. These are above trivial threshold when extrapolated
Cr Accounts payable		(97)	
Total	**-**	**-**	

Summary of unadjusted misstatements (continued)

Judgemental misstatements			
Account	**Profit & loss (£'000)**	**Balance sheet (£'000)**	**Description**
Dr Prepayments		165	Being the projected misstatement of year end accounts payable from post year end receipts testing
Dr Development Costs (AUC)		109	
Cr Accounts payable		(274)	
Total	**-**	**-**	

Financial statement disclosures

During the course of our audit, we reviewed the adequacy of the disclosures contained within the financial statements and their compliance with both relevant accounting standards and the requirements of the Charities SORP 2018.

The following disclosure matters were brought to your attention and subsequently adjusted / not adjusted in the revised financial statements.

Unadjusted disclosures	Adjusted disclosures
Figures used in cashflow workings	Wording and grammatical errors within the Strategic report
	Updates on signatories on financial statements
	To add dates of Board appointments outside of the audit year.
	Wording of going concern policy and reference to net current liabilities
	Consistency of notes internally and with prior year figures

SORP 2026: preparing for change

The amendments to FRS102 and Housing SORP 2026 will be effective for periods commencing on or after 1 January 2026

Income recognition

Income from contracts will be recognised under a five-step model, which focuses on identifying the distinct goods and services ('performance obligations') promised to the recipient and the amount of consideration the provider will be entitled to in exchange for each of these performance obligations.

The changes may impact the timing and amount of income that the provider recognises, to varying degrees, depending on the nature and terms of contracts and current income recognition policies.

Income from service charges, supported housing and other care service contracts, commercial development and property sales are those most likely to be impacted.

Rental income continues to be accounted for under lease accounting requirements. However a practical challenge for providers will be to identify the "lease and non-lease" components of income from tenants in order to account for them under the income and leases sections of the SORP respectively.

Government grants and capital grants continue to be treated as non-exchange transactions and therefore treated under the current grant sections.

Leases

For lessees, the current distinction between finance and operating leases has been removed. Most leases (subject to exemptions for low value items and lease terms of less than 12 months) will now come onto the balance sheet with the recognition of a lease liability and corresponding right-of-use asset, with straight-line operating lease expense replaced with depreciation and interest.

These amendments could impact key figures, KPIs and borrowing covenants.

Leases for nominal payment ("peppercorn leases") are unlikely to meet the definition of a lease and would be recognised as non-exchange transactions and not subject to the lease requirements.

Leases with payments at significantly less than market rent will be considered to have a non-exchange element with this element forming part of the cost of the right of use asset.

Lessor accounting remains unchanged however there is a new requirement in FRS102 for lessors to disclose a maturity analysis of future lease payments receivable under operating leases. This needs to be disclosed annually for the first 5 years and a total for the remaining years. The underlying assumptions also need to be disclosed. Collating this information could be a time-consuming exercise for many providers.

SORP 2026: preparing for change

The amendments to FRS102 and Housing SORP 2026 will be effective for periods commencing on or after 1 January 2026

Other changes:

Enhanced Narrative Reporting: Extending the strategic report requirements to housing providers with more than 1,000 units (lowered from 5,000)

Shared Ownership: Updated guidance on how to account for repair responsibilities and Right to Shared Ownership requirements

Stock Swaps: Standardises the treatment of unit exchanges and related grant income under FRS 102.

Regeneration Schemes: Provides clearer criteria for capitalising costs and impairment reviews across complex regeneration projects.

Provisions: Improves consistency in recognising provisions for non-compliance with regulations and standards such Decent Homes, building safety, and net zero.

Preparing for change

We believe early preparation is essential to ensure that your business is ready for the changes in UK GAAP. We recommend assessing the impact of the changes on your financial statements and business as well as:

- factoring the changes into KPI's and budgets;
- assessing the impact on borrowing covenants;
- updating reporting and management information systems; and
- explaining the impact of the changes to key stakeholders including lenders and the board.

How can we help?

RSM's financial reporting specialists offer a range of tailored services to support you with the transition including:

- Impact assessments and workshops to help your team understand the amendments and actions needed;
- Assistance with preparation of new disclosures required
- Preparation of your financial statements that incorporate all relevant changes.

Provision of such services will be subject to suitable safeguards to ensure compliance with Ethical Standards for Auditors.

Other matters to be reported

Representations requested

In addition to those representation which we request on all audit assignments (http://www.rsmuk.com/standard-representations) we will not be seeking specific representations from the Board.

Independence

In accordance with the International Standard on Auditing (UK) 260 “communication with those charged with governance”, there are no changes to the details of relationships between RSM UK Audit LLP including its related entities and persons in a position to influence the conduct or outcome of the audit and Bield Housing & Care and its connected parties that may reasonably be thought to bear on our independence, integrity and objectivity and the related safeguards from those disclosed in the audit plan.

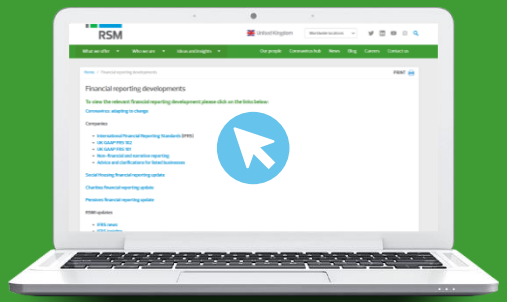


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Financial reporting updates

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Audit risk summary
taken from the audit plan

Audit risk summary

Risk	Description	Response
Management override of controls	This is a key area of focus for all audits where the management of the organisation differs from those charged with governance, and is a standard risk to be considered by auditors under the provisions of ISA (UK) 240. Systems of internal control are designed to mitigate inherent risks of error within the core control systems to an acceptable level. By nature, a management override or by-pass of controls cannot be eliminated by the implementation of controls and therefore as part of our audit we will perform additional tests of detail to address this risk.	As part of our audit, we will: • Update our documentation of the key financial systems and perform walkthrough testing to consider if the key processes and controls are operating as they should be and that segregation of duties appears appropriate. We will highlight any recommendations for improvement to systems in our Final Audit Findings. • Review journal processing noting how journals are processed and reviewed and the general nature of journals processed within the organisation. We will then test a sample of journals made in for all entities using data analytics and assigning a risk-based score based on several inputs including for example the time and date of posting, the frequency of posting from that user and other categories we consider relevant. We will investigate and seek to understand any journals that appear to be unusual, have a higher risk score or appear to represent the reversal of a transaction. • Review significant accounting estimates, (including valuation of pension liabilities which are discussed below) judgements and policies which could involve bias resulting in a material misstatement. • Discuss the basis and business rationale for any significant non-routine or contentious transactions which come to our attention during the course of our audit and will fully report the outcomes of our testing in our audit findings report. • Review the work of internal audit and consider the effect of any weaknesses identified on our work or where we can take reliance from this in terms of potential override of internal controls.

Audit risk summary (continued)

Risk	Description	Response
Impairment of long-term voids	We are aware that there have been some long-term voids over the past few years with values still held within fixed assets, therefore there is an inherent risk that they could be impaired, which has the potential to be a material adjustment. We understand that your strategic asset plan is currently underway and that you carried out a full valuation of your stock using EUV-SH and MV-STT to provide assurance in the previous year. We will require management to prepare an impairment assessment for all properties. This analysis should be supported through consideration of forecast rental income along with any recent valuations provided by a third party.	As part of our audit, we will: • Seek management's assessment of whether properties are deemed to be impaired or not and review the underlying assumptions thereon. We will examine properties where there are high void numbers or long term voids as this is a key indicator of impairment. • Review the results of these properties and compare their Net Book Value to their assessed Net Present Value based on forecast results. Where we identify that there is no headroom we will challenge management on whether there should be an impairment on these properties. • Review the disclosure within the narrative on key accounting estimates and judgements to determine whether it is consistent with our understanding. We will review the accounting treatment of any impairment made and the disclosure associated with this confirming it is complete and accurate.
Valuation of defined benefit pension scheme	Bield Housing & Care participates in the Social Housing Pension Scheme (SHPS). The Pensions Trust (TPT) prepare the valuation report, which includes FRS102 disclosures, and management should review the valuation report along with the underlying assumptions. The actuarial assumptions used contain a high degree of judgement and estimation making the balance more susceptible to fraud and error.	As part of our audit, we will: • Obtain the valuation reports produced by TPT and review the reasonableness of the methodology, data and assumptions used. • Consider management's consideration of the assumptions used and assess the independence and competence of any management's expert used to provide additional comfort over the review process in place. • Assess whether the valuation is recognised in the financial statements correctly and whether the disclosure within the financial statements is accurate and complete in accordance with the relevant accounting requirements.

Audit risk summary (continued)

Risk	Description	Response
Cut-off of planned maintenance costs	Major repairs and planned component replacements have incurred throughout the year, although below budget. This increases the risk of cut-off errors within maintenance or capital development expenditure with management looking at the potential opportunity of using this budget before the year end and recording items incorrectly.	As part of our audit, we will: • Consider the controls management has in place in order to determine whether spend is recorded in the correct period; and will report any such issues in our audit findings report. • Review a sample of transactions in the period before and after 31 March 2026 to ensure that spend is recognised in the appropriate accounting period and will review key spend with reference to invoices. Where estimates are made in respect of accruals; we will inquire of management as to how these estimates have been reached.

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