Regenda
Homes

Regenda Limited

Report and Financial Statements

Year Ended
31 March 2022

Co-operative and Community Benefit Society (FCA) number: 31240R

Regulator of Social Housing number: L4653

Regenda Limited

Report and financial statements for the year ended 31 March 2022

Contents

Page:

Members

C Wilson (Chair)
P Roberts
T Hepton
M Birkett
C Stubley (resigned 15 September 2022)
S Bonnette
T Jones
J Wild (deceased 15 September 2022)
J Wood
L Dixon
M Pierre (appointed 4 November 2021)
J Green (appointed 4 November 2021, resigned 23 June 2022)

Secretary and registered office

J Vincent
The Foundry, 42 Henry Street, Liverpool, L1 5AY

Auditor

BDO LLP, 5 Temple Square, Temple St, Liverpool L2 5RH

Regenda Limited

Strategic report
for the year ended 31 March 2022

Group Highlights – Five-year summary

	2022 £'000	Restated 2021 £'000	2020 £'000	2019 £'000	2018 £'000
Statement of Comprehensive Income					
Turnover	72,439	75,868	70,703	68,932	67,995
Operating surplus	11,791	16,825	9,017	18,787	20,511
Surplus retained	1,665	8,789	199	11,043	12,050
Actuarial gain/(loss) in pension scheme	3,930	(4,897)	5,383	(8,291)	654
Statement of Financial Position					
Housing properties net of depreciation	490,645	490,544	486,140	483,439	477,951
Investment properties	29,966	28,363	23,906	7,221	8,157
	520,611	518,907	510,046	490,660	486,108
Other fixed assets	10,303	10,138	10,485	10,040	10,148
Goodwill	-	-	150	217	1,127
Investment in associate	-	184	-	-	-
Net current (liabilities)/assets	524	7,723	3,880	8,094	3,928
Total assets less current liabilities	531,438	536,952	524,561	509,011	501,311
Loans due over 1 year	205,123	209,476	205,203	188,319	189,363
Other long-term liabilities	226,805	228,378	228,167	228,608	237,696
Pension liability	7,128	12,311	8,613	15,088	-
Endowment reserves	110	110	102	101	100
Restricted reserves	1,371	1,396	1,374	1,407	1,416
Revenue reserves	90,494	84,874	81,102	75,488	72,736
	531,428	536,952	524,561	509,011	501,311
Housing properties owned and managed at year end	**Number**	**Number**	**Number**	**Number**	**Number**
Social housing	12,741	12,777	12,743	12,867	12,976
Non-social housing	238	242	224	136	148
	12,979	13,019	12,967	13,003	13,124
Statistics					
Operating surplus (excluding fixed asset disposals and revaluations) as % turnover	15.18%	19.99%	14.35%	22.60%	28.50%
Operating Margin – SH Lettings	22.80%	28.92%	23.37%	30.50%	35.20%
Rent losses (voids and bad debts as % of rent and service charges receivable)	1.54%	1.72%	2.33%	1.26%	1.43%
Rent arrears (gross arrears as a % of rent and service charges receivable)	5.69%	5.65%	5.75%	5.28%	4.62%
Interest cover EBITDA- MRI	98.78%	156.94%	98.33%	145.0%	182.10%
Gearing (total loans/net housing fixed assets)	40.00%	38.84%	40.37%	36.90%	38.30%

Value for money statement

We aim to achieve value for money in all that we do. We believe that value for money means using our resources and assets economically, efficiently, and effectively, in achieving the optimal outcomes of our strategic objectives aligned to our core purpose and in keeping with stakeholder expectations.

Core purpose and values

The successful attainment of our goals will ensure that we are a market-leading, high-performing organisation, fulfilling our core purpose of **regenerating places by providing opportunities for people to advance their social and economic wellbeing**.

This includes:

- The provision of a comprehensive range of **high-quality multi-tenure housing products and services,** to reflect the dynamic nature of the housing market and the diversity of our customer
- The provision of **education, training, apprenticeship, career and personal development services and programmes** that raise aspirations, improve life chances and ultimately enhance opportunities for fulfilling and sustainable employment.
- The provision of **care and support services** that assist individuals and families in accordance with their specific needs.

Our values are the operating principles and philosophies that guide our internal conduct as well as our relationship with customers, partners and stakeholders. They have been developed in accordance with our staff.

- Customer centric
- High performance
- Efficiency and value for money
- One team
- Ambition and dynamism
- Openness and honesty

We assess how well we reflect these values in practice by consulting with staff, customers and other stakeholders, enabling them to exert influence on its policies and procedures.

We deliver our core purpose through a dynamic group of organisations (commercial and charitable entities) doing very different things. We work where we can make a difference and operate across the housing and construction, care and support, and training and employment sectors.

All our companies fundamentally exist to support the attainment of our core purpose, through the provision of services with clear social and economic outcomes and/or the creation of profit for reinvestment in our purpose.

With a charitable parent company, we are an independent social business. We define our operating philosophy as one that creates and pursues opportunities relentlessly to sustainably generate social value and profit for purpose.

We have a clear approach to grow and diversify our activities to further both the progression of out core purpose and strengthen our financial position. Achieving our core purpose with limited reducing recourse to public funding is our goal in this respect.

As a social business, we operate in some markets that traditionally private sectors choose not to enter, as the financial returns are not sufficiently attractive. However, these markets are crucial to the effective functioning of civil society in the UK and therefore an integral part of our core purpose is to address such market needs. The desire sometimes means the need for significant subsidy, and we will be open to such requirements in accordance with affordability of our business plan.

Context

The 2022 operating environment is characterised by volatility, which whilst extremely challenging, also presents opportunities. Specifically, there are considerable financial pressures within the Registered Provider sector arising from economy-wide inflation, fire safety costs, energy efficiency targets and a sustained increase in general repair costs, construction and development pressures. Covid-19 and rapidly increasing fuel prices and general sharp increases in the cost of living have adversely affected many of our residents and the incidence of financial hardship and overall poverty is increasing. Our diverse service offer incorporating quality housing, care and support, training, education and apprenticeships will be at the heart of helping people through difficult times.

Our Group Corporate Plan 2022 to 2025 builds upon our achievements to date and sets out an ambitious agenda that ensures we continue to strengthen our existing strong foundations and respond with confidence to the challenging and dynamic operating environment in which we work.

Benchmark group

Throughout this report we compare our performance against the regulator's value for money metrics at a national and local level.

Metrics	National Benchmark group	Local peer group
The Regulator of Social Housing VFM metrics	National median – all registered providers. Source: Global accounts 2021 (all registered providers)	All traditional and LSVT (over 7 years) within the North West with between 10,000 and 20,000 units. (7 Registered Providers)
Operational performance metrics		Housemark – North West traditional registered providers with between 10,000 and 20,000 units. (158 Registered Providers)

Operating performance

The Group's Board and Executive Team use a key set of indicators to monitor performance and achievement of the Group's strategic aims and objectives. An overview of the Group's performance in the year compared to target, previous year actuals, and benchmark, is given below.

We aim to achieve value for money in all that we do. Value for money means using our resources and assets economically, efficiently, and effectively to deliver our strategic objectives, meet customer expectations and achieve our core purpose.

The Group sets out its core purpose, and strategic aims and objectives within its Corporate Plan; with measurable targets to assess performance, over time and relative to others. Performance against the expected outcomes of the Corporate Plan is regularly assessed by the Executive Team and Board.

Value for money is not about minimising cost but instead about achieving efficiencies and generating more value from the resources we have and the investments we make. VFM is embedded within the annual planning process, ensuring it is part of all we do. Every year, we review our strategic priorities and this year we revised our Group Corporate Plan (GCP) and associated performance targets to reflect the new operating environment post Covid-19 pandemic and Brexit.

In 2021/22 we paused a number of services to ensure we adhered to government guidelines and kept residents, staff and communities safe during Covid-19.

Operating performance (continued)

In response to this, we changed our service standards to manage the impact of the pandemic on staffing and resource availability which caused delays and a backlog of services our customers require.

					Benchmark	
Pillar 1 Our Brand	**Target**	**Actual 2021/22**	**Actual 2020/21**	**Actual 2019/20**	**National median**	**Local peer group**
Return on investment Marketing activities	4:1	8:1	5:1*	NA	NA	NA
Ratings from the Regulator of social housing	G1/V1	G1/V1	G1/V1	G1/V1	G1/V1	G1/V1

*TLF marketing activities only

The Regenda Group strengthens its reputation through its brand.

We maintained the highest rating for Governance and Viability following the latest regulatory judgement by the Regulator of Social Housing (2021).

In 2020/21 we introduced a new metric to measure the return on investment for marketing activities aiming to achieve £4 return for every £1 spent. We piloted this measure in the first year within one of our subsidiary organisations (TLF) and rolled the metric out across the Group in 2021/22 achieving a return of £8 for every £1 spent. We will continue to assess marketing requests and activities on this basis.

					Benchmark	
Pillar 2 Our financial performance and digital advancement	**Target**	**Actual 2021/22**	**Actual 2020/21**	**Actual 2019/20**	**National median (1)**	**Local peer group (2)**
Income collection	99.6%	100.9%	100.0%	99.7%	100%	100.78%
EBITDA MRI – Interest cover	115.7%	98.8%	156.5%	98.4%	183%	205.2%
Operating margin – social housing lettings	19.5%	22.8%	28.92%	23.4%	26.3%	25.1%
Operating margin – overall	16.1%	15.2%	20.0%	14.4%	23.9%	20%
Headline social housing cost per unit	£4,046	£3,958	£3,505	£3,740	£3,730	£3,550

1. The RSH use a median figure because there are extreme outliers in their data – the median for each metric is the middle value in the dataset.
2. The peer groups financial figures are aggregated and then metrics are calculated using the total figures.

Income collection

The proportion of income collected has improved by 0.9% compared to the previous year exceeding our target of 99.6% for 2021/22. Performance is above the national and local peer group benchmark. As noted in 2020/21, this is a positive outcome as we had anticipated that performance would reduce alongside sector performance due to the impact of Covid-19. We have continued to take a proactive approach to identify customers who may be financially impacted to signpost them on support available to them. This resulted in us assisting 1,750 customers to secure an additional £2.5million in benefits and grants from April 2021 to March 2022. This was money that they did not know they were entitled to and was used to improve lives and sustain tenancies. Like many housing associations we are preparing for the impact of rising living costs and fuel poverty crisis which is likely to impact on our residents within the financial year. We are provided regular targeted communication and guidance to customers regarding advice and financial support available for those who may struggle in the coming months.

The **EBITDA-MRI** – interest cover (at Group level) achieved in year was 99%. The main reasons for the decline in this measure is the £3.5m reduction in the group's operating surplus. There has been a £2.9m increase in maintenance costs, year on year, due to a significant increase in remedial fire safety works. There was also additional costs of impairment in the year, compared to the previous year, of £0.6m. Total interest payable of £10.0m being £1.2m higher than the £8.8m in the previous year, an increase of nearly 14%. Performance remains below national median at a national and local level.

NB: the above definition is stated as at consolidated level as required by the Regulator of Social Housing. Entity level data is monitored with regards to covenants set by our lenders and is within target 2021/22.

Operating margin

Outturn performance (overall) reduced by 4.8%, and by 6.12% for social housing lettings. Our operating margin has been adversely affected by an over £2.9m increase in maintenance costs and due to significant investment in recent years in remedial fire safety works and is anticipated to improve from 2023/24.

Headline Cost per property

Outturn performance (social housing lettings) increased within the year by £453 per unit and remains within target. This is above the national median (£3,730) when compared to 2020/21 Global Accounts data. The costs have been largely driven by stock condition survey requirements.

Total expenditure on capitalised components was £8,026 (£71k lower) in the year compared to the previous year. The £494 per unit increase is largely attributable to the increases in routine and planned repairs (£239 per unit) and a £128 increase in other social housing expenditure, this latter increase is largely attributable to the increase in expenditure in Petrus Community.

					Benchmark	
Pillar 3 Our People	**Target**	**Actual 2021/22**	**Actual 2020/21**	**Actual 2019/20**	**National median**	**Local peer group**
Best Companies rating	3 stars	2 stars*	3 stars	2 stars	NA	NA
Voluntary staff turnover	11%	15.3%	9.91%	12.6%	NA	NA

*Group wide assessment (previous years = Regenda Homes only)

Best companies

Regenda uses the best companies survey as a measure of employee engagement which in turn is a key factor in companies achieving their strategic objectives. In 2021/22 Regenda extended the survey to all parts of the Group (previously we included Regenda Homes only) as a result the annual trend is not a direct comparison. Our resulting score was 733, down from 741 in 2020/21 attaining 2 stars.

Voluntary staff turnover

Voluntary staff turnover was adversely affected within the year. As the economy recovers from the pandemic, the number of people eligible to work in the UK decreased significantly due to Brexit. This resulted in the UK labour market being significantly more buoyant that it has been for many years and our target of 11% became unrealistic.

We conducted a pay and reward benchmarking exercise within the year to ensure we remain competitive. We regularly seek feedback from staff who choose to move on from the organisation. We are developing our employee brand in 2022/23 to better attract and retain talent in the current labour market and aim to reduce staff turnover to below 10% in 2022/23.

					Benchmark	
Pillar 4 Our service and product	**Target**	**Actual 2021/22**	**Actual 2020/21**	**Actual 2019/20**	**National median**	**Local peer group**
Reinvestment %	5%	2.4%	3.4%	5.9%	5.8%	8.5%
Concerns for compliance. (internal control to mitigate the risk of instances of non-compliance)	0	6	17	97*	NA	NA
Net Promoter Score (NPS) Measures how likely a customer would recommend us	+40	+36	+40	+52	NA	NA
Satisfaction that Regenda is easy to deal with**	80%	78%	NA	NA	NA	NA
Re-let time (in days)	13	20.6	32.2	15.1	48.1	35.1
Average NPV per property	£16,000	£24,504	£16,257	£16,257	NA	NA
Average stock with a negative NPV	600	171	429	429	NA	NA

** performance adversely affected in period 12 due to Covid-19.*

*** New question implemented in 2021 to align with proposed Tenant Satisfaction Measures by the Regulator of Social Housing. Regenda previously measured Customer Effort Score. Previous years data is therefore not comparable.*

Reinvestment % reduced within the year to 2.4%, which is below our target and a drop in performance from the previous year of 1%. This is due to lower than anticipated expenditure on the development of new social properties and capital expenditure within the year. Expenditure on non-social units was £2.7m in the year.

We are continuing with our approach to active asset management using the Asset Performance Evaluation (APE) model for all stock. This has enabled us to consistently reduce the number of stock with a negative net present value year on year.

Concerns for compliance: health and safety compliance is always a priority for the Group. We have invested significantly in new systems and staff resources to ensure our approach to compliance is amongst the best in the sector.

NPS: We did not achieve target for Net Promoter Score in 2021/22. We suspended our repairs service during the year, due to the backlog of repairs caused by the pandemic and therefore expected our NPS to be negatively affected. Performance however compares well to the sector and nationally when compared to the Institute of Customer Services benchmark data. We have taken steps to improve how we communicate with customers and keep them informed of any delays to service delivery and to keep customers informed.

Satisfaction that Regenda is easy to do business with. In response to the proposed Tenant Satisfaction metrics, we have reviewed how we monitor and evaluate customer satisfaction and feedback. In 2021 we asked customers how satisfied or dissatisfied they are with the ease to do business with us. 78% of respondents stated they are satisfied. We have reviewed our feedback mechanisms and will be introducing this measure as a rolling survey question from Autumn 2022 to enable us to proactively take steps to understand the key drivers of satisfaction in order to improve our services to customers. (NB: no benchmark data available at the time of writing this report).

Average relet times: Performance did not meet target however it compares well to peers and improved when compared to 2020/21. Performance is adversely affected by lower demand for Housing for Older People units (an issue facing the wider sector) as more modern Extra Care Schemes are being developed. We are undertaking a strategic review of our stock during 2022/23.

					Benchmark	
Pillar 5	**Target**	**Actual 2021/22**	**Actual 2020/21**	**Actual 2019/20**	**National median**	**Local peer group**
Social value generated supported people into education, training and employment	NA	£3.1m (16,791 people supported)	£2.82m*	NA	NA	NA

*data captured for calendar year 2020 (not financial year 2020/21)

Our Group structure allows us to treat people as individuals who, like many of us, need to access various types of support and services at different stages of their life. Our structure allows us to make connections across the different services we offer, finding opportunities so people can ultimately stand taller and reach further too. It works as a conduit to channel the incredible energy, talent and commitment to staff working across our nine organisations.

In 2021/22 we supported 16,791 people with education, training and employment opportunities. Initiatives included:

- Project 5, a training partnership between Petrus and TLF that for people who have faced homelessness, inequality or who have not had access to opportunities to succeed and aims to break the cycle of homelessness by empowering participants to overcome barriers or negative stigmas and recognise their potential, through use of a unique model of engagement.
- Raising aspirations programme, currently delivered to over 200 primary schools through Positive Footprints. The Raising Aspirations Programme aims to open up the world of work, show children the different careers available and the skills they'll need to achieve their potential, build resilience and self-belief and recognise their qualities.
- As part of the Raising Aspirations Programme, children meet a wide range of employers and businesses through 'career conversations', enabling young people to understand a day in the life of various careers from athletes to authors, air traffic controllers to nurses, Police Community Support Officers to construction workers.
- Youthquake – was a programme originally created in partnership with Culture Liverpool to encourage social entrepreneurism and provide a platform for young people to share their business ideas in 2020. The programme was curated and delivered by Regenda training provider The Learning Foundry and included industry experts as mentors from the business world and not for profit sectors. After the first successful cohort which resulted in all participants achieving employment or further training opportunities, the programme has been repeated year on year with great success rates.

					Benchmark	
Pillar 6	**Target**	**Actual 2021/22**	**Actual 2020/21**	**Actual 2019/20**	**National median**	**Local peer group**
New Supply delivered %- social housing	0.9%	0.2%	1.0%	0.4%	1.3%	0.7%
New Supply delivered %- non-social housing	0.0%	0.0%	0.0%	1.0%	0.0%	0%
Affordable/social rent (housing below market rent levels)	61	17	82	33	NA	NA
Section 106 (Planning obligation made between local authority and developers)	3	3	0	6	NA	NA
Affordable home ownership – shared ownership	20	0	42	8	NA	NA
Market rent	24	0	0	105	NA	NA
Outright sale	0	0	0	30	NA	NA

New supply

Regenda has a track record in delivering new housing supply and refurbishing homes across a mix of tenures and continues to be a key partner of Homes England achieving significant allocations in the key programmes. We have combined commitments to delivering Homes England (HE) programmes with our own strategic growth objectives ensuring the HE programme supports these objectives. In 2021/22 we completed 20 new homes. We anticipate the practical completion of a further 108 homes in 2022/23. We continue to build on existing partnerships with local authorities such as Wyre, Wirral, St Helens, Oldham and West Lancashire where we continue to have a significant presence. In 2021/22 we were successful in winning a tender to develop 71 homes as part of the Newferry Regeneration in Wirral.

					Benchmark	
Pillar 7	**Target**	**Actual 2021/22**	**Actual 2020/21**	**Actual 2019/20**	**National median**	**Local peer group**
Gearing%	40.0%	40.0%	38.8%	40.4%	43.9%	38.8%
Return on Capital Employed (ROCE)	2.2%	2.4%	3.0%	2.8%	3.3%	3.8%

Gearing increased within the year from 38.8% to 40.0% but is below median. We anticipate that gearing will increase year on year, reflecting the financing required to deliver our development programme.

Return on Capital Employed (ROCE) -this has fallen in that it includes the £3.5m reduction in operating surplus overall, compared to the prior year.

Savings through procurement

We have a decentralised model of procurement led by a small central team, providing advice and support to the Procurement Centre of Excellence (a cross functional team of champions responsible for driving efficiency through procurement and contract management in their respective areas).

In the period from April 2021 to May 2022, five contracts were awarded through procurement generating £143,784 (33%) savings against anticipated spend of £433,990. This includes:

Insurance for leasehold schemes	- c£63,622
Demolition tender	- c£24,100
Treasury consultancy services	- c£10,800
Water hygiene and legionella treatment	- c£41,500
Lightning conductors maintenance services	- c£3,762

Our Legal Services Framework has been set up with the capacity for other HAs/LAs to use it for a one-off fee of £5,000. We have so far registered one client, with a second in discussion and will proactively market this offer in 2022/23. There is the option to carry out mini competitions on behalf of other organisations under this agreement which would also generate additional income.

A spend analysis carried out in May 2022 identified c.£300k of savings targeted across 16 key categories and a total of c.£3m spend, comprising of c.20 procurement exercises which will be realised over the coming period (subject to their respective contract start/end dates). This will be monitored by the Procurement Centre of Excellence, and through business partnering.

Savings through procurement (continued)

For all procurement activities savings targets have been set at an average of 10% (against budget/previous spend) for new procurements, and 5% for the value engineering, or re-negotiation of existing contracts. These are ambitious targets intended to stretch – to maximise the value of our supply chain and optimise savings where possible.

We recognise that it will not always be possible to generate savings where the market is moving in an upwards direction and are committed in those instances (and any case) to exploring how we can do things differently.

We will:

- use competitive procurement approaches
- carry out market research and benchmarking
- explore other types of procurement exercises, like participating in aggregation activities (very appropriate for mobile telecommunications) and procurement consortia
- make ourselves easier to do business with
- ensure processes are efficient and effective, and
- reduce demand where possible.

We will continue to monitor market trends which may impact on prices due to the result of rising demand for oil and gas, shortages of many goods including building materials and computer chips, and businesses struggling to recruit in certain roles such as lorry drivers and hospitality staff which is resulting in higher wages with costs passed on to consumers.

We will continue to embed ESG within procurement activities moving forward in 2022/23 ensuring it is an integral part of our evaluation processes aligned to our core purpose.

Environmental, Social and Governance (ESG)

We are invested in the communities in which we work and have a long-term interest in seeing them prosper. Much of what we do is aligned to the values of ESG.

ESG can help us to measure, demonstrate and communicate our purpose to regenerate places and the impact that we make.

Understanding the positive impact we make will help to improve our services and may provide opportunities for us to secure socially responsible investment in the future.

We are working towards the Sustainability Reporting Standard (SRS) which sets out criteria which align with the standards In the United Nations' Sustainable Development Goals, the Global Reporting initiative and the Sustainability Accounting Standards Board.

Environmental: we will consider how well we are performing to protect and encourage a positive impact on the environment. We are committed to 'making conscious choices which commit to a sustainable future for our people, customers and communities'. Our Environmental Strategy (Board approved April 2022) aims to make sustainability part of who we are, so that we can reduce carbon emissions throughout all our activities and create better futures for all.

Environmental (continued)

We have identified five strategic goals within our Environmental Strategy:

- Improve the energy efficiency of our homes and tackle fuel poverty for our customers
- Reduce carbon emissions arising from our activities, and increase the use of 'green technology'
- Improve business efficiency, reduce waste and purchase responsibility
- Promote and create training, jobs and opportunities within the 'green economy'
- Develop new homes which are net carbon, making use of responsive technologies

Social: our Group structure is dedicated to making a positive impact within the communities in which we work. This involves listening and acting on the customer voice, supporting people into employment and training, affordability, security and building safety and quality. Through our Social Value Strategy, we aim to optimise the impact of money we invest to deliver wider social benefits to our communities; providing opportunities for people to enhance their social and economic well-being and reduce the environmental impact of the Group.

Our four social value themes of People, Place, Planet and Procurement outline the actions we are taking to support and develop:

- Education, skills, training and employment
- Health and wellbeing
- Staff wellbeing
- Neighbourhoods, communities and safe sustainable tenancies
- Environment and sustainability
- Ethical procurement and promotion of inward investment

Governance: this includes how we are governed, our Board membership, our internal structures and financial strength, risk management and Equality, Diversity and Inclusion (EDI). We have adopted the National Housing Federation Code of Governance (2020) ensuring that we have good governance based on accountability, integrity, openness, and equality and inclusion. By adopting this Code we are committed to ensuring the views of residents are at the heart of the decision making process, that effective measures are in place to keep people safe, and that Board has oversight of risk and thoroughly test the impact of potential risk scenarios on Regenda's future. Our self-assessment against the Code (reported to Board) demonstrates how we achieve this through our:

- Mission and values
- Strategy and delivery
- Board effectiveness
- Control and assurance

We have been working toward the SRS framework and carried out a self-assessment against each criteria contained within it. We have identified some areas for improvement which we are considering as part of our Group Corporate Plan and strategic approach.

Environmental, social and governance

ESG area	Theme name	Criteria we meet/can evidence	Strengths	Areas for improvement
Environmental	Climate change	80%	- EPC data known and plans in place to reach Band C by 2030 - Environmental Strategy approved by Board and in process of implementation - Contract in place to manage all waste disposal for M&Y	- Baseline required for greenhouse gas emissions (expected Autumn 2022) - No strategy to actively managed and reduce pollutants. - Develop strategy for water management - No formalised strategy for waste management
	Ecology	50%		
	Resource management	67%		
Social	Affordability and security	100%	- Business plan approval to invest in improving energy efficiency of homes. - Strong building safety track record – 100% FRA, Gas servicing, DHS - Excellent record for resident support - Resident Voice Panel established - Employment, training and skills support is embedded in core purpose - Place making embedded in our approach - Fuel poverty and financial inclusion support	- Promote Placemaking agenda/case studies to demonstrate impact made - Implementing new tenant satisfaction metrics on a rolling basis - Continuing to invest in homes to improve efficiency and reduce fuel poverty
	Building safety and quality	100%		
	Resident voice	100%		
	Resident support	100%		
	Placemaking	100%		
Governance	Structure and governance	100%	- Strong governance structure in place - G1/V1 rated by Regulator of Social Housing - Strong risk management (recently revised/strengthened) - Effective succession planning - Pay Real Living Wage - Publish gender pay gap - Group wide Equality, Diversity and Inclusion (EDI) Strategy in place - Social value and environmental impact is embedded within procurement process	- Further work to embed environmental impact into procurement in progress - Pay reporting - Diversity reporting
	Board and trustees	100%		
	Staff wellbeing	100%		
	Supply chain management	100%		

Financial projections

The Group prepares a 30 year Financial Plan to demonstrate financial viability and support the delivery of its core purpose and long-term strategic objectives. The table below provides a backwards glance of our performance and sets out our financial projections for the next three years across the regulatory value for money metrics.

	Actual					Projections		
	2019/ 20	**2020/ 21**	**2021/ 22**	**Target 2021/22**	**Benchmark (National median)**	**2022/ 23**	**2023/ 24**	**2024/ 25**
Metric 1: Reinvestment %	5.89%	3.36%	2.4%	5%	5.8%	5.77%	10.12%	6.31%
Metric 2 (a): New supply delivered % (social housing units)	0.37%	0.97%	0.2%	0.9%	1.3%	0.64%	0.7%	2.14%
Metric 2 (b): New supply delivered % (non-social housing units)	1.04%	0.0%	0.0%	0.0%	0.0%	0.19%	0.00%	0.23%
Metric 3: Gearing %	40%	38.8%	40.0%	40%	43.9%	42%	46%	48%
Metric 4: EBITDA-MRI interest cover %	98%	156%	99%	115.7%	183%	66%	122%	125%
Metric 5: Headline social housing cost per unit	£3,740	£3,505	£3,958	£4,046	£3,730	£4,615	£4,602	£4,651
Metric 6 (a): Operating margin % (social housing lettings only)	23.37%	28.92%	22.8%	19.5%	26.3%	19.43%	29.00%	29.82 %
Metric 6 (b): Operating margin % (overall)	14.35%	19.99%	15.2%	16.1%	23.9%	10.27%	18.81%	19.79 %
Metric 7 : Return on capital employed (ROCE)	2.75%	2.99%	2.4%	2.2%	3.0%	1.66%	3.24%	3.34%

Our commitment to regenerating places is evident in the amount and type of investment we are making in our homes.

Financial projections (continued)

Reinvestment spend is driven by stock condition, which is evidenced by an independent survey of c90% of our properties. It includes development activities and significant works, including £14m in improvements to increase energy efficiency ratings of our homes to EPC Band C by 2030.

The latest Business Plan includes an updated Development Programme. The current plan now includes 618 units to be developed in Regenda over the next 5 years, following this planning horizon the plan includes the delivery of 150 affordable units annually thereafter following 2031. Redwing will develop 73 units over the next 5 years. Therefore, the plan includes a total of 691 units to be developed over the next 5 years. The new plan includes the delivery of 304 units in the new Grove development across Regenda and Redwing. 241 social / affordable rent, 50 market rented units and 23 units for outright sale, the latter 2 schemes being developed by Redwing.

Our gearing is projected to increase year on year, reflecting the financing required to deliver our development programme. Gearing will remain within the financial covenant set by our funders, which is 60%.

EBITDA MRI, operating margin SHL, operating margin overall and ROCE are all forecast to reduce in the year 2022/23 due to budgetary commitments. All increase in the years following. Headline social housing costs per unit reflects investment within our stock and service delivery over the coming years.

The negative impact on operating margin (SHL) in recent years due to the investment in remedial fire safety works is anticipated to improve from 2023/24. Operating margin has been impacted in the year due to delays in the development programme.

Operating margin shows improvement from year 2023/24.

Return on Capital Employed is projected to be in the range of 1.66% to 3.34% between years 2022/23 to 2024/25.

Saving opportunities 2022-2025

A recent review of our service standards has identified c.£9.67m savings opportunities that could be realised over the next three years through to 2025, aligned to our core purpose and the objectives of our Corporate Plan.

It is a particularly challenging time for the Group, as we face a perfect storm of high and rising inflation and interest rates, regulatory change, and the need to implement substantial building safety and environmental efficiency measures, all of which present significant costs and financial pressures on our business plan; operating margin, and interest cover covenants.

Through our new Group Corporate Plan "Impact 2025", our purpose remains to regenerate places, and our vision is to optimise our impact in doing so. To achieve this, we must strengthen our foundations to continue to ensure we are viable in the long-term.

In response to this we carried out a review of our services and identified a range of potential savings which can be categorised as follows:

a) Budgetary – these savings contribute to a known value and can be taken out of the business with relative speed. Key examples include vacant posts/staffing changes and discretionary spend.

Saving opportunities 2022-2025 (continued)

b) Deferral/transfer – these savings relate to the deferral or transfer of key projects, activities or assets which will positively impact the business plan/operating margin/loan covenants in the period(s) in which they occur (or ongoing in the case of transfer). Key examples include development schemes, capital scheme expenditure, housing stock, and the potential transfer of stock within the Group.

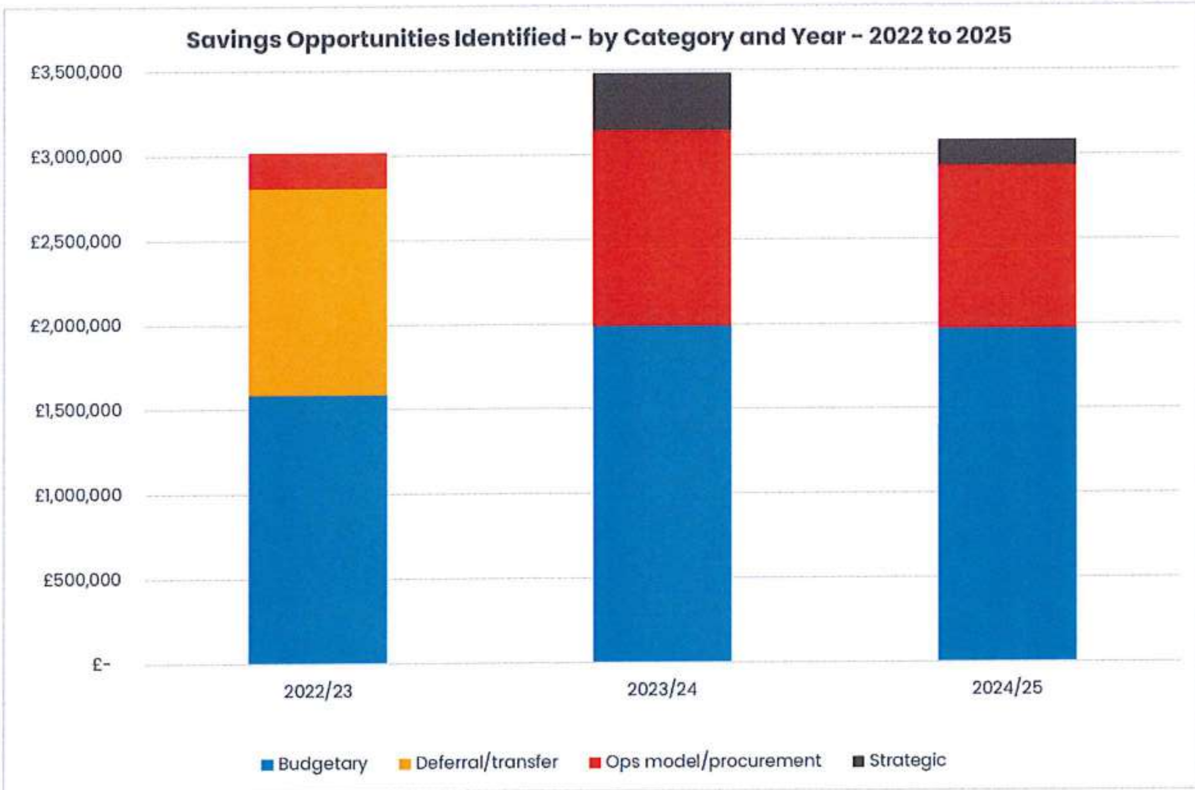
c) Operating model and procurement – these savings relate to our operating model, processes and procurement. The savings are estimates and will in some cases depend on the prevailing market conditions, and speed of implementation will be subject to resources and capacity. Key examples include our repairs pricing and delivery model, our approach to digital push/nudge, procurement of goods and services.

d) Strategic – these savings require further exploration and strategic direction regarding potential impact, savings, and timescales. Key examples include the potential to consolidate, transfer premises or terminate leases. These will be explored in conjunction with the outcomes from our hybrid working pilot, and relevant notice periods.

		Savings by year			Total	Impact to customer
		2022/23	2023/24	2024 onwards		
Savings category	**Budgetary**	1.58m	1.99m	1.97m	**5.54m**	**Medium** – Less staff resource could delay response times and limit discretionary activities
	Deferral or transfer	1.22m	-	-	**1.22m**	**Low** - Completion/ move dates may be pushed out, condition of communal areas/ schemes may be affected, and sale/ transfer of stock may impact customers subject to tenancy/ void status
	Operating model and procurement	0.21m	1.16m	0.96m	**2.33m**	**High** - The new delivery model(s) will aim to increase our efficiency and effectiveness for our customers and our staff, focussing on what generates the greatest impact and value. Changes will be made with our customer at the centre – focussing on their satisfaction. We recognise however that change can be unsettling and takes time to bed in. We therefore anticipate an initial dip in satisfaction before it begins to increase (as reflected in our Group Corporate Plan targets)
	Strategic	-	0.34m	0.24m	**0.58m**	**Low** - Limited customer impact subject to decisions around premises.
Total		**3.02m**	**3.48m**	**3.18m**	**9.67m**	
Growth			*66k*	*66k*	*132k*	

NB: not included in latest approved business plan -May 2022

Saving opportunities 2022-2025 (continued)



Further opportunities

We are exploring asset divestment opportunities which will provide surplus on sale of £23 million in 2023/24 with a further £22.5 million in 2027/28.

We will also undertake a premises review as leases/break clauses allow from 2024.

Next steps

The above opportunities were considered by the Board in May 2022. We will:

- seek to realise 'budgetary' savings within the financial year 2022/23
- explore the 'deferral/transfer' options with the aim of completing 2022/2023.
- review our operating model and procurement opportunities. We will complete this within the financial year, however savings are likely to be realised from 2023/24
- carry out a premises review with the aim to consolidate costs, realising savings from 2023/24 onwards.

Customers will be engaged throughout the process. We will liaise with our recently established Resident Voice Panel and wider customer base through our Customer Centric and Resident Engagement strategies.
Board will be engaged in the decision-making process and review of progress.

Risks and uncertainties

The Group's key strategic risks are considered below.

Key risk area	Comment
Financial	• The impact of Welfare reform continues to be a significant risk to the Group and the sector. Whilst dedicated resources have been increased to support both our tenants and the business, this is an area that will continue to be monitored very closely, particularly as universal credit continues to be introduced more widely. This monitoring will continue to be a focus for the business as the wider economic impact of the pandemic is being realised • The implications of the cost-of-living increases, rising inflation and energy prices on both customers and staff have been and continue to be a focus for the Group. This makes managing bad debts a key priority together with ensuring support is available to customers and staff suffering hardship. • The impact of reduced grant funding for future developments, increased material costs and the instability of developers have been factored into financial plans and all proposed projects are subject to appropriate scrutiny.
Covid-19	• The arrangements put in place by the Group's Business Continuity Plan to respond to the pandemic ceased in March 2021 in line with Government Guidelines. Since that time, the Group has introduced hybrid working arrangements in order to mitigate the impact of continued infections. Staff numbers have been impacted throughout the year, but this has been kept under review to ensure services are not impacted. • There has been an unprecedented increase in the volume of repairs being received which, as well as having to deal with repairs delayed due to the pandemic, has resulted in a review of service standards in this area. This has been communicated to customers and will remain a key focus for the Group over the next 12 months.

Risks and uncertainties (continued)

Governance	• There is a continuous review of the Group's governance arrangements in order to respond to the Group's diversification to ensure compliance with regulatory and statutory requirements. This has been particularly relevant this year as the Group has adopted the National Housing Federations updated Code of Governance 2020. • Our selective use of expert third party advisors and commitment to appraising and training board members and staff ensure that the Group is further supported when regulatory and legislative changes occur. • A key focus this year has continued to be on succession planning which has led to the identification and induction of several new Non-Executive Directors who will join the Group when existing Non-Executive Directors reach their maximum term of office.
Economic	• In light of cost increases such as increased NI contributions, fire safety costs, environmental works, increases in repair volumes and material costs, the Group has continued to take steps to reduce its cost base, whilst continuing to focus on improving performance. • The risk of increasing pension liabilities is continually considered, and professional actuarial advice is taken as necessary, including active monitoring of scheme deficits where separately identified for the Group. • Attraction and retention of experienced and skilled staff has continued to be a focus for the Group with the emphasis being on ensuring the wellbeing and support of staff.

Financial position

The Group's statement of comprehensive income and statement of financial position are shown on pages 33-35 respectively. The following paragraphs highlight key features of the Group's financial position at 31 March 2022.

Accounting policies

The Group's principal accounting policies are set out on pages 38 -49 of the financial statements.

The policies that are most critical to the financial results relate to accounting for housing properties and include: capitalisation of interest and development administration costs, housing property depreciation, and treatment of shared ownership properties.

Housing properties

As 31 March 2022, the Group owned and managed 12,979 housing properties and office and retail units (2021- 13,019). The properties were carried in the balance sheet at cost after depreciation of £521m (2021 - £519m). Investment in housing properties during the year was funded through a mixture of cash generated from operating activities and loan finance.

Pension costs

The Group continued to repay the deficit on past service costs for the SHPS scheme in the year and accounts for the scheme as a defined benefit scheme. Contributions paid are included in the pension costs disclosure in Note 8 and further detail regarding the scheme can be found in Note 31.

Capital structure and treasury policy

Details of the Group's borrowings and the related maturity profile are shown in note 27 to the financial statements. The Group borrows, principally from banks and building societies, at both fixed and floating rates of interest. The Group's target is to keep at least 70% of its borrowings at fixed rates of interest. At the year-end 86.7% (2021 – 85.7%) of the Group's borrowings were at fixed rates. The fixed rates of interest range from 2.4% through to a small amount of historical debt with interest of 10.4%, the current market long term fixed rates are around 4.25%. The Group's lending agreements require compliance with certain financial and non-financial covenants. The Group's position is monitored on an ongoing basis and reported to the Board each quarter. Recent reports confirmed that the group was compliant with its loan covenants at the balance sheet date and the Board expects to remain compliant in the foreseeable future.

The Group borrows only in sterling and so is not exposed to currency risk.

Future developments

A key influence on the timing of borrowings ins the rate at which development and sales activity takes place. The Board has approved plans to spend c£21 million during the next financial year on development growth activity. This will be partly funded through sales income and social housing grant, with the balance through the Group's existing cash balances and loan facilities. Loan facilities of £65 million are available under existing arrangements in addition to the Group's investment and cash balances.

Statement of compliance

In preparing this strategic report, the Board has followed the principles set out in the UK Generally Accepted Accounting Principles (UK GAAP) including FRS102 The Financial Reporting Standard appropriate in the UK and Republic of Ireland, and the Housing SORP 2014: Statement of Recommended Practice for Registered Social Housing Providers and comply with the Accounting Direction for Private Registered Providers of Social Housing 2015.

This strategic report was approved by the Board on 22nd September 2022 and signed on its behalf by:

Catherine Wilson

C Wilson
Chair

The Board of Regenda Limited ("the Association") presents its report, together with the audited financial statements of the Association and The Regenda Group ("the Group"), for the year ended 31 March 2022.

Group structure and principal activities

The Association is a public benefit entity administered by a voluntary board. The Group's and Association's principal activities are the development and management of social housing. The Group consists of the Association and the following active subsidiaries:

- ***Redwing Living*** – a not for profit registered provider, established for over 30 years and offers private rented properties, leasehold and apartment block management, shared ownership and outright sales. The company also owns and manages commercial properties.
- ***M&Y Maintenance & Construction Limited*** – provides responsive repairs, planned works renewables and build services across the North West.
- ***McDonald Property Rentals Limited*** – part of Redwing Living, McDonald Property Rentals is the Fylde's leading lettings agency and offers a high quality, personal service to landlords and tenants.
- ***Petrus People*** – Petrus is a registered charity which has been providing supported housing and services to homeless people since 1972.
- ***The Learning Foundry Ltd (previously Alder Training Ltd)*** - an education and training provider.
- ***Centre 56*** - a childcare provider, based in Liverpool, for women and children who have suffered, or are at risk of suffering domestic abuse.
- ***National Communities Resource Centre (NCRC)*** - Joined the group in 2020. NCRC has over twenty-five years' experience of delivering high quality, action-oriented training. Training typically falls into three categories: building resilience, engaging your community and involving and empowering residents.
- ***Regenda Developments Limited*** **–** undertakes new development work for Regenda Limited, primarily in the field of social housing.

Business review

Details of the Group's performance for the year and future plans are set out in the Strategic Report.

Surplus before tax is lower than last year. Operating surplus is £5.0m lower. Operating surplus has been adversely affected by an over £2.9m increase in maintenance costs and due to significant investment in recent years in remedial fire safety works and is anticipated to improve from 2023/24. In addition, there was a £0.7m reduction in the carrying value of our investment properties.

Accounting adjustments recognised in Other Comprehensive Income increased the surplus in year by £3.9m. The adjustment wholly relates to actuarial gain in respect of the SHPS pension scheme which are outlined in note 31 of the financial statements. The gain was created from the effects of changes in the demographic and financial assumptions underlying the present value of the defined benefit obligation.

Housing property assets

Details of changes to the Group's housing property assets are shown in note 14 to the financial statements.

Reserves

After total comprehensive income of £5.6 million (2021 - £3.8 million), the Group reserves amounted to £92.0 million (2021 - £86.4 million).

Donations

The Group made no charitable donations (2021 - £Nil) to the John Hills memorial fund, and made no political donations (2021 - £Nil) during the year.

Payment of creditors

The Group's policy is to pay purchase invoices within 30 days of receipt, or earlier if agreed with the supplier.

Employees

The Group is committed to developing a culture in which equality and diversity is integral to all of our activities, including the recruitment and development of staff. The Group aims to achieve an inclusive culture that respects and values differences and eliminates discrimination in all areas.

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring their views are considered when decisions are made that are likely to affect their interests.

The Group shares information on its objectives, progress and activities through team meetings and the circulation of regular bulletins.

The Group undertakes an annual staff survey. During the year we achieved three-star status and were named within the Top 100 Companies to work for (not-for-profit category), ranked 14th.

Gender Pay Gap

As part of our commitment to Equality, Diversity and Inclusion we recognise the importance of collecting data and effectively analysing our gender pay gap, to identify areas of concern and guide effective action.

As of the 4th of April 2017, all organisations in the UK with more than 250 employees are required to publish details of their gender pay gap. In particular the difference in average female earnings compared to average male earnings.

For Regenda Ltd, based on data from 5th April 2021, these figures are:

- Mean gender pay gap = 18.10%
- Median gender pay gap = 9.0%
- Mean bonus gender pay gap = not applicable
- Median bonus gender pay gap = not applicable
- Percentage who received a bonus = 0% (not applicable)

Gender Pay Gap *(continued)*

The proportion of male and females in each pay quartile:

- Lower quartile = 32.6% male and 67.4% female
- Lower middle quartile = 28.2% male and 71.8% female
- Upper middle quartile = 28.2% male and 71.8% female
- Upper quartile = 47.1% male and 52.9% female

For comparison, the workforce is 66% female, 34% male overall.

We have developed a new Equality, Diversity and Inclusion (EDI) strategy, which has now been approved by our Board, which sets out a purposeful and co-ordinated approach to improving equality, diversity and inclusion for our customers and workforce.

A key element of this is to improve our ability to collect and effectively analyse key EDI metrics, to identify issues and inform effective action. Reporting on the gender pay gap is a fundamental part of this approach.

The median gender pay gap across Regenda Limited on 5 April 2021 was 9%, which represents a small improvement on last years 9.5% gap.

A key driver of our gender pay gap is the under-representation of women in the upper pay quartile. Whilst it is pleasing to see the initiatives we have delivered resulting in an increase from 50.6% to 52.9% in this group, more action is still required to address the gap.

Our development and mentoring programme for aspiring leaders (LEAD) continues to help women (and men) develop the skills, confidence and aspiration to move into more senior roles, and provides access to mentoring from senior female role models.

To ensure our pay and reward offer is objectives, fair, transparent and gender neutral we conduct a pay benchmarking exercise every two years for every role in our organisation.

We have established an equality, diversity and inclusion working group, which is driving this agenda forwards, with nominated champions at senior executive and Board level. Our People & Learning team is reviewing and developing an improved suite of equality and diversity metrics, including recruitment and promotion related indicators, enabling better identification of any barriers to recruiting a more diverse workforce.

We also create apprenticeship opportunities and through our work with schools, partners and Liverpool City council, help promote aspiration, work placements and entry level roles to a diverse potential future workforce.

Regenda is committed to taking effective action, that helps reduce our gender pay gap and will keep our workforce, Board and stakeholders regularly updated with progress towards achieving this.

Health and safety

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

Board members and executive directors

Board members are drawn from a wide background bringing together professional and local experience. The Board members who served during the year ended 31 March 2021 and subsequently were as follows:

C Wilson (Chair)
P Roberts
T Hepton
M Birkett
C Stubley (resigned 15 September 2022)
S Bonnette
T Jones
J Wild (deceased 15 September 2022)
J Wood
L Dixon
M Pierre (appointed 4 November 2021)
J Green (appointed 4 November 2021, resigned 23 June 2022)

The Association employs a team of executive directors who provide Group wide executive level management support to all Group members.

The Association's executive directors who served during the year were as follows:

M Birkett	Group Chief Executive
A Russell	Executive Director - Resources
S Harrison	Executive Director - Customer Services
G Kelly	Managing Director - M&Y Maintenance & Construction
F Coventry	Executive Director – Property (resigned 18 July 2022)
L Burrows	Managing Director - Positive Footprints
A Andani	Executive Director – Property (appointed 18 July 2022)

Executive directors hold no interest in the Association's shares or in the shares of any Group member. They act as directors within the authority delegated by the Board. Group insurance policies indemnify Board members and officers against liability when acting for the Group.

Further details of executive directors' remuneration are disclosed under note 8.

Code of governance

The Group complies with the principal recommendations of the National Housing Federation's Code of Governance 2020 and the supporting Code of Conduct 2022 both of which have been adopted by the Parent Board and is applicable to all Group organisations.

Resident involvement

The Group actively encourages residents' involvement in decision-making by promoting mechanisms of resident involvement.

Internal controls assurance

The Board acknowledges its overall responsibility, applicable to all organisations within the Group, for establishing and maintaining the whole system of internal control and for reviewing its effectiveness.

The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and to provide reasonable assurance against material misstatement or loss.

The process for identifying, evaluating and managing the significant risks faced by the Group and the Association is ongoing and has been in place throughout the period commencing 1 April 2021 up to the date of approval of the annual report and financial statements.

Key elements of the internal control framework include:

- regular reporting to the Group's Boards on strategic objectives, financial and operating targets and outcomes including loan covenant compliance and liquidity requirements; health & safety compliance; complaints monitoring;
- a comprehensive approach to treasury management including an approved annual treasury strategy, policy and practices which are subject to specialist independent review at a Group level on an annual basis;
- robust strategic and business planning processes, with a group corporate plan, detailed financial plan, budgets and forecasts that are regularly stress tested against a range of possible scenarios with recovery plans to mitigate the impact should these crystallise;
- an assets & liabilities register to ensure that we understand our housing assets and security position and boards and management have swift access to this information in decision making and risk management;
- a series of self-assessments to give assurance that we are meeting the requirements set out in our adopted Code of Governance (National Housing Federation 2020) and the Regulator of Social Housing's Regulatory Framework and that any areas of non-compliance are reported;
- a risk management framework that clearly defines management responsibilities for the identification, evaluation and control of significant risks. There is a continual review of risks across the group that are then reported to the Risk & Audit Committee; the Senior Management Team have provided assurance that they understand and have reviewed the key risks that impact their areas of the business and that they are satisfied the right levels of internal controls are in place;

Internal controls assurance (continued)

- established financial regulations including authorisation and appraisal procedures for all significant new initiatives and investment commitments;
- governance related policies including speak up and anti-fraud policies;
- an annual programme of internal audit reviews that are set and delivered under a risk-based methodology;
- audit recommendations are tracked by the Risk & Audit Committee to ensure they are implemented within the agreed timescales;
- a series of property compliance audits have been undertaken by the Group's Health and Safety Team and independent third parties in order to provide an assessment of the extent to which the group can demonstrate that the current management and monitoring arrangements for the identified compliance areas are fit for purpose, comply with current legislative requirements and housing best practice and that delivery of the service is in accordance with the written policies and procedures currently in place;
- recruitment, management and retention of board members, management and staff with the skills and competencies to ensure effective governance and management; and
- a governance framework that includes Board approved terms of reference and delegated authorities for Group Committees.

The Board delegates authority to review the effectiveness of the systems of internal control to the Group's Risk and Audit Committee. The Board receives minutes of the Group's Risk and Audit Committee meetings.

The Group's Risk and Audit Committee has received the Director of Governance's annual review of the effectiveness of the system of internal control for the Group and the annual report of the internal auditor and has reported its findings to the Association's Board.

Regulatory framework

In line with the Regulator of Social Housing's requirements under the Regulatory Framework, save for an ongoing review of rent setting, the Regenda Group confirms full compliance with the Governance & Financial Viability Standard for the year ended 31 March 2022 and up to the date of this report.

General data protection regulation (GDPR)

GDPR came into force on 25 May 2019 and the Regenda Group continues to comply with the legal requirements set out in this new legislation. A full compliance report is presented to the Group's Risk and Audit Committee on an annual basis.

Modern slavery act 2015

The Regenda Group complies with the requirements to publish a compliance statement relating to this legislation.

Going Concern

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

The Board originally approved the Group's 2022/23 budget in March 2022 with the aim of adopting the approved budget as the base for the thirty-year business plan which was presented to the Board in May 2022.

The Board were presented with a range of scenarios and stress tests to fully understand the potential impact on the business plan, including significant reductions in rental income collected and changes to key assumptions, such as interest and inflation. Periodic reviews of the business plan are scheduled for the coming year to allow the Board and Executive Team to make any necessary changes and continue to deliver outstanding services in the safest way possible whilst following Government guidelines.

At 31st March 2022, the Group had in place loan facilities of £271.4m, which included £65m of bank funded revolving credit facilities all of which was undrawn. As at 30th June 2022, available facilities were £271.2, the Group had drawn down debt of £206.2m, and £65.0m remained undrawn. Which provide adequate resources to finance committed reinvestment and development programmes, along with the Group's day to day operations. The Group also has a long-term business plan that demonstrates it is able to service these debt facilities whilst continuing to comply with lenders' covenants.

Annual general meeting

The Report of the Board will be received at the annual general meeting, to be held on 22nd September 2022 at The Foundry, 42 Henry Street, Liverpool, L1 5AY.

Auditor

In so far as each of the Board members are aware:

- There is no relevant audit information of which the Association's auditors are unaware; and
- The Board has taken all steps that it ought to have taken to make itself aware of any relevant audit information and to establish that the auditors are aware of that information.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them as auditors will be proposed at the next annual general meeting.

The Report of the Board was approved by the Board on 22nd September 2022 and signed on its behalf by:

Catherine Wilson

C Wilson
Chair

Statement of responsibilities of the Board for the report and financial statements for the year ended 31 March 2022

The board members are ultimately responsible for preparing the report of the board and the financial statements in accordance with applicable law and regulations.

Co-operative and Community Benefit Society law and social housing legislation and regulation require the board members to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

In preparing these financial statements, the board members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice: Accounting by registered social housing providers 2014 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the association will continue in business.

The board members are ultimately responsible for keeping adequate accounting records that are sufficient to show and explain the association's transactions and disclose with reasonable accuracy at any time the financial position of the association and enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015. They are also ultimately responsible for safeguarding the assets of the association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The board is ultimately responsible for ensuring that the report of the board is prepared in accordance with the Statement of Recommended Practice: Accounting by registered social housing providers 2014.

Financial statements are published on the association's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the group and association's website is the ultimate responsibility of the board members. The board members' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Independent auditor's report to the members of Regenda Limited for the year ended 31 March 2022

Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Association's affairs as at 31 March 2022 and of the Group's and the Association's surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Group and Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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

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

Other information

The board are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information 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 there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters 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 Strategic Report and 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 Association; or
- a satisfactory system of control has not been maintained over transactions; or
- the parent Association 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 the responsibilities of the board, 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 are responsible for assessing the Group and the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board either intend to liquidate the Group or the Association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

Based on our understanding and accumulated knowledge of the Group and parent Association, and the sector in which they operate, we identified that the principal risks of non-compliance with laws and regulations related to their registration with the Regulator of Social Housing, and we considered the extent to which non-compliance might have a material effect on the consolidated financial statements or their continued operation. We also considered those laws and regulations that have a direct impact on the financial statements such as compliance with the Accounting Direction for Private Registered Providers of Social Housing and tax legislation. All audit team members were briefed to ensure they were aware of any relevant regulations in relation to their work, areas of potential non-compliance and fraud risks.

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

Our audit procedures in response to the risks identified above included, but were not limited to:

- agreement of the financial statement disclosures to underlying supporting documentation;
- challenging assumptions made by management in their significant accounting estimates in particular in relation to the following:
  - whether there are indicators of impairment of tangible assets;
  - the useful economic lives of tangible fixed assets;
  - recoverability of receivable balances outstanding at the year end; and
  - assumptions used to calculate the pension liabilities.
- discussions with, and inquiries of, management and those charged with governance, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;

Auditor's responsibilities for the audit of the financial statements (continued)

- enquires to confirm with management that there was no legal correspondence during the period, or post year end, requiring review;
- obtaining an understanding of the control environment in monitoring compliance with laws and regulations.
- review of relevant registers such as those associated with risk and fraud;
- identifying and testing journal entries identified as potentially unusual, in particular considering whether there any journal entries posted by staff members with privileged access rights or key management;
- a review of minutes of meetings of those charged with governance both during the period, and post year end;
- considering internal audit findings; and
- considering whether there is any correspondence with HMRC and the Regulator of Social Housing.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion.

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

Use of our report

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

DocuSigned by:
BDO LLP
829727ECC12041D...

BDO LLP
Statutory Auditor
Liverpool, UK

Date: 27 September 2022

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

Regenda Limited

Consolidated and Association statement of comprehensive income for the year ended 31 March 2022

	Note	Group 2022 £'000	Group 2021 £'000	Association 2022 £'000	Association 2021 £'000
Turnover	4	**72,439**	75,868	**59,537**	59,543
Cost of sales	4	**(956)**	(10,057)	**(994)**	(2,995)
Operating costs	4	**(60,488)**	(50,648)	**(46,935)**	(41,686)
Gains on revalued investment properties	15	**(704)**	822	**(607)**	267
Surplus on sale of housing properties	4,10	**1,500**	840	**848**	426
Operating surplus	4,7	**11,791**	16,825	**11,849**	15,555
Interest receivable and other income	11	**7**	43	**1**	32
Interest payable and similar charges	12	**(9,878)**	(8,399)	**(9,878)**	(8,399)
SHPS Pension net interest	31	**(253)**	(187)	**(253)**	(187)
Gift aid receivable	38	**-**	-	**999**	91
Gain on gift of subsidiary company		**-**	727	**-**	-
Surplus on ordinary activities before taxation		**1,667**	9,009	**2,718**	7,092
Taxation on surplus on ordinary activities	13	**(318)**	(220)	**-**	-
Surplus for the year		**1,349**	8,789	**2,718**	7,092
Other comprehensive income					
Actuarial gain/(losses) in respect of pension schemes	31	**3,930**	(4,987)	**3,930**	(4,987)
Total comprehensive income for the year		**5,279**	3,802	**6,648**	2,105

The consolidated and association's results relate wholly to continuing activities.

The financial statements were approved by the Board on 22nd September 2022 and signed on its behalf by:

Catherine Wilson　　Michael R. Birkett　　Juliet Vincent

C Wilson
Chair

M Birkett
Board member

J Vincent
Secretary

The notes on page 38 to 87 form part of these financial statements.

Consolidated and Association statements of financial position at 31 March 2022

	Note	Group 2022 £'000	Group Restated 2021 £'000	Association 2022 £'000	Association Restated 2021 £'000
Tangible fixed assets					
Social and non-social properties	14	**490,645**	490,544	**473,792**	472,724
Investment properties	15	**29,966**	28,363	**22,573**	20,470
		520,611	518,907	**496,365**	493,194
Other tangible fixed assets	16	**10,231**	10,090	**6,283**	6,128
Goodwill	18	**-**	-	**-**	-
Other intangible fixed assets	17	**72**	48	**-**	-
Investments in subsidiaries	19	**-**	-	**1,562**	1,562
Investment in joint ventures	19	**-**	184	**-**	184
		530,914	529,229	**504,210**	501,068
Current assets					
Properties held for sale	21	**2,201**	745	**2,201**	745
Trade and other debtors	23	**7,443**	7,418	**4,137**	4,190
Stocks	22	**103**	140	**-**	-
Cash at bank and in hand		**13,499**	25,614	**2,518**	6,740
		23,246	33,917	**8,856**	11,675
Creditors: amounts falling due within one year	24	**(22,722)**	(26,194)	**(37,069)**	(32,837)
Net current (liabilities)/assets		**524**	7,723	**(28,213)**	(21,162)
Total assets less current liabilities		**531,438**	536,952	**475,997**	479,906
Creditors: amounts falling due after more than one year	25	**431,928**	437,854	**400,034**	405,408
Provisions for liabilities	26	**723**	407	**-**	-
Net pension liability	31	**7,128**	12,311	**7,128**	12,311
		439,779	450,572	**407,162**	417,719

Consolidated and Association statements of financial position at 31 March 2022

	Note	Group 2022 £'000	Group 2021 £'000	Association 2022 £'000	Association 2021 £'000
Capital and reserves					
Non-equity share capital	32	-	-	-	-
Restricted reserve	33	1,371	1,396	**1,361**	1,361
Expendable endowments	33	110	110	-	-
Revenue reserve	33	90,178	84,874	**67,474**	60,826
Group's/Association's funds		**91,659**	86,380	**68,835**	62,187
		531,438	536,952	**475,997**	479,906

For details of the prior year restatement see note 39.

The financial statements were approved by the Board on 22nd September 2022 and signed on its behalf by:

Catherine Wilson | Michael R. Birkett | Julie Vincent

C Wilson
Chair

M Birkett
Board member

J Vincent
Secretary

The notes on page 38 to 87 form part of these financial statements.

Consolidated and Association statements of changes in reserves for the year ended 31 March 2022

Group

	Note	Endowment reserve £'000	Restricted reserves £'000	Revenue reserve £'000	Total £'000
At 1 April 2020		102	1,374	81,102	82,578
Surplus for the year		8	22	8,759	8,789
Actuarial gain relating to pension scheme	31	-	-	(4,987)	(4,987)
At 1 April 2021		110	1,396	84,874	86,380
Surplus for the year		-	(25)	1,374	1,349
Actuarial gain relating to pension scheme	31	-	-	3,930	3,930
At 31 March 2022		**110**	**1,371**	**90,178**	**91,659**

Association

	Note	Endowment reserve £'000	Restricted reserves £'000	Revenue reserve £'000	Total £'000
At 1 April 2020		-	1,361	58,721	60,082
Deficit for the year		-	-	7,092	7,092
Actuarial loss relating to pension scheme	31	-	-	(4,987)	(4,987)
At 1 April 2021		-	1,361	60,826	62,187
Surplus for the year		-	-	2,718	2,718
Actuarial loss relating to pension scheme	31	-	-	3,930	3,930
At 31 March 2022		**-**	**1,361**	**67,474**	**68,835**

The notes on page 38 to 87 form part of these financial statements.

Regenda Limited

Consolidated statement of cash flows
for the year ended 31 March 2022

	Note	2022 £'000	2021 £'000
Net cash generated from operating activities	37	**15,656**	29,078
Cash flow used in investing activities			
Purchase of tangible fixed assets		**(4,374)**	(3,210)
Acquisition and construction of properties		**(13,208)**	(15,367)
Proceeds from sale of tangible fixed assets - housing		**4,377**	2,967
Proceeds from sale of tangible fixed assets - other		**1,142**	120
Grants received		**776**	1,649
Interest received		**7**	43
Net cash outflow used in investing activities		**(11,280)**	(13,798)
Cash flow used in financing activities			
Interest paid		**(10,093)**	(9,840)
New secured loans		**-**	25,000
Premium on new loans		**(265)**	6,099
Debt issue costs incurred		**533**	(385)
Repayment of borrowings		**(6,666)**	(23,256)
Net cash used in from financing activities		**(16,491)**	(2,382)
Net change in cash and cash equivalents		**(12,115)**	12,420
Cash and cash equivalents at beginning of year		**25,614**	13,194
Cash and cash equivalents at end of the year		**13,499**	25,614

Net debt reconciliation

	2021 £'000	Cash flows £'000	Non-cash changes £'000	2022 £'000
Cash at bank and in hand	25,614	(12,115)	-	**13,499**
Bank loans (including issue costs)	(216,138)	6,666	(268)	**(209,740)**
Net debt	(190,524)	(5,449)	(268)	**(196,241)**

The notes on page 38 to 87 form part of these financial statements.

1 Legal status

The Association is registered with the Financial Conduct Authority under the Co-operative and Community Benefits Societies Act 2014 and is registered with the Regulator of Social Housing as a social housing provider. The Association is a public benefit entity.

2 Accounting policies

Basis of accounting

The financial statements of the Group and Association have been prepared in accordance with applicable law and UK accounting standards (United Kingdom Generally Accepted Accounting Practice) which for Regenda Limited includes the Cooperative and Community Benefit Societies Act 2014 (and related group accounts regulations), the Housing and Regeneration Act 2008, FRS 102 "the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" the Statement of Recommended Practice (SORP) for Registered Social Housing Providers 2018, "Accounting by registered social housing providers 2018, the Accounting Direction for Private Registered Providers of Social Housing 2019.

The accounts are prepared under the historic cost basis except for the modification to a fair value basis for investment properties as specified in the accounting policies below.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. it also requires management to exercise judgement in applying the Association's accounting policies.

The financial statements are presented in Sterling (£) and rounded to the neared thousand pound.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies (note 3).

Basis of consolidation

The Group accounts consolidate the accounts of the Association and all its subsidiaries at 31 March 2022.

The consolidated financial statements incorporate the financial statements of the Association and entities controlled by the group.

Control is achieved where the group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in total comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate, using accounting policies consistent with those of the parent.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation. Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

2 Accounting policies *(continued)*

Disclosure exemptions

In preparing the separate financial statements of the parent Association, advantage has been taken of the following disclosure exemptions available in FRS 102:

- No cash flow statement has been presented for the parent Association;
- Disclosures in respect of the parent Association's financial instruments have not been presented as equivalent disclosures have been provided in respect of the group as a whole;
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent association as their remuneration is included in the totals for the group as a whole.

The following principal accounting policies have been applied:

Going concern

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

The Board originally approved the Group's 2022/23 budget in March 2022 with the aim of adopting the approved budget as the base for the thirty-year business plan which was presented to the Board in May 2022.

The Board were presented with a range of scenarios and stress tests to fully understand the potential impact on the business plan, including significant reductions in rental income collected and changes to key assumptions, such as interest and inflation. Periodic reviews of the business plan are scheduled for the coming year to allow the Board and Executive Team to make any necessary changes and continue to deliver outstanding services in the safest way possible whilst following Government guidelines.

At 31st March 2022, the Group had in place loan facilities of £271.4m, which included £65m of bank funded revolving credit facilities all of which was undrawn. As at 30th June 2022, available facilities £271.2, the Group had drawn down debt of £206.2m, and £65.0m undrawn. Which provide adequate resources to finance committed reinvestment and development programmes, along with the Group's day to day operations. The Group also has a long-term business plan that demonstrates it is able to service these debt facilities whilst continuing to comply with lenders' covenants.

2 Accounting policies *(continued)*

Turnover and revenue recognition

Turnover comprises rental income receivable in the year, income from shared ownership first tranche sales, sales of properties built for sale and other services included at the invoiced value (excluding VAT where recoverable) of goods and services supplied in the year and grants receivable in the year.

Rental income is recognised from the point where properties under development reach practical completion or otherwise become available for letting, net of any voids. Income from first tranche sales and sales of properties built for sale is recognised at the point of legal completion of the sale. Charges for support services funded under Supporting People are recognised as they fall due under the contractual arrangements with Administering Authorities. For other services supplied by group companies, turnover represents net invoiced sales of services excluding value added tax except in respect of service contracts where turnover is recognised when the company obtains the right to consideration. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates and value added tax.

Taxation

Current tax is recognised for the amount of income tax payable in respect of the taxable surplus for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred taxation

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

If and when all conditions for retaining tax allowances for the cost of a fixed asset have been met, the deferred tax is reversed.

Deferred tax is recognised when income or expenses form a subsidiary or associate have been recognised, and will be assessed for tax in a future period, except where:
- the group is able to control the reversal of the timing difference; and
- it is probable that the timing difference will not reverse in the foreseeable future

A deferred tax liability or asset is recognised for the additional tax that will be paid or avoided in respect of assets and liabilities that are recognised in a business combination. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Deferred tax relating to investment property that is measured at fair value using the tax rates and allowances that apply to the sale of the asset, except for investment property that has a limited useful life and is held in a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time.

2 Accounting policies *(continued)*

Deferred taxation (continued)

Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

With the exception of changes arising on the initial recognition of a business combination, the tax expense (income) is presented either in income and expenditure, other comprehensive income or equity depending on the transaction that resulted in the tax expense (income).

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors. Deferred tax assets and deferred tax liabilities are offset only if:

- the group has a legally enforceable right to set current tax assets against current tax liabilities, and
- the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously.

Value added tax

The Group charges value added tax (VAT) on some of its income and is able to recover part of the VAT it incurs on expenditure. The financial statements include VAT to the extent that it is suffered by the Association and not recoverable from HM Revenue and Customs. The balance of VAT payable or recoverable at the year-end is included as a current liability or asset.

Interest payable

Interest is capitalised on borrowings to finance developments of qualifying assets to the extent that it accrues in respect of the period of development if it represents:

- interest on borrowings specifically financing the development programme after deduction of related grants received in advance; or
- a fair amount of interest on borrowings of the association as a whole after deduction of social housing grant received in advance to the extent that they can be deemed to be financing the development programme.

Other interest payable is charged to income and expenditure in the year.

2 Accounting policies *(continued)*

Goodwill

The goodwill arising upon the acquisition of M&Y Joinery and Building Maintenance Limited on 31 December 2009 was capitalised, classified as an asset on the balance sheet and amortised on a straight-line basis over its useful economic life which was considered to be 3 years. This balance was disposed of once fully amortised.

The goodwill arising upon the acquisition of McDonald Property Rentals Limited (MPR) on 30 November 2012 was capitalised, classified as an asset on the balance sheet and amortised on a straight-line basis over its useful economic life which was considered to be 5 years. This balance was disposed of once fully amortised.

Alder Training Limited (now known as The Learning Foundry) and Positive Footprints Limited had goodwill at acquisition at £1,295k and £25k respectively. This balance is amortised on a straight-line basis over its useful economic life which was considered to be 3 years.

Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investment in joint venture

An entity is treated as a joint venture where the Group is a party to a contractual agreement with one or more parties from outside the Group to undertake an economic activity that is subject to joint control.

An entity is treated as an associated undertaking where the Group exercises significant influence in that it has the power to participate in the operating and financial policy decisions.

In the consolidated accounts, interests in associated undertakings are accounted for using the equity method of accounting. Under this method an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the investors share of the profit or loss, other comprehensive income and equity of the associate. The Consolidated Income Statement includes the Group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings applying accounting policies consistent with those of the Group. In the Consolidated Statement of Financial Position, the interests in associated undertakings are shown as the Group's share of the identifiable net assets, including any unamortised premium paid on acquisition.

Any premium on acquisition is dealt with in accordance with the goodwill policy.

2 Accounting policies *(continued)*

Supported housing managed by agencies

Social housing capital grants are claimed by the Group as developer and owner of the property and included in the consolidated statement of financial position. The treatment of other income and expenditure in respect of supported housing projects depends on the nature of the partnership arrangements between the Group and its managing agents and on whether the Group carries the financial risk.

Where the Group holds the support contract with the Supporting People Administering Authority and carries the financial risk, all of the project's income and expenditure is included in the Group's income and expenditure account.

Where the agency holds the support contract with the Supporting People Administering Authority and carries the financial risk, the income and expenditure account includes only that income and expenditure which relates solely to the Group.

Social housing and non-social housing properties

Housing properties are properties held for the provision of social housing or to otherwise provide social benefit. Housing properties are principally properties available to rent and are stated at cost less accumulated depreciation and impairment losses. Cost includes the cost of acquiring land and buildings, development costs, interest charges incurred during the development period.

Works to existing properties which replace a component that has been treated separately for depreciation purposes, along with those works that result in an increase in net rental income over the lives of the properties, thereby enhancing the economic benefits of the assets, are capitalised as improvements.

Expenditure on shared ownership properties is split proportionately between current and fixed assets based on the element relating to expected first tranche sales. The first tranche proportion is classed as a current asset and relates to sales proceeds included in turnover, and the remaining element is classed as a fixed asset and included in housing properties at cost, less any provisions needed for depreciation or impairment.

2 Accounting policies *(continued)*

Government grants

Government grants include grants receivable from Homes England, local authorities, and other government organisations. Government grants received for housing properties are recognised in income over the useful life of the housing property structure and, where applicable, its individual components (excluding land) under the accruals model.

Grants relating to revenue are recognised in income and expenditure over the same period as the expenditure to which they relate once reasonable assurance has been gained that the entity will comply with the conditions and that the funds will be received.

Grants due from government organisations or received in advance are included as current assets or liabilities. Government grants received for housing properties are subordinated to the repayment of loans by agreement with Homes England. Government grants released on sale of a property may be repayable but are normally available to be recycled and are credited to a Recycled Capital Grant Fund and included in the statement of financial position in creditors.

If there is no requirement to recycle or repay the grant on disposal of the asset, any unamortised grant remaining within creditors is released and recognised as income in income and expenditure.

Where individual components are disposed of and this does not create a relevant event for recycling purposes, any grant which has been allocated to the component is released to income and expenditure. Upon disposal of the associated property, the Group is required to recycle these proceeds and recognise them as a liability.

Other grants

Grants received from non-government sources are recognised using the performance model. A grant which does not impose specified future performance conditions is recognised as revenue when the grant proceeds are received or receivable. A grant that imposes specified future performance related conditions on the association is recognised only when these conditions are met. A grant received before the revenue recognition criteria are satisfied is recognised as a liability.

Depreciation of housing properties

The Group separately identifies the major components which comprise its housing properties, and charges depreciation, so as to write-down the cost of each component to its estimated residual value, on a straight-line basis, over its estimated useful economic life.

The Group depreciates the major components of its housing properties at the following annual rates:

Structure	1.0%
Roofs	2.0%
Kitchens	5.0%
Bathrooms	3.3%
Boilers	6.6%
Central Heating	3.3%
Windows	3.3%

2 Accounting policies *(continued)*

Depreciation of housing properties *(continued)*

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.

Housing properties in the course of construction are stated at cost and not depreciated.

Other tangible fixed assets

Other tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment loss.

Depreciation is provided evenly on the cost of other tangible fixed assets to write them down to their estimated residual values over their expected useful lives. No depreciation is provided on freehold land. The principal terms used for other assets are:

Leasehold offices	-	100 years
Furniture, fixtures and fittings	-	10 years
Computers and office equipment	-	2 to 8 years
Motor vehicles	-	4 years
Scheme assets	-	4 to 25 years

Gains or losses arising on the disposal of other tangible fixed assets are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised as part of the surplus/deficit for the year.

Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation is provided on intangible assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life.

Amortisation is provided on the following basis:

Computer software	-	4 years

Investment Properties

Investment properties consist of commercial properties and other properties not held for the social benefit or for use in the business. Investment properties are measured at cost on initial recognition and subsequently at fair value as at the year-end, with changes in fair value recognised in income and expenditure.

2 Accounting policies *(continued)*

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the Group. All other leases are classified as operating leases. Assets held under finance leases are recognised initially at the fair value of the leased asset (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation using the effective interest method so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are deducted in measuring the surplus or deficit. Assets held under finance leases are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

Rental payments under operating leases are charged to income and expenditure on a straight-line basis over the lease term, unless the rental payments are structured to increase in line with expected general inflation, in which case the Group recognises annual rent expense equal to amounts owed to the lessor.

The aggregate benefit of lease incentives is recognised as a reduction to the expense recognised over the lease term on a straight-line basis.

Properties held for sale

Shared ownership first tranche sales, completed properties for outright sale, and property under construction are valued at the lower of cost and net realisable value. Cost comprises materials, direct labour and direct development overheads. Net realisable value is based on estimated sales price after allowing for all further costs of completion and disposal.

Financial Instruments

Financial instruments which meet the criteria of a basic financial instrument as defined in Section 11 of FRS 102 are accounted for under an amortised historic cost model. Basic financial instruments are recognised at amortised historic cost.

Debtors

Short term debtors are measured at transaction price, less any impairment.

Cash

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2 Accounting policies *(continued)*

Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at transaction value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Pensions

The group participates in the multi-employer defined benefit Social Housing Pension Scheme (SHPS). The scheme assets and liabilities have been separately identified for each employer, and the group has now been able to account for the scheme as a defined benefit scheme.

Under defined benefit accounting 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 net surplus or deficit is presented separately from other net assets on the Statement of Financial Position. The current service cost and costs from settlements and curtailments are charged to operating surplus. Past service costs are recognised in the current reporting period. Interest is calculated on the net defined benefit liability. Re-measurements are reported in other comprehensive income.

Provisions for liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount is expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate.

The unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

The Group recognises a provision for annual leave accrued by employees as a result of services rendered in the current period, and which employees are entitled to carry forward and use within the next 12 months. The provision is measured at the salary cost payable for the period of absence.

2 Accounting policies *(continued)*

Amortisation

Amortisation of goodwill is over 3 to 5 years. Amortisation of licenses and software is over 3 years and amortisation of attributable loan fees is over the length of each loan.

Liquid resources

Liquid resources are readily disposable current asset investments. They include some money market deposits, held for more than 24 hours that can only be withdrawn without penalty on maturity or by giving notice of more than one working day.

Reserves

The group establishes restricted reserves for specific purposes where their use is subject to external restrictions. Included within this figure are a major repairs reserve and a sinking fund in relation to the Mountcroft scheme. Restricted reserves relate to Gift Aid reserves which have been carried forward since the entity, Regenda Limited, received charitable status in 2011.

3 Judgements in applying accounting policies and key sources of estimation uncertainty

Significant judgements and estimates

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements have been made include:

- Bad debt provision - Bad debts are provided for in line with the group's policy. This includes a judgement as to the recoverability of certain debts, including tenant rental debtors. This is also monitored in the group's management accounts. Please refer to note 23 for further detail.

- Investment property valuations - Commercial properties are valued each year by externally appointed valuers and their market value reflected in the financial statements. Please refer to note 15 for further detail.

Impairment

Reviews for impairment of housing properties are carried out when a trigger has occurred and any impairment loss in a cash generating unit is recognised by a charge to the Statement of Comprehensive Income. Impairment is recognised where the carrying value of a cash generating unit exceeds the estimated recoverable amount. A cash generating unit is normally a group of properties at scheme level whose cash income can be separately identified.

At Regenda, investments in subsidiaries are measured at cost less accumulated impairment. If evidence from internal financial reporting indicates that the economic performance of the asset was, or will be, worse than expected this will trigger an impairment of its carrying value.

3 Judgements in applying accounting policies and key sources of estimation uncertainty *(continued)*

Capitalisation of property development costs

Distinguishing the point at which the project is more likely than not to continue, allowing capitalisation of associated development costs requires judgement. After capitalisation management monitors the asset and considers whether changes indicate that impairment is required. These costs will include an element of staff management time and the apportionment of these is monitored regularly to ensure consistency over costs charged to particular schemes.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Useful lives of depreciable assets

Management reviews its estimates of the useful lives of depreciable assets at each reporting date based on the expected utility of the assets. 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.

The critical underlying assumptions in relation to the estimate of the pension defined benefit scheme obligation such as standard rates of inflation, mortality, discount rate and anticipated future salary increases. Variations in these assumptions have the ability to significantly influence the value of the liability recorded and annual defined benefit expense.

Defined benefit pension scheme assumptions

Pension figures in these accounts are prepared by independent actuaries. In preparing the figures the actuaries use a number of judgements based on the latest available financial and actuarial information available.

4 Turnover, cost of sales, operating costs and operating surplus

2022

Group	Turnover £'000	Cost of sales £'000	Operating costs £'000	Gain on disposal of Housing properties £'000	Loss on revalued Invest-ments £'000	Operating surplus /(deficit) £'000
Income and expenditure from social housing activities						
Housing accommodation	46,180	-	(37,375)	-	-	8,805
Supported housing	10,398	-	(6,860)	-	-	3,538
Low cost home ownership	3,140	-	(1,865)	-	-	1,275
	59,718	**-**	**(46,100)**	**-**	**-**	**13,618**
Other social housing activities						
Supporting people contract income	439	-	(439)	-	-	-
Development costs not capitalised	-	-	(82)	-	-	(82)
Management services	286	-	(104)	-	-	182
Community regeneration	80	-	(84)	-	-	(4)
Other social housing activities	-	-	(254)	-	-	(254)
First Tranche property sales	937	(956)	-	-	-	(19)
Gain on disposal of housing properties	-	-	-	1,500	-	1,500
Petrus	3,163	-	(3,486)	-	-	(323)
	4,905	**(956)**	**(4,449)**	**1,500**	**-**	**1,000**
Non-social housing activities						
Lettings	1,999	-	(3,220)	-	-	(1,221)
Other	5,817	-	(6,719)	-	(704)	(1,606)
	7,816	**-**	**(9,939)**	-	(704)	**(2,827)**
	72,439	**(956)**	**(60,488)**	**1,500**	**(704)**	**11,791**

4 Turnover, cost of sales, operating costs and operating surplus *(continued)*

	2021					
Group	Turnover £'000	Cost of sales £'000	Operating costs £'000	Gain on disposal of Housing properties £'000	Gain on revalued Invest-ments £'000	Operating surplus /(deficit) £'000
Income and expenditure from social housing activities						
Housing accommodation	45,543	-	(32,683)	-	-	12,860
Supported housing	9,593	-	(5,963)	-	-	3,630
Low cost home ownership	3,020	-	(2,689)	-	-	331
	58,156	-	(41,335)	-	-	16,821
Other social housing activities						
Supporting people contract income	371	-	(371)	-	-	-
Development costs not capitalised	-	-	(47)	-	-	(47)
Management services	290	-	(148)	-	-	142
Community regeneration	54	-	(81)	-	-	(27)
Other social housing activities	-	-	-	-	-	-
First Tranche property sales	2,853	(2,879)	-	-	-	(26)
Gain on disposal of housing properties	-	-	-	840	-	840
Petrus	1,916	-	(2,132)	-	-	(216)
	5,484	(2,879)	(2,779)	840	-	666
Non-social housing activities						
Outright Property Sales	7,710	(7,178)	-	-	-	532
Lettings	1,455	-	(2,504)	-	-	(1,049)
Other	3,063	-	(3,880)	-	822	5
Goodwill	-	-	(150)	-	-	(150)
	12,228	(7,178)	(6,534)	-	822	(662)
	75,868	(10,057)	(50,648)	840	822	16,825

4 Turnover, cost of sales, operating costs and operating surplus *(continued)*

2022

Association	**Turnover £'000**	**Cost of sales £'000**	**Operating costs £'000**	**Gain on disposal of Housing properties £'000**	**Loss on revalued invest-ment properties £'000**	**Operating surplus/ (deficit) £'000**
Income and expenditure from social housing activities						
Housing accommodation	45,427	-	(37,106)	-	-	8,321
Supported housing	10,078	-	(6,631)	-	-	3,447
Low-cost home ownership	1,035	-	(766)	-	-	269
	56,540	**-**	**(44,503)**	**-**	**-**	**12,037**
Other social housing activities						
Supporting people contract income	439	-	(439)	-	-	-
Development costs not capitalised	-	-	(82)	-	-	(82)
Management services	128	-	(96)	-	-	32
Community regeneration	80	-	(84)	-	-	(4)
Other social housing activities	-	-	(254)	-	-	(254)
First Tranche property sales	937	(994)	-	-	-	(57)
Gain on disposal of housing properties	-	-	-	848	-	848
	1,584	**(994)**	**(955)**	**848**	**-**	**483**
Non-social housing activities						
Lettings	1,413	-	(614)	-	-	799
Other	-	-	(863)	-	(607)	(1,470)
	1,413	**-**	**(1,477)**	**-**	**(607)**	**(671)**
	59,537	**(994)**	**(46,935)**	**848**	**(607)**	**11,849**

4 Turnover, cost of sales, operating costs and operating surplus *(continued)*

	2021					
Association	**Turnover £'000**	**Cost of sales £'000**	**Operating costs £'000**	**Gain on disposal of Housing properties £'000**	**Gain on revalued invest-ment properties £'000**	**Operating surplus/ (deficit) £'000**
Income and expenditure from social housing activities						
Housing accommodation	44,982	-	(32,704)	-	-	12,278
Supported housing	9,303	-	(5,819)	-	-	3,484
Low-cost home ownership	876	-	(1,474)	-	-	(598)
	55,161	-	(39,997)	-	-	15,164
Other social housing activities						
Supporting people contract income	371	-	(371)	-	-	-
Development costs not capitalised	-	-	(47)	-	-	(47)
Management services	113	-	(101)	-	-	12
Community regeneration	54	-	(81)	-	-	(27)
Other social housing activities	-	-	-	-	-	-
First Tranche property sales	2,853	(2,995)	-	-	-	(142)
Gain on disposal of housing properties	-	-	-	426	-	426
	3,391	(2,995)	(600)	426	-	222
Non-social housing activities						
Lettings	991	-	(757)	-	-	234
Other	-	-	(332)	-	267	(65)
	991	-	(1,089)	-	267	169
	59,543	(2,995)	(41,686)	426	267	15,555

4 Turnover, cost of sales, operating costs and operating surplus *(continued)*

Government job retention scheme

During the year the group received £Nil of income from the Government Job Retention Scheme (Furlough income). It is included above as income in social and non-social housing activities depending upon the activity of the recipient entity in the group.

5 Particulars of income and expenditure from social housing lettings

	2022			
Group	**General needs £'000**	**Supported housing and housing for older people £'000**	**Low cost home ownership £'000**	**Total £'000**
Turnover from social housing activities				
Rent receivables net of identifiable service charges	42,455	7,127	1,981	51,563
Charges for support services	16	97	-	113
Service income	1,417	2,669	850	4,936
Other income	20	-	309	329
Amortised government grants	-	-	-	-
Other revenue grants	2,272	505	-	2,777
Turnover from social housing lettings	**46,180**	**10,398**	**3,140**	**59,718**
Expenditure on social housing activities				
Management	(9,468)	(482)	(324)	(10,274)
Services	(1,566)	(2,662)	(1,034)	(5,262)
Routine maintenance	(8,095)	(1,168)	(33)	(9,296)
Planned maintenance	(8,236)	(998)	(273)	(9,507)
Major repairs expenditure	(357)	(306)	-	(663)
Bad debts	(309)	(29)	-	(338)
Depreciation of housing properties	(7,055)	(1,034)	(328)	(8,417)
Impairment of housing properties	(1,170)	-	-	(1,170)
Component write offs	(347)	(8)	-	(355)
Other costs	(772)	(173)	127	(818)
Operating costs on social housing lettings	**(37,375)**	**(6,860)**	**(1,865)**	**(46,100)**
Operating surplus on social housing letting activities	**8,805**	**3,538**	**1,275**	**13,618**
Void losses	**(280)**	**(251)**	**(14)**	**(545)**

5 Particulars of income and expenditure from social housing lettings *(continued)*

	2021			
Group	**General needs £'000**	**Supported housing and housing for older people £'000**	**Low cost home ownership £'000**	**Total £'000**
Turnover from social housing activities				
Rent receivables net of identifiable service charges	41,706	6,551	1,925	50,182
Charges for support services	18	81	-	99
Service income	1,402	2,422	819	4,643
Other income	4	-	276	280
Amortised government grants	2,265	507	-	2,772
Other revenue grants	148	32	-	180
Turnover from social housing lettings	**45,543**	**9,593**	**3,020**	**58,156**
Expenditure on social housing activities				
Management	(8,995)	(494)	(684)	(10,173)
Services	(1,384)	(2,335)	(1,035)	(4,754)
Routine maintenance	(7,316)	(929)	(70)	(8,315)
Planned maintenance	(5,942)	(810)	(817)	(7,569)
Major repairs expenditure	(473)	(190)	(1)	(664)
Bad debts	(255)	(2)	(20)	(277)
Depreciation of housing properties	(6,808)	(1,055)	(302)	(8,165)
Impairment of housing properties	(596)	-	-	(596)
Component write offs	(302)	-	-	(302)
Other costs	(612)	(148)	240	(520)
Operating costs on social housing lettings	**(32,683)**	**(5,963)**	**(2,689)**	**(41,335)**
Operating surplus on social housing letting activities	**12,860**	**3,630**	**331**	**16,821**
Void losses	**(300)**	**(353)**	**(27)**	**(680)**

5 Particulars of income and expenditure from social housing lettings *(continued)*

	2022			
Association	**General needs £'000**	**Supported housing and housing for older people £'000**	**Low cost home ownership £'000**	**Total £'000**
Turnover from social housing activities				
Rent receivables net of identifiable service charges	42,149	6,952	659	49,760
Charges for support services	16	97	-	113
Service income	1,383	2,572	371	4,326
Other income	20	-	5	25
Other revenue grants	1,859	457	-	2,316
Amortised government grants	-	-	-	-
Turnover from social housing lettings	**45,427**	**10,078**	**1,035**	**56,540**
Expenditure on social housing activities				
Management	(9,730)	(472)	(2)	(10,204)
Services	(1,527)	(2,612)	(458)	(4,597)
Routine maintenance	(8,089)	(1,124)	(4)	(9,217)
Planned maintenance	(8,058)	(929)	(57)	(9,044)
Major repairs expenditure	(359)	(307)	-	(666)
Bad debts	(308)	(29)	-	(337)
Depreciation of housing properties	(6,749)	(978)	(126)	(7,853)
Impairment of housing properties	(1,170)	-	-	(1,170)
Component write offs	(347)	(8)	-	(355)
Other costs	(769)	(172)	(119)	(1,060)
Operating costs on social housing lettings	**(37,106)**	**(6,631)**	**(766)**	**(44,503)**
Operating surplus on social housing letting activities	**8,321**	**3,447**	**269**	**12,037**
Void losses	**(279)**	**(209)**	**-**	**(488)**

5 Particulars of income and expenditure from social housing lettings *(continued)*

Association	General needs £'000	2021 Supported housing and housing for older people £'000	Low cost home ownership £'000	Total £'000
Turnover from social housing activities				
Rent receivables net of identifiable service charges	41,577	6,381	557	48,515
Charges for support services	18	81	-	99
Service income	1,383	2,349	319	4,051
Other income	4	-	-	4
Other revenue grants	148	32	-	180
Amortised government grants	1,852	460	-	2,312
Turnover from social housing lettings	**44,982**	**9,303**	**876**	**55,161**
Expenditure on social housing activities				
Management	(9,260)	(483)	(232)	(9,975)
Services	(1,363)	(2,294)	(444)	(4,101)
Routine maintenance	(7,422)	(921)	(19)	(8,362)
Planned maintenance	(5,981)	(787)	(577)	(7,345)
Major repairs expenditure	(473)	(190)	(1)	(664)
Bad debts	(190)	(2)	(1)	(193)
Depreciation of housing properties	(6,505)	(999)	(100)	(7,604)
Impairment of housing properties	(597)	-	-	(597)
Component write offs	(302)	-	-	(302)
Other costs	(611)	(143)	(100)	(854)
Operating costs on social housing lettings	**(32,704)**	**(5,819)**	**(1,474)**	**(39,997)**
Operating surplus on social housing letting activities	**12,278**	**3,484**	**(598)**	**15,164**
Void losses	**(300)**	**(303)**	**-**	**(603)**

6 Accommodation in management and development

At the end of the year accommodation in management for each class of accommodation was as follows:

Group	31 March 2021 Units	New stock Bought/ developed Units	Sold/ Demolished Units	Transactions with other RPs Units	Other movements Units	31 March 2022 Units
Social housing						
General housing - social	8,726	-	(18)	(2)	32	**8,738**
General housing - affordable	536	4	(3)	-	-	**537**
Supported housing and housing for older people	1,848	16	(18)	-	(6)	**1,840**
Low-cost home ownership	1,121	-	(34)	-	(1)	**1,086**
Total social housing owned and managed	12,231	20	(73)	(2)	25	**12,201**
Social leasehold units owned	546	-	(5)	-	(1)	**540**
Total social housing	**12,777**	**20**	**(78)**	**(2)**	**24**	**12,741**
Non-social housing						
Market rented	204	19	(9)	-	(29)	**185**
Office and retail units owned by the association	38	1	-	-	-	**39**
Leasehold units owned	-	11	-	-	3	**14**
Total Non-social housing	**242**	**31**	**(9)**	**-**	**(26)**	**238**
Total owned and managed	**13,019**	**51**	**(87)**	**(2)**	**(2)**	**12,979**
Accommodation in development at the year end	99					**126**

6 Accommodation in management and development *(continued)*

At the end of the year accommodation in management for each class of accommodation was as follows:

Association	**31 March 2021 Units**	**New stock Bought/ developed Units**	**Sold/ Demoli-shed Units**	**Transact-ions with other RPs Units**	**Other move-ments Units**	**31 March 2022 Units**
Social housing						
General housing - social	8,628	-	(18)	-	2	**8,612**
General housing - affordable	533	4	(3)	-	-	**534**
Supported housing and housing for older people	1,776	16	(15)	-	(4)	**1,773**
Low-cost home ownership	444	-	(6)	-	-	**438**
Total social housing owned and managed	**11,381**	**20**	**(42)**	**-**	**(2)**	**11,357**
Social leasehold units owned	302	-	(1)	-	-	**301**
Non-social leasehold	-	-	-	-	3	**3**
Non-social housing						
Market rented	105	-	-	-	-	**105**
Office and retail units owned by the association	2	-	-	-	-	**2**
Total owned and managed	**11,790**	**20**	**(43)**	**-**	**1**	**11,768**
Accommodation in development at the year end	99					**126**

7 Operating surplus

	Group 2022 £'000	Group 2021 £'000	Association 2022 £'000	Association 2021 £'000
This is arrived at after charging:				
Depreciation of housing properties	**8,417**	8,165	**7,853**	7,604
Depreciation of other tangible fixed assets	**908**	990	**557**	653
Amortisation of intangible fixed assets	**36**	73	**-**	-
Operating lease rentals:				
- land and buildings	**54**	199	**54**	54
- office equipment, cars and computers	**56**	60	**56**	56
Auditors remuneration (excluding VAT):				
- for the audit of the financial statements	**91**	74	**33**	32
- for the audit of service charge accounts	**24**	19	**24**	19
- other services in respect of taxation	**-** **32**	29	**30**	29
- other	**15**	17	**15**	17

8 Employees

Average monthly number of employees expressed in full time equivalents:

	Group 2022 Number	Group 2021 Number	Association 2022 Number	Association 2021 Number
Administration	**131**	119	**80**	74
Development	**9**	9	**9**	9
Housing, support and care	**238**	228	**180**	179
Education/nursery care	**34**	36	**-**	-
Maintenance	**251**	236	**36**	34
Community Regeneration	**2**	2	**2**	2
	665	630	**307**	298

8 Employees *(continued)*

	Group 2022 £'000	Group 2021 £'000	Association 2022 £'000	Association 2021 £'000
Employee costs:				
Wages and salaries	**20,247**	18,555	**10,137**	9,381
Social security costs	**1,890**	1,707	**963**	890
Pension costs	**926**	783	**518**	460
	23,063	21,045	**11,618**	10,731
Restructuring costs	**37**	2	**37**	2
	23,100	21,047	**11,655**	10,733

Key management personnel	Group 2022 £'000	Group 2021 £'000	Association 2022 £'000	Association 2021 £'000
Salary	**1,319**	1,554	**1,046**	924
Pensions	**72**	80	**57**	52
	1,391	1,634	**1,103**	976

Key management personnel include all directors apart from executive directors who are included below.

£33k (2021 - £34k) SHPS pension deficit contributions paid in the year are included in the association's pension costs above.

	2022 £'000	2021 £'000
Executive Directors		
Aggregate executive directors' remuneration Emoluments	**858**	698
Highest paid executive director Emoluments, excluding pension contributions	**200**	215

8 Employees *(continued)*

The full-time equivalent number of staff (including executive directors) who received emoluments:

	2022 Number	2021 Number
£60,001 to £70,000	**8**	6
£70,001 to £80,000	**2**	1
£80,001 to £90,000	**10**	10
£90,001 to £100,000	**4**	1
£110,001 to £120,000	**-**	1
£120,001 to £130,000	**-**	2
£130,001 to £140,000	**2**	1
£150,001 to £160,000	**2**	-
£180,001 to £190,000	**1**	1

9 Non-Executive Directors

Group

	2022 £'000	2021 £'000
Board members		
Board Member remuneration		
T Hepton	**7.5**	13.1
J Green	**2.4**	0.0
L Dixon	**6.7**	7.3
G Gray	**0.0**	7.9
K Barnes	**0.7**	7.1
J Wood	**5.8**	5.9
C Wilson	**16.0**	11.1
M G O'Doherty	**2.1**	2.0
N Hibbert	**0.9**	0.0
S Bonnette	**5.8**	5.6
C Stubley	**4.2**	8.2
J Wild	**6.2**	2.3
T Jones	**5.7**	5.6
P Roberts	**7.3**	5.6
M Pierre	**2.6**	0.0
	73.9	81.7
Board remuneration as a % of Group turnover	**0.10%**	0.12%

9 Board members and executive directors *(continued)*

	Group 2022 £'000	Group 2021 £'000	Association 2022 £'000	Association 2021 £'000
Severance and redundancy payments				
Total severance and redundancy payments	-	-	-	-

The executive directors, including the Group Chief Executive, are employed on the same terms as other staff. A number of the executive directors are members of the Social Housing Pension Scheme which is a defined contribution pension scheme with obligations to repay the deficit in respect of the previous defined benefit scheme. The ongoing scheme is a defined contribution scheme. They participate in the scheme on the same terms as all other eligible staff and the Group contributes to the scheme on behalf of its employees. Executive directors and other officers may be members of the Association's board on a non-remuneration basis.

During the year none of the severance and redundancy payments made related to any of the members of the Executive.

10 Sale of fixed assets – housing properties

	Group 2022 £'000	Group 2021 £'000	Association 2022 £'000	Association 2021 £'000
Proceeds of sale	**4,804**	3,765	**2,555**	1,290
Carrying values of fixed assets	**(2,299)**	(2,181)	**(1,065)**	(608)
	2,505	1,584	**1,490**	682
Capital grant recycled (note 28)	**(1,005)**	(744)	**(642)**	(256)
Surplus/(deficit) for the year	**1,500**	840	**848**	426

11 Interest receivable and other income

	Group 2022 £'000	Group 2021 £'000	Association 2022 £'000	Association 2021 £'000
Interest receivable and similar income	**7**	43	**1**	32

12 Interest payable and similar charges

	Group 2022 £'000	Group 2021 £'000	Association 2022 £'000	Association 2021 £'000
Bank loans and overdrafts	**10,037**	8,843	**10,037**	8,843
Interest capitalised on housing properties under construction	**(159)**	(444)	**(159)**	(444)
	9,878	8,399	**9,878**	8,399

The interest rate applied to determine the finance costs during the year was 4.5% for all direct subsidiaries of the Association (2021 - 4.5%).

13 Tax on surplus

	Group 2022 £'000	Group 2021 £'000	Association 2022 £'000	Association 2021 £'000
Current tax				
UK corporation tax on surplus for the year at % (2021 – 19%)	**-**	-		-
Adjustments in respect of prior years	**2**	15		-
	2	15		-
Deferred taxation				
Origination and reversal of timing differences	**426**	231		-
Adjustments in respect of prior years	**(181)**	(26)		-
Effects of tax rate change on opening balance	**71**	-		-
	316	205		-
Tax charge on surplus	**318**	220		-

13 Tax on surplus *(continued)*

	Group 2022 £'000	Group 2021 £'000	Association 2022 £'000	Association 2021 £'000
Current tax reconciliation				
Surplus for the period before taxation	**1,667**	9,009	**2,718**	7,092
UK corporation tax rate 19% (2021 - 19%)	**317**	1,712	**516**	1,347
Fixed asset differences	**-**	47	**-**	-
Expenses not deductible for tax purposes	**16,883**	15,889	**10,776**	10,120
Income not chargeable to corporation tax	**(17,152)**	(17,422)	**(11,292)**	(11,467)
Amounts charged directly to statement of changes in equity - gift aid	**181**	(185)	**-**	-
Other differences	**(2)**	2	**-**	-
Capital gains/(losses)	**106**	158	**-**	-
Adjustments in respect of prior periods	**(179)**	(25)	**-**	-
Adjustment to deferred tax opening and closing balances	**166**	-	**-**	-
Deferred tax not recognised	**(2)**	44	**-**	-
Total tax charge	**318**	220	**-**	-

	Group 2022 £'000	Group 2021 £'000	Association 2022 £'000	Association 2021 £'000
Deferred tax summary				
Accelerated capital allowances	**723**	407	**-**	-
Balance at 1 April	**407**	202	**-**	-
Amount charged (credited) to income and expenditure account	**316**	205	**-**	-
Balance at 31 March	**723**	407	**-**	-

14 Tangible fixed assets – housing properties

Group	Held for letting Completed £'000	Held for letting Under construction £'000	Low-cost home ownership Completed £'000	Low-cost home ownership Under construction £'000	Total Housing properties £'000
Property cost					
At 1 April 2021	542,542	10,340	49,047	1,085	**603,014**
Additions		1,048	-	2,595	**3,643**
Properties acquired	171	-	-	-	**171**
Schemes completed	3,020	(3,020)	-	-	**-**
Works to existing properties	8,026	-	-	-	**8,026**
Impairment of properties	(1,392)	-	-	-	**(1,392)**
Disposals	(2,915)	-	(1,254)	-	**(4,169)**
Transfer	466	-	-	-	**466**
At 31 March 2022	**549,918**	**8,368**	**47,793**	**3,680**	**609,759**
Depreciation and impairment					
At 1 April 2021	107,566	-	4,904	-	**112,470**
Charge for the year	8,090	-	327	-	**8,417**
Eliminated in respect of impairment	(321)	-	-	-	**(321)**
Eliminated in respect of disposals	(1,265)	-	(187)	-	**(1,452)**
At 31 March 2022	**114,070**	**-**	**5,044**	**-**	**119,114**
Net book value					
At 31 March 2022	**435,848**	**8,368**	**42,749**	**3,680**	**490,645**
At 31 March 2021	434,976	10,340	44,143	1,085	490,544

14 Tangible fixed assets – housing properties *(continued)*

Association	Held for letting Completed £'000	Held for letting Under construction £'000	Low-cost home ownership Completed £'000	Low-cost home ownership Under construction £'000	Total Housing properties £'000
Property cost					
At 1 April 2021	545,211	10,349	12,553	1,084	**569,197**
Additions	-	1,048	-	2,594	**3,642**
Properties acquired	172	-	-	-	**172**
Schemes completed	3,020	(3,020)	-	-	**-**
Reclassification	-	-	-	-	**-**
Works to existing properties	7,913	-	-	-	**7,913**
Impairment of properties	(1,392)	-	-	-	**(1,392)**
Transfer to properties held for sale	-	-	-	-	**-**
Disposals	(2,821)	-	(127)	-	**(2,948)**
At 31 March 2022	**552,103**	**8,377**	**12,426**	**3,678**	**576,584**
Depreciation and impairment					
At 1 April 2021	96,250	-	223	-	**96,473**
Charge for the year	7,725	-	128	-	**7,853**
Eliminated in respect of impairment	(321)	-	-	-	**(321)**
Eliminated in respect of disposals	(1,203)	-	(10)	-	**(1,213)**
At 31 March 2022	102,451	-	341	-	**102,792**
Net book value					
At 31 March 2022	**449,652**	**8,377**	**12,085**	**3,678**	**473,792**
At 31 March 2021	448,961	10,349	12,330	1,084	**472,724**

14 Tangible fixed assets – housing properties *(continued)*

Expenditure on works to existing properties

	Group 2022 £'000	Group 2021 £'000	Association 2022 £'000	Association 2021 £'000
Components capitalised	**8,026**	8,097	**7,913**	8,137
Amounts charged to income and expenditure account	**666**	664	**666**	664
	8,692	8,761	**8,579**	8,801

15 Investment properties non-social housing properties held for letting

	Group 2022 £'000	Group 2021 £'000	Association 2022 £'000	Association 2021 £'000
At 1 April	**28,363**	23,906	**20,470**	18,240
Additions	**3,199**	3,755	**2,710**	1,963
Increase/(decrease) in value	**(704)**	822	**(607)**	267
Disposals	**(892)**	(120)	**-**	-
At 31 March	**29,966**	28,363	**22,573**	20,470

Investment properties were valued as at 31 March 2022 by Jones Lang LaSalle (JLL), MO Valuations and Thomson Associates, RICS regulated property consultants and chartered surveyors.

In valuing investment properties, a discounted cash flow methodology was adopted in line with RICS valuation professional standard on the basis of fair value.

16 Tangible fixed assets – other

Group	Freehold/ leasehold premises £'000	Motor vehicles £'000	Computers and office equipment £'000	Fixtures and fittings £'000	Scheme assets £'000	Total £'000
Cost						
At 1 April 2021	8,032	548	3,336	2,586	6,023	**20,525**
Additions	207	30	385	333	160	**1,115**
Disposals	(3)	-	(135)	(171)	(58)	**(367)**
At 31 March 2022	**8,236**	**578**	**3,586**	**2,748**	**6,125**	**21,273**
Depreciation and impairment						
At 1 April 2021	2,392	409	2,435	1,517	3,682	**10,435**
Charged in year	74	58	366	177	233	**908**
Elimination on disposal	(1)	-	(135)	(158)	(7)	**(301)**
At 31 March 2022	**2,465**	**467**	**2,666**	**1,536**	**3,908**	**11,042**
Net book value						
At 31 March 2022	**5,771**	**111**	**920**	**1,212**	**2,217**	**10,231**
At 31 March 2021	5,640	139	901	1,069	2,341	10,090

16 Tangible fixed assets – other *(continued)*

Association	**Freehold/ leasehold premises £'000**	**Computers and office equipment £'000**	**Fixtures and fittings £'000**	**Scheme assets £'000**	**Total £'000**
Cost					
At 1 April 2021	3,457	2,492	527	5,368	11,844
Additions	-	268	306	153	727
Disposals	(3)	(135)	-	(3)	(141)
At 31 March 2022	**3,454**	**2,625**	**833**	**5,518**	**12,430**
Depreciation and impairment					
At 1 April 2021	436	1,837	402	3,041	5,716
Charged in year	23	286	21	227	557
Elimination on disposal	-	(135)	12	(3)	(126)
At 31 March 2022	**459**	**1,988**	**435**	**3,265**	**6,147**
Net book value					
At 31 March 2022	**2,995**	**637**	**398**	**2,253**	**6,283**
At 31 March 2021	3,021	655	125	2,327	6,128

17 Other intangible assets

Group	**Computer software £'000**
Cost	
At 1 April 2021	482
Additions	60
At 31 March 2022	**542**
Amortisation	
As at 1 April 2021	434
Charge for the year	36
At 31 March 2022	**470**
Net book value	
At 31 March 2022	**72**
At 31 March 2021	48

18 Goodwill

Group	**£'000**
Cost	
At 1 April 2021 and 31 March 2022	3,075
Amortisation	
At 1 April 2021 and 31 March 2022	(3,075)
Net book value	
At 1 April 2021 and 31 March 2022	-

The £3,075k goodwill figure shown above relates to goodwill on acquisition of the following subsidiaries:

	£'000
M&Y Maintenance and Construction Limited	1,068
McDonald Property Rentals Limited	687
The Learning Foundry	1,295
Positive Footprints Limited	25
	3,075

19 Investments in subsidiaries

Association

	2022 £'000	2021 £'000
Cost		
Investment in M&Y Maintenance and Construction Limited	1,134	1,134
Investment in Alder Care Limited	1,600	1,600
Investment in The Learning Foundry Limited	678	678
Investment in Positive Footprints Limited	212	212
	3,624	3,624
Impairment		
Impairment of investment in Alder Care Limited	(1,600)	(1,600)
Impairment of investment in The Learning Foundry Limited	(250)	(250)
Impairment of investment in Positive Footprints	(212)	(212)
	(2,062)	(2,062)
Carrying value at 31 March	1,562	1,562
Joint venture		
Carrying value of investment in Skylight lettings	-	184

As required by statute, the financial statements consolidate the results of the following companies which were subsidiaries of the Association as at 31 March 2022:

- Redwing Living Limited
- M&Y (Regenda Partnership) Limited
- M&Y Maintenance & Construction Limited
- McDonald Property Rentals Limited
- Petrus Community Limited
- The Learning Foundry Limited
- Centre 56 Limited
- E Hind & Co Limited
- Templar Homes Limited
- Regenda Developments Limited
- The National Communities Resource Centre Limited

The Association has the right to appoint members to the board of all subsidiaries and thereby exercises control over them. Redwing Living Limited is a Registered Provider; Petrus Community Limited, The National Communities Resource Centre Limited and Centre 56 are registered charities; the other subsidiaries are non-regulated companies.

Regenda Limited is the ultimate parent undertaking.

Further details in relation to subsidiary undertakings is detailed in note 38.

20 Transactions with non-regulated entities

During the year the Association had the following intra-group transactions with non-regulated entities:

	2022 £'000	2021 £'000
M&Y Maintenance and Construction Limited Provision of repairs and maintenance services	(25,664)	(24,292)
McDonald Property Rentals Limited Management of market rented stock	(9)	(4)
The National Communities Resource Centre Limited Purchase of Trafford Hall	-	(1,000)
The Learning Foundry Training and refurbishment	(105)	(262)
Petrus Community Limited Management of rental schemes	(396)	(294)
Regenda Developments Limited Development & construction schemes	(1,840)	(2,717)

21 Properties held for sale

Shared ownership properties

	Group 2022 £'000	Group 2021 £'000	Association 2022 £'000	Association 2021 £'000
Work in progress	**2,201**	745	**2,201**	745

22 Stock

	Group 2022 £'000	Group 2021 £'000	Association 2022 £'000	Association 2021 £'000
Finished goods and goods for resale	**103**	132	**-**	-
Raw materials and consumables	**-**	8	**-**	-
	103	140	**-**	-

23 Debtors

	Group 2022 £'000	Group 2021 £'000	Association 2022 £'000	Association 2021 £'000
Amounts falling due in more than one year				
Other debtors	**1,611**	1,611	**1,611**	1,611
Amounts falling due within one year				
Rent and service charges receivable	**3,255**	3,140	**2,459**	2,607
Less provision for bad and doubtful debts	**(2,093)**	(2,030)	**(1,581)**	(1,731)
Net rent arrears	**1,162**	1,110	**878**	876
Trade debtors	**741**	757	**-**	-
Social housing grants receivable	**115**	115	**115**	115
Other debtors	**1,640**	1,316	**494**	411
Amounts owed by group undertakings	**-**	-	**422**	388
Prepayments and accrued income	**2,169**	2,214	**617**	789
Corporation tax	**5**	295	**-**	-
Total debtors falling due within one year	**5,832**	5,807	**2,526**	2,579
Total debtors	**7,443**	7,418	**4,137**	4,190

Other debtors due after more than one year relate to cash security in relation to long term borrowing arrangements.

24 Creditors: amounts falling due within one year

	Group 2022 £'000	Group Restated 2021 £'000	Association 2022 £'000	Association Restated 2021 £'000
Debt (note 27)	**4,617**	6,662	**4,617**	6,662
Bank overdraft	**3**	-	**-**	-
Trade creditors	**1,627**	2,234	**671**	852
Rent and service charges received in advance	**2,811**	2,660	**2,489**	2,319
Amounts owed to group undertakings	**-**	-	**20,334**	14,055
Corporation tax payable	**-**	-	**-**	-
Other creditors	**2,960**	3,064	**2,091**	2,135
Other taxation and social security	**36**	528	**36**	336
Accruals and deferred income	**5,761**	6,337	**3,873**	3,470
Recycled capital grant fund (note 28)	**1,159**	1,261	**645**	758
Deferred capital grant (note 29)	**2,534**	2,471	**2,313**	2,250
Leaseholder funds	**1,214**	977	**-**	-
	22,722	26,194	**37,069**	32,837

For details of the prior year adjustment see note 39.

25 Creditors: amounts falling due after more than one year

	Group 2022 £'000	Group Restated 2021 £'000	Association 2022 £'000	Association Restated 2021 £'000
Recycled capital grant fund (note 28)	**1,679**	1,574	**898**	793
Deferred capital grant (note 29)	**223,094**	225,001	**192,849**	194,006
Debt (note 27)	**205,123**	209,476	**205,123**	209,476
Sinking funds	**2,032**	1,803	**1,164**	1,088
Contingent consideration	**-**	-	**-**	45
	431,928	437,854	**400,034**	405,408

For details of the prior year adjustment see note 39.

26 Provisions for liabilities

	Group 2022 £'000	Group 2021 £'000	Association 2022 £'000	Association 2021 £'000
Deferred tax (note 13)	**723**	407	**-**	-

27 Debt analysis

	Group 2022 £'000	Group 2021 £'000	Association 2022 £'000	Association 2021 £'000
Due within one year				
Bank loans (note 24)	**4,617**	6,662	**4,617**	6,662
Due after more than one year				
Bank loans	**146,787**	151,408	**146,787**	151,408
Notes and debentures	**55,000**	55,000	**55,000**	55,000
Loan premium	**6,116**	6,381	**6,116**	6,381
Loan set up costs	**(2,780)**	(3,313)	**(2,780)**	(3,313)
	205,123	209,476	**205,123**	209,476
Total	**209,740**	216,138	**209,740**	216,138
In one year or less (note 24)	**4,617**	6,662	**4,617**	6,662
Between one and two years	**8,254**	25,654	**8,254**	25,654
Between two and five years	**17,086**	43,799	**17,086**	43,799
In five years to more	**124,783**	85,023	**124,783**	85,023
	154,740	161,138	**154,740**	161,138
M&G Senior Note 4.96% repayable 2043	**22,000**	22,000	**22,000**	22,000
M&G Senior Note 5.01% repayable 2048	**22,000**	22,000	**22,000**	22,000
M&G Senior Note 5.00% repayable 2053	**11,000**	11,000	**11,000**	11,000
	209,740	216,138	**209,740**	216,138

27 Debt analysis *(continued)*

Security

Bank and other loans are secured by fixed charged on individual properties.

Terms of repayment and interest rates

The loans (other than the M&G notes) are repayable by instalments by up to 21 years and are at fixed or variable interest rates between 0.86% and 10.43%. The group has facilities of £271m (2021 - £273m). At 31 March 2022, the group had undrawn loan facilities of £65m (2021 - £60m). The group uses its housing properties as security for all its existing loan facilities.

Three of the THFC loans are bullet repayments due between 2022 and 2034. The remaining THFC indexed loan is repayable by half yearly instalments with final maturity in 2024.

The group assessed its bank loans as basic using the criteria in section 11 of FRS 102, although the loan agreements contain two-way breakage clauses.

The group's interpretation of the financial reporting standard is that the clauses do not prevent the loans being accounted for as basic.

	Group 2022 £'000	**Group 2021 £'000**
Fixed rate	**178,952**	182,518
Variable rate	**43,206**	47,055
At 31 March	**222,158**	229,573

The fixed rate financial liabilities have a weighted average interest rate of 4.25 % (2021 - 5.11%) and the weighted average period for which is fixed is 18 years (2021 - 19 years).

28 Recycled capital grant fund

	Group 2022 £'000	Group 2021 £'000	Association 2022 £'000	Association 2021 £'000
At 1 April	**2,835**	2,235	**1,551**	1,388
Grants recycled	**1,005**	745	**642**	256
Grants utilised in the year	**(352)**	-	**-**	-
Interest Accrued	**-**	1	**-**	1
Grant utilised in year	**(650)**	(146)	**(650)**	(94)
At 31 March	**2,838**	2,835	**1,543**	1,551
Amounts to be released within one year (note 24)	**1,159**	1,261	**645**	758
Amounts to be released in more than one year (note 25)	**1,679**	1,574	**898**	793
	2,838	2,835	**1,543**	1,551

29 Deferred capital grant income

	Group 2022 £'000	Group 2021 £'000	Association 2022 £'000	Association 2021 £'000
At 1 April	**227,472**	228,971	**196,256**	196,893
Grants received in the year	**1,778**	1,795	**1,778**	1,793
Released to income in the year	**(2,777)**	(2,773)	**(2,316)**	(2,312)
Grant disposed in the year	**(845)**	(521)	**(556)**	(118)
At 31 March	**225,628**	227,472	**195,162**	196,256
Amounts to be released within one year (note 24)	**2,534**	2,471	**2,313**	2,250
Amounts to be released in more than one year (note 25)	**223,094**	225,001	**192,849**	194,006
	225,628	227,472	**195,162**	196,256
Government funding received	**295,437**	293,659	**249,400**	247,622
Grants amortised to date (contingent liabilities)	**(69,809)**	(66,187)	**(54,238)**	(51,366)
	225,628	227,472	**195,162**	196,256

30 Net pension liability

Social Housing Pension Scheme (Group and Association)

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

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

The last triennial valuation of the scheme for funding purposes was carried out as at 30 September 2017. This valuation revealed a deficit of £1,522m. A recovery plan has been put in place with the aim of removing this deficit by 30 September 2026.

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

For financial years ending on or after 31 March 2021, it is possible to obtain sufficient information to enable the Group to account for the Scheme as a defined benefit scheme.

For accounting purposes, an actuarial valuation of the scheme was carried out with effective date of 31 March 2022. The liability figures from each valuation are rolled forward to the relevant accounting dates, if applicable, and are used in conjunction with the Group's fair share of the Scheme's total assets to calculate the Group's net deficit or surplus at the accounting period start and end dates.

31 Net pension liability *(continued)*

PRESENT VALUES OF DEFINED BENEFIT OBLIGATION, FAIR VALUE OF ASSETS AND DEFINED BENEFIT ASSET (LIABILITY)

	2022 £'000	2021 £'000
Fair value of plan assets	51,593	49,096
Present value of defined benefit obligation	(58,721)	(61,407)
Deficit in plan	**(7,128)**	(12,311)

	2022 £'000	2021 £'000
Defined benefit obligation at start of year	61,407	52,875
Expenses	33	33
Interest expense	1,331	1,232
Actuarial losses (gains) due to scheme experience	2,747	(795)
Actuarial losses (gains) due to changes in demographic assumptions	(934)	221
Actuarial losses (gains) due to changes in financial assumptions	(4,687)	9,601
Benefits paid and expenses	(1,176)	(1,760)
Defined benefit obligation at end of period	**58,721**	61,407

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE FAIR VALUE OF PLAN ASSETS

	2022 £'000	2021 £'000
Fair value of plan assets at start of year	49,096	44,262
Interest income	1,078	1,045
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	1,056	4,040
Contributions by the employer	1,539	1,509
Benefits paid and expenses	(1,176)	(1,760)
Fair value of plan assets at end of year	**51,593**	49,096

The actual return on the plan assets (including any changes in share of assets) over the year ended 31 March 2022 was £2,134,000 (2021: £5,085,000).

31 Net pension liability *(continued)*

DEFINED BENEFIT COSTS RECOGNISED IN STATEMENT OF COMPREHENSIVE INCOME

	2022 £'000	2021 £'000
Current service cost	-	-
Expenses	33	33
Net interest expense	253	187
Defined benefit costs recognised in statement of comprehensive income	**286**	220

DEFINED BENEFIT COSTS RECOGNISED IN OTHER COMPREHENSIVE INCOME

	2022 £'000	2021 £'000
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	1,056	4,040
Experience gains and losses arising on the plan liabilities - gain (loss)	(2,747)	795
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	934	(221)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	4,687	(9,601)
Total amount recognised in other comprehensive income - gain (loss)	**3,930**	(4,987)

ASSETS	2022 £'000	2021 £'000
Absolute Return	2,070	2,710
Alternative Risk Premia	1,701	1,849
Corporate Bond Fund	3,442	2,901
Credit Relative Value	1,715	1,545
Distressed Opportunities	1,846	1,418
Emerging Markets Debt	1,501	1,982
Fund of Hedge Funds	-	6
Global Equity	9,901	7,825
Infrastructure	3,675	3,273

31 Net pension liability *(continued)*

ASSETS *(continued)*	**2022 £'000**	**2021 £'000**
Insurance-Linked Securities	1,203	1,179
Liability Driven Investment	14,396	12,477
Long Lease Property	1,328	962
Net Current Assets	143	298
Private Debt	1,323	1,171
Property	1,393	1,020
Risk Sharing	1,699	1,787
Secured Income	1,922	2,042
Opportunistic Illiquid Credit	1,733	1,248
Liquid Credit	-	586
High Yield	445	1,470
Opportunistic Credit	184	1,346
Cash	175	1
Currency hedging	(202)	-
Total assets	**51,593**	**49,096**

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

KEY ASSUMPTIONS

	2022 % per annum	**2021 % per annum**
Discount Rate	2.79%	2.19%
Inflation (RPI)	3.54%	3.26%
Inflation (CPI)	3.17%	2.87%
Salary Growth	4.17%	3.87%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2022 imply the following life expectancies:

	2022 Life expectancy at age 65 (Years)	**2021 Life expectancy at age 65 (Years)**
Male retiring in 2022	21.1	21.6
Female retiring in 2022	23.7	23.5
Male retiring in 2039	22.4	22.9
Female retiring in 2039	25.2	25.1

32 Share capital

	Association 2022 £	Association 2021 £
Allotted, issued and fully paid		
At 1 April and 31 March	**9**	9

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

33 Reserves

Reserves are made up of the following:

- Restricted reserves relate to a gift aid reserve.
- The endowment fund principally comprises a legacy received in 2005 in Petrus Community. The trustees have the discretion to spend the capital (an expendable endowment), but their intention is to maintain the capital and use the investment income arising for the benefit of the homeless people under the terms of the legacy.
- Revenue reserve - these are the accumulated designated and income and expenditure reserves for the Group. Distribution is restricted by the corresponding company's rules.

34 Capital commitments

	Group 2022 £'000	Group 2021 £'000	Association 2022 £'000	Association 2021 £'000
Capital expenditure				
Capital expenditure that has been contracted for but has not been provided for in the financial statements	**6,957**	5,105	**6,957**	5,105
Capital expenditure that has been authorised but has not yet been contracted for	**18,194**	2,230	**18,194**	2,230
	25,151	7,335	**25,151**	7,335

Capital commitments will be funded from cash reserves and planned future borrowing.

35 Operating leases

	Group 2022 £'000	Group 2021 £'000	Association 2022 £'000	Association 2021 £'000
Land and buildings:				
In one year or less	**154**	169	**8**	8
Between one and five years	**308**	401	**14**	14
In more than five years	**24**	3	**-**	-
	486	573	**22**	22
Office equipment, computer equipment and motor vehicles:				
In one year or less	**191**	126	**8**	8
Between one and five years	**636**	69	**19**	19
	827	195	**27**	27

36 Contingent liabilities

The Group receives capital grant from Homes England which is used to fund the acquisition and development of housing properties and their components. In certain circumstances upon disposal of grant funded properties, the group is required to recycle grant by crediting the Recycled Capital Grant Fund.

During financial year 2017/18, 1,201 properties were transferred from Redwing Living to Regenda Homes as part of an intra-group stock transfer with an associated grant value of £24.0m. The transfer resulted in a surplus on sale of £36.7m which is recorded in the Statement of Comprehensive Income of Redwing Living Limited.

Although the stock transfer has not given rise to a relevant event for the purposes of recycling the grant (as the group retains the property asset) Regenda Homes Limited does have a future obligation to recycle the grant if the property is disposed of.

As the timing of disposal is uncertain, no provision has been recognised in the financial statements.

37 Cash flow from operating activities

	Group 2022 £	Group 2021 £
Surplus for the year	**1,349**	8,789
Adjustments for non-cash items:		
Depreciation of tangible fixed assets	**9,325**	9,156
Impairment	**1,071**	545
Movement in debtors	**(315)**	(1,453)
Movement in creditors	**(42)**	417
Movement in stock	**37**	(11)
Pension costs less contributions payable	**(1,253)**	(1,289)
Movement in properties held for sale/stock	**(1,456)**	8,131
Amortisation of intangibles	**36**	224
Government grants utilised in the year	**(2,777)**	(2,773)
Corporation tax paid	**288**	(50)
Taxation charge	**318**	220
Interest receivable	**(7)**	(43)
Interest payable	**9,878**	8,399
Surplus on sales of assets	**(1,500)**	(840)
Fair value losses/(gains) on investment properties	**704**	(822)
Net cash generated from operating activities	**15,656**	28,600

38 Related parties

During the year gift aid of £999k (2021: £91K) was received from subsidiary undertakings. £977k (2021 - £74k) was received from Redwing Living (£977k), £22k (2021 - £10k) from M&Y Maintenance and from Construction and £Nil (2021 - £7k) from McDonald Property Rentals.

Paul Roberts is a board member of Regenda Homes Limited and an executive director of The Guinness Partnership Limited. He has not been able to use his position to his advantage.

38 Related parties (continued)

The following are subsidiaries whose results have been incorporated into the consolidated accounts on the basis of common control.

Organisation	Status	Country	Principal activity	Basis of control
Redwing Living Limited	Co-operative and Community Benefit Societies	England	Registered Provider	Control over Board membership
M&Y Maintenance and Construction Limited	Company Act	England	Registered Contractor	Ownership of share capital and control over Board membership
McDonald Property Rentals Limited	Company Act	England	Lettings Agent	Ownership of share capital and control over Board membership
Petrus Community	Charity	England	Registered Charity providing community support	Control over Board membership
M&Y (Regenda Partnership) Limited	Company Act	England	Property repairs and build services	Ownership of share capital and control over Board membership
The Learning Foundry Limited	Company Act	England	Training Provider	Ownership of share capital and control over Board membership
Centre 56 Limited	Charity	England	Provide assistance to families in necessitous circumstances	Ownership of share capital and control over Board membership
Regenda Developments Limited	Company Act	England	Developments Agent	Ownership of share capital and control over Board membership
The National Communities Resource Centre Limited	Charity	England	Registered Charity providing community support	Control over Board membership

39 Prior year adjustment

There has been a prior period adjustment of £1.8m (£1.09m in Association) to correct an error in the ageing of the amounts owed to leaseholders liability relating to leasehold sinking funds. The 2021 balance has been restated with this £1.8m (£1.09m in Association) balance now presented as due after more than one year. As the group controls the timing of the expenditure, other than where a contract has been agreed for the works, the group has the legal right to defer payment beyond 12 months at the reporting date.