Green Square Accord

# FINANCIAL STATEMENTS 2022

# Contents


| | |
|---|---|
| Board Members, Executive Directors and Advisors | 2 |
| Chair’s Statement | 3 |
| Strategic Report | 5 |
| Independent Auditors Report | 36 |
| Consolidated Statements Of Comprehensive Income | 40 |
| Association Statements Of Comprehensive Income | 41 |
| Consolidation and Association Statement of Changes in Reserves | 42 |
| Consolidated Statement of Financial Position | 43 |
| Association Statement of Financial Position | 44 |
| Consolidated Statement of Cash Flows | 46 |
| Notes to the Financial Statements | 47 |

# Board Members, Executive Directors and Advisors

## Board

### Chair

- R Bailey (Chair from 1 November 2021)
- E Buggins (Chair and Member to 31 October 2021)

### Other Members

- P Andres
- M Clarke
- S Eastwood
- S Goldsmith
- D Greenhalgh
- C Hampson (from 1 July 2022)
- N Johal
- P Lyons (from 1 June 2022)
- S Reehana
- R Cooke (Chief Executive)
- S Pearce (to 31 July 2021)
- S Fisher (to 30 July 2021)

## Executive Directors

### Chief Executive

R Cooke

### Executive Director of Governance and Company Secretary

S Atkinson (from 12 July 2021)

### Executive Director of Operations

R Crownshaw

### Executive Director of Development

C Currie (from 17 May 2021)

### Executive Director of Care & Support

M Espley

### Executive Director of Assets

T Graham

### Chief Finance Officer

J Makinson (from 10 January 2022)

### Executive Director of People

H Moss

### Executive Director of Corporate Services

I Bacon (to 28 May 2021)

### Chief Finance Officer & Deputy Chief Executive

S Fisher (to 30 July 2021)

### Executive Director of Communities

S Woodall (to 30 July 2021)

### Interim Chief Finance Officer

T Willis (from 25 September 2021 to 10 January 2022)

### Secretary

- S Fisher (to 12 July 2021)
- S Atkinson (from 12 July 2021)

### Registered Office:

178 Birmingham Road
West Bromwich
West Midlands
B70 6QG

# Chair's Statement

## Overview

As Chair of GreenSquareAccord and at the end of our first year as a merged organisation, I reflect first and foremost on the extraordinary factors - economic, political and social - which continue to affect the daily lives of our customers and indeed our colleagues. Covid-19 restrictions have fallen away in most areas of society but continue to have a profound effect on those working and living in our care settings. The Group has adapted its approach to the management of Covid-19 accordingly, with the Board and Executive ensuring that the health and safety of customers and colleagues remains firmly at the top of the leadership agenda during the year. The conflict in Ukraine has exacerbated the impacts already seen from rising consumer demand across the UK and abroad, and our customers are faced with price rises not seen for 40 years. Against this external backdrop, our homes and services have never been more needed.

We were delighted to complete the merger of Accord Housing Association and GreenSquare Group on 1 April 2021 creating a combined portfolio of over 26,000 homes and 2,800 staff delivering housing and care services across our geography. During the year we wrote our first strategy 'Simply Brilliant Together' which set out how we will deliver our core purpose – Building Better Lives. We are committed to supporting those in greatest need, and the Group's shared capacity and capability means that we will deliver more homes and have the resources to invest appropriately in our homes and services in the long term.

Whilst we remain excited and committed to delivery of our core purpose and the promises we made before coming together as a Group, the year since merger has not been the one we planned or hoped for. Shortly following the merger we identified serious failings in building safety compliance across our stock portfolio in the Midlands. We reported these to the Regulator for Social Housing who subsequently downgraded the Group's Governance rating from G1 to G2. The safety of our customers is paramount. The Board and Executive team were hugely disappointed with the findings and are collectively committed to putting right the identified issues at pace. We have new colleagues at both Board and Executive level to steer the Group's course and I am pleased to say that we are making excellent progress in delivering our Building Safety Recovery Programme (BSRP) which we launched immediately in response to the concerns.

In terms of financial performance, the additional investment in our stock under the BSRP placed added pressure on the Group's margins. This compounded continuing challenges in the Group's residential care and domiciliary care services on transition from Covid-19. Some of the Group's residential settings remained closed for periods of the year due to outbreak management and nationwide issues around workforce supply reduced the delivery of hours in the Group's homecare services. On top of these operational issues, the Board has taken a fresh look at its Statement of Financial Position and, taking into account the changing and growing risks in the external environment and the business prospects, made a more cautious assessment of some balances within these financial statements. This has resulted in the write-off of balances totalling £18.9m. All the above factors have contributed to a disappointing underlying financial performance compared to our internal and external benchmarks. The deficit for the period before the impact of business combinations transfers was £19.3m (2021: surplus of £8.5m) on a turnover of £227.5m (2021: £168.4m). The total comprehensive income for the year shows a surplus of £194.6m (2021: £(1.9)m deficit) as a result of a gift of £218m arising from the merger accounting. Due to the one-off nature of the financial challenges the Group experienced this year, variations to the covenants were proactively agreed and we were able to meet all financial covenants at 31 March 2022. Since the year end, the Board has approved a revised Long Term Financial Plan for the Group which incorporates our plans for recovery from what was an unsatisfactory but exceptional year for the Group financially.

Despite the challenges of the year, the Group delivered 686 new affordable homes for rent and shared ownership, exceeding our target of 668. Profit on first tranche shared ownership sales and market sales held up well and has made a valuable contribution to the Group's position for the year.

The co-location and integration of our contact centre during the year was a significant milestone for customer service at GSA. We know however that customer satisfaction is not where we want it to be and that we must do more to fix the simple things to support our customers to live safely and comfortably in their homes. The launch of our Locality Model, which devolves decision making to our communities in key areas, is a key lever to help us move forward in this area. Raising the standard of our homes via the BSRP, and of our key customer services including repairs and maintenance, are key Board priorities for the coming year.

## Board and Staff

Elisabeth Buggins, Chair of Accord Housing Association prior to the merger, and of the Group thereafter, chose to step down from her role in September 2021. The Board asked me to take on the Chair role and I have been very grateful to all Board members for the way they have supported me. It is crucial that the skills of the Board reflect the various elements of our business model and a detailed succession plan is in place with 2 new members having joined the Board during June and July 2022. Simon Eastwood, who has significant House Building and Development skills retires at the AGM in September 2022, and I would like to place on record our appreciation of his commitment and contribution. The Board has launched an external governance review to continue to develop and embed new culture and behaviours, learning from the past and with a clear focus on moving forward. This review will build on work already completed to strengthen committee structures and improve skills and accountability.

Our colleagues have been incredible, working enthusiastically over the course of the last year, often in difficult circumstances, to make strides forward in integrating the legacy organisations and delivering for customers. I would like to offer the sincere thanks of the Board to every single colleague for their effort and commitment to the delivery of the Group's purpose. We know we have more to do in building and embedding our culture, and I look forward to seeing how our new behaviours framework helps to knit our combined staff teams more closely together over the coming year.

## Looking forward

Whilst this has unquestionably been a difficult year for GreenSquareAccord, we have responded immediately and effectively to the issues we have identified, and are now on a clear path to their full resolution. Reflecting on its first year, the Board will take stock of its strategy over the coming 12 months and ensure that, given the new information gathered since merger, its core purpose and service offering remain appropriate and deliverable. Our revised plans will be informed by the promises we made pre-merger. Customer safety, service and satisfaction will remain an essential and urgent focus of the Board as we navigate what continues to be a challenging external operating environment. Delivery of our efficiency programme, which will drive better value through our operations and to customers, will be fundamental to the Group's improved financial performance.

I look forward to seeing the progress and impact we can achieve as we continue to integrate and optimise our new merged organisation.

**Robin Bailey**
Chair

4 August 2022

# Strategic Report

## Introduction

The Board presents its report together with the audited financial statements for the period ended 31 March 2022. In preparing this Strategic Report and Board report, the Board has followed the principles set out in the Statement of Recommended Practice (SORP) for Registered Social Housing Providers 2018.

GreenSquareAccord ('GreenSquareAccord' or 'the Group') comprises GreenSquareAccord Limited ('The Association') and a number of subsidiaries, including Accord Group Treasury Limited, GreenSquare Homes Limited, GreenSquare Construction Limited, GS Energy Services Limited, and GreenSquare Estates Limited, Matrix Housing Partnership Limited, Matrix Housing Partnership Co-operative Limited, and joint venture Sharpness Development LLP. There are also a number of dormant subsidiaries which are currently being consolidated.

On 1 April 2021, following a thorough period of due diligence and consultation, Accord Housing Association Limited successfully entered into a business combination with GreenSquare Group and its subsidiaries to create a new organisation; Accord Housing Association Limited trading as GreenSquareAccord. A further group reorganisation took place on 30 November 2021 in which Westlea Housing Association (a subsidiary) transferred its engagements to Accord Housing Association Limited (the parent). On the same date Accord Housing Association Limited changed its name to GreenSquareAccord Limited. Following the completion of the merger, the Group owns and manages over 26,000 properties and employs c. 2,800 FTE staff. Further details are included in Note 36 and 37.

The main business of the Group is the development and management of homes for rent, and the delivery of care and support services. This Strategic Report focuses on the Group's activities in this financial year, which have been targeted towards integrating the legacy organisations and beginning to implement plans to deliver the promises and benefits outlined in the merger business case. In particular, the Group's focus is on increasing financial capacity via economies of scale and greater operating margins, which will in turn enable the delivery of higher quality services to existing customers, and a greater combined development capacity for new homes.

GreenSquareAccord Limited provides a range of central services – communications, compliance, development, finance, governance, human resources, information and communications technology, performance and planning, procurement, property services, and risk and assurance – to its subsidiaries, under the scope of an intra-group agreement. The financial statements are prepared on a group basis. They therefore reflect the activities of subsidiary companies and share of joint ventures as well as the Association.

## Operating Environment

The environment within which the Group operates is complex, being influenced by global and national factors. This complexity manifested during the financial year in a challenging macro-economic and geopolitical backdrop, resulting from the conflict in Ukraine. This has exacerbated existing fragility following Covid-19, and added to the squeeze on supplies as global demand soared in the aftermath of the pandemic.

As evidence of rising demand, UK consumer price inflation reached 9% in April 2022, the fastest rate for 40 years. This is more than four times the Bank of England's 2% target and inflation is set to rise further in the coming months as the energy price cap is increased. This rapid rise in inflation has been an important factor denting consumer confidence in recent months, although as yet, this has done little to dent housing market activity with prices rising by 11% in the last year. The Group's market sales and shared ownership business streams accordingly saw high volumes and sustained sales values during the financial year. This means of course that the gap between rich and poor continues to widen, and homes are becoming less affordable as wage rises typically fail to keep up with inflation. Against this backdrop, the provision of good quality affordable homes for rent is increasingly critical, and the new enlarged Group is committed to achieving new supply which meets need across our geography.

Recovery from the pandemic has been slower in the care arena owing to national workforce supply limitations and continuing restrictions in care homes and specialist settings. The prevalence of Covid-19 is again increasing in society. Government outbreak controls remain strict to ensure the safety of customers, with the impact being that the Group has had to keep some services closed for periods during the year.

Politically, the Government's focus around levelling up has important implications for the Group as an organisation stretching from the north of England to Wiltshire. The Group continues to establish and develop relationships with local authorities across its geography together with connections with stakeholders and communities.

Two new pieces of legislation have come into force in the year, both designed to improve the safety of homes for people and give greater clarity over accountability throughout the lifecycle of a building. The Building Safety Bill was published in July 2021 and will be followed by further legislation on its practical application and a new Building Safety Regulator to be established by the Health & Safety Executive to oversee the regime. The Fire Safety Act 2021 received Royal Assent in April 2021 and draws on the recommendations from phase 1 of the Grenfell Enquiry which examined the cause of the tragic fire in a tower block in 2019. During the financial year, the Group established an internal Building Safety Recovery Programme (BSRP) to respond to the historic issues identified in the quality of its homes. In particular, shortly after the completion of the merger the Group identified that a substantial proportion of homes in the Midlands had not received the full suite of required compliance checks. The Group is fully committed to resolving these issues as a matter of urgency. Accordingly, significant expenditure on the BSRP is reflected in these financial statements and is due to continue over the coming period. The broader theme of health and safety has been a key focus for the Group this year, building on work started during the pandemic, and the Board approved a new Health & Safety Strategy for 2022/23 in May 2022. The Strategy uses the knowledge gained across the Group in its first year of operation to focus on the areas of key risk first, which include additional oversight of and investment in mandatory training, risk assessments and health and safety culture.

## Purpose, Mission and Core Business

GreenSquareAccord is a registered society and exempt charity administered by a Board of Management, and is a leading provider of housing and related services within the West Midlands, Oxfordshire, Gloucestershire and Wiltshire.

GreenSquareAccord was created to deliver our purpose – 'Building Better Lives'. We believe that together we can deliver more for our customers and communities. Our culture, values and strategy are driven by a core belief that we can have a broad and positive impact on customers, communities and colleagues. As a charitable housing and care provider, our focus is always on those least able to meet their needs in the open market. We believe that if we provide truly affordable homes then people will be able to achieve their full potential without having to worry about the quality, affordability and safety of their housing. Our care and support services aim to support people in their homes, helping them to remain independent. Our charitable activities are support by more commercial ventures which generate profit for reinvestment in the Group's social purpose.

The Group delivered activity in the following key business streams during the financial year:

- 'general needs' housing for rent, primarily by families who are unable to rent or buy at open market rates;
- supported housing and housing for people who need additional housing-related support or care and support services;
- residential and specialist care services, offering dedicated facilities for older people;
- home care services, delivering personal care to people in their own homes across a wide geography in the Midlands and North of England;
- low-cost home ownership, primarily shared ownership whereby residents purchase a share in the equity of their homes and pay rent to the Group on the remainder;
- construction and delivery of low-carbon, timber-framed housing units both within the Group and for external customers;
- property development and construction undertaken by our commercial subsidiary GreenSquare Homes Limited;
- maintenance of public open spaces is undertaken by our commercial subsidiary GreenSquare Estates Limited.

As well as owning and managing over 26,000 properties, GreenSquareAccord is a major developer of new affordable housing and is a Strategic Partner under the Homes England National Affordable Housing Programme (NAHP). The Group employs c2,800 staff on a full-time equivalent basis. Any surpluses made by the subsidiaries are retained within the Group.

## Strategy and achievements

The Group's first corporate strategy 'Simply Brilliant Together' encapsulated the aspirations and plans of the Group post-merger, including its merger promises, in four corporate objectives:

Great **homes and care**

in a **great neighbourhood**

built on **strong foundations**

with **great service**

## Our strategic objectives

Our strategic objectives build on our merger promises and are a blend of delivering outcomes for customers and enabling objectives:

### Great homes and care

- Enhanced quality of existing and new ho mes
- Strong CQC ratings
- 1,000 new homes per year
- On track for zero carbon

### In a great neighbourhood

- Customers rate their neighbourhood highly
- On track to deliver clear regeneration plans

### Built on strong foundations

- G1/V1 grading
- Business case efficiencies achieved
- Simple, integrated processes
- Staff engagement at least 80%

### With great service

- 90% overall satisfaction
- ICS accreditation
- Net Promoter Score (NPS) measures demonstrate that customers would recommend us

Significant progress has been made on each of the strategic objectives during the year. However, the discovery of significant building safety issues in the early part of the year has necessarily diverted resource and investment away from some of the projects that were expected to be core to the Group's first year. Accordingly, the Group has not progressed as far or as fast as anticipated in some areas. The following pages summarise both the Group's key achievements and its main areas of future focus against each strategic objective.

## Great homes and care

### Key achievements in the year ended 31 March 2022

- Invested £29.4m in works to existing homes
- Delivered 686 new homes for affordable rent and shared ownership, ahead of plan, continuing our work as a Strategic Partner of Homes England
- Developed a revised financial plan which accommodates investment of £425 million in net zero carbon over the life of the plan
- The Group achieved a CQC compliance position of 89.5%, which remains ahead of the national position for similar providers, and all three services expected during the financial year were rated as 'Good'.
- The Board approved our strategic disposal programme, recognising that the Group must target and optimise its investment in areas where it has critical mass and can ensure the quality of its properties. The Group's Financial Plan reflects the planned disposal of a cumulative 2% of stock over the five years to 2026/27. The development of new stock will exceed the planned disposals.
- Initiated stock condition survey work

### Key issues and areas of future focus

- We launched our Building Safety Recovery Plan (BSRP) in response to identifying significant failings in relation to building safety during the year, and are well on the way to delivering this.
- We are committed to delivering high quality homes. Some of the Group's older and non-traditional homes require further investment and accordingly we have made additional financial provision in the Group's budget for 2022/23 and its long term financial plan. We are carefully assessing data on stock condition and in any cases where it is not economic to bring properties up to the required standard, we will consider disposal.
- Completion of stock condition survey work across the Group will happen during 2022-23 and is a fundamental building block for the Group's future plans.

## In a great neighbourhood

### Key achievements in the year ended 31 March 2022

- Developed and launched our Locality Model, devolving performance oversight and decision making to colleagues at community level.
- Restructured our internal Homes & Communities team to reflect the Group's wider geography and ensure a consistent approach to core functions such as lettings, arrears management and tenancy enforcement.
- Began community investment portfolio review to support the development of a new community investment strategy aligning strategic objectives with community need.

### Key issues and areas of future focus

- We are conducting further work during the year to learn about the detailed demographics of customers living within the Group's localities and will use this to articulate our Community Investment approach.
- We will complete our community investment strategy and portfolio review, including customer and stakeholder consultation.
- We will work towards establishing a self-sustaining community impact fund by introducing a community levy as part of our procurement social value commitments
- We are resetting our approach to customer engagement and involvement, starting with refresh of the customer panels and creating a locality based customer engagement framework that feeds into our Group 'Voice of the Customer' programme.

## With great service

### Key achievements in the year ended 31 March 2022

- Amalgamated our two legacy contact centres into a single site centre serving all Group customers via a range of contact channels and expanded service offering in some areas. Since launching the new single contact centre customer wait times have improved and abandonment rates have fallen.
- Integrated our legacy approaches to complaint handling to one Group policy and procedure that complies with the Housing Ombudsman Code of Conduct and focuses on transforming learnings into service improvement.
- Aligned our customer satisfaction surveys and launched contact centre transactional surveys.
- Rolled out our repairs scheduling and planning software to the entire Group, enabling us to deliver improved performance and productivity.

### Key issues and areas of future focus

- Overall customer satisfaction stood at 79% in the financial year. This is below our target but is not out of step with peer organisations. We know that our contact centre and repairs and maintenance service are at the heart of improving satisfaction and the Board is overseeing plans in both areas to improve performance.
- Customer satisfaction with the way we handle complaints was 70% at 31 March 2022. A high proportion of complaints centred around delay or failure in our processes, and we have clear plans in place to embed the learning from these cases as we move forward.
- We know from the roll out of the repairs scheduling and planning software that we have the opportunity to deliver more repairs within the same budget envelope to deliver better value for money. Our repairs improvement plan and efficiencies will deliver this in the coming year.

## Built on strong foundations

### Key achievements in the year ended 31 March 2022

- Completed the transfer of engagements from Westlea Housing Association into GreenSquareAccord, the final part of the merger process.
- Carried out a review of the company structure and began a consolidation exercise to dissolve dormant entities and repurpose others, to ensure that the Group operates efficiently and that risks to the Association are mitigated.
- Delivered efficiencies of £2.1m versus a target of £2.3m. The shortfall will be recovered in future years.
- Reviewed the Group Statement of Financial Position ensuring consistent accounting policies across the organisation
- Integrated our legacy digital environments, ensuring that colleagues from across the organisation can access all legacy data they need for their roles.
- Moved to a single Group HR system
- Developed new culture and behaviours framework in consultation with our colleagues

### Key issues and areas of future focus

- We will continue our Group restructuring work to create more effective tax structures and to move commercial operations into separate subsidiaries.
- As a result of the property compliance issues identified during the year, the Group's governance rating was downgraded from G1 to G2 during the year. We have a plan in place to address these issues right and seek to regain our G1 rating.
- The focus on property compliance has slowed our work to properly integrate and streamline processes and systems across the Group. Our Digital Strategy will be developed over the coming year to renew focus on making best use of technology.
- Our employee engagement survey score in September 2021 was 71% compared to our target of 80%. We will be focusing on aligning terms and conditions and implementing new communications tools over the coming year to address some of the key concerns arising.

The Group is committed to accelerating performance to meet its strategic objectives over the coming year. However, the Board has also recognised the need to take stock of performance, emerging circumstances and the new information gathered in a challenging first year since merger. At its March 2022 meeting, the Board considered a 'State of the Nation' report and has embarked upon a refresh of the Group's strategy over the first half of 2022/23. This review aims to reaffirm the Group's purpose and ensure that its strategy and service offering remain appropriate and deliverable at the level of quality that the Board demands for our customers.

# Financial Review

## Overview

The business combination between Accord Housing Association Limited and GreenSquare Group on 1 April 2021 is the dominant feature of the Group's results in the financial year to 31 March 2022. The transfer of engagements of GreenSquare Group Limited and GreenSquare Community Housing into Accord Housing Association Limited has been accounted for as an acquisition and resulted in a one-off fair value uplift to the income statement of £217.9m (Association £210.5m). Revenues and costs from operations are included from the point of transfer on 1 April 2021 and increased revenue by £40.9m for the year. As required by accounting standards for acquisitions, the prior year comparatives in these financial statements do not include GreenSquare Group Limited or GreenSquare Community Housing, and are unchanged as a result of this aspect of the merger.

The transfer of Group subsidiary Westlea Housing Association (Westlea) into the parent has been accounted for as a group reorganisation using merger accounting and as such, Westlea's revenues, costs, asset and liabilities have been added to the Group as if they were always combined. Therefore, the prior year comparatives have been restated. This increased comparative Group revenue, including property sales, in 2020/21 by £37.7m and increased comparative total net assets by £199.9m.

The accounting treatment and impact of this transaction is explained in further detail in notes 36 and 37 to these financial statements.

The financial year ended 31 March 2022 was otherwise a challenging first year for the Group in terms of both operational and financial performance. The volatile external environment was a key factor, with rising inflation, the sustained impact of Covid-19 (especially on our residential and specialist care services), and labour and material shortages significantly impacting performance. In addition, the Group faced, and continues to manage, a number of internal headwinds identified during the year:

- In May 2021 the Group self-reported to the Regulator for Social Housing (RSH) in respect of identified non-compliance in relation to electrical testing, asbestos surveys and Fire Risk Assessments (FRAs). As a result of this issue, the RSH issued a Regulatory Notice in October 2021 stating that the Group had breached the Home Standard, and subsequently downgraded the Group's governance rating from G1 to G2. Immediately following the identification of the failings at the start of the financial year, the Group established its Building Safety Recovery Programme (BSRP) to address them fully and systematically. This saw an investment of £7m in additional works in the year.
- Although the Group's specialist care services delivered a solid financial performance in the year, its residential services failed to generate planned levels of revenue as a result of several factors, including continuing outbreaks of Covid-19 which have meant that facilities have remained closed to new admissions for significant periods during the financial year. This has had a direct impact on the Group's occupancy levels and revenue generation in key services.
- The Group's Homecare service, which delivers in excess of 22,000 hours of domiciliary care to customers in their own homes, continued to face challenges relating to workforce supply, and the need to invest internally in the central infrastructure required to support the delivery of these services. Owing to the continuing market challenges and profitability of the business, which represent indicators of impairment, the Board has made a cautious reassessment of the life and value of goodwill held in respect of this business (originally purchased in 2012) in the context of the Group's wider activities and the economic environment at the year end. The Board's review concluded that the goodwill has nil value. This adjustment has generated a one-off charge of £15.8m to the income statement.
- A full review of balances in the Group Statement of Financial Position at year end has identified a number of required adjustments to ensure consistency across the Group and to recognise the realisable value of items, in particular stock and accounts receivable. These decisions have generated a one-off charge of £3.1m in the financial year ended 31 March 2022.

The latter two items, totalling £18.9m, are considered as non-recurrent in nature and have been separately identified in Note 3. Agreements were reached with the Group's lenders ahead of or on 31 March 2022 to exclude these one-off items from the calculation of the Group's interest cover covenants on the basis of their non-recurrent nature. The commentary throughout this report provides comparison of both the reported result including these items, and the underlying performance excluding them.

There are clear plans in place, overseen by the Board, to systematically address each of the challenges identified above. The greater capacity available from the combined Group places the organisation in a stronger position to effectively and quickly resolve the issues outlined and continue to deliver performance improvements to our core business, drive better value for our customers and invest in our communities, services, and properties.

# Financial Highlights

| Statement Of Comprehensive Income | 2022<br>£000 | 2021<br>£000 |
|---|---|---|
| Turnover | 227,493 | 168,392 |
| Operating costs | (194, 304) | (134,530) |
| Non recurrent costs | (18,898) | 0 |
| Disposal of properties | 3,751 | 1,766 |
| **Operating surplus** | **18,042** | **35,628** |
| Net interest and taxation | (36,456) | (21,8180 |
| Fair value on business acquisition | 217,995 | 0 |
| **Net surplus before refinancing cost** | **199,581** | **13,810** |
| Refinancing cost | (890) | (5,286) |
| **Net surplus** | **198,691** | **8,524** |
| **Key Financial Metrics** | | |
| Operating margin (excluding property sales | 6.3% | 20.1% |
| Operating margin (excluding non recurrent costs and property sales) | 14.6% | 20.1% |
| EBITDA MRI | 59% | 158% |
| EBITDA MRI (excluding non recurrent costs) | 106% | 158% |
| Chief Executive pay as % of turnover | 0.1% | 0.1% |

The consolidated Statement of Comprehensive Income and Statement of Financial Position are summarised on page 42 and the following paragraphs highlight key features of the Group's financial position at 31 March 2022.

The organisation generated an operating surplus of £18.0m for the year ended 31st March 2022; £17.6m lower than in the prior year. Excluding non-recurrent items of £18.9m described above, the operating surplus was £36.9m (2021: £35.6m).

The Group's operating margin (excluding property sales), decreased from 20.1% to 6.3% (14.6% excluding non-recurrent costs and property sales). The year saw extensive expenditure on repairs and maintenance relating to the BSRP to ensure the safety of our residents. The Group also experienced reduced revenue in care and commercial activities alongside high levels of demand for responsive repairs, with both volumes and unit costs rising, and a high level of spend on void properties. The performance of the Group's social housing activities reflected this trend and generated a reduced operating margin of 25.3% compared to a prior year figure of 29.4% of which 4.7% was related to the £7m investment on our BSRP programme. The Group's non-social housing activities generated operating losses in the year due to challenging market and workforce conditions affecting its commercial and care activities.

Revenue increased year on year from £168.4m to £227.5m compared to 2021, reflecting the enlarged size of the Association following the business combination. Three quarters of revenue was attributable to social housing lettings and the remainder is attributable to non-social housing activities such as domiciliary care and development for sale.

The business combination with Green Square Group and its subsidiaries on 1 April 2021 gave rise to a 'gift' in the financial statements of the Association of £217.9m, being the fair value gain associated with GreenSquare Group and its subsidiaries. This item has been separately disclosed on the face of the Statement of Consolidated Income on page 42. The gift has been partially offset in these financial statements by higher in-year operating costs which are explained above. Incorporating the business combination, the Group's surplus for the financial year to 31 March 2022 was £198.7m (2021: £8.5m surplus).

The total comprehensive income for the year shows a further overall surplus of £194.6m (2021: £1.9m deficit) due to the actuarial movements in respect of the pension schemes.

| Statement Of Financial Position | 2022<br>£000 | 2021<br>£000 |
|---|---|---|
| Fixed assets | 1,899,996 | 1,344,589 |
| Net current assets | 11,307 | 17,195 |
| Long-term liabilities and provisions | (1,342,359) | (987,452) |
| **Net assets** | **568,944** | **374,332** |
| **Reserves** | **568,944** | **374,332** |
| **Key Financial Metrics** | | |
| Units owned/managed | 26,308 | 21,316 |
| Gearing (net debt) | 49% | 46% |
| Average cost of finance | 4.14% | 4.01% |

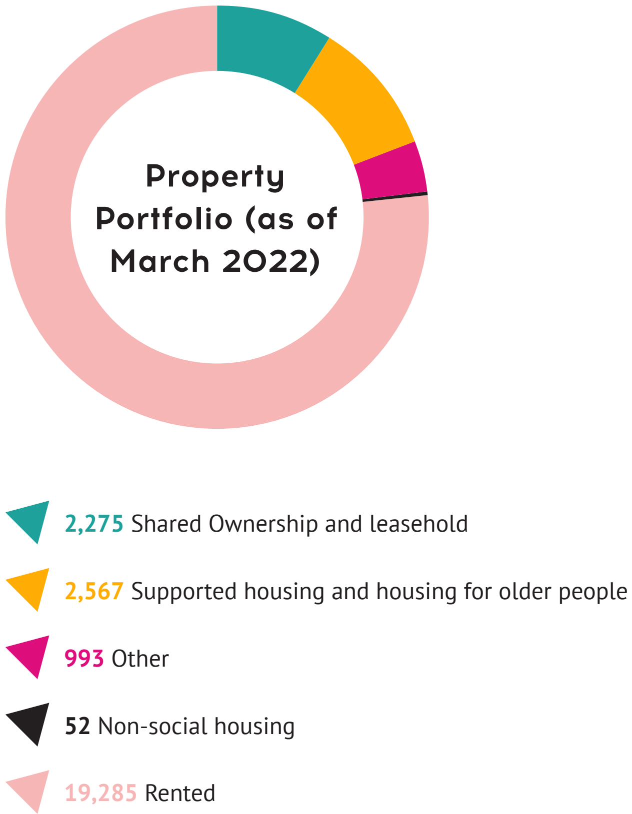
Group net assets and reserves have increased by £194.6m this year to £568.9m, driven by the business combination resulting from GreenSquare Group and its subsidiaries joining the Group on 1 April 2021.

Overall fixed assets increased by £555.4m. In addition to the impact of the business combination, the increased carrying cost included £92.0m investment in new homes and £10.6m spent on improvements and component replacements to existing homes. The Group's investment in housing properties was funded through a mixture of social housing grant, loan finance and working capital where we continue to show a strong current asset balance. To date the Group has received £587.8m Social Housing Grant to support its development programmes. The Group's treasury management arrangements are considered below.

Net current assets are £5.9m lower than the prior year predominantly due to movement in working capital and increase in cash holding. The Group made a conscious decision to increase cash held to mitigate against potential cashflow risks following Covid-19 and the onset of the cost of living crisis.

Long-term liabilities are £354.9m higher than the prior financial year due to the business combination, refinancing to fund the future development programme and the recognition of long term pension deficits.

At 31 March 2022 the Group owned and managed 26,308 housing properties (2021 restated: 21,316).



## Performance by business activity

| | Turnover | | Operating Surplus | | |
|---|---|---|---|---|---|
| | 2022 £000 | 2021 £000 | 2022 £000 | 2021 £000 | Gross Margin |
| General needs | 107,053 | 81,760 | 34,631 | 29,740 | 32% |
| Supported and housing for older people | 23,147 | 18,673 | 2,597 | 4,382 | 11% |
| Shared ownership | 6,754 | 3,330 | 2,537 | 606 | 38% |
| Residential care homes and garages | 10,992 | 13,953 | (2,398) | (117) | (22)% |
| **Total social housing lettings** | **147,946** | **117,716** | **37,367** | **34,611** | **25%** |
| First tranche shared ownership sales | 18,641 | 1,113 | 3,734 | 112 | 20% |
| Other social housing activities | 3,417 | 2,300 | (1,159) | (228) | (34)% |
| **Total social housing activities** | **170,004** | **121,129** | **39,942** | **34,495** | **23%** |
| Non-social housing activities | 41, 342 | 47,326 | (8,421) | (6,333) | (20)% |
| Development for sale | 16,147 | 0 | 1,668 | 0 | 10% |
| Disposal of properties | | | 3,751 | 1,766 | |
| One-off non-recurrent costs | | | (18,898) | 0 | |
| **Total** | **227,493** | **168,392** | **18,042** | **35,628** | **8%** |

Of the £227.5m income generated during the financial year, 75% / £170.0m (2021: 72% / £121.1m) was from social housing activities and 25% / £57.5m (2021: 28% / £47.2m) was from non-social housing activities.

**Social housing activities:** Turnover has increased by £59.1m due to the business combination with the GreenSquare Group. £40.9m is from rented accommodation and £16.1m from development for sale. Circa 87% of the Group's social housing income comes from lettings which generate healthy margins. During the year the Group made additional investments in existing stock via its BSRP to respond to the compliance issues it identified. Performance in the Group's residential care homes was badly affected by temporary mandatory closures due to continuing Covid-19 outbreaks which have reduced occupancy and therefore revenue during the year.

First tranche sales turnover increased to £18.6m in the year (2021: £1.1m) reflecting a rise in volume of shared ownership homes in the new Group development programme mix. The Group reinvests all surpluses back in to services and new homes to deliver sustainable communities. Other social housing activity includes abortive development costs, the provision of management services and delivery of Supporting People contracts, where costs have exceeded revenue in the year.

**Non-social housing activities:** This category of spend includes the provision of nursing care, domiciliary and outreach services, children's nurseries, and our LoCaL Homes business which constructs and delivers timber framed units. Income from nursing care fell due to reduced Covid income and continued closures of services due to outbreak. Turnover from domiciliary care services decreased in the year reflecting the reduction of hours delivered due to difficulties in recruiting and retaining colleagues in a very challenging national marketplace. This has led to higher use of agency staff at increased rates, and the fixed nature of many care costs including buildings, central and senior staffing remain fixed mean further pressure on the financial position. LoCaL Homes production was reduced in the year with a number of tentative contracts not coming to fruition within planned timescales. A revised business plan is now in place for this part of the business. The Group's strategic review will bring further focus to these areas of our business and expedite the development of plans to improve financial performance.

**Development for sale:** The Group's commercial subsidiary, GreenSquare Homes, saw a significant acceleration in operations following the relaxation of pandemic rules. Market sales for the year totalled 42 units, two greater than target and made a net contribution of £1.7m profit (2021: £nil) maintaining its overall margins.

**Disposal of properties:** The Group accelerated its disposal programme during the year reflecting the Board's clear drive to deliver value for money by focussing the investment programme in areas where the Group is a major stockholder and in properties which can be viably improved to meet more rigorous quality and environmental standards. We expect this trend to continue, in line with other providers in the sector.

**Non-recurrent costs:** Operating costs for the year also include merger and integration costs of £2.7m (2021: £0.9m) and as stated earlier, one off write off non recurrent costs of £18.9m were incurred following the business combination. See note 3.

# Treasury and Funding

## Overview of treasury management function

The Group adopts a conservative approach to treasury management recognising it as an important tool in the delivery of its purpose, but not as an end in itself. During the financial year, the Board and Audit, Risk and Finance Committee sought independent advice from external consultants as well as receiving quarterly reports from officers. Treasury activities are controlled by the Chief Finance Officer and managed in line with the Board-approved Treasury Management Policy and Financial Golden Rules which are reviewed and updated at least annually. The purpose of the treasury management function is to ensure that the Group has sufficient liquidity to fund its operations, sufficient funding to deliver its Corporate Plan and ensure exposures to financial risk are minimised and loan covenants are met. Treasury management activity is subject to regular review by internal auditors and treasury specialists.

## Covenants and reporting during the year

Compliance with covenants is closely and regularly monitored as part of the Group's routine treasury management activity. The Group's principal loan covenants are interest cover, gearing and asset cover. Required variations to the covenants were proactively agreed during the year to accommodate a number of one-off items following the merger. The Group met all its financial covenants for the financial year and forecasts continued compliance for the duration of its 30-year financial plan.

Quarterly monitoring information and management accounts are submitted to stakeholders in accordance with funder and regulatory requirements. Short-, medium- and longer-term liquidity requirements are monitored through ongoing forecasting and the financial planning process. It is the Group's policy to balance the cash held by repaying debt as far as possible, whilst ensuring sufficient access to funding facilities to cover investment and business development plans.

## Key metrics

| | At 31st March 2022 | At 31st March 2021 |
|---|---|---|
| Drawn facilities | £983m | £608m |
| Undrawn facilities | £350m | £38 |
| Cash and cash equivalents* | £46m | £42m |
| Fixed rate borrowing | 76% | 76% |
| Weighted | 3.74% | 3.72% |
| Interest cover** | 121.8% | 173% |
| Gearing** | 46.1% | 46% |

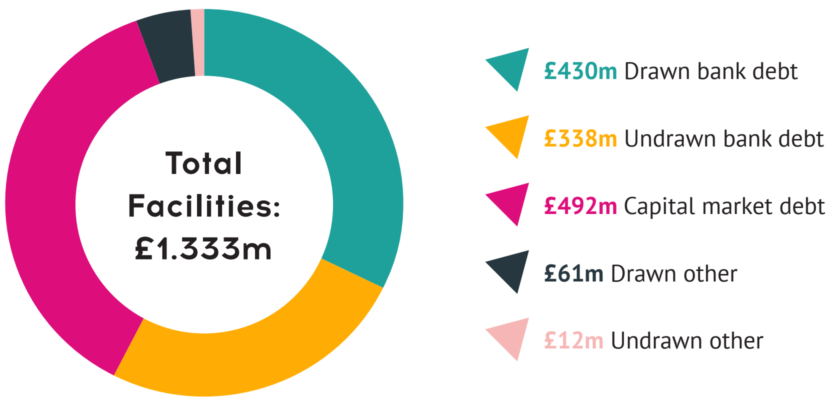
*excludes restricted cash
**Covenant definition for GreenSquareAccord (formerly Accord); 2022: EBITDA MRI; 2021 EBITDA.

The comparatives have been restated as a result of the merger as outlined in Note 37.

The 2022 results have been significantly impacted by additional property maintenance and compliance spend, non-recurrent, non-cash write offs and business combination costs.

## Capital Structure

The Group is predominantly financed by a combination of retained earnings, long-term bank debt, capital market debt and social housing grant.

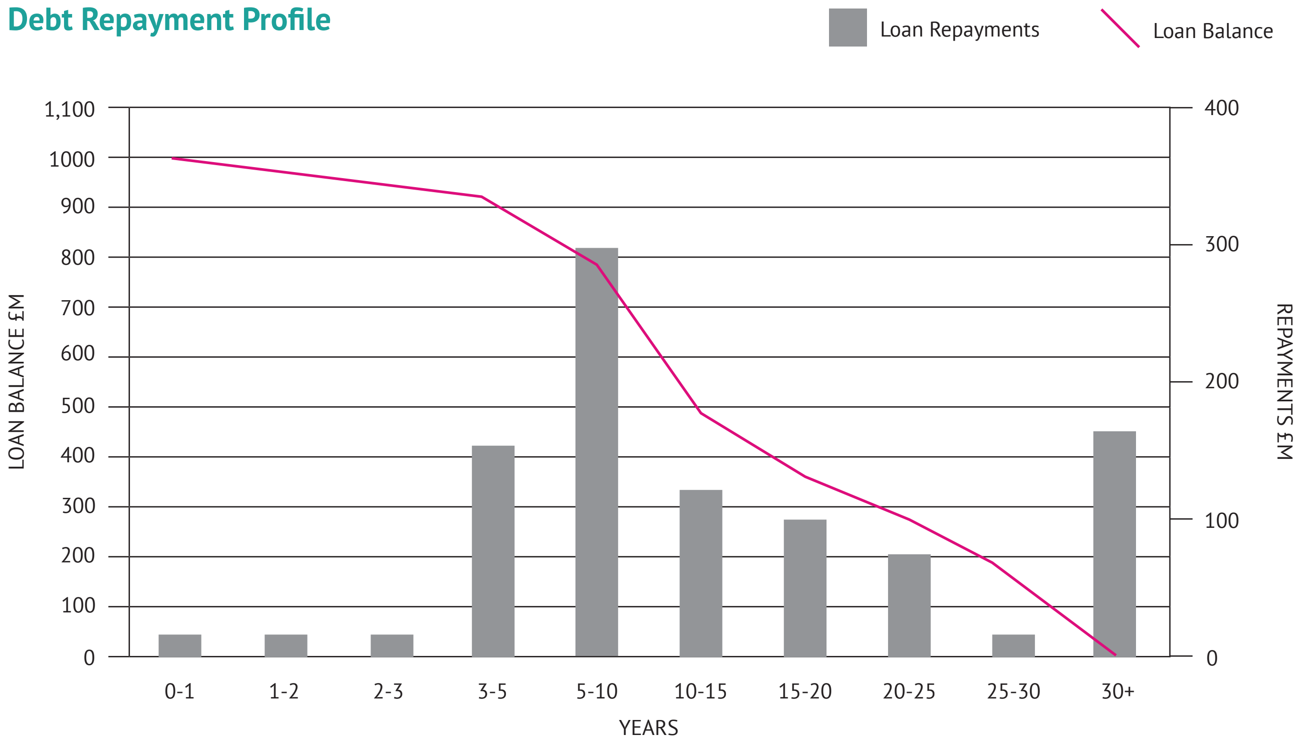



## Borrowings

As at 31 March 2022 the Group had total facilities of £1,333m (2021 restated: £646m) of which £983m were drawn, a net increase of £500m on the previous year primarily as a result of the merger. As part of the merger negotiations, the Group obtained an additional £110m of revolving credit facilities. In June 2021 we raised a further £75m, 40 year sustainability linked bond from bLEND Finance Plc. to fund the development of general family housing. Prepayments totalling £0.9m were made in the year as part of a refinancing exercise and repayments made in line with scheduled amortisations.

The weighted average cost of the Group's drawn debt at 31 March 2022 is 3.74% (2021: 3.72%). The weighted average term of the finance liabilities is 20 years (2021: 16 years).

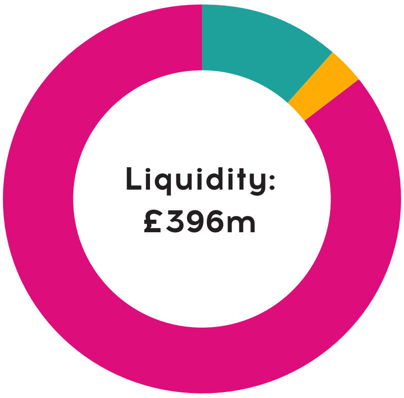
### Debt Repayment Profile




## Liquidity

The Group has in place minimum cash and liquidity requirements to ensure sufficient immediately available liquidity to meet all operational and development cashflows, including uncommitted spend for a minimum of 18 months. The Group maintained compliance with these requirements during the financial year. Available liquidity totalled £396m at 31 March 2022, with £367m being secured and immediately available. This provides significant headroom to the financial golden rule of £75m and certainty of funding to deliver the corporate plan whilst also protecting the Group from economic uncertainty and 'black swan' events.

Net cash increased during the year by £17m as a result of additional cash from the merger and the repayment of some Revolving Credit Facilities.




£46m Cash at bank

£12m Undrawn facilities

£338m Undrawn RCF

## Management and control

During the year, the organisation managed its exposure to fluctuations in interest rates to provide a level of certainty over interest costs whilst balancing our ability to take advantage of low SONIA rates. Our strategy is to maintain fixed rate borrowing between 60% and 80% of our total borrowings +/- 10%. We keep compliance with this policy under constant review and at the year-end 76% (2021 76%) of borrowings were at fixed rates. The fixed debt is from capital market transactions or vanilla embedded fixes of bank debt. GreenSquareAccord has not used stand-alone derivative financial instruments to manage its interest rate exposure during the year.

## Asset Cover

GreenSquareAccord's debt facilities are all secured by charges over housing and other properties, with the exception of a £25m unsecured facility. The Group uses a Security Trustee for the purposes of holding secured assets on the majority of its debt facilities. At 31 March 2022 3,440 units were uncharged at a value of around £376m, providing sufficient security for future funding requirements.

## Environmental, Sustainability and Governance (ESG) Reporting

The Group was the first housing association to raise sustainable linked finance from bLEND PLC, and is committed to further developing it sustainable funding credentials as part of its current funding strategy. One of the Group's bank debt facilities includes ESG metrics and we are in the process of agreeing metrics on two further facilities. The Group is currently developing its ESG Framework and expects to publish this in due course.

# Development

## Performance and Delivery

The Group invested £113.8m (2021: £25.7m) in the development of new homes during the year. 686 completed affordable units were added into management comprised of 499 General needs and 187 Low Cost Home Ownership (LCHO) shared ownership units.

During the year the Group generated sales receipts of £18.6m (2021: £1.1m) from the sale of 102 LCHO shared ownership homes plus a further £16.1m (2021: £nil) from 42 Outright sales as part of our successful GreenSquare Homes development for sale.

In addition, there were 16 strategic property disposals, 5 right to buy/acquire sales, 32 LCHO shared ownership unit disposals (100% staircase) and 26 units demolished for regeneration.

Our active development programme as at 31 March 2022 sees 849 units under development with potential scheme costs of £199m supporting our strategy to deliver more new homes by 2032. The development programme focusses on the delivery of properties for affordable rent for which there is a high demand across our geographical area of operation. These will be complemented by a proportion of properties for shared ownership and market sale, with sales proceeds being reinvested back into our properties, services, and regeneration projects.

## Environment and Sustainability Commitments

The Group is committed to development of high-quality sustainable homes which are cost-effective for customers and positive for the environment. We deliver sustainability in development in the following ways:

- Under our grant funded programmes we are committed to a fabric first strategy that provides higher insulation standards than Building Regulations requires, to reduce the cost of heating to customers
- Environmental factors relating to all key project investment decisions are considered by the Group's Project Approval Panel;
- We are committed to increasing the number of high quality, low-carbon homes developed through the Group's timber frame factory, LoCaL Homes. During the year LoCaL delivered 254 plots and by 2028/29 are targeting 100% of the Group's development programme being built via LoCaL Homes.
- We are committed to the Government's Carbon Neutral target to have net zero emissions by 2050, and our financial plan includes an allowance of £425 million to ensure that the Group can meet this goal.

## Partnerships

GreenSquareAccord is a major developer of new affordable housing and is a lead development partner under the Homes England National Affordable Housing Programme (NAHP).

GreenSquareAccord leads the Matrix Housing Partnership which is delivering over 3,400 new homes through the Homes England 2016-2021 Shared Ownership and Affordable Housing Programme (SOAHP) and the Homes England Strategic Partnering funding programme. Due to the pandemic the cut off date for completions was extended to 31 March 2023. Supported by a small non grant funded programme these programmes will see GreenSquareAccord deliver 1,605 new homes to local communities over the period of the funding programme, representing a total commitment of £216 million invested in new housing supply supported by £44 million of Homes England grant.

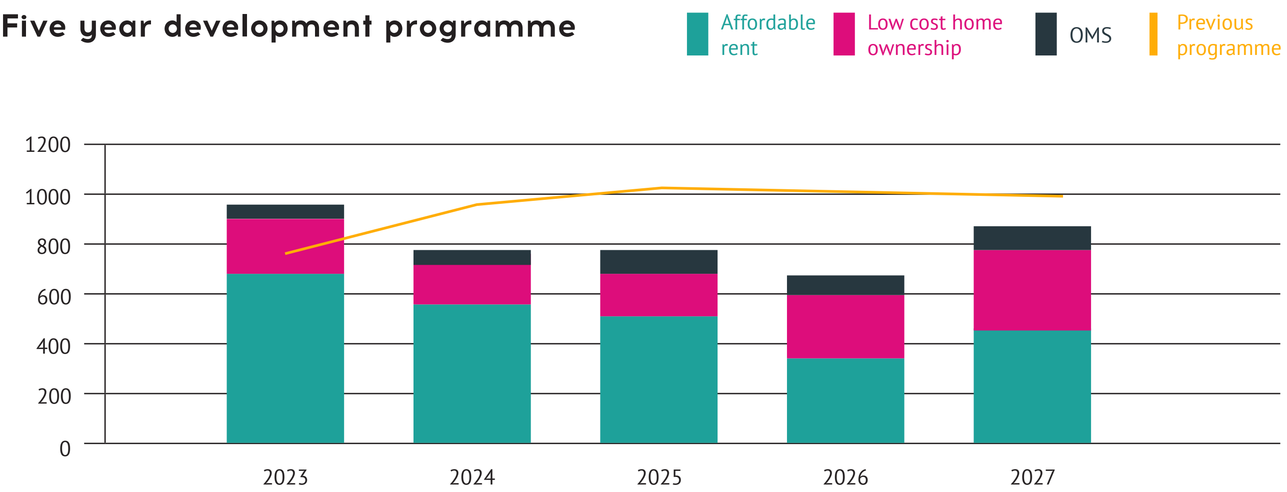
Matrix Housing Partnership has secured Strategic Partnership 2 funding from Homes England totalling £212m to fund 3,755 property 'start on sites' between 2022 and 2026. This will help fund 1,900 affordable homes for GreenSquareAccord.

## GreenSquareAccord future focus

As expressed in our Corporate Plan, we will continue to re-invest in our existing property, based upon our data-backed asset management strategy. We will also continue to develop new housing stock to further meet housing need in our areas of operation. Balancing investment in these two priorities is a critical exercise with significant implications for the Group's long term financial position. The Group's aspiration at merger was to complete 1,000 homes per year. In its latest financial plan, the development programme has been prudently reduced in the short-medium term to accommodate additional investment in existing homes and to reflect the continuing challenging external environment, particularly as regards inflation.

The Group continues to aspire to the 1,000 unit target and is actively investigating alternative structures and funding solutions to achieve this, and will reflect the results of this work in future iterations of the financial plan. The reduction made results in a total of 4,066 units developed over the next 5 years, 690 fewer over the same period compared to the previous programme. Our development programme will be increasingly land-led to ensure that the Group retains close control over quality. Over the next 10 years we will also be investing c£200m through our planned capital programme including replacement bathrooms, kitchens, boilers, and central heating systems with similar spend planned for cyclical maintenance and compliance.

## Five year development programme



# Value for Money

## Strategic Approach

GSA is committed to delivering Value for Money (VfM) in all it does. Against the backdrop of a challenging economy in which rising inflation, materials shortages and interest rate rises are contributing to a cost of living crisis, it is more important than ever that the Group optimises its use of assets and delivers cost effective and high quality services to our customers.

During the financial year, the Group drafted its first VfM strategy for review by the Board. This strategy proposes a simple approach to VfM, based around two core VfM Pillars – 'doing things right' and 'doing the right things'.

### Doing things right

Fundamentally, 'doing things right' is a relative relationship between inputs, and outputs, outcomes and impact. It does not just mean doing things more cheaply. Therefore, as well as reduced cost of inputs, 'doing things right' also demands focus on how those inputs are managed, via our policies, processes and systems, to create better quality or broader impact. It is about economy, efficiency and effectiveness. Accordingly, our VfM activities focus on the delivery of both financial savings and qualitative benefits to customers and other stakeholders.

### Doing the right things

We are committed to consistently reviewing the scope and scale of the Group's activities:

- to ensure that they are consistent with our core purpose;
- to ensure that the Group is delivering a high quality and effective service to all its stakeholders;
- with the fundamental purpose of protecting social housing assets and customers e.g. from commercial risk and the risk that social housing returns are not invested back into social housing activities but instead into other activities.

The Group has identified priority VfM themes against the two core VfM Pillars to create a number of key VfM activities as described below. These activities have been mapped against the Group's Strategic Objectives and VfM metrics to demonstrate how the Group will ensure delivery of VfM in the delivery of its Corporate Plan.

### Doing things right

- Integration
- Structure and delivery model
- Data

### Doing the right things

- Purpose
- Markets
- Capacity & Capability
- Financial performance

# Delivery of Value for Money during the financial year

## Doing Things Right: Integration

### Efficiency savings

VfM was a key driver underpinning the business case for the merger of Accord Housing Association Limited and GreenSquare Group on 1 April 2021. The business case set out expected efficiency savings of £2.3 million for the year to 31 March 2022, and the Group delivered £2.1 million, £0.2 million short of its target. The under performance was the result of the Group's focus being redirected towards the rapid resolution of property compliance issues highlighted post-merger. This shortfall will be recovered in future years of the efficiency programme. The savings that were delivered arose from the following initiatives which were successfully completed during the financial year:

- Treasury restructuring (£1.4m): a significant redesign of the legacy funding portfolios was effected at the inception of the merged Group which made the first step to streamlining the combined debt book. The Group's Corporate Finance & Treasury team won the 'Corporate Finance' award in respect of this work at the Association of Corporate Treasurer's annual awards dinner.
- Harmonisation of management posts (£0.5m): Amalgamating key senior executive and governance posts has delivered a significant recurrent saving in-year. Further right sizing work is underway as we continue to reshape the Group to deliver best value.
- Procurement and other savings (£0.2m): The Group has amalgamated a number of key contracts during the year, for example in respect of its payments support, Treasury advice and materials.

The efficiency savings identified in the merger business case have now been revised and developed into a detailed plan which is built into the 2023 consolidated budget and financial plan. This plan demonstrates that the revised savings for the Group exceed the previous best-case estimate on a cumulative basis by 2026. The Board has ultimate responsibility for the delivery of the efficiencies plan with support from the Integration Task and Finish Committee which has maintained oversight of progress.

### Right-sizing and consolidation

In addition to the savings delivered in the financial year, the Group embarked on a meaningful programme of right-sizing towards the end of the financial year which will deliver future efficiencies to the Group. In particular, the Group began the process of restructuring several of its central teams, including senior leadership, to better reflect the new combined scale and shape of the Group. Significant progress was also made in customer-facing functions, including the amalgamation of the Group's Customer Contact Centres into a single service operating from a single location.

### Digital Strategy

Effective technology is a key lever to achieving productivity improvements across the Group. During the year the Group completed the critical milestone of linking its two legacy digital environments, enabling smarter working across the organisation. We also created a Group intranet, revised our customer website and made further steps in the roll-out of Office 365. A revised Digital Strategy will be completed during the next financial year to set out the next steps of the Group's digital journey.

## Doing Things Right: Structure and delivery model

Development: GreenSquareAccord is committed to increasing the supply of new affordable homes, utilising the strong financial capacity of the enlarged organisation to enhance development output in future years. As a strategic partner of Homes England we seek to make the best use of Social Housing Grant to maximise delivery of new homes. A key target from the merger business case was to increase the Group's annual contribution to new supply to 1,000 homes per annum by 2032. The Group's latest financial plan reduces this aspiration slightly to reflect a rebalancing towards investment in existing stock. The Group is committed to exploring alternative methods of funding and achieving the 1,000 unit target in future iterations of the plan.

| | Target | Actual |
|---|---|---|
| Affordable homes | 668 | 686 |
| Market sales | 40 | 42 |

Our development performance during the year to 31 March 2022 was strong, with both affordable homes and market sales exceeding target and resulting in top quartile performance compared to peers. The Group had 849 units in development at 31 March 2022. Our commercial subsidiary GreenSquare Homes Ltd made a net group contribution of £1.7m profit and maintained its overall margin. Gift aid of £1.0m was paid to the parent Association and offset on consolidation.

### Funding Strategy

As a developing association, we borrow funds to support the building of new homes and the Group's maintained level of gearing (2022: 49%, 2021: 46%) reflects its growth ambitions; using its balance sheet capacity to generate new supply whilst managing the financial stability of the organisation. Looking ahead, the Board has approved the Group's funding strategy which will focus in future years on further consolidating the Group's debt book and optimising its hedging and security positions in the context of the current environment. Successful implementation of the strategy will reduce risk to the Group and should in turn positively impact on the Group's weighted cost of capital.

### Locality Model

During 2021/22 the Group designed its Target Operating Model and within that set out the proposed Locality Model for the delivery of customer services. This model seeks to devolve ownership and decision making and proactive resolution of issues, overseen by Locality Boards. By facilitating effective collaboration between the internal stakeholders responsible for delivering services in each locality, we will drive operational efficiency by way of more effective resolution of issues at an early stage, more efficient deployment of resources, and ultimately a reduction in customer dissatisfaction and complaints. During the financial year, customer satisfaction levels did not meet the Group's internal target of 80%. Underlying reasons centre around the services received by customers in respect of repairs and maintenance. The Board and Executive Team are committed to improving this critical aspect of our offering to customers over the coming financial year.

### Group structure

A simple group structure reduces risk and cost of administration. Following the transfer of engagements of Westlea Housing Association into the parent on 30 November 2021, the Group took the opportunity to complete a full review of the corporate structure. As part of this review, it was agreed that a significant number of dormant entities within the Group would be dissolved, and this work was begun during the year. Future stages of this project will include relocation of some of the Group's commercial activities including its LoCaL business from the Association into separate subsidiaries.

## Doing Things Right: Data

In our view, great data leads to great decisions which maximise VfM. The Group made significant progress in the year on harmonising key data sets but there remains a substantial amount to do in respect of finance and asset management information in order to support the Board and Executive to make the best decisions. A critical part of this is the programme of work to undertake stock condition surveys across the Group. The majority of this work has been completed at year end, with 100% coverage expected to be delivered by 31 December 2022. During 2022/23 the Group will also harmonise its legacy general ledger systems with the aim to standardise and simplify the reporting of financial information across the Group.

## Doing The Right Things

The Board is clear on its responsibility to safeguard and drive optimum value from social housing assets. Accordingly, it regularly considers the scale and scope of the Group's operations to ensure that the organisation is delivering high quality services across all activities, and is not exposing its assets to undue risk. The Board considers strategic fit, market risks and financial performance in relation to each business area. During the year the Group made proactive decisions to close 3 branches within its Homecare network where the financial and/or operational performance was not considered sustainable, and where other providers were considered to be better placed to take over provision.

At its March 2022 meeting, the Board considered the Group's performance, taking into account the new information gathered over a challenging first financial year, and commissioned a thorough strategic review to refresh and reaffirm the Group's purpose, corporate strategy and objectives. This review will be completed during the financial year to 31 March 2023.

| Value for Money Metric | GSA Actual 2021 | GSA Actual 2022 | GSA Target 2022 | RSH Global Upper Q 2021[2] | RSH Global Median 2021[2] | RSH Global Lower Q 2021[2] | RSH Weighted Ave 2021[2] |
|---|---|---|---|---|---|---|---|
| **Business Health** | | | | | | | |
| Operating margin (no sales) | 20.1% | 6.3% | 23.4% | 28.2% | 23.9% | 18.1% | 22.3% |
| Operating margin (social housing lettings) | 29.4% | 25.3% | 35.6% | 32.6% | 26.3% | 22.2% | 28.3% |
| EBITDA MRI interest cover | 158.0% | 59.0% | 156.0% | 248.0% | 183.0% | 134.0% | 151.0% |
| **Development** | | | | | | | |
| New supply -social housing | 1.2% | 2.7% | 2.6% | 2.0% | 1.3% | 5.0% | 1.4% |
| New supply - non-social housing | 0.01% | 0.16% | 0.16% | 0.09% | 0.00% | 0.00% | 0.22% |
| Gearing | 45.9% | 49.0% | 52.2% | 53.3% | 43.9% | 32.9% | 47.2% |
| **Operating Efficiency & Effectiveness** | | | | | | | |
| Reinvestment | 3.0% | 5.7% | 7.3% | 8.2% | 5.8% | 4.0% | 5.7% |
| Return on capital employed | 3.0% | 1.0% | 3.0% | 4.2% | 3.3% | 2.7% | 3.1% |
| Social housing cost per unit | £3,849 | £4,124 | £3,955 | £4,763 | £3,731 | £3,212 | £4,150 |

1 Restated Merged Accord Housing Association (AHA) Ltd and Westlea Housing Association(WHA) Ltd comparative
2 Source Published Global Accounts Metrics 2021 published February 2022

## VfM Indicators and Global Sector scorecard peer analysis

The Regulator of Social Housing requires providers to assess performance against prescribed VFM metrics. Peer group data is taken from the Regulator's published 2021 Global Accounts VfM Metrics.

The table opposite outlines GreenSquareAccord's performance against the published 2021 Median and Quartile VFM regulatory standard metrics and against the group target for the year and a comparison against prior year's restated performance.

In general, the Group's operating margins should be viewed in the context of our diverse business activities where some activities undertaken by the organisation generate low financial margins but have high social or environmental impact. Notwithstanding these factors, the year to 31 March 2022 was a challenging one for the Group as outlined above, and the VfM metrics reflect that as follows:

### Operating margins

The key drivers behind the significant decrease in overall operating margin to 6.3% in 2022 were the one off costs as described earlier in the report. These followed a review of the Group Statement of Financial Position post-merger and include £15.8m of intangible goodwill written off in relation to previous acquisitions, £2.1m aged irrecoverable debt and £1.0m stock write off on pre-manufactured timber frames. Although significantly lower than target and a focus for improvement, the Group's social housing operating margin of 25.3% is only slightly below median performance compared to peers despite significant additional investment in property-related compliance works during the year.

### Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA MRI)

This metric reveals the Group's ability to generate cash through our operating activities and pay its interest costs. The 2022 results have been significantly impacted by additional property maintenance and compliance spend, non-recurrent, non-cash write offs and business combination costs. Consequently the Group performs poorly on this metric with performance at 31 March 2022 at 59% (106% excluding £18.9m of non-recurrent costs). Agreement with lenders was reached to exclude some of the one-off expenditure from covenant calculations, with funders recognising that this does not represent the underlying financial strength and profitability of the Group. The Group was fully compliant with all covenants at 31 March 2022.

## New Supply

Our development and reinvestment results successfully reflect our commitment to developing new homes whilst balancing the investment in existing homes and maintaining properties to a high standard.

In 2021/22 we were pleased to add 686 new social homes which was above our target, and resulted in top quartile sector performance of 2.7% as a proportion of our total housing stock. GreenSquareAccord remains committed to the supply of new affordable homes; utilising the strong financial capacity of the enlarged organisation to increase development output in future years.

## Gearing

As a developing association, we borrow funds to support the building of new homes and our increased gearing to 49% reflects our growth ambitions; using our balance sheet capacity to generate new supply whilst managing the financial stability of the organisation. Gearing has increased in the last two years as a result of the legacy refinancing where some facilities were repaid as part of a wider consolidation and harmonisation loan portfolio prior to the merger, future-proofing treasury activity and maintaining liquidity.

## Reinvestment

The reinvestment measure of 5.7% is at median for the sector and reflects our commitment to developing new homes whilst balancing the investment in existing homes and maintaining properties to a high standard. Despite Covid-19 restrictions easing in the year and the capital programme resuming, supply chain disruption and labour shortages had slowed the pace of development. The Group anticipates that this measure will further improve over time.

Return On Capital Employed (ROCE) is a measure of efficient investment of capital resources, and the comparatively low 1.0% result mirrors the performance on operating margins. This is unsurprising given both measures have been impacted by the one off financial pressures on our operating surplus. Our overall ROCE, excluding these non-recurrent costs increases to 2.0%, still disappointing but as a result of the challenges described previously.

## Social Housing Cost per unit

The Group's social housing total cost per unit of £4,124 is on a par with the sector weighted average of £4,150 and should be viewed in the context of the tenure mix within our property portfolio. The population of Registered Providers in the lower quartiles often includes a disproportionally high number of organisations who provide specialist care and support as they tend to have relatively tighter revenue margins compared to their traditional counterparts. Whilst we have seen an increase in cost per unit since last year this includes total maintenance spend and also therefore reflects the significant increased investment in our repairs and maintenance services including essential compliance work to ensure the safety of our residents. A further analysis of this metric is provided below, showing the increase in maintenance cost per unit versus target, and the high services cost (owing to the high number of supported schemes) compared to peers.

| Value for Money Metric | GSA Actual 2021 | GSA Actual 2022 | GSA Target 2022 | RSH Global Upper Q 2021[2] | RSH Global Median 2021[2] | RSH Global Lower Q 2021[2] | RSH Weighted Ave 2021[2] |
|---|---|---|---|---|---|---|---|
| **Breakdown of Social Housing Cost per Unit** | | | | | | | |
| Management cost per unit | £630 | £692 | £676 | | | | £1,075 |
| Services cost per unit | £1,352 | £1,125 | £1,158 | | | | £678 |
| Maintenance cost per unit | £1,745 | £2,127 | £1,965 | | | | £1,926 |
| Other social cost per unit | £122 | £180 | £156 | | | | £470 |

1 Restated Merged AHA Ltd and WHA Ltd comparative

2 Source Published Global Accounts Metrics 2021 published February 2022

# VfM plans for the future

The Board has approved a revised Long Term Financial Plan for the Group which sets out the following targets for key VfM metrics over the next 5 years. These will be reviewed following the Group's strategic review in the next financial year.

| | Breakdown | 2023 | 2024 | 2025 | 2026 | 2027 |
|---|---|---|---|---|---|---|
| Reinvestment % | 5.7% | 11.3% | 8.6% | 8.0% | 8.0% | 8.5% |
| New Supply Delivered % | 1.4% | 3.2% | 2.7% | 2.6% | 2.2% | 2.7% |
| Gearing % | 47.2% | 46.8% | 47.0% | 46.5% | 45.4% | 44.6% |
| EBITDA MRI interest cover | 151.0% | 113.0% | 127.7% | 141.6% | 162.8% | 168.6% |
| Social housing cost per unit | 4,150 | 4,083 | 4,022 | 3,831 | 3,790 | 3,783 |
| Operating margin | 28.3% | 26.0% | 31.8% | 36.1% | 37.6% | 38.5% |
| ROCE % | 3.1% | 2.6% | 3.5% | 3.8% | 3.9% | 3.9% |

Although there are elements of the Group's strategy that may be revised over the coming financial year, the Group has initial plans in place to deliver the improvements demonstrated in the table above, with a significant focus in the early years on completing the integration of the legacy organisations and driving value from the new scale of the Group. The main initiatives identified for the next financial year are as follows:

## Integration

During 2022/23, we will

- Deliver £7.9m of efficiency savings via work to restructure central functions, rationalise office bases and extract further benefits from procurement practices.
- Complete the Group's first Digital Strategy, identifying both the required investment and planned benefits

## Structure and delivery model

During 2022/23, we will

- Move commercial activity out of the parent Association and wholly owned subsidiary entities to insulate social housing assets from market risks.
- Progress our funding strategy to harmonise and rationalise funding arrangements, with the aim to reduce both costs and risk in the management of the Group's debt book.
- Complete workforce and service redesign within our extra care services, ensuring that we are delivering to the specification and being cost effective in delivery of services such as catering.

## Data

During 2022/23 we will

- Complete a project to collect a range of demographic information to inform a new Community Investment Strategy within the Group's localities.
- Complete our stock condition survey work on 100% of the Group's property portfolio and use this information to revise our planned programme of stock investment and disposal programme.

## Strategic review

During 2022/23 the Group will undertake a full strategic review of its activity and ensure that its activities remain appropriate and relevant to the delivery of Group's core purpose, taking into account the Board's stated risk appetite.

# Risk Management

## Introduction

The delivery of our strategic priorities and the sustainable growth of our business is dependent on effective risk management. Like all social housing providers we recognise that there will always be business uncertainties, and our structured approach to risk management helps us to mitigate key risks and embrace opportunities when they arise.

The Board is accountable for effective risk management, agreeing the principal risks facing our business and ensuring these are managed effectively. The Board also has responsibility for defining our risk appetite (i.e. the amount of risk we are willing to take in pursuit of achieving our strategic priorities).

We encourage our colleagues to consider risks within everything we do. We ensure that risk management is considered at all levels, through implementation of our business plan, projects and operationally. The more risk aware we are, the more effective we can be at mitigating significant risks before they crystallise.

## Our Risk Management Framework

The Group Board approved a comprehensive Risk Management Framework in October 2021, which will be reviewed and updated annually. This describes the responsibilities of our Boards and Committees, alongside our Executive and Leadership teams in relation to the regular appraisal and reporting of risks.

The Framework includes a Board approved Risk Appetite for each of our 12 Principal Risks and this has been further reviewed and refreshed during 2021/22 through engagement with the Group Board and Audit, Risk and Finance Committee.

The Executive Board reviews the Group's Principal Risks on at least a monthly basis. This supports effective and strategic decision-making and ensures that GreenSquareAccord is able to adapt to an ever changing environment.

The Group Board and Audit, Risk and Finance Committee receive a detailed risk report at each meeting, which highlights the basis for any changes in our assessment of risks and tracks actions for completion to ensure our risk portfolio aligns with our risk appetite.

Each of our Board committees, in line with its terms of reference, has a defined responsibility for scrutiny and oversight of those Principal Risks which align to their area of oversight.

The Risk Framework incorporates a requirement for the detailed mapping of controls and assurance for all identified risks, and we promote a positive risk culture through engagement with our teams in the regular review and refresh of significant risks.

## Key Risk Analysis

Following merger in April 2021 we established a new Corporate Risk Register which reflected the strategic priorities for the new organisation and which recognised the specific challenges in a number of operational areas. The analysis of risk considers inherent and residual risk assessments and identifies current controls and sources of assurance, and where these should be further strengthened.

Our Principal Risks as at 31 March 2022 and key mitigations are set out below. These are the areas which are likely to have the greatest current or near-term impact on our strategic priorities and reputation.

## Data quality

### Risk

Poor data integrity, data quality and data governance leading to legal or regulatory breach and resulting in a significant financial loss, penalty or regulatory downgrade.

### How we manage the risk

- Data Governance Strategy and maturity model
- Comprehensive register of assets and liabilities
- Focused projects to deliver improved asset data quality and clear understanding of stock condition
- Robust data protection controls and building of cultural awareness
- Clear understanding and high level support for the importance of data management
- KPI reporting to the Audit, Risk and Finance Committee on key data protection metrics

### Priorities for 2022/23

- Acting on assurance and outcomes from an independent on Building Safety actions review
- Completion of a Compliance Systems Capability Map to provide improved assurance over the integrity of the Group's overall systems for delivering robust property compliance for our landlord responsibilities.
- Establishment of Data Governance boards
- Improvements secured from the delivery of a comprehensive Data Protection workplan

## Financial Planning and Efficiency

### Risk

Failure to deliver against our financial plans and our efficiency targets, putting at risk delivery of Corporate Plan objectives

### How we manage the risk

- Revised long-term Financial Plan and Stress testing and Recovery models
- Scrutiny through ARFC and Integration Task & Finish Committee
- Finance Improvement Plan in place
- Approved Annual Budget and establishment of 'Star Chamber' for monitoring financial performance
- Tracking and delivery of merger efficiency commitments
- External assurance partners advising on the robustness of our financial plans

### Priorities for 2022/23

- Continued delivery of Finance Improvement Plan actions to support improved financial forecasting
  Implementation of our VFM Strategy
- Implementation of a new whole-organisation Finance system

## Health and Safety

### Risk

Injury or loss of life occurs and GSA is unable to demonstrate adherence to Health and Safety legislation or safeguarding requirements for that event

### How we manage the risk

- Health and Safety Strategy supported by appropriate policies and procedures
- Mandatory training programme and completion monitoring
- Building Safety programme focusing on Landlord property compliance
- Role specific risk assessments
- Accident and near miss reporting
- Regular assurance reporting to the Health and Safety Committee and Board

### Priorities for 2022/23

- Delivery of priority health and safety strategy actions – including improvements on risk assessment, training, COSHH, safe systems of work and inspection processes
- Completion of Building Safety phase 2 actions in relation to fire, electrical, and asbestos safety risks
- Single system roll-out for accident and near miss reporting

## Lending Agreements and Covenants

### Risk

Action leading to a breach of a lending agreement or covenant, causing a default resulting in significant financial exposure or regulatory action.

### How we manage the risk

- Active engagement with our lenders
- Strengthened financial forecasting
- Financial Golden Rules in place and periodically reviewed
- Active Board and ARFC oversight of covenant compliance
- Treasury Strategy and Policy
- External assurance partners advising on long-term funding options

### Priorities for 2022/23

- Delivery of efficiency programme and contraction of loss-making activities
- Maturation of new long-term Funding Strategy

## Development

### Risk

Inability to fund, or to identify land or opportunities to deliver, the Development Programme (1000 homes a year, majority affordable) as set out in the Corporate Strategy

### How we manage the risk

- Robust scheme appraisal tools
- Investment Committee oversight
- Funding and sufficient liquidity in place to support development ambitions
- Focus on customer satisfaction through post-handover engagement
- The Group has dedicated and established resources in construction, development, and sales.

### Priorities for 2022/23

- New Development Strategy outlining how we will deliver 1,000 units a year.

## Service Delivery

### Risk

Service delivery does not meet customers' or partners' needs or expectations leading to a decrease in customer satisfaction, an increase in complaints, or the termination of Care contracts.

### How we manage the risk

- Five-year Corporate Plan focused on our core purpose of building better lives
- Integration Committee oversight of delivery on key integration projects to deliver service improvement
- Establishment of customer-centric Locality model
- Customer Voice Strategy and engagement plans
- Introduction of technology driven solutions to support effective performance on customer repairs
- Quality review programme for our Care and Support customers

### Priorities for 2022/23

- Completion of Responsive Repairs Action Plan
- Delivery of key Customer Voice actions.
- Extension of tenant satisfaction surveys to our Care and Support customers

## Income

### Risk

Failure to achieve anticipated income resulting in financial under performance and inability to fund strategic priorities.

### How we manage the risk

- Strengthened financial reporting and review
- Refreshed suite of Finance KPIs
- Focus on margins across all service areas
- Oversight provided by the Audit, Risk and Finance Committee
- Pipeline and sales monitoring for our housing manufacture factory

### Priorities for 2022/23

- Service charge process improvements
- Strategic disposals plan monitored through the Star Chamber
- Voids action plan focused on reduction in volume of empty properties
- Enhanced credit control team and processes

## Regulation

### Risk

Risk of regulatory downgrade and intervention due to a failure to understand, or adequately respond to, changes in sector regulation and applicable legislation.

### How we manage the risk

- Robust assessment of compliance with regulatory standards
- Designated Quality and Compliance teams with regulatory knowledge and oversight in specialist care and support service areas
- Governance Improvement Plan in place supported by lessons learned reviews
- Third party assurance on property compliance

### Priorities for 2022/23

- Learning from an independent Governance review to further enhance Board effectiveness
- Full suite of integrated policies and procedures

## Investment in Homes

### Risk

Underinvestment in homes leads to deterioration in stock condition and a failure to meet Decent Homes standards and asset compliance requirements.

### How we manage the risk

- Asset Management Strategy in place
- Extensive Stock Condition Survey programme
- Scrutiny exercised by Investment Committee on Decent Homes compliance
- Building Safety programme

### Priorities for 2022/23

- Acting on assurance from specialist advisors on stock condition
- Completion of Building Safety phase 2 actions in relation to fire, electrical, and asbestos safety risks

## Stakeholders and Reputation

### Risk

Loss in corporate trust from key stakeholders following a significant adverse event, resulting in reputational damage, financial loss, regulatory intervention or fewer growth opportunities.

### Principle Controls & Mitigations

- Active stakeholder engagement
- Clear processes for whistle-blowing and raising of concerns
- Fraud risks assessed and associated actions addressed
- Enhancements to our post-Covid business continuity framework

### Priorities for 2022/23

- Embedding of improved business continuity and resilience across our teams
- Extended stakeholder engagement through the Locality model

## People

### Risk

Gaps in people knowledge and skills required to set, oversee and deliver strategic objectives and meet regulatory requirements.

### How we manage the risk

- Five-year People Strategy approved
- Regular staff engagement surveys to drive positive colleague satisfaction and enhance retention
- Board recruitment and development
- EDI Foundation Strategy in place
- Scrutiny exercised by R&N Committee
- Programmes of Mandatory Training

### Priorities for 2022/23

- Improved identification of role-specific training needs and enhanced core compliance training
- Embedding of unified GSA culture
- Focus on recruitment and retention in high turnover areas

## Cyber security

### Risk

Inability to prevent, detect or respond to a significant cyber security threat or other IT incident resulting in prolonged disruption to key services.

### How we manage the risk

- Cyber Security roadmap and key deliverables in place
- Cyber Incident Response processes
- Third part support to enhance resilience
- Comprehensive anti-malware and intrusion prevention tools

### Priorities for 2022/23

- Cyber Essentials+ accreditation
- Enhanced cyber security training

# Governance and Internal Control

## Compliance with laws, regulations and standards

### Code of Governance and Statement of Compliance

GreenSquareAccord adopted the National Housing Federation Code of Governance 2020 (the Code) on 1 April 2021. This is a new Code of Governance and we are still working towards compliance with all of its provisions. Those areas where required improvements have been identified are as follows:

- Resident focus - In 2022-23 we will be refreshing our Customer Panels and will be consulting with customers on how they can get more involved in providing feedback and scrutinising our services. This will include the publication of information to allow our customers to hold us to account.
- Publication of information – Our new combined Group website was launched in May 2022 but prior to this date did not include all of the information which is required to be published under the Code. This is now being updated.
- Constitutional Documents – As part of our company structure review we are dissolving some entities and moving business activities from the Association into wholly owned subsidiaries. This means that our current inter-company agreements need updating to reflect the changes. This work is planned for Autumn 2022 once the structural changes have been completed.

## Governance and Regulatory Environment

The annual review of compliance against the Governance and Financial Viability Standard has been carried out for 2021-22 and GreenSquareAccord was partially compliant with the Standard during the reporting period.

The latest regulatory judgement from the Regulator of Social Housing (the Regulator) published in October 2021 saw GreenSquareAccord downgraded from a governance rating of G1 to G2 following the issues which had previously been identified relating to building safety.

In response to the regulatory judgement, GreenSquareAccord agreed a Governance Improvement Plan with the Regulator. Progress against the plan has been rigorously monitored by the Board and is regularly reported to the Regulator. GreenSquareAccord have a clear timetable to deliver all elements of the plan. However, notwithstanding the significant progress that has been made during the reporting period, because work under the Building Safety Recovery Plan has not been completed, GSA is not currently compliant with all relevant legislation as required under the Governance and Viability Standard.

The Regulator's assessment of GreenSquareAccord's compliance with the viability elements of the Governance and Financial Viability standard was unchanged at V2.

## Board and Committee structure

Those Board members who served during the period to 31 March 2022 and the Group's executive directors are set out on page 1.

### The Board

The Board may comprise up to twelve members and is responsible for the Group's strategy, policy framework and managing the affairs of the Group. The Chief Executive is a member of the Board.

The Board members are drawn from a wide background bringing together professional, commercial and local experience.

Board members are selected by a panel of Board members (including the Chair, Chair of the Remuneration & People Committee and the Chief Executive) following public advertisement for recruitment.

### Committee Structure

During the year the GreenSquareAccord Board was supported by several boards and Committees, providing detailed scrutiny on its behalf.

Below is a summary of the key responsibilities fulfilled by each committee:

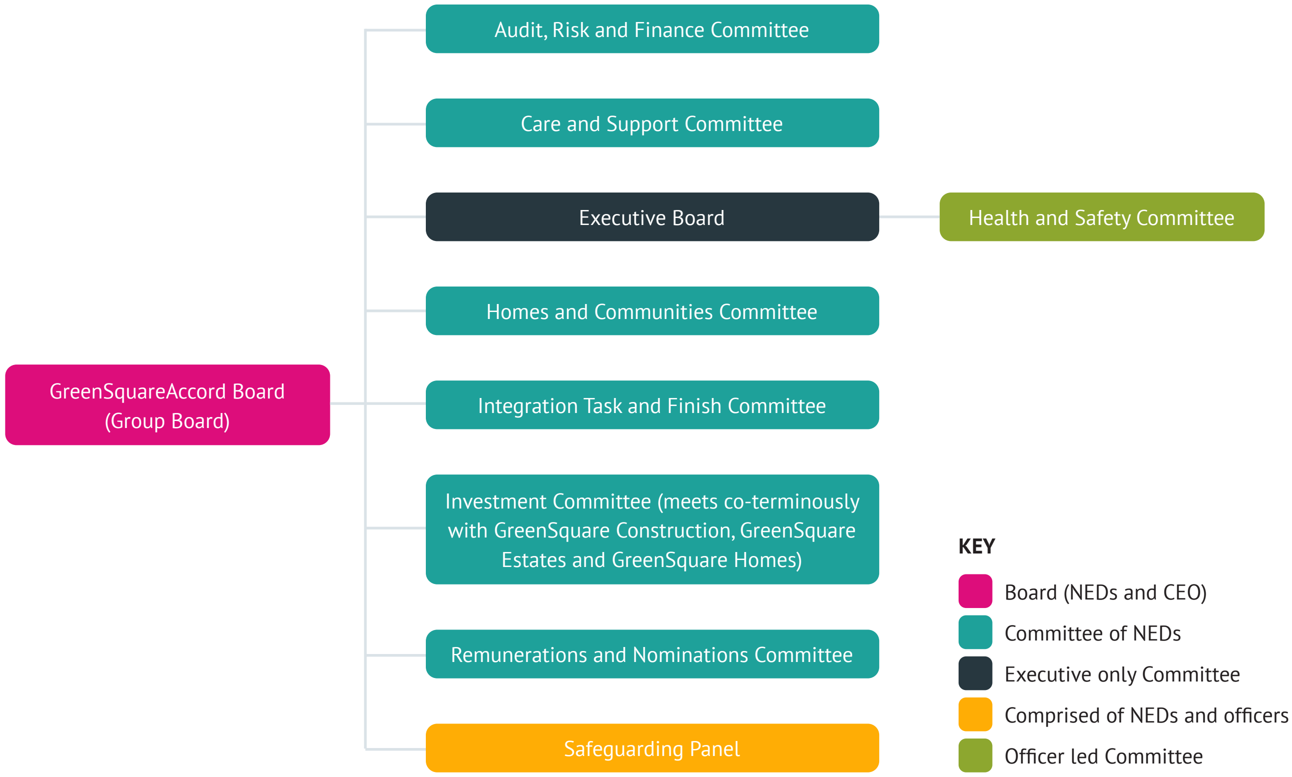
### Audit Risk & Finance Committee

The Committee's primary role is to provide assurance to the Group Board on the systems of internal control, internal and external audit and risk management functions to ensure that they are effective and well-maintained. It is also responsible for maintaining an appropriate relationship with the Group's internal and external auditors. During the year, the Committee had the following membership:

- Pablo Andres (Chair)
- Sean Pearce (to 31 July 2021)
- Gabrielle Berring
- Mandy Clarke (from 4 October 2021)
- Rosemary Hyde (to 27 September 2021)
- Katherine Horrell (to 31 July 2021)
- Eleanor Taig

### Care & Support Committee

The purpose of the Committee is to provide oversight and scrutiny of the Group's care and support services and accommodation. The Committee's remit extends to domiciliary care, registered care homes, supported housing and specialist care and support services. During the year, the Committee had the following membership:




- Salma Reehana (Chair)
- Laura Caulfield
- Christopher Hampson (from 1 July 2022)
- Susan Goldsmith
- Shammas Rahim (to 13 June 2022)
- Rashpal Singh (to 27 September 2021)
- Fiona Taylor
- Selina Wall (from 1 June 2022)

## Executive Board

The Chief Executive has delegated authority for the management and day to day running of the Group. The Executive Board supports the Chief Executive in discharging this responsibility. It provides scrutiny and input on delivering the strategic objectives of the business, ensuring good governance and championing its values.

## Homes & Communities Committee

This Committee provides assurance to the Group Board on the performance, quality and value for money of services provided to housing customers living in homes of all tenures. The Committee has a key responsibility in overseeing the Group's compliance with its landlord responsibilities, including the quality and safety of the Group's homes. During the year, the Committee had the following membership:

- David Greenhalgh (Chair)
- Margaret Cope (to 31 January 2022)
- Ninder Johal
- David Mullins (to 31 March 2022)
- Christina Patterson (to 30 November 2021)
- Phyllis Starkey
- Hayley Selway (from 1 November 2021)
- Shammas Rahim (from 10 March 2022)

## Integration Task & Finish Committee

Integration Task and Finish Committee is a short-life working group reporting into the Group Board with the purpose of monitoring the progress of post merger integration. During the year, the Committee had the following membership:

- Robin Bailey (Chair)
- Elisabeth Buggins (to 31 October 2021)
- Mandy Clarke
- Susan Goldsmith
- Shammas Rahim (to 15 December 2021)
- Phyllis Starkey
- Ninder Johal (from 15 February 2022)

## Investment Committee

The Investment Committee's primary role is to provide assurance to the Group Board on the Group's investment in existing properties, and the development of new homes. This includes the development of affordable housing, homes for market sale and rent, regeneration, land banking, asset management and disposals.

Investment Committee meets co-terminously with the boards of GreenSquare Construction, GreenSquare Homes and GreenSquare Energy Services, with its terms of reference aligning with the activity of these subsidiary companies. This change was made in Autumn 2021 to better streamline decision-making activities relating to development and asset management. During the year, the Committee had the following membership:

- Simon Eastwood (Chair)
- Robin Bailey
- Gabrielle Berring
- Peter Forsyth (from 1 June 2022)
- David Greenhalgh
- Phillip Lyons (from 1 June 2022)
- Raj Shah
- Barry Stiles (to 30 November 2021)

### Remuneration & Nominations Committee

The Committee oversees the remuneration of colleagues, the Chief Executive, Executive Directors and Board and Committee members. It also oversees Board and Committee recruitment, succession planning, appraisal and nominations arrangements. As part of its remit the Committee considers matters relating to culture, colleague engagement and diversity. During the year, the Committee had the following membership:

- Mandy Clarke (Chair)
- Pablo Andres (to 23 November 2022)
- Robin Bailey
- Elisabeth Buggins (to 31 October 2021)
- Simon Eastwood (to 23 November 2022)
- Susan Goldsmith (from 17 February 2022)
- David Greenhalgh (to 23 November 2022)
- Salma Reehana

### Health & Safety Committee

The Health and Safety Committee is a sub-committee of the Executive Board and provides scrutiny of operational health and safety matters. Its membership is drawn from functional directors from across the business and also includes the chair of our Colleague Voices Forum . The Committee provides assurance to the Executive Board that the Group is meeting its health and safety obligations in respect of its employees, residents, contractors and visitors.

### Safeguarding Scrutiny Panel

The core role of the Panel is to ensure that the organisation’s activities are operated in a manner which ensures rigorous safeguarding practices are implemented and that a culture of safeguarding is embedded across he organisation. During the year, the Panel had the following membership:

- Vicky McDermott (Independent Chair)
- David Greenhalgh
- Salma Reehana
- Rachael Crownshaw
- Maxine Espley
- Helen Moss

## Governance Review

Some in-year changes were made to the committee structures in August 2021, with the activities of Commercial Committee and Development and Property Committee (both established on 1 April 2021) being consolidated into a new Investment Committee (established 5 August 2021). At the same time, the membership of the boards of GreenSquare Construction, GreenSquare Homes and GreenSquare Energy Services was aligned with Investment Committee and its terms of reference updated to allow the committee and subsidiary boards to meet co-terminously.

A light touch governance review was also carried out in Autumn 2022, which was designed to provide an opportunity for post-merger governance structures to be reviewed six months in. This resulted in some changes in membership of the committees, as well as refreshed terms of reference with some revised responsibilities.

## Voice of the Customer

The Group Board is focused on ensuring that the voice of the customer is heard and represented clearly in the Group’s operations and within the governance structure. In this financial year, the Board has heard directly from the chairs of our two customer panels, who provided a summary of their work and answered questions from Board members about the extent to which they feel listened to and involved. The Board also heard indirectly from customers in a video outlining service improvements resulting from customer feedback and through regular Board and Committee reporting by the voice of the customer team. The views of our customers continue to actively inform the way we shape and develop our new homes and services.

In October we launched the Voice of the Customer (VoC) Strategy and since November have held monthly VoC sessions to review customer feedback, satisfaction and learning on complaints. Alongside this the VoC team are developing dedicated website space to share actions and improvements with customers.

Over the coming year the Group Board is focused on exploring more ways to hear direct feedback from customers and building these insights routinely into decision making.

## Remuneration policy

GreenSquareAccord has the following governance arrangements in place in respect of remuneration:

- The annual pay settlement for colleagues is reviewed and recommended by the Remuneration and Nominations Committee to the Board for approval.
- The remuneration of Executive Directors is approved by the Remuneration and Nominations Committee.
- The Chief Executive’s remuneration is a reserved matter for the Board, in line with the NHF Code of Governance 2020.

- The Remuneration and Nominations Committee is responsible for the scrutiny of all discretionary and non-contractual payments made to colleagues, and for approving any discretionary and non-contractual payments made to Executive Directors.
- Board and Committee Member remuneration is recommended by the Remuneration and Nominations Committee to the Board for approval. An independent benchmarking exercise takes place every two years and was last completed in April 2021.

## Executive Directors Terms and Conditions and Remuneration

The Executive Directors were employed on the same terms as other senior managers - their notice periods range from three to six months.

Some Executive Directors were members of the Social Housing Pension Scheme, which includes both a closed defined benefit (final salary) and defined contribution pension scheme. They participated in the schemes on the same terms as all other eligible staff and the Group contributed to the schemes on behalf of its employees.

The Executive Directors were entitled to other benefits such as the provision of cash allowances in lieu of a company car. Full details of their individual remuneration packages are included in note 11 to the audited financial statements.

## Chief Executive Remuneration

The Chief Executive has a formal contract of employment and this, together with the remuneration paid under it, are reviewed every two years. The last review took place in April 2021. Any non-contractual or discretionary payments to the Chief Executive must be approved by the Board.

## People

A key strength of the Group lies in the quality and commitment of its colleagues. The Group's ability to meet its objectives and commitments to customers in an efficient and effective manner depends on the contribution of our people. The Group aims to be an employer of choice in the areas in which it works.

In September 2021 we undertook a group employee engagement "pulse" survey to provide feedback from across business and this was seen as significant way of highlighting overarching themes, connecting with colleagues and helping inform and shape the new organisation. This is critical to the Group given our focus on colleague satisfaction and the direct impact we believe this has on customer satisfaction. Our global employee engagement score from the survey was 71% (target 80%) from a response rate of 48% (target 75%). Response rates were particularly low among our care and support teams where a high percentage of colleagues are working in direct service delivery roles which made accessing the survey challenging. Since the initial survey work has been undertaken with colleagues across the Group to respond to identified issues, with significant focus being afforded to improving communications, establishing the Group's first remuneration strategy, and the co-design and implementation of the 'GSA culture' and associated behavioural framework. A new survey was carried out in June 2022 to assess our progress in this critical area, and results are currently being analysed.

## Equality Diversity and Inclusion (EDI)

Our EDI mission is simple – we want to be a diverse and inclusive organisation that reflects the communities and people we serve. We want to be described, and behave as, a fair and inclusive employer, service provider and landlord. This mission is at the core of the Group's strategy – Simply Brilliant Together – and purpose. In March 2022 the Board approved the Group's EDI Foundation Strategy Commitments, which set out a roadmap of activity over the coming 5 years. In addition, during the financial year the Group:

- launched 'Speak Out', an EDI specific initiative to enable colleagues to call out EDI issues with confidence.
- reviewed its first combined Gender Pay Gap reports and the Board has approved a 3-year action plan in response to the findings. This plan was extended and renamed as the Diversity Action Plan in the year to include actions relating to the ethnicity pay gap.
- reviewed our recruitment practices and made changes to ensure that our adverts, interviews and role profiles are gender neutral, with an active focus on challenging traditional areas of gender dominance.
- conducted its first census of colleague EDI data in November 2021 with the aim of updating the information already held by the Group from its onboarding process. Excluding our Homecare service, where onboarding data has traditionally been less complete, the Group holds reasonably high levels of information on ethnicity (96%), sexual orientation (85%) and religion (76%), but the Board recognises there is much more still to do to ensure that we form and maintain a clear view of the diversity within our workforce.

## Modern Slavery and Human Trafficking

Slavery and forced labour can take many forms, including human trafficking and child labour. The Group will not tolerate forced labour or child labour in any aspect of our business. We hold ourselves and our supply chains accountable with respect to compliance with the provisions of the Modern Slavery Act 2015 in our work. We publish our Modern Slavery Statement annually on the home page of our website.

## Health and safety

The Board is clear on its responsibilities on all matters relating to health and safety. The Group has adopted robust health and safety policies, and provides training and education on health and safety to colleagues and Board members.

Corporate health and safety and landlord safety key performance indicators (KPIs) are in place and reported to the Group Board at each meeting. KPIs included a range of measures such as the number of RIDDOR reportable incidents, and the number of near misses.

## Streamlined Energy and Carbon Report (SECR)

GreenSquareAccord acknowledges that we have an impact on the environment both directly, through our business operations, and indirectly, through our supply chain and customers. Large UK companies are required to report publicly on their UK energy use and carbon emissions.

Accord were one of the first Housing Associations to start measuring our carbon dioxide (CO2) emission over 15 years ago and set ourselves the ambitious target to reduce these emissions by 25% by 2020. Not only does this dramatically reduce the organisation's environmental impact but more importantly helps to reduce the burden of rising fuels costs for our residents and particularly those in fuel poverty.

As GreenSquareAccord we are committed to continually improving our environmental performance and listen and engage a wide range of views so that we can strengthen our environmental credentials and continue to make a positive impact on society. We believe it is best practice to publish our SECR data.

This table provides a baseline carbon footprint for GreenSquareAccord at 1st April. The stock produces on average 2.66 tonnes of CO2, which is significantly lower than the average UK Household (6 tonnes of CO2).

The table provides a baseline carbon footprint at 31 March 2022. We are pleased to demonstrate there has been a 3% reduction in emissions this year in comparison with 2020/21 and some of this can be assumed to be as a result of the Covid-19 pandemic and the continued use of homeworking.

Since we started measuring the data the organisation has reduced its average missions per property by 18%
.

| **Total Annual CO2 Emissions (tonnes)** | **2021-22** | **2020-21** |
|---|---|---|
| Total emission from properties in management | 61,778 | 71,247 |
| Average emissions per property | 2.66 | 2.74 |

The stock that we manage uses the following KWHM2 primary energy use:

| | **2021-22** | **2020-21** |
|---|---|---|
| Property average kWh/m2/year | 239 | 254 |
| Total KWHM2 used by properties in management in year | 5,546,362 | 6,654,304 |

UK energy use covers electricity, natural gas, direct diesel and mileage activities across all GreenSquareAccord Group entities. Estimates have been made where it has not been possible to obtain supplier detail. We produced additional carbon from our offices and from mileage as per the table below:

| **Total Annual CO2 Emissions (tonnes)** | **2021-22** |
|---|---|
| Properties in management | 61,778 |
| Fuel/mileage | 1,699 |
| Offices | 29 |
| **Total emissions per property** | **63,506** |

# Control Environment and Internal Controls

## Introduction

The Board has overall responsibility for the system of internal control and for reviewing its effectiveness. Such a system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide the Board with reasonable and not absolute assurance against material misstatement or loss. The Board confirms that there is an ongoing process for identifying, evaluating, and managing the significant risks to the achievement of the Group's strategic objectives. The process has been in place throughout the year to 31 March 2022 and up to the date of approval of the Financial Statements. The effectiveness of this process has been reviewed regularly by the Audit, Risk & Finance Committee which met eight times in 2021/22.

Under GreenSquareAccord's Risk Management Framework it is the responsibility of the Chief Executive to review and manage operational risks and systems of internal controls. This is delegated to Executives and Directors by way of their operational responsibilities. The Chief Executive has provided the Board with assurance that the Group's internal controls are of an adequate level to provide reasonable assurance of:

- the reliability or integrity of financial, property and performance information,
- the safe, effective and efficient operation of our business,
- identification and management of risk,
- effective governance arrangements,
- compliance with the Regulator of Social Housing's regulatory standards*,
- compliance with relevant UK and EU legislation*; and
- the operation of the business in line with ethical standards of conduct.

**During the year, the Regulator for Social Housing issued an updated Regulatory Judgement and downgraded GreenSquareAccord's governance rating from G1 to G2 following issues which had previously been identified relating to building safety. In response to the regulatory judgement, GreenSquareAccord agreed a Governance Improvement Plan with the Regulator. Progress against the plan has been rigorously monitored by the Board and is regularly reported to the Regulator. GreenSquareAccord have a clear timetable to deliver all elements of the plan. However, notwithstanding the significant progress that has been made during the reporting period, because work under the Building Safety Recovery Plan has not been completed, GSA is not currently compliant with all relevant legislation as required under the Governance and Viability Standard.*

As we continue to integrate systems and processes post-merger, some areas of improvement have been highlighted in respect of our procurement arrangements. The Group has a number of legacy contracts and procurement arrangements in place which require updating. A new Group Procurement Strategy and Policy are being developed and a plan is in place to harmonise our processes.

The main processes and policies which the Board has established, and which are designed to provide effective internal control, are summarised below.

## Identification and evaluation of key risks, monitoring and corrective action

(i) Risk maps are regularly reviewed and updated and risks are managed in accordance with our Risk Management Framework, approved by the Board. Risks have been scored in line with risk appetites and are documented. Where risk mapping has identified internal controls as being in existence, these controls are in place. Implementation of any improvements to controls identified by the risk mapping process are monitored by the Executive, Audit, Risk and Finance Committee and by the Board.

## Control Environment and control procedures

(ii) Formal policies and procedures are in place, including the documentation of key systems and rules relating to the delegation of authorities, which allow the monitoring of controls, and restrict the unauthorised use of the GreenSquareAccord's assets.

(iii) An Anti-Fraud Policy and Procedure (including tax evasion) and Anti Bribery and Corruption Policy are in place covering the prevention, detection and reporting of fraud, the recovery of assets and the prevention of bribery.

(iv) GreenSquareAccord's governance policies and procedures have been reviewed and updated where applicable to ensure their robustness

(v) Experienced and suitably qualified staff take responsibility for important business functions. Annual appraisal procedures are in place in order to maintain standards of performance.

(vi) The Executive and Leadership Team are supportive of the internal audit function and respond appropriately to all recommendations for improvement in internal controls, and direct colleagues reporting to them to do the same.

## Information and financial reporting systems

(vii) Forecasts and budgets are prepared which allow the Board and Executive to monitor the key business risks and financial objectives, and progress towards financial plans set for the year and the medium term. The Group's 30-year financial plan and Financial Golden Rules set the overall framework for the management of the Group's financial performance.

(viii) All significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures.

(ix) Appropriate measures have been taken to ensure compliance with the requirements of the Data Protection Act 2018 and the UK's General Data Protection Regulation (UK GDPR).

(x) A rigorous and independent review and assessment of key areas of the business is undertaken by our internal auditors through a phased programme of internal audits. Reports and recommendations are received and acted upon by the Executive with presentations given direct to the Audit, Risk and Finance Committee to endorse the findings. During the 2021/22 financial year, internal audit services were provided by a blend of an in-house team and by KPMG.

## Accounting Policies

The Group prepares its financial statements in accordance with applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 (FRS 102).

The Group and Association's principal accounting policies are set out in note 2 of the financial statements. The policies that are most critical to the financial results relate to accounting for housing properties and capital grants, pension costs and financial instruments and include: capitalisation of interest and development administration costs; housing property depreciation; and treatment of shared ownership properties.

Principal accounting policies have been updated to include significant accounting judgements and estimates that management have made which have the most significant effect on the amounts recognised in the financial statements. Significant judgements relate to the classification of loans as basic financial instruments, impairment of tangible fixed assets, and the impairment of investments, intangibles and goodwill and the capitalisation of development costs. Accounting estimates relate to the useful lives of depreciable assets where management reviews its estimate at each reporting date based on the expected utility of the assets, recoverable amounts of rental debtors where provision is made for potential non recovery based on the total amount of former tenant arrears, obligations under defined benefit pension schemes which is provided by the scheme administrator and has been formulated based on a series of assumptions as set out in Note 27 to the financial statements, the allocation of costs for mixed tenure developments and shares ownership sales on a basis which management deems appropriate and fair value measurement of assets where in the absence of an active market the best information available is used.

Following the merger there was a review of accounting policies which identified only minor differences in treatment which were all changed prospectively and there were no other material or significant adjustments made.

## Going concern

The Group's business activities, its current financial position and factors likely to affect its future development are set out within the Strategic Report on page 5. In making its judgement on the future viability of the organisation, the Board has carried out a review of the impact of the volatile external environment resulting from the war in Ukraine, with rising inflation, the sustained impact of Covid-19 (especially on our residential and specialist care services), and labour and material shortages significantly impacting on our business activities and how the measures planned and already implemented will protect financial viability. The Board and Executive Management Team has proactively managed the impact on the organisation throughout.

The Board have considered the impact on each business activity as part of their assessment and are confident that services are well managed and continue to make positive contributions to the organisation. We have robust cash flow management processes in place, have a Board approved combined Financial Plan and updated our Treasury Management policy including financial golden rules which ensure that we always maintain sufficient liquidity levels and headroom against funder covenants. The Financial Plan has been subject to a number of severe multi-variant stress testing scenarios surrounding the economic, operational and housing market impacts and the mitigating actions that could be taken to ensure the Association remains within existing cash facilities and covenants, if required.

The Group has in place long-term debt facilities which provide adequate resources to finance committed reinvestment and development programme, along with the Group's day to day operations. The Group also has a long-term business plan which shows that it is able to service these debt facilities whilst continuing to comply with lenders' covenants.

In making their assessment, the Board has undertaken a detailed review of the future plans of GreenSquareAccord, liquidity levels, the financial plan outputs, stress testing and risk mitigations. The organisation has adequate cash to more than meet its obligations, always remain compliant with funders covenants, and manage its financial and operational risk for the foreseeable future, which is at least 12 months from the signing of the financial statements. It has therefore concluded that the organisation is a going concern and have prepared these financial statements on that basis.

# Statement of the Responsibilities of the Board for the Report and Financial Statements

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

Co-operative and Community Benefit Society legislation requires the Board to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards as reflected in FRS102 and applicable laws).

Under the Co-operative and Community Benefit Society legislation the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and surplus or deficit of the Association for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice (SORP) Accounting by Registered Social Housing Providers update 2018, 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 company will continue in business.

The Board is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Group and Association and enable it 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 2019. It is also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as each member of the Board is aware:

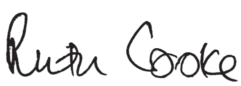
- there is no relevant audit information of which the Association's auditors are unaware; and
- the Board has taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

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

## Auditors

A resolution to reappoint BDO LLP as auditors will be proposed at the forthcoming Annual General Meeting.

The report of the Board was approved on 4 August 2022 and signed on its behalf by:



| | |
|---|---|
| **R Bailey** | **R Cooke** |
| Board Member | Chief Executive Officer |

# Independent Auditor's Report to the Members of GreenSquareAccord Limited

## 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 Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

We have audited the financial statements of GreenSquareAccord Limited ("the Association") and its subsidiaries ("the Group") for the year ended 31 March 2022 which comprise the consolidated and Association statement of comprehensive income, the consolidated and Association statement of financial position, the consolidated and Association statement of changes in equity, the consolidated cash flow statement 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 including the Strategic Report 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 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 board members responsibilities statement, 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:

We made enquiries of management and the Audit, Risk and Finance Committee. This included the following:

- how they have identified, evaluated, and complied with laws and regulations and whether they were aware of any instances of non-compliance;
- their process for detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected, or alleged fraud; and
- which internal controls have been established to mitigate risks related to fraud or non-compliance with laws and regulations.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Association. These include, but are not limited to, compliance with Co-operative and Community Benefit Society Act 2014, United Kingdom Generally Accepted Accounting Practice, and relevant tax legislation.

In addition, the association is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: employment law and data protection. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Those Charged with Governance and other management and inspection of regulatory and legal correspondence if any.

We considered management's incentives and opportunities for fraudulent manipulation of the financial statements (including revenue recognition and the risk of 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.

## Audit response to risks identified

- We reviewed the financial statement disclosures and sample tested to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- We made enquiries of the Audit, Risk and Finance Committee, management and internal audit;
- We reviewed the Fraud log submitted to the Audit, Risk and Finance Committee which includes instances of fraud and non-compliance with laws and regulations and we read minutes of meetings of those charged with governance; and
- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; considered completeness of related party transactions; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

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. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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.

BDO LLP

**BDO LLP**

Statutory Auditor
London, United Kingdom

1 September 2022

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

# Consolidated Statement of Comprehensive Income
for the year ended 31 March 2022

| | Note | Underlying Business activities £000s | Effect of business combination £000s | 2022 £000s | Restated 2021 £000s |
|---|---|---|---|---|---|
| Turnover | 3 | 227,493 | - | 227,493 | 168,392 |
| Operating costs | 3 | (194,304) | - | (194,304) | (134,530) |
| Non recurrent costs | 3 | (18,898) | - | (18,898) | - |
| Gain on disposal of properties | 3,7 | 3,751 | - | 3,751 | 1,766 |
| **Operating surplus** | **3,6** | **18,042** | **-** | **18,042** | **35,628** |
| Interest receivable and other income | 8 | 167 | - | 167 | 64 |
| Interest and financing costs | 9 | (35,864) | - | (35,864) | (21,562) |
| Fair value on business acquisition | 36 | - | 217,995 | 217,995 | - |
| Refinancing charges | | (890) | - | (890) | (5,286) |
| Share of operating deficit in Joint Venture | 15 | (79) | - | (79) | - |
| Other finance charges | 27 | (665) | - | (665) | (320) |
| **Surplus before tax** | | **(19,289)** | **217,995** | **198,706** | **8,524** |
| Taxation | 12 | (15) | - | (15) | - |
| **Surplus for the year** | | **(19,304)** | **217,995** | **198,691** | **8,524** |
| Actuarial (loss) in respect of pension | 27 | (4,079) | - | (4,079) | (10,403) |
| **Total comprehensive income for the year** | | **(23,383)** | **217,995** | **194,612** | **(1,879)** |

The Consolidated results relate wholly to continuing activities. The accompanying notes on pages 47 to 90 form part of these financial statements.

The Financial statements were authorised and approved by the Board on 4 August 2022.

Ruth Cooke

***R Bailey***
Chair

***R Cooke***
Board Member

***S Atkinson***
Company Secretary

# Association Statement of Comprehensive Income
for the year ended 31 March 2022

| | Note | Underlying Business activities £000s | Effect of business combination £000s | 2022 £000s | Restated 2021 £000s |
|---|---|---|---|---|---|
| Turnover | 3 | 210,569 | - | 210,569 | 168,392 |
| Operating costs | 3 | (179,101) | - | (179,101) | (134,530) |
| Non recurrent costs | 3 | (18,898) | - | (18,898) | - |
| Gain on disposal of properties | 3,7 | 3,751 | - | 3,751 | 1,766 |
| **Operating surplus** | **3,6** | **16,321** | **-** | **16,321** | **35,628** |
| Interest receivable and other income | 8 | 798 | - | 798 | 64 |
| Interest and financing costs | 9 | (36,261) | - | (36,261) | (21,562) |
| Fair value on business acquisition | 36 | - | 217,995 | 217,995 | - |
| Refinancing charges | | (890) | - | (890) | (5,286) |
| Share of operating deficit in Joint Venture | 15 | - | - | - | - |
| Other finance charges | 27 | (665) | - | (665) | (320) |
| Gift aid | | 1,000 | - | 1,000 | - |
| **Surplus before tax** | | **(19,697)** | **217,995** | **198,298** | **8,524** |
| Taxation | 12 | - | - | - | - |
| **Surplus for the year** | | **(19,697)** | **217,995** | **198,298** | **8,524** |
| Actuarial (loss) in respect of pension | 27 | (4,079) | - | (4,079) | (10,403) |
| **Total comprehensive income for the year** | | **(23,776)** | **217,995** | **194,219** | **(1,879)** |

The Consolidated results relate wholly to continuing activities. The accompanying notes on pages 47 to 90 form part of these financial statements.

The Financial statements were authorised and approved by the Board on 4 August 2022.

Ruth Cooke

***R Bailey***
Chair

***R Cooke***
Board Member

***S Atkinson***
Company Secretary

# Consolidated Statement of Changes in Reserves
## for the yearended 31 March 2022

| | Revaluation Reserve £'000 | Restricted Reserve £'000 | Revenue Reserve £'000 | Total £'000 |
|---|---|---|---|---|
| **Balance as at 1 April 2020** | **161,727** | **19** | **214,465** | **376,211** |
| Surplus for the year | - | - | 8,524 | 8,524 |
| Other comprehensive income for the year | - | - | (10,403) | (10,403) |
| Transfer of restricted expenditure from revenue reserve | - | - | - | - |
| Transfer from revaluation to revenue reserve | (2,266) | - | 2,266 | - |
| **Balance as at 31 March 2021** | **159,461** | **19** | **214,852** | **374,332** |
| Surplus for the year | - | - | 198,691 | 198,691 |
| Other comprehensive income for the year | - | - | (4,079) | (4,079) |
| Transfer of restricted expenditure from revenue | - | 3 | (3) | - |
| Acquisition of GreenSquare Group | - | 69 | (69) | - |
| Transfer from revaluation to revenue reserve | (1,932) | - | 1,932 | - |
| **Balance as at 31 March 2022** | **157,529** | **91** | **411,324** | **568,944** |

The accompanying notes on pages 47 to 90 form part of these financial statements.

# Association Statement of Changes in Reserves
for the yearended 31 March 2022

| | Revaluation Reserve £'000 | Restricted Reserve £'000 | Revenue Reserve £'000 | Total £'000 |
|---|---|---|---|---|
| **Balance as at 1 April 2020** | **161,727** | **19** | **214,465** | **376,211** |
| Surplus for the year | - | - | 8,524 | 8,524 |
| Other comprehensive income | - | - | (10,403) | (10,403) |
| Transfer of restricted expenditure from revenue reserve | - | - | - | - |
| Transfer from revaluation to revenue reserve | (2,266) | - | 2,266 | - |
| **Balance as at 31 March 2021** | **159,461** | **19** | **214,852** | **374,332** |
| Surplus for the year | - | - | 198,298 | 198,298 |
| Other comprehensive income for the year | - | - | (4,079) | (4,079) |
| Transfer of restricted expenditure from revenue | - | (5) | 5 | - |
| Acquisition of GreenSquare Group | - | 24 | (24) | - |
| Transfer from revaluation to revenue reserve | (1,932) | - | 1,932 | - |
| **Balance as at 31 March 2022** | **157,529** | **38** | **410,984** | **568,551** |

The accompanying notes on pages 47 to 90 form part of these financial statements.

# Consolidated Statement of Financial Position
## at 31 March 2022

| | Note | 2022 £'000 | 2021 £'000 |
|---|---|---|---|
| **Fixed Assets** | | | |
| Intangible fixed assets | 13 | 504 | 16,613 |
| Housing properties | 14 | 1,881,389 | 1,312,493 |
| Fixed asset investments | 18 | 50 | 2,240 |
| Investment properties | 15 | 133 | - |
| Investment in joint ventures | 16 | 1,606 | - |
| Other tangible fixed assets | 17 | 16,314 | 13,243 |
| | | **1,899,996** | **1,344,589** |
| **Current Assets** | | | |
| Stock and properties held for sale | 19 | 27,579 | 9,167 |
| Trade and other debtors | 20 | 23,544 | 20,596 |
| Investments | 21 | 544 | - |
| Cash at bank and in hand | | 50,061 | 42,221 |
| | | **101,728** | **71,984** |
| Creditors: Amounts falling due within one year | 22 | (90,421) | (54,789) |
| Net current assets | | 11,307 | 17,195 |
| Total assets less current liabilities | | 1,911,303 | 1,361,784 |
| Creditors: Amounts falling due after more than one year | 22 | (90,421) | (54,789) |
| Net current assets | | 11,307 | 17,195 |
| Total assets less current liabilities | | 1,911,303 | 1,361,784 |
| Creditors: amounts falling due after more than one year | 23 | (1,306,970) | (964,956) |
| Net pension liability | 27 | (32,992) | (22,002) |
| Provisions for liabilities | 28 | (2,397) | (494) |
| **Total Net Assets** | | **568,944** | **374,332** |
| **Capital and reserves** | | | |
| Non-equity share capital | 29 | - | - |
| Restricted reserve | | 91 | 19 |
| Revaluation reserve | | 157,529 | 159,461 |
| Revenue reserves | | 411,324 | 214,852 |
| **Total Reserves** | | **568,944** | **374,332** |

The Consolidated results relate wholly to continuing activities. The accompanying notes on pages47 to 90 form part of these financial statements.

The Financial statements were authorised and approved by the Board on 4 August 2022.

***R Bailey***
Chair

***R Cooke***
Board Member

***S Atkinson***
Company Secretary

# Association Statement of Financial Position
at 31 March 2022

| | Note | 2022 £'000 | 2021 £'000 |
|---|---|---|---|
| **Fixed Assets** | | | |
| Intangible fixed assets | 13 | 504 | 16,613 |
| Housing properties | 14 | 1,881,461 | 1,312,493 |
| Fixed asset investments | 18 | 13,075 | 2,240 |
| Investment properties | 15 | 133 | - |
| Other tangible fixed assets | 17 | 16,261 | 13,243 |
| | | **1,911,434** | **1,344,589** |
| **Current Assets** | | | |
| Stock and properties held for sale | 19 | 7,953 | 9,167 |
| Trade and other debtors | 20 | 30,686 | 20,596 |
| Investments | 21 | 544 | - |
| Cash at bank and in hand | | 45,757 | 42,221 |
| | | **84,940** | **71,984** |
| Creditors: Amounts falling due within one year | 22 | (85,959) | (54,789) |
| Net current assets | | (1,019) | 17,195 |
| Total assets less current liabilities | | 1,910,415 | 1,361,784 |
| Creditors: Amounts falling due after more than one year | 23 | (1,306,475) | (964,956) |
| Net pension liability | 27 | (32,992) | (22,002) |
| Provisions for liabilities | 28 | (2,397) | (494) |
| **Total Net Assets** | | **568,551** | **374,332** |
| **Capital and reserves** | | | |
| Non-equity share capital | 29 | - | - |
| Restricted reserve | | 38 | 19 |
| Revaluation reserve | | 157,529 | 159,461 |
| Revenue reserves | | 410,984 | 214,852 |
| **Total Reserves** | | **568,551** | **374,332** |

The Consolidated results relate wholly to continuing activities. The accompanying notes on pages 47 to 90 form part of these financial statements.

The Financial statements were authorised and approved by the Board on 4 August 2022.

***R Bailey***
Chair

***R Cooke***
Board Member

***S Atkinson***
Company Secretary

# Consolidated Statement of Cash Flows
## for the year ended 31 March 2022

| | Note | 2022 £'000 | 2021 £'000 |
|---|---|---|---|
| **Net cash generated from operating activities** | 31 | **74,691** | **92,572** |
| **Cash flow from investing activities** | | | |
| Interest received and similar income | | 167 | 64 |
| Purchase and refurbishment of housing properties | | (100,959) | (36,155) |
| Payments to acquire other tangible fixed assets | | (3,029) | (1,890) |
| Purchase of intangible fixed assets | | (69) | (316) |
| Payments to acquire investments | | (387) | - |
| Receipts from sales of tangible fixed assets | | 7,721 | 5,731 |
| Receipts form Investments | | 4 | 4 |
| Receipt of government grants | | 8,140 | 15,878 |
| Net cash acquired with business combination | | 91,688 | - |
| | | **3,276** | **(16,684)** |
| **Cash flow from financing activities** | | | |
| Interest and refinance charges paid | | (42,325) | (30,292) |
| Issue costs on new long term loans | | - | (1,142) |
| Corporation tax paid | | (25) | - |
| New long term loans | | 86,800 | 70,000 |
| Repayment of long term loans | | (114,577) | (131,377) |
| | | **(70,127)** | **(92,811)** |
| **Net change in cash and cash equivalents** | **32** | **7,840** | **(16,923)** |
| Cash & cash equivalents at beginning of the year | | 42,221 | 59,144 |
| Cash & cash equivalents at end of the year | | **50,061** | **42,221** |

The accompanying notes on pages 47 to 90 form part of these financial statements.

# Notes to the Financial Statements

## 1.Legal status

The Association is registered under the Co-operative and Community Benefit Societies Act 2014 and is a registered housing provider in England. The Association and Group are public benefit entities.

## 2. Accounting policies

### Basis of accounting

The financial statements of the Group and Association have been prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including Financial Reporting Standard 102 (FRS102) and the Housing SORP 2018: Statement of Recommended Practice for Registered Social Housing Providers and comply with the Accounting Direction for Private Registered Providers of Social Housing 2022. The Board is satisfied that the current accounting policies are the most appropriate for the Group and Association. The financial statements are presented in Sterling (£).

The Group and Association has taken advantage of transitional relief set out in FRS102 for deemed costs and treated all grant on transition under the performance model with subsequent grants under the accrual model.

### Basis of consolidation

The Association is required by statute to prepare Group accounts. The consolidated financial statements incorporate the financial statements of all members of the Group as at 31 March 2022 using merger and acquisition accounting where appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-Group balances and transactions, including unrealised profits, have been eliminated on consolidation.

### Going concern

The accounts have been prepared on a going concern basis.

The Board have reviewed cash flow forecasts for GreenSquareAccord, prepared on the Group for at least 12 months from the date of these financial statements (the going concern period).

The board has considered the impact on each business activity as part of their assessment and are confident that services are well managed and continue to make positive contributions to the organisation. We have robust cash flow management processes in place, have a Board approved combined financial plan and updated our Treasury Management policy including financial golden rules which ensure that we maintain sufficient liquidity levels and headroom against funder covenants at all times.

The financial plan has been subject to a number of severe multi-variant stress scenarios surrounding the economic, operational and housing market impacts and the mitigating actions that could be taken to ensure the Group remains within existing cash facilities and covenants, if required.

We have a portfolio of housing assets which provide a secure income stream and long-term debt facilities in place to fund our committed reinvestment and development programme. Our care activities are diversified and built on strong, well established relationships with Local Authorities.

GreenSquareAccord has liquid cash of £50.1m at the year end plus additional liquidity from secured borrowing facilities. As at 31 March 2022 the Group had total facilities of £1,333m (2021: £521m) of which £983m were drawn, a net increase of £500m on the previous year primarily as a result of the merger.

The Group's business activities, its current financial position and factors likely to affect its future development are set out within the Strategic Report. The Group has in place long-term debt facilities which provide adequate resources to finance committed reinvestment and development programme, along with the Group's day to day operations. The Group also has a long-term business plan which shows that it is able to service these debt facilities whilst continuing to comply with lenders' covenants.

The impact of the COVID-19 outbreak and its financial effect has meant that the Board and Executive have been reviewing the financial plans for the next three years to ensure the Group can remain a going concern. The Group has modelled a number of scenarios based on current estimates of rent collection, care and support income, property sales and maintenance spend.

The Board will continue to review plans with the Executive to make the necessary changes to continue to work with our customers and stakeholders to deliver simply brilliant services.

In making their assessment, the Board has undertaken a detailed review of the future plans of GreenSquareAccord, liquidity levels, the financial plan outputs, stress testing and risk mitigations. The organisation has adequate cash to more than meet its obligations, remain compliant with funders covenants at all times and manage its financial and operational risk for the foreseeable future, which is at least 12 months from the signing of the financial statements. It has therefore concluded that the organisation is a going concern and have prepared these financial statements on that basis.

## 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 judgments and estimates have been made include:

## Significant management judgements

The following are the significant management judgements made in applying the accounting policies of the Group that have the most significant effect on the financial statements:

### Financial Instruments

The Group has reviewed its loan agreements and classified all loans as 'Basic' financial instruments. We consider any fixed rate debt with two-way early redemption indemnity clauses to be held for the long term as per treasury strategy and be non speculative. In addition the commercial substance of the transaction is neutral to the lender such that should a prepayment event occur the full principal and interest will be due and no economic benefit will accrue to the Association. This satisfies the 'Basic' requirements as set out in Paragraph 11.9 of FRS102.

### Capitalisation of property development costs

Distinguishing the point at which a 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.

### Supporting People

Management judgement is applied in determining the extent to which the risks and benefits are transferred to the Association when considering the Income to be recognised. £2.6m (2021: £1.5m) of Supporting People income was recognised in the year.

### Investment, Goodwill and Intangibles

GreenSquareAccord completed its annual review over the investment, goodwill and intangibles associated with the acquisition of Direct Health Group Limited. The review takes account of current and future business and financial performance, and the longevity of existing contractual arrangements with local authority commissioning partners. The review also considered the operating environment and marketplace in which Direct Health operates. Given this evidence, the intangible assets were written down and £15.8m impairment losses charged to operating surpluses. See note 13.

## 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. The following are estimates made in applying the accounting policies of the Group that have the most effect on the financial statements:

## Recoverable amounts of rental and other trade receivables and current assets

The recoverable amounts of rental and other trade receivables and current assets are reviewed regularly by management and appropriate provisions calculated for potential non recovery. The provision for rental debtors is based on the level of arrears owing by former tenants, other trade debtors is based on management's view of the recoverability of the debt outstanding.

## Obligations under defined benefit pension schemes (DBO)

Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses (as analysed in Note 27). The liability at 31 March 2022 was Group and Association: £33.0m (2021: £22.0m).

## Allocation of costs for mixed tenure developments and shared ownership sales

Costs relating to mixed tenure developments and shared ownership sales are apportioned on a basis that management deems to be appropriate and can be calculated on unit basis or floor area basis.

## Useful lives of depreciable assets

Management reviews its estimates of the useful lives of depreciable assets at each reporting date 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. Group Accumulated depreciation at 31 March 2022 was £192.9m including other fixed assets.

## Fair value measurement

Management uses valuation techniques to determine the fair value of assets (where active market quotes are not available) including land, properties developed for outright sale, trade debtors and investment properties. This involves developing estimates and assumptions consistent with how market participants would price the instrument or asset. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices.

## Property Impairment

As part of the Group's continuous review of the performance of their assets, management identify any homes, or schemes, that have increasing void losses, are impacted by policy changes or where the decision has been made to dispose of the properties. These factors are considering to be an indication of impairment.

Where there is evidence of impairment, the fixed assets are written down to the recoverable amount and any impairment losses are charged to operating surpluses.

GreenSquareAccord completed its annual impairment review on housing property fixed assets. The depreciated replacement cost (DRC) method was applied to each social housing property scheme using appropriate construction costs and land prices. The resulting information was then compared to the carrying amount of each scheme. No housing property impairment was identified.

## Turnover and Revenue Recognition

Turnover comprises rental and service charge 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) of goods and services supplied in the year and revenue grants receivable in the year.

Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting after deducting voids. Income from first tranche sales and sales of properties built for sale is recognised at the point of legal completion of the sale. Revenue grants are receivable when the conditions for receipt of agreed grant funding have been met. Charges for care and support services recognised as they fall due under the contractual arrangements with administering authorities.

## Value Added Tax

The Group charges 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 Group and is not recoverable from HM Customs and Excise. The balance of VAT payable or recoverable at the year-end is included as a current liability or current asset.

## Taxation

The Association is accepted as a charity by HM Revenue and Customs (HMRC). Income and capital gains of the Association are generally exempt from tax if applied for charitable purposes.

## 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 from 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 is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

## Pension costs

The Group primarily operates a defined contribution pension scheme, the costs of which are written off to the Income and Expenditure account in the period in which they are incurred.

Until 31 May 2020 there were a limited number of employees who participated in the Social Housing Pension Scheme (SHPS), a multi employer defined benefit scheme to which the Association contributed. One of the Group's subsidiaries, Westlea Housing Association, also participated in the Wiltshire County Council Pension Fund (WCCPF), a multi-employer scheme with more than one participating employer. Both schemes are closed to future accrual and members transferred to a SHPS defined contribution scheme.

Current service costs and costs from settlements and curtailments are charged against operating surplus. Past service costs are spread over the period until the benefit increases. Interest on the scheme liabilities and the expected return on scheme assets are included net in other finance costs/income. Actuarial gains and losses are reported in the statement of comprehensive income.

Scheme assets are measured at fair values. Scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted at appropriate high quality bond rates. The net deficit is presented separately from other assets on the statement of financial position. A net surplus is recognised only to the extent that it is recoverable by the Group.

Further details are provided in note 27(b).

## Sale of housing properties

Where properties built for sale are disposed of during the year, the disposal proceeds are included in turnover, and the attributable costs included in cost of sales. The surplus or deficit on disposal of housing properties held as fixed assets, including second or subsequent tranches of shared ownership properties, is accounted for in the statement of comprehensive income. Where any Social Housing Grant (SHG) is to be recycled or repaid is less than the SHG relating to the disposal, the difference is treated as abated SHG and included as a component of the surplus or deficit on disposal.

## 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 for 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.

Shared ownership properties are split proportionally 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 related 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.

Stock acquired from other Housing Providers is recognised at cost at the point of acquisition and any related grant is recorded within deferred grant liabilities.

## Impairment

Annually housing properties are assessed for impairment indicators. Where indicators are identified an assessment for impairment is undertaken comparing the scheme's carrying amount to its recoverable amount. Where the carrying amount of a scheme is deemed to exceed its recoverable amount, the scheme is written down to its recoverable amount. The resulting impairment loss is recognised as operating expenditure. Where a scheme is currently deemed not to be providing service potential to the association, its recoverable amount is its fair value less costs to sell.

Other assets are reviewed for impairment if there is an indication that impairment may have occurred.

## Depreciation of social 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.

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 changes to decent homes standards which may require more frequent replacement of key components.

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

| | |
|---|---|
| Building structure | 125 years |
| Roofs | 60 years |
| Bathrooms | 30 years |
| Kitchens | 20 years |
| Heating | 15-20 years |
| Lifts | 25-30 years |
| Windows and doors | 5-35 years |
| Fascias and guttering | 30 years |
| Warden call system (inc fire) | 20 years |

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.

## Properties for sale

Expenditure on shared ownership properties is split proportionately between current and fixed assets based on the element relating to first tranche sales. The first tranche is classed as a current asset and related sales proceeds are included in turnover, and the remaining element is classed as a fixed asset and is included in housing properties at cost, less any provision of depreciation or impairment. Further details are set out in note 14.

## Capitalisation of interest costs

Interest on borrowings is charged to housing properties under construction up to the date of completion of each scheme. The interest charged is either on borrowing specifically for a scheme or net borrowings, to the extent that they are deemed to be financing a scheme based on the weighted average cost of capital. This treatment applies irrespective of the original purpose for which the loan was raised. Further details are set out in note 9.

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

## Intangible fixed assets and goodwill

All business combinations are accounted for by applying the acquisition method. Goodwill represents the excess of the fair value of the consideration over the fair value of the assets, liabilities and contingent liabilities acquired on acquisition of subsidiaries. Identifiable intangibles are those which can be sold separately or which arise from legal rights regardless of whether those rights are separable.

Goodwill is stated at cost less accumulated amortisation and impairment losses. The estimated useful life of goodwill is 10 years.

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and impairment losses.

Amortisation is charged to the consolidated statements of comprehensive income on a straight-line basis over the estimated useful lives of intangible assets. Other tangible assets are amortised from the date they are available for use.

The estimated useful lives are as follows:

| | |
|---|---|
| Customer contracts | 10 years |
| Computer software | 4 years |

The Group reviews its intangible fixed assets and goodwill for indicators of impairment on an annual basis. Where such indicators are identified the resulting impairment is recognised as operating expenditure.

## Donated land

Land donated by local authorities and others is added to cost at the fair value of the land at the time of the donation. Where the land is not related to a specific development and is donated by a public body an amount equivalent to the increase in value between fair value and cost is recognised on the statement of financial position and added to other grants. Where the donation is from a non-public source or the conditions have been met, the value of the donation is included as income.

## Other tangible fixed assets

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

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 annual rates used for other assets are:

| | |
|---|---|
| Freehold offices | 50-75 years |
| Furniture, fixtures and fittings | 5-10 years |
| Computers and office equipment | 3-6 years |

Leasehold improvements in accordance with lease term

| | |
|---|---|
| Plant and machinery | 7-15 years |
| PODS | 10 years |
| Motor vehicles | 5-7 years |
| Service charge equipment | 5-25 years |

Gains and 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.

## 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.

## Stock and work in progress

Stock and work in progress is measured at the lower of cost and estimated selling price less costs to complete and sell.

## Debtors

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

Where deferral of payment terms have been agreed at below market rate, and where material, the balance is shown at the present value, discounted at a market rate.

## Creditors

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

## Employee benefits

Short-term employee benefits and contributions to defined contribution plans are recognised as an expense in the period in which they are incurred.

## Investments

Investments in subsidiary undertakings and joint ventures are held at cost, less provision for impairment where necessary. Cost is purchase price, including expenses.

## Gift Aid

The parent entity only recognises gift aid income within income when a gift aid payment is paid.

## 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 under the accruals model.

Government grants released on the 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.

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.

## Other grants

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

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.

## 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 balance sheet of the Group. 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 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.

## Other long term creditors

Other long term creditors include the costs of arranging long term funding. These amounts are amortised over the period of the underlying financial instrument. Loan termination costs are charged to the statement of comprehensive income in the year in which they are incurred.

## Provisions for liabilities

Provisions are recognised when:

a) there is a present obligation (legal or constructive) as a result of a past event;

b) it is probable the Group will be required to settle the obligation; and

c) a reliable estimate of the obligation can be made.

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 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 the statement of comprehensive income as 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 as the salary cost payable for the period of absence.

## Leased assets

Where the Group enters into a lease or leaseback which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. Assets held under finance leases are included in the balance sheet and depreciated in accordance with the Group's normal accounting policies. The present value of future rentals is shown as a loan liability. The interest element of rental obligations is charged to the income and expenditure account over the period of the lease in proportion to the balance of capital repayments outstanding. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to the income and expenditure account on a straight line basis over the lease term.

## 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 historical cost.

Non-basic financial instruments are recognised at fair value using a valuation technique with any gains or losses being reported in surplus or deficit. At each year end, the instruments are revalued to fair value, with the movements posted to the income and expenditure (unless hedge accounting is applied). The Group and Association have not adopted hedge accounting for the financial instruments. Direct costs incurred in connection with the issue of a basic financial instrument are deducted from the proceeds for the issues, and amortised over the life of the instrument.

## Current asset investments

Investments are stated at market value. Any revaluation of investments is reflected in the Changes in Reserves. Diminutions beyond the level of the revaluation reserve for investments are charged to the Statement of Comprehensive Income.

## 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.

## Cash and cash equivalents

Cash and cash equivalents include cash balances and call deposits, as well as short-term investments with an original maturity of three months or shorter. It also includes those overdrafts which are repayable on demand and form an integral part of the Group's cash management strategy.

## Reserves

The Group establishes restricted reserves for specific purposes where their use is subject to external restrictions and designated reserves where their reserves are earmarked for a particular purpose.

## Hunts Close Reserve

Following the transfer of the assets and liabilities from Oxfordshire Charitable Housing Trust, the Group set up a restricted reserve to fund extra repairs, improvements and an element of service charges in relation to properties at Hunts Close. The balance as at 31 March 2022 was £22k (2021: £24k).

## Clackersbrook Reserve

One of the Group's subsidiaries undertakes the management of public open spaces. The company has set up a designated reserve to set aside adequate resources per the management agreement in relation to any residual surplus on the properties managed at Clackersbrook. The balance as at 31 March 2022 was £53k (2021: £45k).

## Revaluation Reserve

The difference on transition to FRS 102 between the fair value of social housing properties (deemed cost) and the historical cost carrying value is credited to the revaluation reserve.

# 3. Turnover, Cost Of Sales, Operating Costs And Operating Surplus: Group

| | | | | | 2022 | | | | 2021 |
|---|---|---|---|---|---|---|---|---|---|
| | Note | Turnover | Cost of Sales | Operating Costs | Operating surplus/ (deficit) | Turnover | Cost of Sales | Operating Costs | Operating surplus/ (deficit) |
| | | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| **Social housing lettings** | **4** | **147,946** | **-** | **(110,579)** | **37,367** | **117,716** | **-** | **(83,105)** | **34,611** |
| **Other social housing activities:** | | | | | | | | | |
| Supporting people contract income | | 2,628 | | (2,756) | (128) | 1,473 | - | (1,576) | (103) |
| Development costs not capitalised | | - | - | (323) | (323) | - | - | 19 | 19 |
| Management administration | | 763 | - | (1,332) | (569) | 646 | - | (964) | (318) |
| First tranche shared ownership sales | | 18,641 | (14,907) | - | 3,734 | 1,113 | (1,001) | - | 112 |
| Other | | 26 | - | (165) | (139) | 181 | - | (7) | 174 |
| | | 22,058 | (14,907) | (4,576) | 2,575 | 3,413 | (1,001) | (2,528) | (116) |
| **Activities other than Social Housing:** | | | | | | | | | |
| Market rent lettings and other commercial initiatives | | 6 | - | (88) | (82) | - | - | - | - |
| Registered nursing homes | | 594 | - | (624) | (30) | 722 | - | (575) | 147 |
| Student accommodation lettings | | 175 | - | (152) | 23 | 159 | - | (110) | 49 |
| Development for sale | | 16,147 | (14,479) | - | 1,668 | - | - | - | - |
| Domiciliary care services | | 29,526 | - | (29,727) | (201) | 36,174 | - | (34,525) | 1,649 |
| Amortisation of intangible assets | 13 | - | - | (15,751) | (15,751) | - | - | (1,666) | (1,666) |
| Factory stock and debt write off | | - | - | (1,015) | (1,015) | - | - | - | - |
| Home Care debt and PPE write off | | - | - | (2,132) | (2,132) | - | - | - | - |
| Partnership costs | | - | - | (2,749) | (2,749) | - | - | (857) | (857) |
| Other | | 11,041 | - | (16,423) | (5,382) | 10,208 | - | (10,163) | 45 |
| Gains on disposal of housing properties | 7 | - | - | - | 3,751 | - | - | - | 1,766 |
| | | 57,489 | (14,479) | (68,661) | (21,900) | 47,263 | - | (47,896) | 1,133 |
| | | **227,493** | **(29,386)** | **(183,816)** | **18,042** | **168,392** | **(1,001)** | **(133,529)** | **35,628** |

## 3. Turnover, Cost Of Sales, Operating Costs And Operating Surplus: Association

| | Note | Turnover 2022 | Cost of Sales 2022 | Operating Costs 2022 | Operating surplus/ (deficit) 2022 | Turnover 2021 | Cost of Sales 2021 | Operating Costs 2021 | Operating surplus/ (deficit) 2021 |
|---|---|---|---|---|---|---|---|---|---|
| | | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| **Social housing lettings** | 4 | 147,946 | - | (110,579) | 37,367 | 117,716 | - | (83,105) | **34,611** |
| **Other social housing activities:** | | | | | | | | | |
| Supporting people contract income | | 2,628 | | (2,756) | (128) | 1,473 | - | (1,576) | (103) |
| Development costs not capitalised | | - | - | (323) | (323) | - | - | 19 | 19 |
| Management administration | | 763 | - | (1,332) | (569) | 646 | - | (964) | (318) |
| First tranche shared ownership sales | | 18,641 | (14,907) | - | 3,734 | 1,113 | (1,001) | - | 112 |
| Other | | 26 | - | (165) | (139) | 181 | - | (7) | 174 |
| | | 22,058 | (14,907) | (4,576) | 2,575 | 3,413 | (1,001) | (2,528) | (116) |
| **Activities other than Social Housing:** | | | | | | | | | |
| Market rent lettings and other commercial initiatives | | 6 | - | (88) | (82) | - | - | - | - |
| Registered nursing homes | | 594 | - | (624) | (30) | 722 | - | (575) | 147 |
| Student accommodation lettings | | 175 | - | (152) | 23 | 159 | - | (110) | 49 |
| Domiciliary care services | | 29,526 | - | (29,727) | (201) | 36,174 | - | (34,525) | 1,649 |
| Amortisation of intangible assets | 13 | - | - | (15,751) | (15,751) | - | - | (1,666) | (1,666) |
| Factory stock and debt write off | | - | - | (1,015) | (1,015) | - | - | - | - |
| Home Care debt and PPE write off | | - | - | (2,132) | (2,132) | - | - | - | - |
| Partnership costs | | - | - | (2,749) | (2,749) | - | - | (857) | (857) |
| Other | | 10,264 | - | (15,699) | (5,435) | 10,208 | - | (10,163) | 45 |
| Gains on disposal of housing properties | 7 | - | - | - | 3,751 | - | - | - | 1,766 |
| | | 40,565 | - | (67,937) | (23,621) | 47,263 | - | (47,896) | 1,133 |
| | | **210,569** | **(14,907)** | **(183,092)** | **16,321** | **168,392** | **(1,001)** | **(133,529)** | **35,628** |

# 4. Particulars of Income and Expenditure from Social Housing Lettings

| | General needs housing £'000 | Supported housing and for older people £'000 | Low cost home ownership £'000 | Other social housing £'000 | 2022 Total £'000 | 2021 Total £'000 |
|---|---|---|---|---|---|---|
| Rent receivable net of identifiable service charges | 100,148 | 12,646 | 5,239 | 1,020 | 119,053 | 88,105 |
| Service charge receivable | 4,474 | 6,751 | 1,315 | 3,515 | 16,055 | 14,259 |
| Charges for support services | 1 | 2,999 | - | 6,392 | 9,392 | 11,597 |
| Other income | 194 | 130 | 118 | - | 442 | 397 |
| **Net rental income** | **104,817** | **22,526** | **6,672** | **10,927** | **144,942** | **114,358** |
| Amortisation of grant | 2,230 | 573 | 82 | 57 | 2,942 | 2,786 |
| Other revenue grants | 6 | 48 | - | 8 | 62 | 572 |
| **Turnover from social housing lettings** | **107,053** | **23,147** | **6,754** | **10,992** | **147,946** | **117,716** |
| Services | 5,729 | 7,000 | 1,409 | 3,470 | 17,608 | 14,836 |
| Management | 14,481 | 1,550 | 1,256 | 385 | 17,672 | 13,005 |
| Care and Support | - | 2,990 | - | 8,057 | 11,047 | 13,092 |
| Routine maintenance | 20,665 | 3,369 | 451 | 246 | 24,731 | 16,505 |
| Planned and major repairs expenditure | 15,384 | 2,903 | 470 | 57 | 18,814 | 10,611 |
| Rent losses from bad debts | (25) | 187 | 8 | 22 | 192 | 670 |
| Depreciation of housing properties | 16,188 | 2,551 | 623 | 1,153 | 20,515 | 14,386 |
| **Operating costs on social housing lettings** | **72,422** | **20,550** | **4,217** | **13,390** | **110,579** | **83,105** |
| **Operating surplus on social housing lettings** | **34,631** | **2,597** | **2,537** | **(2,398)** | **37,367** | **34,611** |
| **Void losses** | **1,299** | **1,575** | **11** | **126** | **3,011** | **2,158** |

## 5. Accommodation In Management And Development

The number of units of accommodation in management at the end of the period for each class of accommodation is as follows:

| | Group | | Association | |
|---|---|---|---|---|
| | 2022 No. | 2021 No. | 2022 No. | 2021 No. |
| **Social Housing:** | | | | |
| General needs - social | 15,129 | 12,440 | 15,129 | 12,440 |
| - affordable | 3,715 | 2,639 | 3,715 | 2,639 |
| Supported housing and housing for older people | 2,567 | 1,836 | 2,567 | 1,836 |
| Intermediate rent | 359 | 307 | 359 | 307 |
| Mortgage rescue | 82 | 28 | 82 | 28 |
| Residential care homes | 355 | 394 | 355 | 394 |
| Low cost home ownership (LCHO) | 2,220 | 1,386 | 2,220 | 1,386 |
| Leasehold properties | 781 | 609 | 781 | 609 |
| Other | 55 | 43 | 55 | 43 |
| Total owned | 25,263 | 19,682 | 25,263 | 19,682 |
| Accommodation managed for others | 486 | 1,123 | 486 | 1,123 |
| Total units in management | 25,749 | 20,805 | 25,749 | 20,805 |
| Units owned but managed by other agencies | 507 | 461 | 507 | 461 |
| **Non-social Housing:** | | | | |
| Registered nursing homes | 16 | 16 | 16 | 16 |
| Student accommodation | 34 | 34 | 34 | 34 |
| Market rent lettings | 2 | - | 2 | - |
| **Total units owned and managed** | **26,308** | **21,316** | **26,308** | **21,316** |
| Accommodation in development at the year end | 849 | 512 | 505 | 484 |

During the year 686 new units added into management; with a further 4,658 units acquired on 1 April with the transfer of GreenSquare Group Limited and GreenSquare Community Housing. There were 368 disposals including 17 strategic sales, 32 LCHO shared ownership (100% staircase), 4 Right to Buy sales 1 Right to Acquire sale, 288 handed back due to contract ending and 26 units demolished for regeneration. Other movements during the year were due to tenure and management changes.

## 6. Operating Surplus

This is arrived at after charging/(crediting):

| | | Group | | Association | |
|---|---|---|---|---|---|
| | Note | 2022 £'000 | 2021 £'000 | 2022 £'000 | 2021 £'000 |
| Depreciation of housing properties | 14 | 20,511 | 14,394 | 20,511 | 14,394 |
| Depreciation of other tangible assets | 17 | 2,423 | 1,629 | 2,359 | 1,629 |
| Amortisation/Impairment of investments | 13 | 16,178 | 2,147 | 16,178 | 2,147 |
| Surplus on disposal of fixed assets | 7 | (3,751) | (1,766) | (3,751) | (1,766) |
| Auditor's remuneration (excluding VAT) | | | | | |
| - for audit services | | 156 | 92 | 137 | 92 |
| - for non-audit services including taxation | | 14 | 25 | 3 | 25 |

## 7. Gain On Disposal Of Fixed Assets

| | Group | | Association | |
|---|---|---|---|---|
| | 2022 £'000 | 2021 £'000 | 2022 £'000 | 2021 £'000 |
| Proceeds | 8,532 | 6,450 | 8,532 | 6,450 |
| Council clawback | (811) | (719) | (811) | (719) |
| Carrying value of fixed assets | (3,645) | (3,859) | (3,645) | (3,859) |
| | **4,076** | **1,872** | **4,076** | **1,872** |
| Capital grant recycled (note 25) | (325) | (106) | (325) | (106) |
| | **3,751** | **1,766** | **3,751** | **1,766** |

## 8. Interest Receivable And Other Income

| | Group | | Association | |
|---|---|---|---|---|
| | 2022 £'000 | 2021 £'000 | 2022 £'000 | 2021 £'000 |
| Interest from listed investments | 11 | - | 11 | - |
| Interest from other investments | 156 | 64 | 787 | 64 |
| | **167** | **64** | **798** | **64** |

## 9. Interest Payable And Similar Charges

| | Group | | Association | |
|---|---|---|---|---|
| | 2022 £'000 | 2021 £'000 | 2022 £'000 | 2021 £'000 |
| Loans and bank overdrafts | 33,862 | 23,252 | 33,863 | 23,252 |
| Finance leases | 3,217 | - | 3,217 | - |
| Other charges | 3,154 | 937 | 3,154 | 937 |
| | **40,233** | **24,189** | **40,234** | **24,189** |
| Interest payable capitalised on housing properties under construction | (4,369) | (2,627) | (3,973) | (2,627) |
| | **35,864** | **21,562** | **36,261** | **21,562** |
| Average capitalisation rate used to determine the amount of finance costs capitalised during the period | 3.67% | 3.64% | 3.67% | 3.64% |

# 10. Employees

| | Group | | Association | |
|---|---|---|---|---|
| Average monthly number of employees (37/35 hours full time equivalent) | 2022<br>No. | 2021<br>No. | 2022<br>No. | 2021<br>No. |
| Administration | 265 | - | 259 | - |
| Development | 26 | - | 8 | - |
| Housing, support and care | 2,532 | 2,736 | 2,532 | 2,736 |
| | **2,823** | **2,736** | **2,799** | **2,736** |

| | 2022<br>£'000 | 2021<br>£'000 | 2022<br>£'000 | 2021<br>£'000 |
|---|---|---|---|---|
| **Staff costs:** | | | | |
| Wages and salaries | 76,372 | 68,078 | 75,730 | 68,078 |
| Social security costs | 5,773 | 4,586 | 5,706 | 4,586 |
| Other pension costs | 6,180 | 4,425 | 6,147 | 4,425 |
| | **88,325** | **77,089** | **87,583** | **77,089** |

The Group's employees are members of Social Housing Pension Scheme (SHPS), AEGON or the NEST defined contribution schemes. The assets of these schemes are held separately from those of the Association in independently administered funds.

The SHPS final salary and Career Average Related Earnings (CARE) schemes, Wiltshire County Council Pension Fund (WCCPF) final salary scheme and AEGON defined contribution schemes are closed to all members. Membership and auto enrolment for all employees is now only available in the SHPS defined contribution scheme or the NEST scheme.

The Group and Association have made contributions to both SHPS and WCCPF under the terms of a recovery agreement for past service deficit valuation shortfalls. Further information on each scheme is given in note 27.

## 11. Board Members and Executive Directors

The Chairman of the Board received remuneration of £20,119 (2021: £13,905) during the year. Total remuneration paid to Board Members in respect of the year was:

| | 2022<br>£Total | 2021<br>£Total |
|---|---|---|
| R Bailey (Chair from 25 November 2021) | 20 | - |
| E Buggins CBE (Chair to 31 October 2021) | 14 | 17 |
| P Andres | 14 | - |
| G Berring | 4 | 7 |
| M Clarke | 14 | - |
| S Eastwood | 14 | 9 |
| S Goldsmith | 10 | - |
| D Greenhalgh | 14 | - |
| N Johal | 10 | 7 |
| S Reehana | 14 | 7 |
| S Pearce (to 31 July 2021) | 3 | 9 |
| J Crockett (to 31 March 2021) | - | 10 |
| M Ahmed-Khan (to 31 March 2021) | - | 9 |
| S Layton (to 31 March 2021) | - | 7 |
| | **131** | **82** |

Expenses paid during the year to board members amounted to £197 (2021: £430). During the financial year the following independent Committee members received remuneration for overseeing various portfolios.

| | 2022<br>£Total | 2021<br>£Total |
|---|---|---|
| L Caulfield, Care & Support | 4 | 3 |
| R Shah, Homes & Communities, Investment | 4 | 3 |
| S Rahaim, Care & Support, Homes & Communities | 4 | 3 |
| H Selway, Homes & Communities (from 1 November 2021) | 2 | - |
| P Starkey, Homes & Communities, Integration Task & Finish | 5 | 7 |
| E Taig, Audit Risk & Finance | 4 | 3 |
| F Taylor, Care & Support | 4 | 3 |
| S Wall, Care & Support (from 1 June 2022) | - | - |
| P Forsyth, Investment (from 1 June 2022) | - | - |
| V McDermott, Safeguarding (from 1 June 2021) | 10 | - |
| M Cope, Homes & Communities (to 31 January 2022) | 3 | 3 |
| D Mullins, Homes & Communities (to 31 March 2022) | 4 | 3 |
| C Patterson, Homes & Communities (to 30 November 2021) | 3 | 7 |
| R Singh, Care & Support (to 27 September 2021) | 2 | 3 |
| R Hyde, Audit Risk & Finance (to 27 September 2021) | 2 | 3 |
| B Stiles, Development & Property (to 30 November 2021) | 3 | 3 |
| K Horrell, Audit Risk & Finance, Investment (to 31 July 2021) | 2 | - |

The emoluments of the highest paid director, the Chief Executive, excluding pension contributions, were £275,327 (2021: £211,690). Total aggregate remuneration paid to the Executive Directors was:

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| Emoluments (including benefits in kind and payments in lieu of notice) | 1,438 | 906 |
| Pension contributions | 61 | 86 |
| | **1,499** | **992** |

The emoluments of the Executive Directors were:

| | Salary £'000 | Other benefits £'000 | Pension £'000 | 2022 Total £'000 | 2021 Total £'000 |
|---|---|---|---|---|---|
| **Chief Executive** R Cooke | 265 | 10 | - | 275 | - |
| **Chief Finance Officer** J Makinson (from 10 January 2022) | 37 | 2 | 2 | 41 | - |
| S Fisher (to 30 July 2021) | 106 | 16 | 7 | 129 | 166 |
| **Executive Director of Development** C Currie (from 17 May 2021) | 138 | 8 | 7 | 153 | - |
| **Executive Director of Operations** R Crownshaw | 130 | 11 | 8 | 149 | - |
| **Executive Director of Assets** T Graham | 143 | 10 | 7 | 160 | - |
| **Executive Director of People** H Moss | 125 | 11 | 7 | 143 | - |
| **Executive Director of Governance** S Atkinson (from 12 July 2021) | 61 | 7 | 4 | 72 | - |
| **Executive Director of Care and Support** M Espley | 184 | - | 12 | 196 | 187 |
| **Executive Director of Communities** S Woodall (to 30 July 2021) | 62 | 48 | 6 | 116 | 166 |
| **Executive Director of Corporate Services** I Bacon (to 28 May 2021) | 61 | 3 | 1 | 65 | - |
| **Acting Director of Regeneration** M Patchitt (to 31 March 2021) | - | - | - | - | 122 |
| **Deputy Chief Executive** A Yates (to 31 May 2020) | - | - | - | - | 121 |
| | **1,312** | **126** | **61** | **1,499** | **992** |

The Group and Association paid £232,505 to Michael Page International Recruitment for making available the services of Tom Willis, Interim Chief Finance Officer for the period 25 September 2021 to 10 January 2022. This amount includes VAT and the cost of the agent.

The Chief Executive was not a member of the pension scheme and no enhanced or special terms applied. The Association did not make any further contribution to an individual pension arrangement for the Chief Executive.

The Chief Finance Officer, Executive Director of Development, Executive Director of Assets, Executive Director of Operations, Executive Director of People, Executive Director of Governance and Executive Director of Care & Support were members of the Social Housing Defined Contribution Pension Scheme. The Group operates an approved salary sacrifice scheme for all employee pension contributions and the table above includes these deductions.

The full time equivalent number of staff (including directors) who received emoluments (excluding pension):

| | 2022 | 2021 |
|---|---|---|
| | No. | No. |
| £60,001 to £70,000 | 32 | 11 |
| £70,001 to £80,000 | 17 | 7 |
| £80,001 to £90,000 | 6 | 3 |
| £90,001 to £100,000 | 10 | 7 |
| £100,001 to £110,000 | 3 | 1 |
| £110,001 to £120,000 | 3 | - |
| £120,001 to £130,000 | 2 | 2 |
| £130,001 to £140,000 | 1 | - |
| £140,001 to £150,000 | 2 | - |
| £150,001 to £160,000 | 1 | - |
| £160,001 to £170,000 | - | 2 |
| £180,001 to £190,000 | - | 1 |
| £190,001 to £200,000 | 1 | - |
| £220,001 to £230,000 | 1 | 1 |
| £270,001 to £280,000 | 1 | - |

## 12. Tax On Surplus On Ordinary Activities For The Period

### (a) Analysis of tax charge in period

| | Group | | Association | |
|---|---|---|---|---|
| | **2022** | **2021** | **20221** | **2021** |
| | **£'000** | **£'000** | **£'000** | **£'000** |
| **Current tax** | | | | |
| UK corporation tax on surpluses for the period | 15 | - | - | - |
| | **15** | **-** | **-** | **-** |
| **Deferred Tax** | | | | |
| Charge for the year | - | - | - | - |
| Tax charge on surplus on ordinary activities | 15 | - | - | - |

### (b) Factors affecting the tax charge for the period

The tax assessed for the period differs to the standard rate of corporation tax in the UK, as explained below:

| | Group | | Association | |
|---|---|---|---|---|
| | **2022** | **2021** | **2022** | **2021** |
| | **£'000** | **£'000** | **£'000** | **£'000** |
| Surplus for the year before tax | 198,706 | 8,524 | 198,298 | 8,524 |
| Theoretical tax of 19% (2021: 19%) | **37,754** | **1,620** | **37,677** | **1,620** |
| **Effects of:** | | | | |
| Surpluses not liable to tax | (37,739) | (1,620) | (37,677) | (1,620) |
| Current tax charge for the period | 15 | - | - | - |

# 13a. Inangible Fixed Assets

| Group and Association | Computer software £'000 | Goodwill £'000 | Customer contracts £'000 | Total £'000 |
|---|---|---|---|---|
| **Cost** | | | | |
| At 1 April 2021 | 2,487 | 30,838 | 3,612 | 36,937 |
| Additions | 69 | - | - | 69 |
| **At 31 March 2022** | **2,556** | **30,838** | **3,612** | **37,006** |
| **Depreciation and impairment** | | | | |
| At 1 April 2021 | 1,625 | 17,213 | 1,486 | 20,324 |
| Amortised in year | 427 | - | - | 427 |
| Impairment in year | - | 13,625 | 2,126 | 15,751 |
| **At 31 March 2022** | **2,052** | **30,838** | **3,612** | **36,502** |
| **Net book value** | | | | |
| **At 31 March 2022** | **504** | **-** | **-** | **504** |
| **At 31 March 2021** | **862** | **13,625** | **2,126** | **16,613** |

## 13b. Tangible Fixed Assets Housing Properties

| Group and Association | Social housing properties held for letting £'000 | Lettings leasehold £'000 | Social housing properties under construction £'000 | Shared ownership properties held for letting £'000 | Shared ownership properties under construction £'000 | Total £'000 |
|---|---|---|---|---|---|---|
| **Cost** | | | | | | |
| At 1 April 2021 | 1,284,208 | 58,802 | 66,109 | 48,947 | 9,539 | 1,467,605 |
| Housing properties acquired from GreenSquare Group | 412,963 | - | 14,316 | 59,093 | 3,411 | 489,783 |
| Additions* | (1) | - | 77,410 | - | 14,546 | 91,955 |
| Works to existing properties | 10,302 | 324 | - | - | - | 10,626 |
| Transfers | 6,819 | (6,569) | - | (139) | - | 111 |
| Interest capitalised | - | - | 2,991 | - | 982 | 3,973 |
| Schemes completed | 113,759 | - | (113,538) | 17,739 | (17,960) | - |
| Disposals | (5,171) | (1,091) | - | (2,244) | - | (8,506) |
| Transfers to stock | - | - | - | - | (3,110) | (3,110) |
| **At 31 March 2022** | **1,822,879** | **51,466** | **47,288** | **123,396** | **7,408** | **2,052,437** |
| **Depreciation and impairment** | | | | | | |
| At 1 April 2021 | 142,620 | 9,175 | - | 3,317 | - | 155,112 |
| Charged in year | 18,366 | 1,496 | - | 649 | - | 20,511 |
| Transfers | 242 | (232) | - | (10) | - | - |
| Disposals | (3,376) | (1,059) | - | (140) | - | (4,575) |
| **At 31 March 2022** | **157,852** | **9,380** | **-** | **3,816** | **-** | **171,048** |
| **Net book value** | | | | | | |
| **At 31 March 2022** | **1,665,027** | **42,086** | **47,288** | **119,580** | **7,408** | **1,881,389** |
| **At 31 March 2021** | **1,141,588** | **49,627** | **66,109** | **45,630** | **9,539** | **1,312,493** |

*Group excludes additions of £72k for intercompany transactions.

## 14. Tangible Fixed Assets Properties continued

| | Group and Association | |
|---|---|---|
| | **2022** | **2021** |
| | **£'000** | **£'000** |
| **Social housing assistance** | | |
| Total accumulated SHG receivable at 31 March was: | | |
| Recognised in the Statement of Comprehensive Income | 2,942 | 2,786 |
| Held as deferred income (note 26) | 356,799 | 334,155 |
| Subsumed within reserves | 103,852 | 103,807 |
| | **228,043** | **118,941** |
| **Expenditure on works to existing properties:** | | |
| Components capitalised | 10,626 | 8,928 |
| Amounts charged to income and expenditure account | 18,814 | 10,611 |
| | **29,440** | **19,539** |
| **Housing properties book value, net of depreciation comprises:** | | |
| Freehold land and buildings | 1,835,683 | 1,262,866 |
| Long leasehold land and buildings | 45,244 | 49,606 |
| Short leasehold land and buildings | 462 | 21 |
| | **1,881,389** | **1,312,493** |

Included in the Group housing properties are assets held under finance leases with a net book value of £50.8m (2021: £nil).

### Impairment

The Group considers individual schemes to be separate Cash Generating Units (CGU's) when assessing for impairment, in accordance with the requirements of FRS102 and SORP 2018. No scheme impairments have been identified in relation to the financial year.

## 15. Investment Properties Non-Social Housing Held for Letting

| | Group and Association | |
|---|---|---|
| | 2022 | 2021 |
| | £'000 | £'000 |
| At 1 April 2021 | - | - |
| Transfers to housing properties | 286 | - |
| Disposals | (153) | - |
| **At 31 March 2022** | **133** | **-** |

GreenSquareAccord Limited owns two market-rental properties, which were last valued by Savills PLC, Chartered Surveyors, on a market value - subject to tenancy basis in January 2017. The valuation was undertaken in accordance with the appraisal and valuation manual of the Royal Institute of Chartered Surveyors.

## 16. Investment in Joint Ventures

| | Group and Association | |
|---|---|---|
| | 2022 | 2021 |
| | £'000 | £'000 |
| At 1 April 2021 | - | - |
| Assets acquired from GreenSquare Group | 1,298 | - |
| Investment in year | 387 | - |
| Share of operating loss | (79) | - |
| **At 31 March 2022** | **1,606** | **-** |

The above investment represents the amounts funded by the company into a joint venture company Sharpness Development LLP which was incorporated on 7 September 2018. The value represents loans to the joint venture and its share of the operating loss for the year. The company owns 50% of the joint venture which has been set up to promote land options for development and subsequent disposal.

# 17. Tangible Fixed Assets - Other

| Group and Association | Freehold offices £'000 | Plant and machinery £'000 | Office equipment and computers £'000 | Vehicles £'000 | Total £'000 |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| At 1 April 2021 | 11,230 | 718 | 20,310 | 1,127 | 33,385 |
| Assets acquired from GreenSquare Group | - | - | 2,247 | 218 | 2,465 |
| Additions | 52 | 36 | 2,647 | 333 | 3,068 |
| Disposals | (22) | - | (382) | (346) | (750) |
| **At 31 March 2022** | **11,260** | **754** | **24,822** | **1,332** | **38,168** |
| **Depreciation and impairment** | | | | | |
| At 1 April 2021 | 3,331 | 238 | 15,452 | 1,121 | 20,142 |
| Charged in year | 274 | 45 | 2,008 | 96 | 2,423 |
| Disposals | (22) | - | (377) | (312) | (711) |
| **At 31 March 2022** | **3,583** | **283** | **17,083** | **905** | **21,854** |
| **Net book value** | | | | | |
| **At 31 March 2022*** | **7,677** | **471** | **7,739** | **427** | **16,314** |
| At 31 March 2021 | 7,899 | 480 | 4,858 | 6 | 13,243 |

*Group includes £53k net book value for consolidated subsidiary assets.

# 18. Fixed asset Investments

| | Group | | Association | |
|---|---|---|---|---|
| | 2022 £'000 | 2021 £'000 | 2022 £'000 | 2021 £'000 |
| Shares in Group undertakings at 1 April | 55 | 2,244 | 2,240 | 2,244 |
| Assets acquired from GreenSquare Group | - | - | 10,840 | - |
| Disposals | (5) | (4) | (5) | (4) |
| **At 31 March** | **50** | **2,240** | **13,075** | **2,240** |

As at 31 March 2022 the Association owned issued share capital of the following companies incorporated and registered in England:

| Company | Type of Share | % Held | Principal Activity |
|---|---|---|---|
| GreenSquare Homes Limited | Ordinary £1 | 100% | Commercial letting |
| GreenSquare Homes Limited | Preference £1 | 100% | Commercial letting |
| GreenSquare Construction Limited | Ordinary £1 | 100% | Housing construction |
| GS Energy Services Limited | Ordinary £1 | 100% (a) | Dormant company |
| GreenSquare Estates Limited | Ordinary £1 | 100% (b) | Grounds maintenance |
| Accord Group Treasury Limited | Ordinary £1 | 100% | Group Treasury Vehicle (Registered Society) |
| Accord Care Services Limited | Ordinary £1 | N/a | Dormant Company |
| Ashram Care Limited | Ordinary £1 | 100% | Dormant Company |
| Social Breakfast Limited | Ordinary £1 | 100% | Dormant Company |
| Direct Health Group Limited | Ordinary £1 | 100% | Dormant Company |
| Direct Health (UK) Limited | Ordinary £1 | 100% | Dormant Company |
| At Your Service (Care) Limited | Ordinary £1 | 100% (c) | Dormant Company |
| Domus Healthcare Group Limited | Ordinary £1 | 100% | Dormant Company |
| Domus Healthcare (East Riding) Limited | Ordinary £1 | 100% | Dormant Company |
| Domus Healthcare (Oldham) Limited | Ordinary £1 | 100% | Dormant Company |
| Domus Healthcare (Kirklees and Calderdale) Limited | Ordinary £1 | 100% | Dormant Company |
| Domus Healthcare (Kirklees) Limited | Ordinary £1 | 100% | Dormant Company |
| Domus Healthcare (Rotherham) Limited | Ordinary £1 | 100% | Dormant Company |
| D H Homecare Limited* | Ordinary £1 | 100% | Dormant Company |
| New Bilston Limited | Ordinary £1 | 100% | Dormant Registered Society |
| Parkmore Services Limited | Ordinary £1 | 100% | Dormant Company |
| Third Caldmore Housing Association Limited | Ordinary £1 | 100% | Dormant Registered Society |
| Walsall Housing Regeneration Community Association | Ordinary £1 | 100% | Dormant Registered Charity |
| UK Addventures Limited | Ordinary £1 | 100% | Dormant Company |
| **Joint ventures** | | | |
| Matrix Housing Partnership Co-operative Limited | N/a | N/a | Development consortium |
| Matrix Housing Partnership Limited | N/a | N/a | Limited company holding intellectual property rights |
| Sharpness Development LLP | N/a | 50% | Land options for development |

All of the above companies are registered in England and Wales. Where appropriate shareholdings are reflective of any permitted voting rights.

(a) Shares held by GreenSquare Homes Ltd.
(b) Shares held by GreenSquare Homes Ltd.
(c) Direct Health Group Limited is the immediate parent entity of this subsidiary.

GreenSquareAccord Limited is the ultimate parent undertaking.

| | 2022 £'000 | 2021 £'000 | Allocation basis |
|---|---|---|---|
| **GreenSquare Homes Ltd** Management Services | 250 | - | Fixed |
| **GS Energy Services Ltd** Management Services | - | - | Fixed |
| **GreenSquare Estates Ltd** Management Services | 30 | - | Fixed |

## 19. Stock And Property Held For Sale

| | Group | | Association | |
|---|---|---|---|---|
| | 2022 £'000 | 2021 £'000 | 2022 £'000 | 2021 £'000 |
| Raw materials and consumables | 1,104 | 1,070 | 1,104 | 1,070 |
| Properties being developed for sale | 20,140 | 5,753 | 514 | 5,753 |
| **Shared ownership properties:** | | | | |
| Properties under construction | 594 | - | 594 | - |
| Completed properties | 5,741 | 2,344 | 5,741 | 2,344 |
| | **27,579** | **9,167** | **7,953** | **9,167** |

## 20. Trade And Other Debtors

| | Group | | Association | |
|---|---|---|---|---|
| | 2022 £'000 | 2021 £'000 | 2022 £'000 | 2021 £'000 |
| **Due within one year** | | | | |
| Rent and service charges receivable | 9,709 | 7,087 | 9,709 | 7,087 |
| Less: provision for bad and doubtful debts | (3,686) | (3,393) | (3,686) | (3,393) |
| | **6,023** | **3,694** | **6,023** | **3,694** |
| Due from subsidiary undertakings | - | 900 | - | 900 |
| Social Housing Grant receivable | 256 | 517 | 256 | 517 |
| Other debtors | 15,160 | 13,494 | 14,018 | 13,494 |
| Prepayments and accrued income | 2,105 | 1,991 | 2,104 | 1,991 |
| | **23,544** | **20,596** | **22,401** | **20,596** |
| **Due after more than one year** | | | | |
| Due from subsidiary undertakings | - | - | 8,285 | - |
| | 23,544 | 20,596 | 30,686 | 20,596 |

Amounts due from subsidiary undertakings after more than one year relates to inter-company loans.

## 21. Current Asset Investments

| | Group | | Association | |
|---|---|---|---|---|
| | 2022 £'000 | 2021 £'000 | 2022 £'000 | 2021 £'000 |
| Investments listed on a recognised stock exchange | 544 | - | - | - |
| | **544** | **-** | **-** | **-** |

The listed investments are held at market value. The historical cost of these investments at 31 March 2022 for Group and Association was £543,512 (2021: £Nil).

## 22 Creditors: Amounts Falling Due Within One Year

| | Group | | Association | |
|---|---|---|---|---|
| | 2022 £'000 | 2021 £'000 | 2022 £'000 | 2021 £'000 |
| Debt (note 23) | 22,855 | 15,783 | 22,855 | 15,783 |
| Trade creditors | 21,550 | 14,693 | 21,352 | 14,693 |
| Amount due to Group undertakings | - | 349 | 25 | 349 |
| Rent and service charges received in advance | 4,915 | 4,087 | 4,915 | 4,087 |
| Recycled capital grant fund (note 25) | 2,553 | 2,970 | 2,553 | 2,970 |
| Deferred capital grant (note 26) | 2,844 | 2,709 | 2,844 | 2,709 |
| Corporation tax | 15 | - | - | - |
| Other taxation and social security | 1,269 | 950 | 1,269 | 950 |
| Other creditors | 19,499 | 8,864 | 18,543 | 8,864 |
| Accruals and deferred income | 14,921 | 4,384 | 11,603 | 4,384 |
| | **90,421** | **54,789** | **85,959** | **54,789** |

## 23. Creditors: Amounts Falling Due After More Than One Year

| | Group | | Association | |
|---|---|---|---|---|
| | 2022 £'000 | 2021 £'000 | 2022 £'000 | 2021 £'000 |
| Debt (note 24) | 948,368 | 586,752 | 948,368 | 586,752 |
| Amount due to Group undertakings | - | 42,076 | - | 42,076 |
| Recycled capital grant fund (note 25) | 1,547 | 2,027 | 1,547 | 2,027 |
| Deferred capital grant (note 26) | 353,955 | 331,446 | 353,955 | 331,446 |
| Sinking funds for leasehold schemes | 2,514 | 2,588 | 2,019 | 2,588 |
| Loan stock | 7 | - | 7 | - |
| Other long term creditors | 579 | 67 | 579 | 67 |
| | **1,306,970** | **964,956** | **1,306,475** | **964,956** |

Loans are stated after the deduction of £12.6m (2021: £6.6m) of issue costs which are amortised over the expected life of the loan. Major repairs sinking funds are maintained for several leasehold estates to provide for repairs of a long term nature. Customers contribute through the service charge.

# 24. Debt Analysis

| | 2022<br>£'000 | 2021<br>£'000 |
|---|---|---|
| **Due within one year** | 22,855 | 15,783 |
| Bank loans | | |
| | **22,855** | **15,783** |
| **Due after more than one year** | | |
| Bank loans | 960,337 | 592,706 |
| Premium on THF loans | 584 | 618 |
| Less: issue costs | (12,553) | (6,572) |
| | **948,368** | **586,752** |
| **Total debt** | **971,223** | **602,535** |

## Security

Housing loans from capital markets, banks and building societies are secured by fixed charges on individual properties and are repayable in instalments as detailed below.

## Terms of repayment and interest rates

The loans are repayable by instalments, with the final instalments for the Group due to be paid in the period to 2061. At the year end, the Association had approximately 76.5% of its debt fixed. The weighted average cost of capital was 3.74% (2021: 3.72%).

During the year the Association raised new finance totalling £186.8m. At 31 March 2022, the Group had undrawn loan facilities of £358.1m (2021: £38.1m).

Based on the lender's earliest repayment date, borrowings are repayable as follows:

| | 2022<br>£'000 | 2021<br>£'000 |
|---|---|---|
| Within one year | 22,855 | 15,783 |
| Between one and two years | 21,713 | 38,790 |
| Between two and five years | 389,848 | 92,244 |
| After five years | 536,807 | 455,718 |
| | **971,223** | **602,535** |

## 25. Recycled Capital Grant Fund

| | Group and Association | |
|---|---|---|
| | 2022 | 2021 |
| | £'000 | £'000 |
| At 1 April | 4,997 | 5,843 |
| Acquired from GSG | 1,034 | - |
| Grants recycled | 609 | 541 |
| Withdrawals | (2,552) | (1,392) |
| Interest accrued | 12 | 5 |
| **Balance at 31 March** | **4,100** | **4,997** |

## 26. Deferred Capital Grant

| | Group and Association | |
|---|---|---|
| | 2022 | 2021 |
| | £'000 | £'000 |
| At 1 April | 334,155 | 320,701 |
| Acquired from GSG | 15,256 | - |
| Grants received in the year | 10,645 | 16,718 |
| Repaid/abated on disposals | (333) | (524) |
| Released to income in year | (2,924) | (2,740) |
| **Balance at 31 March** | **356,799** | **334,155** |

## 27. Pensions

The Group and Association operates a Social Housing Pension Scheme (SHPS) defined contribution pension scheme in respect of auto-enrolment. The assets of the scheme are held separately from those of the Group and Association. The contributions of the Group and Association varied between 3% and 7% and employees varied between 4% and 7% of pensionable earnings. The total employer cost of pension contributions for the year was £2,161,000 (2021: £1,547,000). The number of Group employees in the a SHPS defined contribution pension scheme at the year-end was 1,500, (2021: 1,297).

The defined contribution pension scheme with AEGON was closed to new entrants during the last financial year. The contributions of the Association varied between 7% and 12% and employee contributions varied between 4% and 7% of pensionable earnings. The total employer cost of pension contributions for the year was £248,000 (2021: £306,000). Contributions payable are charged to management expenses as they fall due. The number of employees in the pension scheme at the year-end was 71 (2021: 82).

The Association also operates a NEST scheme. The assets of this scheme are held separately from those of the Association in independently administered funds. The pension contributions payable for the financial year ended 31 March 2022 were £346,000 (2021: £409,000). The number of employees in the pension scheme at the year-end was 768 (2021: 1,301).

The Association also participated in the SHPS and the Wiltshire County Council Pension Fund (WCCPF) defined benefit schemes but these are closed to active members. On 1 April 2021, the GreenSquare Group Limited (GSG) SHPS defined benefit scheme liability transferred to Accord Housing Association as part of its transfer of engagements. See note 36.

The WCCPF scheme liability was transferred as part of the group reorganisation with subsidiary Westlea Housing Association Limited. See note 37.

Further information on each scheme is given below.

### (a) Wiltshire County Council Pension Fund (WCCPF) – Scheme closed by employer

The Group's parent association, participated in the WCCPF, a multi-employer scheme with more than one participating employer. The scheme closed on 31st March 2016 and members transferred to the SHPS defined contribution scheme.

The WCCPF is a defined benefit scheme, part of the local government Superannuation Regulation 1986 (as amended) and the calculations have been made by an independent qualified actuary. Triennial actuarial valuations have been made by a qualified actuary using the projected unit method. The most recent formal actuarial valuation was completed as at 31 March 2019 and rolled forward, allowing for the different financial assumptions required under FRS 102, to 31 March 2021 by a qualified independent actuary.

The income and expenditure charge for pension costs, the accounting policies and the disclosures are given on the basis of FRS102.

#### Financial Assumptions

The major assumptions used by the actuary in assessing the scheme liabilities on a FRS 102 basis were:

## Financial Assumptions

The major assumptions used by the actuary in assessing the scheme liabilities on a FRS 102 basis were:

| | 31 March 2022 % Per Annum | 31 March 2021 % Per Annum |
|---|---|---|
| Inflation (CPI) | 3.9 | 3.0 |
| Salary increases | 3.9 | 3.0 |
| Pension increases | 3.9 | 3.0 |
| Discount rate | 2.6 | 1.8 |
| RPI Increases | 4.4 | 3.5 |

## Mortality Assumptions

Life expectancy is based on the Fund's Vita Curves with improvements in line with the CMI 2021 model, with a 0% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long term rate of improvement of 1.5% p.a. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

| | Males | Females |
|---|---|---|
| Current pensioners | 21.7 years | 24.2 years |
| Future pensioners | 22.6 years | 26.0 years |

## Contributions

The contributions to the Wiltshire County Council Pension Fund by the Association for the year ended 31 March 2022 are shown below.

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| Employer contributions | 530 | 16 |

At 31 March 2022, one current employee was an active member of the scheme (2021:2).The employer's past deficit contribution for 2021/22 was £517,000, and this is expected to be £531,000 in 2022/23. The member's contribution rate was nil.

## Amounts recognised in surplus or deficit

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| Current service costs | (33) | (21) |
| Amounts charged to operating costs | (33) | (21) |

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| Interest income on plan assets | 419 | 430 |
| Interest cost on defined benefit obligation | (526) | (527) |
| Amounts charged to other finance costs | (107) | (97) |

## Re-measurements recognised in other comprehensive income

| | 2022<br>£'000 | 2021<br>£'000 |
|---|---|---|
| Return on Fund assets in excess of interest | 1,500 | 3,144 |
| Changes in demographic assumptions | 169 | (924) |
| Other experience | (28) | 417 |
| Changes in financial assumptions | (384) | (4,144) |
| | **1,257** | **(1,507)** |

## Fair value of employer assets

| | 2022<br>£'000 | 2021<br>£'000 |
|---|---|---|
| Equities | 13,242 | 13,162 |
| Bonds | 8,245 | 7,521 |
| Property | 3,248 | 2,820 |
| Cash | 250 | - |
| **Total** | **24,985** | **23,503** |

## Net pension liability

| | 2022<br>£'000 | 2021<br>£'000 |
|---|---|---|
| Fair value of employer assets | 24,985 | 23,503 |
| Present value of the defined benefit obligation | (29,560) | (29,725) |
| **Net liability** | **(4,575)** | **(6,222)** |

## Reconciliation of opening & closing balances of the present value of the defined benefit obligation

| | 2022<br>£'000 | 2021<br>£'000 |
|---|---|---|
| Opening scheme liabilities | 29,725 | 25,646 |
| Service cost | 33 | 21 |
| Interest cost | 526 | 527 |
| Participants contributions | 3 | 3 |
| Estimated benefits paid | (970) | (1,123) |
| Re-measurements | 243 | 4,651 |
| **Closing scheme liabilities** | **29,560** | **29,725** |

### Reconciliation of opening & closing balances of the fair value of plan assets

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| Opening fair value of scheme assets | 23,503 | 21,033 |
| Interest income on plan assets | 419 | 430 |
| Participants contributions | 3 | 3 |
| Contributions by employers | 530 | 16 |
| Benefits paid | (970) | (1,123) |
| Return on assets less interest | 1,500 | 3,144 |
| **Closing fair value of scheme assets** | **24,985** | **23,503** |

### Sensitivity Analysis

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

| Change in assumptions at 31 March 2022 | Approximate Increase to Employer Liability (%) | Approximate Monetary Amount (£'000) |
|---|---|---|
| 0.1% decrease in Real Discount Rate | 1% | 433 |
| 1 year increase in member life expectancy | 4% | 1,182 |
| 0.1% increase in the Salary Increase Rate | 0% | - |
| 0.1% increase in the Pension Increase Rate (CPI) | 1% | 427 |

## (b) Social Housing Pension Scheme (SHPS)

The Group and Association participate 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 was closed to membership on 31st May 2020 and all members transferred to the SHPS defined contribution scheme.

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 completed triennial valuation of the scheme for funding purposes was carried out as at 30 September 2020. This valuation revealed a deficit of £1,560m. A Recovery Plan has been put in place with the aim of removing this deficit by 31 March 2028.

The Scheme is classified as a 'last-man standing arrangement'. Therefore the company 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 before 28 February 2019, it was not possible for the company to obtain sufficient information to enable it to account for the Scheme as a defined benefit scheme, therefore the company has accounted for the Scheme as a defined contribution scheme.

For financial years ending on or after 31 March 2019, it is possible to obtain sufficient information to enable the company to account for the Scheme as a defined benefit scheme.

For accounting purposes, a valuation of the scheme is carried out with an effective date of 30 September each year. The liability figures from this valuation are rolled forward for accounting year-ends from the following 31 March to 28 February inclusive.

The latest accounting valuation was carried out with an effective date of 30 September 2021. The liability figures from this valuation were rolled forward for accounting year-ends from the following 31 March 2022 to 28 February 2023 inclusive.

The liabilities are compared, at the relevant accounting date, with the company's fair share of the Scheme's total assets to calculate the company's net deficit or surplus.

## Financial Assumptions

The major assumptions used by the actuary in assessing the scheme liabilities on a FRS 102 basis were:

| Group and Association | 31 March 2022 % Per Annum | 31 March 2021 % Per Annum |
|---|---|---|
| Inflation (CPI) | 3.9 | 2.9 |
| Salary increases | 3.9 | 3.9 |
| Pension increases | 3.9 | 3.9 |
| Discount rate | 2.6 | 2.1 |
| RPI Increases | 4.4 | 3.3 |

## Mortality

Life expectancy is based on the Fund's Vita Curves with improvements in line with the CMI 2021 model, an allowance for smoothing of recent mortality experience and a long term rate of improvement of 1.25% p.a. for women and men. Based on these assumptions, the average future life expectancies from age 65 are summarised below:

| | Males | Females |
|---|---|---|
| Current pensioners | 21.1 years | 22.4 years |
| Future pensioners | 23.7 years | 25.2 years |

## Contributions

The contributions to SHPS for the year ended 31 March 2022 are shown below.

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| Employer contributions | 2,557 | 1,851 |

At 31 March 2022, no current employees are active members of the scheme (2021: nil). The employers contribution rate for 2021/22 was £2,557,000. The past deficit annual monetary amount is expected to be £2,871,000 for 2022/23. The member's contribution rate was nil.

## Amounts recognised in surplus or deficit

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| Current service costs | - | (23) |
| Amounts charged to operating costs | - | (23) |

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| Interest income on plan assets | 1,691 | 1,228 |
| Interest cost on defined benefit obligation | (2,249) | (1,451) |
| Amounts charged to other finance costs | (558) | (223) |

## Re-measurements recognised in other comprehensive income

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| Actuarial and experience gains on assets | 2,954 | 5,053 |
| Actuarial and experience gains on liabilities | (6,062) | 544 |
| Changes in financial assumptions | (4,041) | (14,227) |
| Changes in demographic assumptions | 1,813 | (266) |
| | **(5,336)** | **(8,896)** |

## Fair value of employer assets

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| Equities | 16,790 | 9,377 |
| Bonds | 5,836 | 3,476 |
| Property | 10,846 | 6,298 |
| Cash | 243 | 358 |
| Other | 53,779 | 39,322 |
| **Total** | **87,494** | **58,831** |

## Net pension liability

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| Fair value of employer assets | 87,494 | 58,831 |
| Present value of the defined benefit obligation | (115,911) | (74,611) |
| **Net Liability** | **(28,417)** | **(15,780)** |

## Reconciliation of opening & closing balances of the present value of the defined benefit obligation

| | Group £'000 | Association £'000 |
|---|---|---|
| Opening scheme liabilities as at 1 April 2021 | (74,611) | (62,006) |
| Assets acquired in a business combination | (32,697) | - |
| Current service cost | - | (23) |
| Interest cost | (2,249) | (1,451) |
| Participants contributions | - | (45) |
| Estimated benefits paid | 1,936 | 2,755 |
| Actuarial re-measurements | (8,290) | (13,841) |
| **Closing scheme liabilities as at 31 March 2022** | **(115,911)** | **(74,611)** |

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

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| Opening fair value of scheme assets as at 1 April 2021 | 58,831 | 53,517 |
| Assets acquired in a business combination | 23,397 | - |
| Interest income on plan assets | 1,691, | 1,228 |
| Contributions by employers | 2,557 | 1,851 |
| Participants contributions | - | 45 |
| Benefits paid | (1,936) | (2,755) |
| Return on assets less interest | 2,954 | 4,945 |
| **Closing fair value of scheme assets as at 31 March 2022** | **87,494** | **58,831** |

## Deficit contributions schedule

The following schedule details the past deficit contributions agreed between the Group and the scheme at each year end period:

| **Group and Association Year ending** | 2022 £'000 | 2021 £'000 | 2020 £'000 |
|---|---|---|---|
| Year 1 | 2,871 | 1,874 | 1,837 |
| Year 2 | 3,029 | 1,910 | 1,874 |
| Year 3 | 3,195 | 1,949 | 1,910 |
| Year 4 | 3,371 | 1,988 | 1,949 |
| Year 5 | 3,557 | 2,028 | 1,988 |
| Year 6 | 3,752 | 1,034 | 2,028 |
| Year 7 | - | - | 1,034 |

## 28. Provisions for Liabilities

| | Leave Pay £'000 | Dilapidations £'000 | Restructure £'000 | Total £'000 |
|---|---|---|---|---|
| At 1 April 2021 | 494 | - | - | 494 |
| Additions | 509 | 1,590 | 378 | 2,477 |
| Released in the year | (574) | - | - | (574) |
| **At 31 March 2022** | **429** | **1,590** | **378** | **2,397** |

The leave pay provision represents holiday balances accrued as a result of services rendered in the current period and which employees are entitled to carry forward. The provision is measured as the salary cost payable for the period of absence.

The dilapidations provision recognises the fair value of contingent liabilities on the acquisition of GreenSquare Group Limited. The restructuring provision made in 2022 is in respect of redundancy costs as a result of organisational changes. The provision is expected to be fully utilised by 31 March 2023.

## 29. Non-Equity Share Capital

| | Group and Association | |
|---|---|---|
| | 2021 £ | 2020 £ |
| **Shares of £1 each issued and fully paid** | | |
| At 1 April | 73 | 83 |
| Shares issued/(redeemed) during the year | 9 | (10) |
| **At 31 March** | **82** | **73** |

The shares provide members with the right to vote at general meetings, but do not provide any rights to dividends or distributions on a winding up.

## 30. Financial Commitments

### Group

Capital expenditure commitments are as follows:

| | 2022<br>£'000 | 2021<br>£'000 |
|---|---|---|
| Expenditure contracted for but not provided in the accounts | 139,133 | 22,954 |
| Expenditure authorised by the Board, but not contracted | 60,113 | 69,624 |
| | **199,246** | **92,578** |

The above commitments will be financed primarily through borrowings and new funding arrangements, social housing grant, property sales and internal cash balances.

### Operating leases

The annual payments which the Group is committed to make in the next year under operating leases are as follows:

| | 2022<br>£'000 | 2021<br>£'000 |
|---|---|---|
| **Temporary housing and office equipment leases expiring:** | | |
| Due within one year | 1,073 | 1,330 |
| One to five years | 649 | 1,578 |
| Due after five years | 59 | 86 |
| | **1,781** | **2,994** |

### Obligations under Finance Leases

Some housing assets are held under finance lease arrangements. As of 31 March 2022, the net carrying amount of the facility is £59.9m (2021: £nil) and this is disclosed within loans due after more than one year in note 23. Leases are stated net of issue costs which are amortised on a straight line basis over the term of the agreement.

Finance lease liabilities are secured by the related assets held under basic financial instruments. Future minimum lease financing payments at the end of each reporting period under review were as follows:

| | 2022<br>£'000 | 2021<br>£'000 |
|---|---|---|
| Due within one year | 3,261 | - |
| Between one and five years | 13,465 | - |
| Due after five years | 99,224 | - |
| | **115,950** | **-** |

## 31. Cash Flow From Operating Activities

| **Group** | **2022**<br>**£'000** | **2021**<br>**£'000** |
|---|---|---|
| **Surplus for the year** | **(325)** | **4,558** |
| **Adjustments for non-cash items:** | | |
| Depreciation and impairment of tangible fixed assets | 22,934 | 16,024 |
| Amortisation of government grants | (2,973) | (2,829) |
| Amortisation of intangible assets | 16,178 | 2,147 |
| Decrease/(increase) in stock | 7,347 | (4,558) |
| (Increase)/decrease in debtors | (20,515) | 41 |
| Increase in creditors | 39,795 | 43,136 |
| Increase in provisions | 242 | 153 |
| Share of operating loss in joint venture | 79 | - |
| Pensions costs less contributions payable | (2,388) | 4,668 |
| Carrying amount of property disposals | 3,970 | 2,553 |
| Disposal of other fixed assets | 317 | 135 |
| Net gain on business combinations | (217,995) | - |
| | **45,682** | **69,994** |
| **Adjustments for investing or financing activities** | | |
| Proceeds from sale of tangible fixed assets | (7,721) | (4,319) |
| Refinancing charges | (571) | 4,266 |
| Taxation | 15 | - |
| Interest payable | 37,453 | 22,695 |
| Interest received | (167) | (64) |
| **Net cash inflow from operating activities** | **74,691** | **92,572** |

## 32. Analysis of Net Debt

| | Group | | | | Association | | | |
|---|---|---|---|---|---|---|---|---|
| | 1 April 2021 £'000 | Cash flow £'000 | Non-cash changes £'000 | 31 March 2022 £'000 | 1 April 2021 £'000 | Cash flow £'000 | Non-cash changes £'000 | 31 March 2022 £'000 |
| **Cash and cash equivalents** | | | | | | | | |
| Cash at bank and in hand | 42,221 | 7,840 | - | 50,061 | 42,221 | 3,536 | - | 45,757 |
| | **42,221** | **7,840** | **-** | **50,061** | **42,221** | **3,536** | **-** | **45,757** |
| **Borrowings** | | | | | | | | |
| Debt due within one year | (15,783) | (7,072) | - | (22,855) | (15,783) | (7,072) | - | (22,855) |
| Debt due after one year | (586,752) | 34,849 | (396,465) | (948,368) | (586,752) | 34,849 | (396,465) | (948,368) |
| | **(602,535)** | **27,777** | **(396,465)** | **(971,223)** | **(602,535)** | **27,777** | **(396,465)** | **(971,223)** |
| **Total** | **(560,314)** | **35,617** | **(396,465)** | **(921,162)** | **(560,314)** | **31,313** | **(396,465)** | **(925,466)** |

## 33. Related Parties

There were no tenant members of the Group Board during the year.

### Transactions/balances with GS Homes Limited

GreenSquareAccord Limited owns 100% of the ordinary share capital of GreenSquare Homes Limited (GS Homes).

During the year GreenSquareAccord Limited purchased goods and services from GS Homes with a value of £3,165,416 (2021: £nil) and sold goods and services to GS Homes with a value of £1,052,751 (2021: £nil). At 31 March 2022 there were sums outstanding to GS Homes of £304,687 (2021: £nil), and sums outstanding from GS Homes of £260,037 (2021: £nil), and these amounts are disclosed in notes 20 and 22 as appropriate.

In addition there is a £26,000,000 inter group loan facility agreement in place with £8,285,400 drawn down and owed by GS Homes as at 31 March 2022 (2021: £nil) (see note 20).

The Association has taken advantage of the exemptions conferred by FRS102 in not disclosing transactions with wholly owned members of the GreenSquareAccord Group.

Disclosures in relation to key management personnel are included in note 11.

# 34. Financial Assets and Liabilities

The board policy on financial instruments is explained in the Board Report as are references to financial risks

## Categories of financial assets and financial liabilities

| | Group | | Association | |
|---|---|---|---|---|
| | 2022 £'000 | 2021 £'000 | 2022 £'000 | 2021 £'000 |
| **Financial assets** | | | | |
| Financial assets that are equity instruments measured at cost less impairment | 1,885 | 2,240 | 5,500 | 2,240 |
| Financial assets that are debt instruments measured at amortised cost | 71,765 | 31,468 | 138,641 | 31,468 |
| **Financial liabilities** | | | | |
| Financial liabilities measured at amortised cost | 1,388,169 | 332,004 | 1,449,555 | 332,004 |

Financial assets that are equity instruments measured at cost less impairment consist of investments.

Financial assets that are debt instruments measured at amortised cost consist of cash at bank, current asset investments, rent and service charges receivable, other debtors, and amounts owed from Group undertakings.

Financial liabilities measured at amortised cost consist of loans, trade creditors, amounts due to Group undertakings, other creditors, recycled capital grant fund, accruals, deferred capital grant, sinking funds and other provisions.

## Financial liabilities excluding trade creditors – interest rate risk profile

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

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| Fixed rate | 750,285 | 465,473 |
| Variable rate | 232,907 | 143,017 |

The weighted average cost of the Group's drawn debt at 31 March 2022 is 3.74% (2021: 3.72%). The weighted average term of the finance liabilities is 20 years (2021: 16 years).

The debt maturity profile is shown in note 24.

### Borrowing facilities

The Association has undrawn committed borrowing facilities. The facilities available at 31 March in respect of which all conditions precedent had been met were as follows:

| | 2022<br>£'000 | 2021<br>£'000 |
|---|---|---|
| Expiring after more than one year | 350,000 | 38,000 |
| **Total** | **350,000** | **38,000** |

As at 31 March 2022 the Group had total facilities of £1,333m (2021 restated: £646m) of which £983m were drawn, a net increase of £500m on the previous year primarily as a result of the merger. As part of the merger negotiations, we successfully obtained an additional £110m of revolving credit facilities. In June 2021 we further raised £75m, 40 year sustainability linked bond from bLEND Finance Plc. to fund the development of general family housing. Prepayments totalling £0.9m were made in the year as part of a refinancing exercise and repayments made in line with scheduled amortisations.

## 35. Contingent Liabilities

The Group and Association receives grant from Homes England to fund the acquisition and development of housing properties and their components. The Group and Association has a future obligation to recycle such grant once the properties are disposed of. At 31 March 2022, the value of grant received and credited to reserves in respect of properties was Group and Association £228.0m (2021: £118.8m). As the timing of any future disposal is uncertain, no provision has been recognised in these financial statements.

## 36. Gift On Acquisition

On 1 April 2021, Accord Housing Association Limited entered into a business combination with GreenSquare Group Limited and GreenSquare Community Housing recognising the values in the statement of comprehensive income as a gift to the Group as per FRS102 (PBE34.77).

All post acquisition results of GreenSquare Group Limited and GreenSquareCommunity Housing have been consolidated in the Group statement of comprehensive income.

The acquisition had the following effect on the Group's assets and liabilities:

| | Book values<br>£'000 | Fair value adjustments<br>£'000 | Recognised value on aquisition<br>£'000 |
|---|---|---|---|
| **Tangible fixed assets** | 441,682 | 48,101 | **489,783** |
| Other fixed assets | 2,634 | - | **2,634** |
| Fixed Asset Investments | 3,315 | 7,525 | **10,840** |
| Stocks | 2,344 | - | **2,344** |
| Debtors | 56,124 | - | **56,124** |
| Cash and cash equivalents | 88,788 | - | **88,788** |
| Creditors:amounts falling due within one year | (8,587) | - | **(8,587)** |
| Creditors:amounts falling due after one year | (413,041) | (1,590) | **(414,631)** |
| Pension provision | (9,300) | - | **(9,300)** |
| **Net Funds at 31 March 2022** | **163,959** | **54,036** | **217,995** |

## 37. Group Reorganisation

On 30 November 2021 Accord Housing Association Limited entered into a further business combination with one of its group subsidiaries Westlea Housing Association Limited.  The transfer was designed to rationalise the operation of the Group following a period of consultation with stakeholders. The group reorganisation has been accounted for using merger accounting principles as per FRS102 (PBE34.75) with Accord Housing Association Limted (now renamed GreenSquareAccord Limited from 1 December 2021) being the parent company under which the merged organisation and Group would operate.

The Group financial statements presented here incorporate the results of both organisations prior to merger and the combined group entity from 30 November 2021.

The share of Total Comprehensive Income for the prior year, the share of Total Comprehensive Income in the current year to the merger date with the effect of any accounting policy adjustments and the contribution post merger date, and the share of net assets at merger are disclosed in accordance with FRS 102 PBE34.86.

| | **Accord Housing Association £'000** | **Westlea Housing Association £'000** | **Total £'000** |
|---|---|---|---|
| Turnover | 130,646 | 37,746 | 168,392 |
| Operating expenditure | (106,228) | (28,302) | (134,530) |
| Gain on disposal of housing properties | 657 | 1,109 | 1,766 |
| **Operating Surplus** | **25,075** | **10,553** | **35,628** |
| Interest receivable and other income | 30 | 34 | 64 |
| Interest and refinancing costs | (16,753) | (10,095) | (26,848) |
| Other finance charges | (138) | (182) | (320) |
| **Surplus before tax** | **8,214** | **310** | **8,524** |
| Taxation | - | - | - |
| **Surplus for the year** | **8,214** | **310** | **8,524** |
| In year actuarial movement of pension scheme | (6,171) | (4,232) | (10,403) |
| **Total comprehensive income/(expense) for the year** | 2,043 | (3,922) | (1,879) |

## Total Comprehensive Income in year of merger

| | Prior to merger date | | At merger date | Post merger | | |
|---|---|---|---|---|---|---|
| | Accord Housing Assoc. £'000 | Westlea Housing Assoc. £'000 | £'000 | Accord and Westlea £'000 | Year to 31 March 2022 £'000 | Year to 31 March 2021 £'000 |
| Turnover | 122,361 | 25,806 | 148,167 | 79,326 | 227,493 | 168,392 |
| Operating expenditure | (104,600) | (21,963) | (126,563) | (86,639) | (213,202) | (134,530) |
| Gain on disposal of housing properties | 1,362 | 1,653 | 3,015 | 736 | 3,751 | 1,766 |
| **Operating Surplus** | **19,123** | **5,496** | **24,619** | **(6,577)** | **18,042** | **35,628** |
| Interest receivable and other income | 122 | 7 | 129 | 38 | 167 | 64 |
| Interest and financing costs | (20,730) | (3,558) | (24,288) | (11,576) | (35,864) | (21,562) |
| Refinancing expenses | (900) | - | (900) | 10 | (890) | (5,286) |
| Fair value on business acquisition | 210,470 | - | 210,470 | 7,525 | 217,995 | - |
| Share of operating deficit in Joint Venture | (36) | - | (36) | (43) | (79) | - |
| Other finance charges | (88) | - | (88) | (577) | (665) | (320) |
| **Surplus before tax** | **207,961** | **1,945** | **209,906** | **(11,200)** | **198,706** | **8,524** |
| Taxation | - | - | - | (15) | (15) | - |
| **Surplus for the year** | **207,961** | **1,945** | **209,906** | **(11,215)** | **198,691** | **8,524** |
| In year actuarial movement of pension scheme | - | - | - | (4,079) | (4,079) | (10,403) |
| **Total comprehensive income/(expense) for the year** | **207,961** | **1,945** | **209,906** | **(15,294)** | **194,612** | **(1,879)** |

Green Square Accord

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