ANNUAL REPORT 2022

Onward

Annual Report and Financial Statements

Tim Johnston, Board Chair

Onward has enjoyed a strong year during which the financial resilience and maturity of the organisation has continued to grow.

As an incoming Chair, starting in October 2021, I was drawn to Onward by its great potential to make a positive difference for customers and in their communities. The strong foundations of a united and well governed organisation have been built under the stewardship of the Executive Team, Board and of course my predecessor.

These annual accounts reveal underlying financial strength that is enabling significant investment in homes we own and manage, in new homes to meet growing need and in the services we provide for our customers.

The Strategic Partnership with Homes England and the agreed unsecured £90m revolving credit facility are significant markers of our growing capacity to deliver.

We look ahead to the coming year with confidence as we prepare plans to deliver step-change investment in performance, customer satisfaction and the quality of our homes. Everything we do will be driven by listening to our customers and showing them how we are responding and improving.

In the coming year effective partnerships with national and local government, charities and private business will accelerate our ability to make The Onward Difference for our customers.

Bronwen Rapley, Chief Executive

In the last 12 months Onward has passed significant milestones as our organisation and colleagues continue to grow. We are building a strong foundation for managing, improving and building affordable homes, as well as for serving our customers and communities.

But reflecting on the year covered by this annual report, it is the stories of our customers that matter the most, rather than our organisational story. Customers we support as they struggle to pay bills as everything becomes more expensive. Those who need us to complete repairs or improvements to keep their homes warm and dry. People who want to learn and apply new skills in their careers or in their communities.

As we prepare to introduce a new Corporate Plan to guide us through the years ahead, our commitment is to listen to these voices and place the stories of our customers right at the heart of our organisation.

We know that the cost of living is becoming more difficult for most. For some of our customers this will be especially hard in the months ahead. Our strong finances will allow us to support our customers during difficult times. We have invested in our financial inclusion and support work this year and are ramping this up in response to growing need.

Improvements have continued to be made in customer service and the quality of our homes this year. But we know our customers want us to go further and faster to deliver better outcomes, sooner. We are committed to doing so.

We are well positioned to support our customers in the face of the challenges ahead of us all.

Our highlights from the last 12 months

Becoming a Strategic Partner of Homes England, supporting plans to invest **£600m** in building **5,000** new homes by 2030

Contour Homes formally became part of Onward on 1 April 2021, creating a **single and unified organisation**

Investing a total of **£70m** to mend, improve and update homes and keep customers safe

Securing **£1.5m** for energy efficiency and other improvements to homes in Runcorn

Keeping our **A1** Credit rating, which continues to allow us to access funding at low rates

Agreed a **Revolving Credit Facility** (RCF – short term lending) to support delivery of new homes

Establishing a local **Community Design Team** to lead our community-renewal proposals or Murdishaw, Runcorn

Completing a **customer consultation** on proposals for a major regeneration scheme in Preston

LOCAL COMMUNITIES TAKING BACK CONTROL.

Our plans for community-led renewal in Murdishaw, Runcorn, gathered pace this year. Local residents are leading a new Community Design Team, supported by Onward, to design and deliver improvements to the local area for the benefit of the whole community.

In partnership with the Community Design Team, we have worked up plans for a new local centre. The centre will be part of a thriving hub at the heart of the community, offering a space for local people to socialise and enjoy lots of different activities. Consultation took place this year and we are working with the Community Design Team to consider feedback.

In the meantime, early achievements include making public spaces greener and safer and increasingly using them for community activities, such as a Christmas craft market, supported by our local neighbourhood teams who know the community inside out.

We are backing this up with real investment, including through our success in securing £1.5m from the Social Housing Decarbonisation Fund for extensive improvements to existing local homes. We will use this money to renovate 129 bungalows, making them warmer, drier and fit for modern living. Our longer term ambitions include building more new affordable homes to meet local need.

PLACE BASED REGENERATION IN PRESTON.

We recently completed a customer consultation on the first step in proposals for a comprehensive regeneration of our Avenham neighbourhood in Preston. Customers were asked for their views on our preferred option to demolish the three existing tower blocks and replace them with better quality homes fit for modern living. A decision on how to proceed will be announced in due course.

Our ambition is for replacement of the tower blocks to become a catalyst for wider transformation of the local area, delivering much better quality housing and an overall increase in the local supply of affordable homes.

Becoming the Social Landlord of Choice.

RESPONDING TO THE COST OF LIVING CRISIS

We aspire to be a listening landlord that hears what customers want and improves our homes and services in response. Respecting our customers and giving them a voice is important to us, which is why we invest in a Customer Scrutiny Board and a wider engaged community of 2,000 customers.

Something we hear very clearly at the moment is the challenge of keeping up with the cost of living, as inflation escalates and many everyday things become more expensive. This year we have continued to invest in our Financial Inclusion Team, which provides free financial advice and support for customers, helping them to pay their bills and remain in their homes.

We are also piloting a new scheme called Home+, which gives targeted support to some customers taking on new tenancies by providing white goods, appliances and some furnishings. We want to take the pressure off as our new tenants make the house their home right at the beginning of their tenancy.

Elsewhere, we have continued to support customers by working with charity and local government partners. Examples include the Community Shops we support in Liverpool, Runcorn and the Wirral, helping local people access affordable food, as well as the 1st Call Centre in Accrington, preparing people for work through training and mentoring.

LISTENING AND LEARNING ON IMPROVING CUSTOMER HOMES.

Everyone deserves a warm and dry home where they will be comfortable and healthy. With some older homes this can be challenging and we have not got it right in every case. But we are listening to customers where they tell us this is an issue and we are determined to deliver better outcomes.

In response, this year we have implemented a new approach to identifying, escalating and resolving damp and related issues. This is already helping to drive better outcomes for customers but we know there is more to do. Longer term, we are planning and already beginning to deliver comprehensive investment in the homes we own to make them as warm, dry and as affordable to heat as possible.

Growing where we can make a positive difference.

INVESTING IN AFFORDABLE HOMES.

Onward Homes has become a Strategic Partner of Homes England. This means we are one of the group of leading developing social landlords working in partnership with government to deliver its Affordable Homes Programme.

Our agreement with Homes England is to receive £152m in grant funding to help us build 3,200 new homes, with construction beginning no later than 2026. The Partnership is part of our wider plans to invest around £600m in building more than 5,000 new homes across the North West by 2030.

Most of these will be affordable homes, available to rent or buy at a significant discount from their market value. There will be a range of types of homes and tenures to meet the variety of need, from first time buyers to growing families and people on the most limited incomes.

Quality is important to our customers and it is to us as well. This is why we routinely build all of our new homes to a higher standard than required by legislation and guidance. All of our new homes will have an Energy Performance Rating of at least 'B', which means they will be warm, dry and energy efficient to keep bills down.

BUILDING ACROSS THE NORTH WEST.

During 2021, we were active across the North West by securing permission to build new housing, starting work on site and moving people into brand new homes.

HIGHLIGHTS INCLUDE:

- Securing planning permission to build 240 new homes at Helsby in Cheshire West
- Starting work on 70 new homes in Hattersley, Greater Manchester, along with a 91-home extra care facility
- Getting to work building 28 new homes at Mersey View in Wirral
- Completing delivery of 27 homes for affordable rent in Bury, Greater Manchester, with all homes allocated within 2 weeks

BOARD, SENIOR MANAGMENT AND ADVISORS

Members of the Board

Non-Executive Directors

Neil Goodwin CBE (Chairman resigned September 2021)

Timothy Johnston (Chairman appointed October 2021)

Rachel Barber

Dena Burgher

Wyn Dignan

Katherine Jones (appointed April 2022)

William Hewish (resigned December 2021)

Paul High

Kieran Keane (appointed April 2022)

Brian Roebuck (resigned September 2021)

Michael Verrier (Deputy Chairman)

Executive Directors

Bronwen Rapley, Chief Executive

Michael Gerrard, Executive Director (Finance)

Alexander Livingstone, Executive Director (Property)

Matthew Saye, Executive Director (Operations)

Company Secretary

Catherine Farrington

Victoria Parr (Deputy resigned September 2021)

Principal Banker

NatWest Group PLC
1 Hardman Boulevard,
Manchester, M3 3AQ

Principal Solicitors

Devonshires LLP

30 Finsbury Circus, London EC2M 7DT

Trowers & Hamlins LLP

55 Princess Street, Manchester M2 4EW

External auditor

BDO LLP

3 Hardman Street, Spinningfields, Manchester, M3 3AT

Internal auditor

PricewaterhouseCoopers LLP

1 Hardman Square, Manchester, M3 3EB

STRATEGIC REPORT

Introduction

The Board presents its strategic report, containing the operating and financial review and value for money report, for the year ended 31 March 2022.

Overview and background

Onward (the "Group") is one of the largest housing and regeneration organisations operating in the Northwest of England. Onward's vision is to make a positive difference in the communities it serves.

The focus of this financial year has been to adapt and evolve the business so that we could continue to deliver our three objectives:

1. Be the social landlord of choice
2. Improve the experience for those living in our communities and neighbourhoods
3. Grow where we can deliver a better service and make a positive difference

These are supported by two enabling objectives:

1. Build an Onward environment and culture
2. Be well governed and make the best use of our resources

Onward's structures and governance continue to evolve in order to achieve the optimal organisation for delivery of the strategic objectives. On 1 April 2021, Contour Homes Limited transferred its engagements into Onward Homes Limited. This completed the consolidation of all Onward's social landlord activity into one organisation – a project which has taken many years.

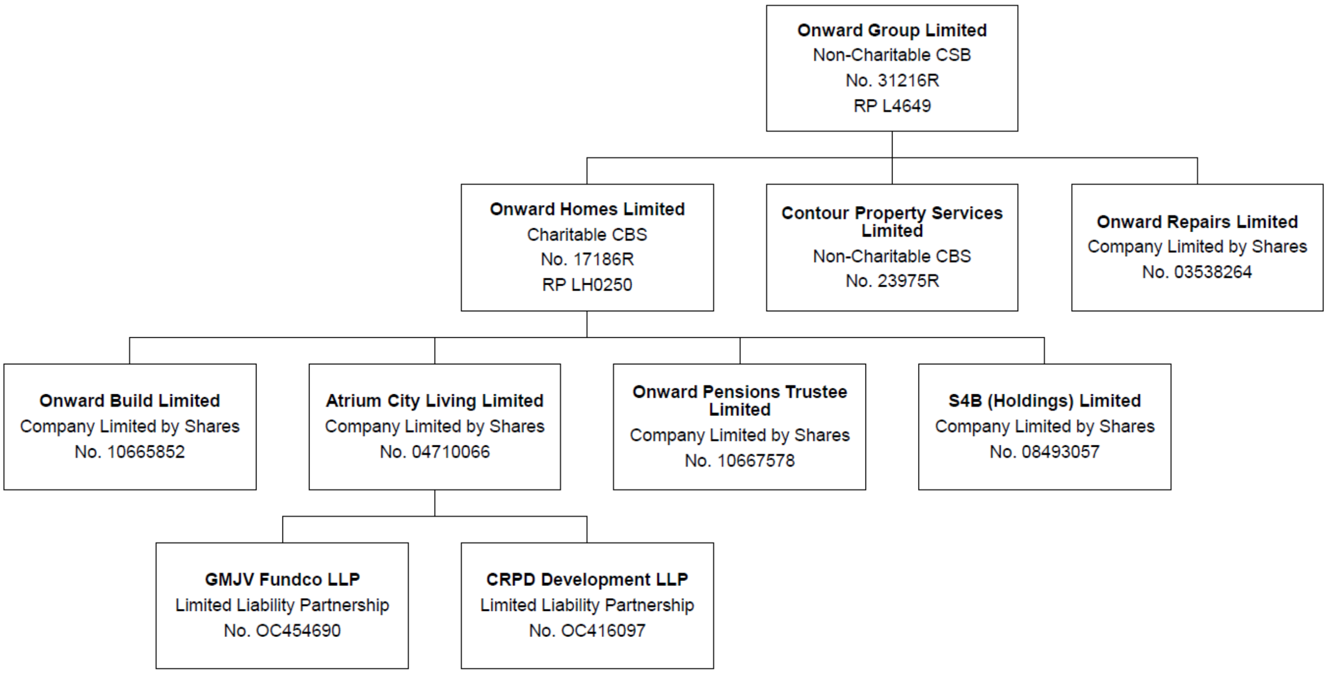
Legal structure and objectives

Onward Group Limited (the 'Association'), the Group parent, is a non-charitable Registered Society under the Cooperative and Community Benefit Societies Act 2014. It is registered with the Financial Conduct Authority (31216R) and the Regulator of Social Housing (RSH) as a Registered Provider of social housing (L4649).

Onward Homes Limited is the largest and only charitable subsidiary in the Group, owning around 29,000 social and affordable homes. Onward Homes delivers the majority of services to customers. As at 1 April 2021, Contour Homes transferred its engagements into Onward Homes meaning Contour Homes is now a dormant legal entity. Onward Homes holds an interest in joint venture S4B Limited which delivers the PFI contract for Manchester City Council in the Brunswick area of the city. Onward Homes delivers the housing management contract.

The other wholly owned subsidiaries in the group are detailed below:

1. Atrium City Living Limited is the investment vehicle in two joint ventures which will deliver new homes. GMJV Fundco LLP is an opportunity to participate with Manchester RPs in a single development vehicle, which will deliver new homes for sale in Greater Manchester. CRDP Development LLP is a joint venture with Seddon RDP initially to develop 93 homes. The development site is mixed tenure with Onward acquiring the shared ownership and affordable rent homes and a share of the open market sales profit.
2. Onward Build Limited is a wholly owned subsidiary and is a development company which will be used to provide development services to the Group and support the building of new homes. Onward Build has been selected to deliver the Group's flagship development scheme at Basford East near Crewe which will deliver over 450 new homes for affordable rent, shared ownership and market sale.
3. Onward Pension Trustee Limited is a wholly owned subsidiary of Onward Homes Limited and is Trustee of the Onward Pension Plan scheme. Its purpose is to provide the professional trustee services on behalf of Onward Homes Limited for the Onward Pension Plan scheme. This Company is currently dormant.
4. Contour Property Services is a wholly owned subsidiary of Onward Group and provides property management services to 4,000 leasehold and freehold homeowners.
5. Onward Repairs is a wholly owned subsidiary of Onward Group and provides repairs services in the Lancashire region and trades as Onward Repairs.



The Group is governed by a common Board which acts as the Board for Onward Group and Onward Homes. It has responsibility for Group oversight and ensuring consistency of strategy, service and compliance.

Operating and Financial Review

Financial review

The Group is reporting a net loss for the year of £22.5m (2021 surplus of £20.9m). Whilst the underlying trading remains strong for Onward, the Group results are impacted by the extinguishment of legacy loans with associated fees of £36.1m and the impairment of the Preston tower blocks of £2.3m as the Board have approved the regeneration programme. There was also an impairment associated with the Halton Road development following the main contractor going into liquidation. The scheme cost to complete and ultimate value was compared with the carrying value and an impairment of £2.1m recognised.

The net surplus is negative 14.1% as a percentage of turnover, including the one-off loan breakage costs but positive 8.5% with the loan breakage costs excluded (2021 positive 13.4%). Total comprehensive loss was £13.6m - again as a result of the one-off loan breakage costs albeit positively impacted by an actuarial gain of £8.9m in the Social Housing Pension Scheme (SHPS).

Total turnover increased from £156.1m to £159.8m in 2022, an increase of 2.4%, largely reflecting the rent increase permitted under the rent settlement agreement. The Group continues to generate a strong net cash flow from operating activities of £30.4m before loan breakage costs (£5.6m negative when the £36.1m of loan breakage costs are included) compared with net cash flow in 2021 of £36.6m positive).

The Group ended the year with cash and short-term investments of £44.7m (2021: £183.3m). The reduction in the cash position arises as a result of the repayment of loans and termination charges associated with the transfer of undertakings of Contour Homes Limited into Onward Homes Limited on 1st April 2021 and the purchase of housing assets throughout the year.

These resources will continue to be used to fund the Group's objectives over the coming years. At a Group level, interest cover (which measures the extent to which the surplus covers interest payments) is 2.2x in 2022 (2021 - 2.4x). Gearing (which measures the level of indebtedness using the value for money metrics definition) has changed during the year to 30.8% (2021: 23.7%) reflecting the bond issuance and loan termination fees. These ratios remain comfortably within the levels permitted by funders' loan agreements and contribute to the Moodys' A1 rating.

A five-year summary of the Group's past financial performance is shown below. Turnover has grown modestly reflecting the rent increase whilst the cost increase has been more pronounced reflecting the cost of operations, Preston regeneration impairment and the Halton Road scheme impairment charge. Our overall social housing cost per unit has increased from £3,568 per unit to £4,077 per unit mainly due to the increased routine maintenance spend and the impairment charges.

Statement Of Comprehensive Income	2022 £m	2021 £m	2020 £m	2019 £m	2018 £m
Turnover	159.8	156.1	155.8	146.8	168.9
Operating Costs & Cost of Sales	(138.3)	(128.4)	(127.4)	(112.1)	(122.1)
Gain on Disposal of Housing Property Assets	(0.1)	(0.4)	3.0	2.8	1.6
Operating Surplus	21.5	27.3	31.4	37.5	48.4
Share of profit/(loss) in joint venture	0.1	(0.1)	(0.0)	-	-
Interest Receivable	2.8	2.7	2.7	3.0	0.5
Interest Payable	(47.3)	(12.4)	(14.7)	(24.3)	(15.6)
(Loss)/Surplus on Disposal of Assets	0.2	3.1	(0.5)	(1.0)	(0.8)
Taxation	0.2	0.4	(0.2)	0.1	(0.0)
Surplus for the year after Tax	(22.5)	21.0	18.7	15.3	32.5
Other Comprehensive Income	8.9	(18.0)	18.7	(19.2)	1.7
Total Comprehensive Income for the Year	(13.6)	3.0	37.4	(3.9)	34.1

Statement of Financial Position	2022 £m	Restated 2021 £m	2020 £m	2019 £m	2018 £m
Housing Properties net of Depreciation	1,103.6	1,085.2	1,071.2	1,059.9	1,054.2
Other Fixed Assets, Investments & Long Term Debtors	34.1	36.8	35.9	37.1	38.1
Net Current Assets	101.9	166.5	12.3	27.3	100.1
Total Assets Less Current Liabilities	1,239.7	1,288.5	1,119.4	1,124.4	1,192.6
Loans Due After 1 Year	378.0	426.9	271.5	289.3	377.4
Other Long Term Liabilities	467.5	442.0	446.1	447.2	457.6
Pension Liability	16.8	28.6	13.6	35.1	0.9
Revenue Reserves	377.4	391.0	388.1	352.8	356.7
Long Term Liabilities & Reserves	1,239.7	1,288.5	1,119.4	1,124.4	1,192.5

Financial Ratios	2022	2021	2020	2019	2018
Operating Margin (Overall)**	13.5%	17.7%	18.3%	25.5%	28.6%
Net Margin*	8.5%	13.5%	12.0%	10.4%	19.2%
Return on Net Assets (RONA)*	1.1%	1.6%	1.7%	1.4%	2.7%
Return on Capital Employed (ROCE)	1.7%	2.1%	2.8%	3.3%	4.1%
EBITDA-MRI*	166.2%	263.0%	212.0%	158.0%	360.4%
Interest Cover*	2.2	2.4	2.3	1.7	3.1
Gearing	30.8%	23.7%	23.2%	23.6%	24.8%
Headline Social Cost Per Unit £'000	4,077.3	3,568.2	3,504.0	3,413.0	3,718.0
Net Debt Per Unit	11,736.5	8,903.5	8,642.2	8,625.1	9,101.8

*In 2022 the loan breakage costs of £36.1m are excluded from all ratios as this is a one-off cost to Onward in line with loan covenants

**Operating Margin (Overall) in RSH VfM metric table excludes gain on fixed assets (housing properties)

Brexit

The exiting from the European Union (EU) on 31.01.21 means that new regulations are now in place for movement of goods and services across the EU/UK borders. Although the Group will not be directly impacted there will be an indirect impact on pricing of labour and materials, which will in turn impact our ability to deliver services such as building homes due to lack of certain materials.

Ukraine

Onward would like to express our solidarity with the Ukrainian people who are suffering as a consequence of the war. Whilst the war has not thus far impacted Onward we recognise that longer term there will be impacts felt throughout our customer base specifically cost of living inflation, fuel poverty and potentially shortages of certain foods.

Covid-19

The Group continues to monitor and respond to the impact of the Covid-19 pandemic and to minimise the impact on customers. Despite the pandemic and varied Government restrictions during the early part of the year the business has continued to deliver core services throughout and returned to a full service as soon as possible after restrictions were eased, while maintaining safe systems of work for colleagues.

Rent collection performance has been strong throughout the year at 99.8% (2021: 100.3%). Looking forward, the 30-year financial plan reflects a prudent estimate of rent arrears together with a recovery of inflation to pre-pandemic and Ukraine crisis levels.

As part of producing the business plan the Group undertakes robust sensitivity and stress testing to understand the impact on covenants and other key financial metrics. The analysis shows that should any emergencies arise the Group has significant control over its expenditure to respond and mitigate any risk of a breach.

Operating review

Performance

The Group's annual performance has held up well despite challenging 12 months operating under government restrictions as a result of Covid-19. There was a dip in performance during the year as we focused on emergency and urgent repairs. As government restrictions began to ease we returned to almost full operational delivery with the expected catch up works to consider. Despite this the Group has maintained its financial viability and strength.

The Group has five year plan (Onward Corporate Plan) and is guided by its strategic objectives (Strategic Objectives).

The Board provides the following details in relation to its key housing management and maintenance performance. These reflect the subset of the indicators that the Executive Team and Board review to ensure the group is achieving its objectives and strategies.

Voids / relets

Measure	2022	2021	2020	2019	2018
Void Loss %	**1.85%**	2.18%	1.63%	1.65%	1.69%
Average re-let (days)	**63.2**	56.3	52.47	48.95	43.51

One of the Group's key performance indicators is the amount of money lost when properties become void and days empty when properties cannot be immediately re-let to tenants in need of homes. The association aims to re-let properties as soon as possible after the previous resident leaves. However, sometimes this may not be possible because the property may require redecoration, refurbishment or improvements.

For year ending March 2022 we have seen an increase in void levels as expected due to the restrictions of Covid-19 and the ability to undertake works in a timely manner to relet properties. We remain confident that this area will return to acceptable levels from 2022/23 as demonstrated by the early positive performance in the early part of 2022. This remains an area of focus for the Board.

We continue to assess the performance of all property assets using the Savills Asset Performance Evaluation model.

For long terms voids we appraise whether to reinvest in order to bring the home back into use or to dispose of the unit.

Where possible we bring properties back into use and those that are no longer appropriate for social lets are sold to raise funds to reinvest in new homes. As a result this year we disposed of 33 empty properties. Last year we disposed of 19 empty properties. The impact of this strategy for long term voids means that the average time to let remains high. The strategy of selling non-viable properties will continue as the costs of any EPC improvement works are considered and this consideration will lead to more disposals over the coming years.

Income collection and arrears

Measure	2022	2021	2020	2019	2018
Rent Collection %	**99.8%**	100.1%	99.9%	100.2%	99.9%
Arrears - current residents %	**5.0%**	5.10%	5.01%	4.95%	3.88%
Arrears - former residents %	**1.5%**	1.5%	1.38%	1.23%	1.38%
Arrears - Total %	**6.5%**	6.6%	6.39%	6.23%	5.26%

Rent collected and the volume of arrears is a key indicator of our ability to deliver core business. Our overall rent collection performance remains high at 99.8% (2021: 100.1%). Covid-19 restrictions posed a challenge for the sector in ensuring arrears levels were managed. We are pleased to report a reduction in current arrears levels despite the challenges our customers are facing. Financial Inclusion and Income Management teams have used the Rent Sense tool to target arrears cases maintaining a favourable position compared to sector. Going forward plans are being further developed to introduce increased automation of customer contact and support via this team to support those most in need. We are cognisant of the cost-of-living crisis and the potential impact upon our customers.

Repairs

The average number of responsive repairs per property was 3.5 (2021: 3.3) at a cost of £613 per property (2021: £480). The increase in repairs cost per unit is mainly down to increased use of subcontractors to deliver the services and a general shortage of labour and materials pushing up prices. Onward remains concerned about the hike in inflation rates and the possible impacts upon the cost of delivering services going forward, particularly in light of the situation in Ukraine.

Over the course of the year, 79.0% (2021: 84.2%) of responsive repairs were completed in the target time. The performance is below our target of 90.0%. Service improvement plans are in place with our contractors and we continue to work positively with them.

Measure	2022	2021	2020	2019	2018
Ave no. repairs per property	**3.46**	3.50	3.60	3.53	3.80
Repairs cost per property	**£613**	£479	£474	£490	£437

Financial results

Onward Group adopts realistic financial management and prudent financial assumptions when setting its budgets and business plans. The actual results are closely monitored and compared to the budget to ensure that any adverse variances are identified early and corrective action is taken. The actual results were below budget in the primarily due to the impairment taken on the Preston tower blocks to facilitate the regeneration (£2.3m) and the Halton Road development scheme impairment (£2.1m). Opportunities to secure efficiency gains and cash savings are also actively pursued.

Measure	2022	2021	2020	2019	2018
Budget net surplus (excl. loan breakage)	£20.3m	£22.3m	£25.7m	£21.2m	£17.8m
Actual net surplus (excl. loan breakage)	£13.6m	£20.9m	£17.0m	£15.4m	£27.8m

Development and reinvestment

We have committed to deliver 1,400 new homes by 2024 and are on target to achieve this objective. Our Board has now approved development schemes that will deliver over 2,000 homes. In 2021/22 we completed 242 new homes, including 65 home ownership at an average 1st tranche ownership of 48.0%.

Our investment commitment of £2.6m (£0.8m equity and £1.8m debt) in Hive Homes, which is a joint venture between ten Greater Manchester housing associations and the Greater Manchester Combined Authority, will deliver over 600 affordable homes for sale in Greater Manchester. Onward Build is now actively building on behalf of Onward Homes and currently has a mixed tenure development at Basford on site which will deliver over 400 homes.

Investing in and maintaining the standard of our existing homes remains our priority. Our Homes Standard will ensure that our customers' homes now, and in the future, will be maintained and improved to the standard they would expect. In 2021/22 we invested £18.0m in new windows, kitchens, bathrooms, heating, re-roofing, windows and doors and spent a further £14.8m on compliance and cyclical revenue works.

Risk and uncertainty

The group has a risk management strategy in place and it has fully embedded the risk management process. The risk management process includes regular identification and review of risks by Board, the Executive and operational managers. Information with regards to the management of risk is reported to the Audit and Risk Committee at each meeting which includes information about controls and actions planned to mitigate risks.

The group has worked with PwC, its internal auditors, to establish an internal audit plan for the year which was closely aligned to the strategic risk register to provide assurance as to the operation of controls and the management of risk.

The Board has identified the following key strategic risks that is considers a potential threat to the achievement of strategic objectives.

Risk	Mitigation
Property Condition	The condition of our properties is important to our customers and impacts on our financial and delivery plans. A number of our properties are old and difficult to maintain and manage due to their age and construction. We are aware of the impact this can have on our customers lives and finances as these properties can be expensive to maintain. We have established a dedicated team to address issues with these properties as they arise and we are reviewing our strategies to ensure we can improve the condition of our customers homes.
Quality of Service to Customers	We monitor the service we deliver to our customers using a range of performance indicators which are reported to management and Board each month. Areas of underperformance are discussed in detail and action plans established where needed. We regularly ask our customers how they think we are performing and review our service delivery as needed.
Delivery of the performance requirements of the responsive repairs and gas contracts	Performance indicators have been established and improvement plans agreed where required to support contractors to meet our performance expectations. This area is under increasing pressure due to a number of factors, for example, materials delays and staffing issues at our contractors due to the post pandemic boom in the construction industry and Brexit. Allied to this demand from our customers is increasing. We are actively monitoring the impact of these issues and we have plans in place to ensure we are able to respond.

Statutory property compliance	The safety of our customers in their homes remains a key priority for Onward and we continue to work to improve fire safety arrangements and ensure the safety of our customers. We continue to work collaboratively with local fire authorities to ensure fire safety is maintained, including short term measure where required. A programme of improvement works is in place to address any areas of concern. In addition, we provide tailored fire safety advice on a regular basis to customers to ensure they feel safe in their home.
Significant Cyber Security Incident	Cyber security is an increasing risk for all organisations, with the threat of hackers and cyber criminals. To manage this risk we have established a range of controls to protect our systems and data. We actively monitor cyber threats on an on-going basis and review our controls accordingly. External expertise is obtained where needed to ensure that our organisation has access to the range of skills required to manage this increasingly complex risk.
Development Governance	The size of our development programme is increasing which increases the inherent risk of this activity. We have reviewed our development governance and management processes to ensure that we are well placed for increased volume and that our governance arrangements are supported by appropriately skilled and experienced individuals.
Colleague Representation	We have reviewed our approach to colleague representation and our new arrangement focuses on colleagues being represented by a colleague forum, this is a change from our previous arrangements, and we are working hard to ensure that the colleague forum has the skills needed to fulfil their role.
Data Quality	High quality data ensures the accuracy of returns to the Regulator, supports effective decision making and robust performance management. We have a regular process of data cleansing in place to ensure the robustness of the information we hold.
SHPS Pension	Reviewing our pension arrangements and establishing an Onward Pension Scheme will bring benefits to our organisation while maintaining existing benefits for colleagues and pensioners. However, the process for completing the changes is challenging. We are working with experienced advisors and trustees to deliver the expected benefits to all stakeholders.
People and Culture	Establishing and maintaining an Onward culture remains a challenge, especially as we have established more dispersed working practices. However, the Board and management team have established a number of strategies to embed Onward values and ways of working, We regularly monitor colleague engagement and the findings from these exercises are positive.
Failure to engage with customers at a strategic level	We seek to engage with our customers to ensure they are able to influence our long-term plans. The work we have undertaken to review our corporate plan means we can demonstrate a truly inclusion approach and our work with involved customers demonstrates our commitment to working collaboratively with our customers.

Delivering the Development Programme	As a Homes England Strategic Partner we have responsibility for delivering a significant development programme. We are expecting this to be increasingly challenging and we are reviewing our arrangements to ensure we can respond to planning delays, increasing raw materials costs and delays within the supply chain.
Business Continuity	The pandemic has identified that our business is able to respond to an emergency incident, however, our business continuity arrangements remain key to our business as we respond to the challenges in the external environment. We are working hard to ensure that robust business continuity arrangements are in place throughout our supply chain.
Economic Downturn	The economic environment is expected to become increasingly challenging and we have reviewed our business plans and forecast to ensure we remain a financially robust organisation.

We continue to work to improve fire safety arrangements and ensure the safety of our customers by working collaboratively with local fire authorities to ensure fire safety is maintained, including improvement works to address any areas of concern. In addition, we provide tailored fire safety advice on a regular basis to customers to ensure they feel safe in their home. We continue to monitor and review this risk.

We considered that the strategic risks to the Group are sufficiently accommodated within our strategic risk register.

Treasury objectives and strategy

The Group's treasury activities are managed in line with its Treasury Management Policy and the annual Treasury Strategy, which is presented to the Treasury Committee for approval.

The Group regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities focuses on their risk implications for the Group.

It also acknowledges that effective treasury management supports the achievement of Group's objectives. It is therefore committed to the principles of achieving best value in treasury management, and to employing suitable performance measurement techniques, within the context of effective risk management.

In addition to these core objectives, the Board has set annual targets and approval criteria within which the treasury management function operates, including:

- A limit on exposure to variable interest rates.
- Use of derivative instruments only when approved by the Onward Board, £nil at 31 March 2022 (2021: £nil)
- Approved sources of borrowing and investment; all borrowing is from approved sources

The Group is financed by a combination of retained reserves, long-term loan facilities and project-specific grants to part-fund the acquisition and development of new homes. The Group has the financial capacity to repay its loans in accordance with the repayment profile of its loan facilities.

On 25th March 2021, the Association issued a 32 year £350m bond ("Bond") at a re-offer yield of 2.215%. The initial offer to the market was for a principal amount of £215m (the "Principal Amount", the issued Bond) with a principal amount of £135m of bonds retained for later issue (the "Retained Bond"). A £50m tranche of the retained bonds was sold on 2nd February 2022. £2.9m of the proceeds were drawn down in February 2022 with the remaining proceeds drawn in June 2022.

A coupon rate of 2.125% meant that the issued bond was priced at 97.945% (the "bond issue Price"), equivalent to a discount on issue of £4.4m (2.055%). The net funds received were £210.6m (£97.945 per £100.00 issued). The £50m tranche of retained bonds were issued at a price of 93.42%, a discount of £3.3m. £2.9m has been received with net funds outstanding of £43.8m.

In arranging the original issuance and retain bond, the Association incurred issue costs of £1.4m, of which £0.3m were incurred in 21/22.

The discount on Issue and the Bond Issue costs will be amortised over the term of the Bond. Interest is payable by the Association to the bondholders at a rate of 2.125% six monthly in arrears on the Principal amount, starting in September 2021. The Principal amount is due for repayment on 25th March 2053.

The Bond is secured by way of fixed charges over the housing properties of the Association in favour of Prudential Trustee Limited acting as Security Trustee.

In line with the agreed treasury strategy £182.6m of the bond proceeds were used to settle existing loan facilities. £55.1m has been repaid in March 2021 with a further £127.5m paid in April 2021 which includes £36.1m of breakage costs. The breakage costs were charged to the Statement of Comprehensive Income in the year to 31 March 2022.

As at 31st March 2022, the Group has borrowing facilities of £669.3m (2021: £682.3m) of which £394m has been drawn down. The available facility includes £190m (2021: £100m) of revolving facilities of which all are undrawn. £90m of new RCFs were agreed on 30th March 2022.

The cash balance as at 31st March 2022 was £44.7m. Of this amount £25m relates to Homes England grants that were received at the end of the financial year. Onward was successfully awarded Homes England Strategic Partnership status in 21/22. During the year Onward successfully transition the existing borrowing portfolio to SONIA in line with the requirements of the Bank of England. This exercise was successfully completed and as at the year end no external LIBOR facilities remain in the Group portfolio.

The Association prepares detailed 3 year rolling cash flow forecasts which are updated quarterly and used to assess short term liquidity cover. Longer term financing is derived from the 30-year business plan.

All surplus cash balances are invested in accordance with a prudent treasury policy. Investments are time limited and are restricted to institutions or money market funds that meet minimum credit criteria. All financial covenant limits set by lenders during the year have been met.

As mentioned above in the legal status section, Contour Homes Limited transferred into Onward Homes Limited on 1st April 2021. On that date and in line with the Group's Treasury Strategy, two of Contour's funders were repaid in full to the value of £91.4m, plus breakage cost of circa £36.1m. The remaining funders agreed to transfer into Onward Homes Limited.

Corporate governance

The Board has adopted the National Housing Federation (NHF) Code of Governance 2020 and is committed to upholding the Code of Practice for Board Members. The Board meets frequently to determine policy and to monitor the performance of the group.

A self-assessment against the 2020 Code has been completed to confirm compliance with the requirements of the Code. Work will continue during 2022/23 to progress our governance arrangements in light of the new requirements with a focus on:

- Ensuring the Board receives adequate assurance with respect to delivering our Equality, Diversity and Inclusion Strategy; and
- Embedding arrangements for the Board to demonstrate oversight of our subsidiaries.

The Group operates five committees:

- Audit and Risk - oversight of audit and risk matters for the Group.
- Finance and Performance – oversight and scrutiny of Group finance and performance.
- Development - oversight of the development programme with some delegations to approve development schemes and land purchases.
- Nominations and Remuneration – makes recommendations to the Common Board on nomination and remuneration matters.
- Treasury - reviews funding and treasury matters and makes recommendations to the Common Board.

The Board also sets up and agrees terms of reference for task and finish groups where there are areas of work which need additional scrutiny for a finite period. The Pensions Task & Finish Group was established in 2020 and its work is expected to conclude later in 2022.

The Board has delegated day to day management to a group of Executive Directors. The Executive Team is led by the Chief Executive and has responsibility for making decisions in relation to strategic issues and other issues with group-wide implications, overseeing regulation and monitoring financial viability. The Executive Team meets on a regular basis and recommends policy and strategy decisions to the Board.

Value for Money

Strategy and approach

Our corporate plan sets out our ambition to make the best use of our resources. The establishment of Onward Homes Limited as the single social landlord in the group was finally completed on 1 April 2021 with the transfer of engagements from Contour Homes. This has empowered us to take further steps towards greater financial capacity with the successful issue of our bond, further rationalising our loan portfolio and releasing capacity for future growth and reducing our interest costs by around £4.0m each year compared to the previous long-term business plan assumptions. That greater financial capacity and improved financial strength will improve our ability to drive forward our strategic and corporate objectives and improve our value for money (VfM) as we move forward beyond 2021/22.

Covid-19: Financial and operational performance for this reported financial year has been subject to life under a variety of Covid-19 restrictions. A great deal of resource continued to maintain frequent contact with all our customers to identify those in need of direct help and then to co-ordinate or deliver that help. All our key services have been directly impacted: a reduced repairs service for a period, rescheduling of improvements to our sheltered schemes, impact on void processes and arrears management, and a slowdown in delivery of our neighbourhood and social investment projects. However, Covid-19 has given us the opportunity to re-engage with our customers in a positive way and improved service delivery has been matched by customer perception. Furthermore, our financial model stress testing has given us confidence that Covid-19 has not derailed our ability and capacity to deliver an improving service over the coming months.

Onward has continued through this national emergency to work to deliver 3 key strategic objectives from which all our corporate plans are derived. All projects and procurement supporting these plans are considered for value for money. We consider this impact in the context of our own performance metrics together with sector benchmarking as a measure of our success in delivery in the short and long term. Progress in these metrics informs the next iteration of our business plan.

Our 3 key strategic objectives are:

- Be the social landlord of choice.
- Improve our neighbourhoods.
- Grow where we make a positive difference.

To help achieve the 3 key objectives we will also:

- Build an Onward environment and culture for colleagues and customers.
- Be well-governed and make best use of our resources.

All of our corporate objectives, plans and projects are developed to support our 3 key strategic objectives. In embedding VfM our corporate projects are monitored on progress to delivery and for financial impact and customer benefit. We measure our performance and success by reference to 5 sets of key performance indicators:

1) Customer Star survey – customer satisfaction, with financial viability, is paramount and is our overriding measure of value for money in our day-to-day operations. We look for evidence of trends in this performance in the following datasets:
2) Internal Operational Performance Dashboard – how we assess the **effectiveness** of our actions and use this to inform plans to influence customer satisfaction.
3) Procurement savings – how we demonstrate economy in our spending and best use of our resources as part of our improvement plans.
4) Annual changes to asset performance measured by our Asset Performance Evaluation (APE) model.
5) The Regulator of Social Housing (RSH) VfM metrics – how we judge our **efficiency** in the context of the sector and our peer group.

Our performance in these five datasets informs our business planning process so that year on year we scope initiatives, by funding projects and process enhancements, to target continuous improvement. Included in this report are examples, not an exhaustive list, of the reporting and benchmarking work that we do in Onward to demonstrate value for money and to demonstrate how VfM is delivered and embedded in our approach to strategic, corporate and financial planning.

How our Customer Surveys inform us:

Our last full STAR survey in 2019 showed us we have work to do in convincing our customers we would be their social landlord of choice. We believe our bottom quartile performance was largely based on historically inconsistent management processes pre-amalgamation combined with the repair services not delivering to the required standard. Of particular concern to us in that last STAR survey was a 67% satisfaction rate with our repairs and maintenance service and although progress against all measures on the STAR survey will not be available until next year, responsive repairs satisfaction ratings at 77.1% for as at March 2021 indicates significant progress, justifying optimism for further improvements in the coming months.

Examples of action as a result of the STAR survey:

- Customer satisfaction with value for money for rent and with services delivered to our tenants, along with a detailed project on service costs and recovery, led us to freeze service charges for 2020/21 at the previous year's levels while we undertook a full consultation with our customers.
- The survey, with other regular snapshots, confirmed to us that our customers were unhappy with the mobilisation of our new repairs' contracts. Service improvement plans with our contractors have had a positive impact with satisfaction up from 67% to 77%.
- The improvement required in our customers' perception of their area as a place to live and the overall quality of their home has led us directly to review and define an 'estate' standard and begin to incorporate this into our neighbourhood plans and strategic asset management. That work continues.
- We have reconsidered and rationalised our dashboard of indicators in the above areas to ensure consistent reporting through to Board level.

Onward is developing the ways in which it measures customer satisfaction and is supportive of the proposals in the Housing White Paper for tenant satisfaction measures. We are developing additional surveys measures allowing us to understand our customer's views and involve them in improving our services and achieve better value. Onward has over 2,500 actively engaged customers who assist with shaping the services we deliver, communicating well and influencing what happens in our neighbourhoods. We have improved the learning and feedback from customer enquiries and complaints.

What our Internal Operational Performance Dashboard tells us this year:

There are clear messages from our operational performance dashboards that explain the views of our customers:

- Income collection is 0.1% below target at the end of the year but pleasingly the current tenant arrears are better than target. We continue to work with our customers to help those in financial need and deploy automated systems to allow early identification of customers potentially requiring assistance.
- Void rent loss and relet times are both better than target overall, however there are challenges within our sheltered and supported housing portfolio. We will also increase the number of strategic voids over the coming years as we regenerate schemes and dispose of non-economically viable properties.
- Responsive repairs performance continues to be a challenge, we have improved our response time for emergency repairs, however other indicators, including customer satisfaction, are below target.
- Properties with a valid gas safety certificate is within 0.1% of target, and we are exceeding our target for electrical safety. Fire safety performance is within 0.5% of target.
- Staffing indicators are positive with turnover rate being better than target, as is diversity rate, however sickness days is worse than target. Onward is acutely aware of the demand for high quality employees and is working hard to improve retention and colleague satisfaction.

What procurement tells us – we are getting economies and have a strong procurement approach that is delivering results

Our Procurement Team maintain and report an estimate of savings envisaged at the outset of any procurement exercise and, following the tender stage, report on actual savings achieved. Annualised tender savings of over £2.0m in the procurement programme for 2021/22 is clear evidence of economies being delivered, and hence capacity being developed to enable us to deliver improvement plans and to do more in pursuit of our 3 key strategic objectives.

Much of our underlying cost base is still reflective of our drive to improve performance. To understand what we are achieving with that level of resource we place considerable emphasis on how we measure up against the sector scorecard (partially reflected in the regulator's VFM metrics set out below). We agree business cases for specific projects and monitor the outcome. We recognise that we are still in a period where we need to invest to build our effectiveness, and especially the capability of the organisation to improve customer service and to build more homes. As such our focus is on achieving the targets identified in our corporate plan. Considerable progress has also been made in redeveloping our financial business plan to meet the requirements of our third key strategic objective, to grow where we can make a positive difference. Our new plan, modified to reflect the business impact of the coronavirus and our restructured finance, includes 10 years of prudent and sustainable growth and underpins our latest affordable homes programme bid.

We monitor our progress through monthly reporting on corporate plan projects, performance and financial targets to the executive team and every two months to the Board. Action plans are put in place where performance does not reach the required standard.

We have also worked throughout the year with the regional scrutiny boards to identify opportunities to improve services and to improve VfM and publish quarterly performance updates to customers. Digital engagement improvements, as a result of Covid-19, has led us to more recently combine regional scrutiny boards into one single Onward board.

Asset Performance Evaluation (APE) model

Our aim is to improve the indicative overall performance of our portfolio by increasing an estimated net present value (NPV) each year for each asset. This informs an active strategic approach to dealing with poorer performing assets and longer-term voids through disposal or investment. This ensures that investment or divestment decisions have a positive financial impact on the Group. The asset performance evaluation (APE) annual report focuses attention on poor performing assets and neighbourhoods and enables us to identify and agree strategic interventions. Planned investment and targeted interventions through the neighbourhood planning approach should improve overall performance. The APE model assumptions are reviewed from time to time to ensure they are consistent with our wider financial planning. This year we also engaged Savills to independently review the model to bring further confidence to our strategic planning.

The model takes account of income streams, void levels, repairs and management costs, and future component investment. It also scores neighbourhood metrics such as employment rates and property values.

The impact of changing performance in all those areas can be modelled on a property-by-property basis and reported on using a traffic light system. Those flagged as red or amber are then assessed for an invest or divest decision considering the detailed financial performance and the wider social purpose. This approach has resulted in several void sales over the year releasing funds for further investment.

Our latest APE report looks at data for 2020/21 and tells us that the overall performance of our assets continues to be satisfactory against our targets. Positive influences include recent investment which reduces the investment required looking forward for the next 30-year period, reduced void loss and void costs. This proactive investment has been somewhat restricted due to component availability and Covid property access issues resulting in a modest reduction in NPV performance. We do not anticipate expenditure on repairs falling, indeed there catch required over the coming years, and our focus will be achieving greater value from money. A more proactive approach will improve the quality of service our customers receive, reduce waste and improve efficiency. These areas will continue to be a key focus for value for money improvement, together with the following initiatives:

a) We will continue to develop specific strategies for individual neighbourhoods which may produce amber or low green APE results but suffer significant issues from a housing demand perspective – for example developing a low-cost home ownership product in north Liverpool aimed at diversifying tenure and sensitively reducing our overall footprint.

b) A remaining number of long-term voids within the portfolio will also be addressed during the next APE output period, specifically in Merseyside relating to Upper Parliament Street and Alexandra Drive. We will also seek to progress the wider Preston Queen Street regeneration proposals to consultation and design stage.

What the RSH metrics tell us

The table below compares our performance, using the Regulator of Social Housing's VfM Standard metrics, against a self-selected peer group.

Social housing provider	Total housing stock owned	Reinvestment %	New supply (social)	New supply (non social)	Gearing	EBITDA	Headline social housing cost per unit	Operating margin SHL	Operating margin overall	ROCE
Accent Group	20448	6.2%	0.2%	0.0%	40.4%	229.4%	£3,158	27.3%	26.8%	3.8%
Believe Housing	18549	13.2%	1.1%	0.0%	45.6%	158.0%	£2,999	26.0%	24.8%	6.7%
Bolton at Home	18500	16.0%	0.5%	0.0%	14.1%	150.4%	£4,117	17.6%	9.5%	3.9%
Gentoo Group	33078	3.5%	0.1%	0.5%	48.2%	149.1%	£3,265	17.6%	14.6%	2.2%
Home Group	55867	4.4%	1.0%	0.4%	43.2%	171.0%	£4,484	21.7%	13.8%	2.6%
Incommunities	22651	4.7%	0.5%	0.0%	62.6%	202.7%	£3,090	16.8%	14.4%	3.7%
Karbon Homes	29724	8.5%	1.7%	0.1%	46.0%	217.0%	£3,126	29.8%	24.0%	3.5%
Onward Homes	30058	4.9%	0.6%	0.0%	23.7%	263.0%	£3,568	19.4%	17.7%	2.1%
Thirteen Group	36103	5.8%	0.9%	0.1%	22.2%	315.3%	£3,264	29.7%	19.4%	3.1%
Together Housing Ass	41706	7.1%	0.8%	0.0%	47.6%	155.4%	£3,446	22.4%	20.6%	3.8%
Together Housing Group	36769	7.1%	0.8%	0.2%	54.4%	131.5%	£3,681	22.0%	17.8%	3.4%
Torus Group	39042	9.4%	1.6%	0.1%	21.1%	410.0%	£2,670	35.9%	31.8%	5.6%
WDH	35049	3.8%	0.8%	0.0%	47.3%	217.0%	£3,161	13.6%	12.2%	2.1%
WHG	24098	11.6%	1.6%	0.0%	59.7%	159.9%	£3,327	35.7%	27.4%	5.9%
Yorkshire Housing	17173	7.2%	2.4%	0.5%	51.2%	185.0%	£3,111	20.7%	20.7%	2.8%
Your Housing Group	29022	5.1%	0.2%	1.5%	40.7%	87.6%	£5,010	14.2%	12.1%	1.8%

Top level comparisons up to 2021 show a clear pattern:

- Our level of reinvestment at 4.9% improved marginally and remains in lower quartile. Our new supply completions in 2021 have improved slightly to 0.6% but reinvestment over the next 5 years will rise and stabilise closer to the peer group average and sector median. Our asset strategy planning is informed by comprehensive stock condition data undertaken by Savills, and by effective use of asset performance data. We are confident that our levels of reinvestment are appropriate.
- Onward's low gearing compared to our peers, and the wider sector, positions us well to continue to development new homes for customers and ensure existing properties are maintained to a high standard.
- Headline social cost per unit has sits in quartile 4, primarily because of our repairs costs. There is significant focus within Onward to improve both the cost and the customer satisfaction with the repairs services. Onward, like others in the sector, is cognisant of the likely impact of inflation on materials and labour shortages impacting our repairs service.
- Both the Social Housing Operating Margin and the Overall Operating Margin are lower than our peers and our internal targets. It is imperative that we reduce our repair costs in order to improve our margins.
- We continue to seek efficiency savings and recognise it is important that once improvements are embedded we evidence that we are as efficient at delivering our services as our peer group.

We received a report from HouseMark on our operational and financial performance for 2020/21, comparing our performance to our peer group and the sector generally.

The key summary findings include:

- Our maintenance service costs were higher and performance in this area was below our peers.
- Whilst our housing management costs have reduced from the previous year, we remain in quartile four. This investment in resource has, however, meant that our housing management performance remains good across voids, lettings, and turnover. The proportion of vacant properties continues to be quartile one performance and is a good indicator of the overall standard of our stock. The void rent loss, although slightly up on the previous year, remains at quartile one performance.
- Our current tenant arrears performance remains at quartile 4, but our investment in Rent Sense has helped to achieve a year-on-year improvement. Income collection remains strong and at quartile two performance.
- Repairs costs and performance are still not where we want them to be and performance remains in quartile four. Improvement plans are in place, and we are starting to see improvements in performance, most notably in customer satisfaction.
- Average days lost due to sickness absence have reduced compared to last year and performance is at quartile two. Similarly, staff turnover has also reduced compared to the previous year and moved to quartile one performance.

Onward Board has approved the suite of key performance indicators for 2022/23 and associated targets, by which we will hold ourselves to account, recognising our continued drive to achieve quartile two performance or better. A new KPI scorecard has also been developed for the Executive Team, which they review quarterly to ensure performance is on track.

Looking forward at our key priorities for 2022/23

Last year we focused on embedding and escalating improvement in areas where our indicators and sector scorecards showed it was needed. During this year we also developed a refreshed Corporate Plan, which is being launched to customers in Summer 2023. In the coming year, we will continue to balance continuous improvement in key operational areas with beginning delivery of our new Plan.

Our Corporate Projects will focus on:

a) Digital transformation – equipping our business with the technologies, systems and culture needed to increase efficiency and continuously improve customer service
b) Sustainability – implementing our plan to become a leading environmentally friendly landlord, continuing investment in our homes and office estate to reduce energy and carbon use
c) Development and Regeneration – delivering on our Strategic Partnership agreement with Homes England and progressing regeneration plans for the Preston Queen Street estate
d) Repairs and maintenance – investing in our long term plan to create a first-time-fix-maintenance service for customers that improves the quality and performance of our homes
e) Governance – implementing findings from a Governance Effectiveness Review as we look to build upon our top G1 governance rating from the Regulator
f) Compliance – continuing to embed major programmes around building safety and fire risk

Our new Corporate Plan explains The Onward Difference – enabling people to be their best, in homes they love and places they are proud of. Our financial position, which has been subject to robust stress testing, provides assurance that we are well-equipped to deliver this vision. Our performance held up well during the pandemic, emphasising our ability to step over crisis to deliver results. We therefore face the difficult economic outlook with confidence, ready to support our customers as the cost of living becomes more difficult in the months ahead.

Strategic report

The strategic report including the operating and financial review was approved by the Board on 3rd August 2022 and signed on its behalf by:

C Farrington 05/09/22

Catherine Farrington
Company Secretary
Renaissance Court, 2 Christie Way, Didsbury, Manchester M21 7QY

DIRECTORS' REPORT

The Board presents the Onward Group Limited Annual Report (the 'Annual Report') and the audited financial statements for the year ended 31 March 2022.

Principal activities

Onward Group Limited is the ultimate holding company within a group structure, Onward, (the "Group"). Details of members of the Group are given in note 1 of these financial statements.

Onward Group Limited is responsible for establishing the Group's overall policies and strategies, for monitoring compliance with Group objectives and performance against Group targets, within a clearly defined framework of delegation and system of control.

The Group's principal activity is the provision of general needs, sheltered and supported housing accommodation at affordable rents to those in housing need and providing low-cost home ownership. It is also engaged in improving the social, economic and environmental challenges facing the neighbourhoods in which it operates.

These objectives are carried out for the public benefit as set out in the financial statements. The Board considers legal advice and Charity Commission guidance when determining the activities that the Group undertakes to deliver these objectives.

Board members and executive directors

The current Board members and executive directors of the Group (and others who served during the period) are set out on page 7. Onward Group has a unitary board with both non-executive and executive directors appointed as Board members.

The Board members are drawn from a wide background bringing together professional, commercial and other experiences. Board members are remunerated for their services to the Group and are permitted to claim expenses incurred in the performance of their duties. Details of Board remuneration are set out in note 8 to the financial statements.

Executive directors' remuneration

The remuneration of the executive directors is reviewed by the Nominations and Remuneration Committee, who make recommendations to be considered and determined by the Board.

Service contracts

Non-executive directors have a contract for services which set out terms and obligations for their appointment.

The executive directors are employed on the same terms as other employees and their notice period is three months.

Pensions

The executive directors are able to participate in the Social Housing Pension Schemes on the same terms as all other eligible staff and the group contributes to the schemes on behalf of its employees. Non-executive directors are not eligible to participate in any Group pension scheme.

Other benefits

The executive directors are only entitled to benefits available to all colleagues including a health cash plan. Full details of executive remuneration are set out in note 8 to the financial statements.

Statement of compliance

The Board report and financial statements have been prepared in accordance with applicable reporting standards and legislation.

Health and safety

Health and safety is an integral part of the proper management of all the undertakings over which the Group has control. The Group promotes safe practices and continuous improvement through a health and safety group, and regional health and safety forums. Onward is committed to ensuring:

- The health, safety and welfare of all its customers, leaseholders, employees, contractors and third parties involved in the operations of the Group
- The safety of the general public who use or have access to premises or sites under its control
- The way in which it operates contributes to the wellbeing of the community at large

As part of ensuring the health and safety of our tenants the Society has committed to spend of c.£4.0m towards the Quadrant cladding remediation works in 2021/22 and 2022/23. A successful application for government grant has been made for the full amount of these works

Donations

The Group made charitable donations totalling £500 to Homeless International in the year (2021: £35k to Open Kitchen). No political donations were made during the year.

Employee involvement

The Board recognises that its employees are its greatest asset and that it cannot achieve its aims and objectives without their involvement and contribution towards running the organisation.

The Group communicates and consults with its employees through a variety of structures including regular team briefings, employee emails, newsletters, colleagues' forum and trade union meetings (consultation through the recognised trade union group, the JNCC).

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

Corporate social responsibility

Onward's business is by its very nature socially responsible as it provides homes and amenities for people who are vulnerable, living in poverty and have limited choices. The Board is committed to being a socially responsible organisation in all of its activities by managing in a socially responsible way, ensuring adherence to legislation and operating ethically. The Group is actively working with local communities and partners to improve the life chances of its tenants and residents.

Disclosure of information to auditor

So far as each of the directors of the Group is aware, at the time this report is approved:

- There is no relevant information which the Group's auditor is unaware and
- The directors have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

Board members' responsibilities

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

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

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

- select suitable accounting policies and then apply them consistently
- make judgements and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice: Accounting by registered social housing providers 2019 have been followed, subject to any material departures disclosed and explained in the financial statements and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the association will continue in business

The Board members are responsible for keeping adequate accounting records that are sufficient to show and explain the association's transactions and disclose with reasonable accuracy at any time the financial position of the association and enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board is responsible for ensuring that the report of the board is prepared in accordance with the Statement of Recommended Practice: Accounting by registered social housing providers 2019.

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

Statement of internal control

The Board acknowledges its ultimate responsibility for ensuring that the Group has in place a system of internal control and risk management that is appropriate to the various business environments in which it operates and for the review of the effectiveness of that system during the year.

The Audit and Risk Committee is responsible for monitoring this system and reporting on its effectiveness to the Board.

Internal controls are designed to identify and manage, rather than eliminate, risks which may prevent an organisation from achieving its objectives.

The system of internal control is designed to manage risk and give reasonable rather than absolute assurance with respect to:

- the achievement of key business objectives and expected outcomes
- the preparation and reliability of financial and operational information used within the organisation and for publication
- the maintenance of proper accounting and management records
- the safeguarding of assets against unauthorised use or disposition.

Internal assurance activities

The process followed to identify, evaluate and manage significant risks faced by the Group is ongoing and has been in place during the past financial year and up to the date of the annual report and financial statements.

Internal audit assurance

The externally sourced internal audit function is used to provide assurance on the operation of the control framework and the management of risk. Internal audit are not responsible for the design and construction of control systems but provide an assessment as to their effectiveness.

The Audit and Risk Committee oversees the work of the internal auditor and reviews reports issued by them. The Committee is responsible for monitoring actions identified as a result of internal audit findings and ensuring that they are implemented in a timely fashion.

External audit assurance

The work of the external auditor provides some independent assurance over the adequacy of the internal control environment. The Group receives a management letter from the external auditor which identifies any internal control weaknesses. The Board itself, and through the activities of the Audit and Risk Committee, has reviewed the outcome of external audit work and the external audit management letter.

Fraud

The Group has a current policy on fraud which includes both fraud prevention and detection. Information with respect to frauds and losses is reported to the Audit and Risk Committee at each meeting.

Review of risk management and governance arrangements

Risk management arrangements should mitigate against risks materialising. A risk management framework has been established within Onward. The framework has operated throughout 2021/22 and is embedded within the business.

A risk appetite statement has been formally defined and is reviewed and updated on a six-monthly basis by the Board.

Going concern

The Group's business activities, its current financial position (net assets of £377.4m; (2021 £391.0m) and factors likely to affect its future development are set out within the Strategic Report. The Group has in place long-term debt facilities of £669.3m (2021: £682m), of which £275m is undrawn (2021: £235m). These facilities include £85m of retained Bond which has not been drawn down. Cash and cash equivalents are £44.7m (2021: £183.3m) which are materially lower than year-end 31st March 2021 funds were required to repay the £128m of breakage costs and loans settled in April 21 following the Contour Homes amalgamation. The available cash is also adequate to finance committed reinvestment and development programmes, along with the Group's day to day operations. The Group also has a long-term business plan which shows that it can service these debt facilities whilst continuing to comply with lenders' covenants.

The long-term debt facilities as at March 2021 reflected the issue of a public bond of £350m, of which £215m was initially drawn in March 2021. The majority of the bond proceeds were used to settle the existing loan debt of Contour Homes Ltd in April 21 with the goals for re-finance being,

- to consolidate the borrowing of Contour into Onward Homes via a transfer of engagements,
- align the bank loan covenants in the portfolio,
- increase the level of fixed debt, and
- refinance some other loans with less attractive terms.

The impact of the Covid-19 outbreak and its financial impact has meant that the Senior Management and Board have been reviewing financial plans to ensure the Group can remain a going concern. The Group has modelled several scenarios using multiple variants to test the resilience of the business plan. The Group is confident it can meet the requirements of all loan covenants and can put in place measures, if necessary, to address any unforeseen challenges if required. The Group has sufficient cash and undrawn facilities to cope with any reasonable impact.

Most of the 2021/22 year has seen the Group operate under some form of Government restrictions because of the Covid-19 outbreak. The Group has moved to full operational service delivery as government restrictions were eased. Any long-term impact of Covid-19 and the government's response are unknown and outside of our control, but we have put in place processes to manage cashflow on a weekly basis and review financial stability as matters progress.

The transfer of engagements provides greater borrowing capacity within Onward Homes to support business objectives and unforeseen challenges.

Given the strength of the balance sheet and availability and liquidity of undrawn loan facilities of £275m (2021: £235m) the Board believes that, while uncertainty exists, this does not pose a material uncertainty that would cast doubt on the Group's ability to continue as a going concern. The Board, therefore, consider it appropriate for the accounts to be prepared on a going concern basis.

DIRECTORS' REPORT (continued)

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

Conclusion

The Board acknowledges that its responsibility applies to the full range of risks and controls across all Group activities.

The Board has considered the effectiveness of the system of internal control in place in the year ended 31 March 2022. The Board considers that governance, risk management and internal control arrangements are operating effectively.

The Board has also formally reviewed compliance with the RSH's Governance and Viability Standard and supporting Code of Practice. An evidence-based assessment against each element of the Standard and the Code was carried out in preparation for making a statement of compliance to the Board and tested with resident scrutiny boards. The Board approved the statement and formally certified its compliance with the Standard and Code for 2020-21 at its meeting in August 2022.

Independent auditors

BDO LLP were appointed as auditors in the year. A resolution to appoint the Group's auditor will be proposed at a forthcoming Board Meeting. BDO LLP have indicated their willingness to continue in office should a resolution concerning their reappointment be agreed by the Board.

The Directors' Report, including the financial statements, was approved by the Board on 3rd August 2022 and signed on its behalf by:

05/09/22

Catherine Farrington

Company Secretary

Renaissance Court, 2 Christie Way, Didsbury, Manchester M21 7QY

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ONWARD GROUP 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 loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.
-

We have audited the financial statements of Onward Group Limited ("the Association") and its subsidiaries ("the Group") for the year ended 31 March 2022 which comprise the Group and Association statement of comprehensive income, Group and Association statement of changes in equity, Group and association statement of financial position, Group statement of cashflows 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 the Parent 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 as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Group or the Parent Association.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Board's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Board's assessment of the Group and the Parent Association's ability to continue to adopt the going concern basis of accounting included:

- Assessment of the internal forecasting process to confirm the projections are prepared by appropriate personnel that are aware of the detailed figures in the forecast but also have an understanding of the entity's market, strategy and profile of the customer base, and the potential impact that uncertain wider economic factors might have on these projections.
- Obtaining and assessing the availability of financing facilities, including the nature of facilities, repayment terms and financial covenants. We considered management's financial covenant compliance calculations and concluded on the consistency of such calculations with the ratios stated in the relevant lender agreements.
- Consideration of the forecasts prepared by management and challenge of the key assumptions based on our knowledge of the business. As referred to in basis of preparation note, management have modelled reasonably possible downside scenarios to incorporate the expected impact of economic factors noted above. We have considered the appropriateness of the downside scenarios in respect of the economic factors noted above and challenged management to confirm that they have suitably addressed the inputs, which are most susceptible to change, including those in respect of revenue, margins and cost savings.

- We challenged management on the suitability of the mitigating actions identified by management in their assessment and the quantum and period ascribed to these mitigating actions. Scenarios modelled by management include a reverse stress test to analyse the current estimates of rent collection, property sales and maintenance and development spend that could be sustained without breaching banking covenants. We challenged the assumptions used and mitigating actions included within this scenario and reviewed the reverse stress test calculations.
- We considered the adequacy of the disclosures in the financial statements against the requirements of the accounting standards and consistency of the disclosure against the forecasts and stress test scenario.

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 entity’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.

Overview

<table>
<tr><td>Coverage</td><td>A full scope statutory audit was carried out for each subsidiary of the Group.
100% (2021: 100%) of Group profit before tax
100% (2021: 100%) of Group revenue
100% (2021: 100%) of Group total assets</td></tr>
<tr><td>Key audit matters</td><td><table><tr><td></td><td>2022</td><td>2021</td></tr><tr><td>Bond Issue Accounting</td><td></td><td>X</td></tr><tr><td>Impairment of fixed asset housing properties</td><td>X</td><td></td></tr></table>
The Bond issue is not considered a KAM in the current year due to the risk being unique to the prior year in which the first bond issued by the group took place.</td></tr>
<tr><td>Materiality</td><td>Group financial statements as a whole

£1.33m (2021: £1.92m) based on 7% (2021: 6%) of adjusted operating surplus as defined by the entity’s lending covenants.</td></tr>
</table>

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group’s system of internal control, and assessing the risks of material misstatement in the financial statements.

A full scope statutory audit was carried out for each subsidiary that we considered to be a significant component of the group. Audit work on all components was performed by BDO UK both for the purposes of reporting on the individual financial statements and for group/consolidation purposes.

We identified one component which, in our view required an audit of its complete financial information due to its size or risk characteristics and was therefore considered to be a significant component.

Onward Homes Limited was identified as the only significant component due to its risk characteristics and size in comparison to the group.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter		**How the scope of our audit addressed the key audit matter**
Impairment of fixed asset housing properties Note 2, 7 & 14 cover the relevant accounting policy and disclosures	Onward Group Limited directors must assess at each reporting date whether there is any indicator of impairment of its housing properties. Where an indicator of impairment exists, the directors must perform an impairment assessment which involves determining the level at which an impairment is to be assessed (i.e. the asset or cash-generating unit), estimating the recoverable amount of the asset or cash-generating unit, calculating the carrying amount of the asset or cash-generating unit and comparing the carrying amount to the recoverable amount to determine if an impairment loss has occurred. For social housing property this usually involves taking into account the specific impairment accounting requirements of the Housing SORP. In the year, an impairment loss of £4.4 million was recognised in respect of housing properties. Given the level of judgement involved in determining the level at which the assessment takes place and the estimation involved in calculating the recoverable amount of the asset or cash-generating unit, we consider this to be a key audit matter.	We have obtained management's impairment review paper for the current financial period. We have assessed and challenged management's impairment indicators review to establish whether it was performed in line with the group accounting policy, the relevant accounting standard and the Housing SORP. For those assets where the indicators highlighted an impairment review was required, we have obtained management working papers on the recoverable amount of these fixed assets. We have checked that management have correctly based this on the higher of the value in use or fair value less costs to sell in line with the requirements of the standard. We have reviewed the income and costs noted within the calculations and assessed if these were complete and reasonable based on the knowledge of the client and its business and external market factors such as the rise in living costs. We have also agreed that the income and costs are in line with the forecasts. We have checked the arithmetic accuracy of the impairment calculation workings. We have sensitised the discount rate through increasing and decreasing the rate to determine at which point a material effect to the workings would occur. We have used an expert to review the discount rate and confirm that it is within an acceptable range based on market information. We have reviewed the valuations and agreed the cost to sell to supporting documents in

		respect of the housing properties that had an impairment indication. We have recalculated the respective impairment charge and that this has been correctly reflected in the financial statements. **Key observations**: Based on the evidence obtained we did not identify any exceptions.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Group financial statements		**Parent Association financial statements**	
	2022 £m	2021 £m	2022 £m	2021 £m
Materiality	1,331	1,915	1,298	1,600
Basis for determining materiality	7% (2021: 6%) of adjusted operating surplus as defined by the entities lending covenants.			
Performance materiality	932k	1,341	909k	1,120
Basis for determining performance materiality	70% (2021: 70%) The level of performance materiality applied was set after having considered a number of factors including the expected total value of known and likely misstatements.			

Rationale for the materiality benchmark applied

Management reports its performance to key stakeholders and monitors the business based adjusted operating surplus as defined by the loan covenants. The adjustments made to operating surplus were the add-back of housing property depreciation, less grant amortisation, loss on fixed asset disposals and capitalised repairs. It is therefore appropriate to adjust materiality in order to respond to the risk of covenant breach.
We have used this benchmark as we considered it to be the area of the financial statements with the greatest interest to the principal users and the area with the greatest impact on investor and lender decisions.

Component materiality

A full scope statutory audit was carried out for each subsidiary. We set materiality for each component dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from £79k to £1,298k. In the audit of each component, we further applied performance materiality levels of 70% of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold

We agreed with the audit committee that we would report to them all individual audit differences in excess of £53k (2021: £58k). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

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 Board 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 Association; or
- a satisfactory system of control has not been maintained over transactions; or
- the 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 set out on page 18, 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.

INDEPENDENT AUDITORS' REPORT (continued)

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

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

Based on our understanding of the Group and the sector in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to their registration with the Regulator of Social Housing, and we considered the extent to which non-compliance might have a material effect on the Group Financial Statements or their continued operation. We also considered those laws and regulations that have a direct impact on the financial statements such as compliance with the Accounting Direction for Private Registered Providers of Social Housing and tax legislation.

In addition the Company 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: data protection and health and safety legislation.

Audit procedures performed by the engagement team included:

- Discussions with management and those charged with governance, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud ;
- Reading minutes of meeting of those charged with governance, reviewing correspondence with HMRC and the other regulators ;
- Reviewing items included in the fraud and theft database ;
- In addressing the risk of fraud through management override of controls; testing the appropriateness of journal entries and other adjustments, in particular any journals posted by senior management, privileged users or with unusual account combinations ;
- Challenging assumptions made by management in their significant accounting estimates and judgements in particular in relation to the following :
  - O Whether indicators of impairment exist
  - O The recoverable amount of housing properties
  - O Whether the requirements for recognising provisions are met
  - O The capitalisation of development costs
  - O The appropriate allocation of costs between tenure types and between first and subsequent shared ownership tranches
  - O The useful expected lives of housing property components
  - O Assumptions used in pension and investment property valuations
  - O Depreciated replacement cost of properties with impairment indicators
  - O Any bias in accounting estimates
- We also performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud ;
- Agreement of the financial statement disclosures to underlying supporting documentation ;
- We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit .

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

DocuSigned by:
Hamid Ghafoor
829727ECC12041D...

BDO LLP
Statutory Auditor
Manchester, UK

06 September 2022

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

FINANCIAL STATEMENTS

Statement of Comprehensive Income
for the year ended 31 March 2022

	Notes	Group 2022 £'000	Group 2021 £'000	Association 2022 £'000	Association 2021 £'000
Turnover	3	**159,823**	156,119	**5,126**	8,077
Cost of sales	3	**(5,422)**	(5,462)	**-**	-
Operating costs	3	**(132,861)**	(122,946)	**(5,642)**	(8,057)
(Loss) on disposal of housing properties	3 and 6	**(61)**	(399)		-
Operating surplus		**21,479**	27,312	**(516)**	20
Share of operating loss in Joint venture		**131**	(112)	**-**	-
Gain on disposal of other tangible fixed assets	10	**171**	3,091	**-**	-
Interest receivable and similar income	11	**2,775**	2,704	**-**	1
Interest payable and similar charges	12	**(47,291)**	(12,412)	**-**	-
Surplus on ordinary activities before taxation		**(22,735)**	20,583	**(516)**	21
Taxation on surplus on ordinary activities	13	**191**	355	**-**	103
Surplus for the year after taxation		**(22,544)**	20,938	**(516)**	124
Other comprehensive income/(loss)					
Actuarial gain/(loss) in respect of pension schemes	37	**8,902**	(17,977)	**-**	-
Other comprehensive income/(loss) for the year		**8,902**	(17,977)	**(516)**	124
Total comprehensive (loss)/income for the year		**(13,642)**	2,961	**(516)**	124

The accompanying notes form part of these financial statements.

Historical cost surpluses and deficits are the same as those shown in the statement of comprehensive income.

The financial statements were approved by the Board on 3rd August 2022 and signed on its behalf by:

05/09/22	05/09/22	05/09/22
………………………	…………………………..	…………………………
Timothy Johnston Chairman	Bronwen Rapley Chief Executive	Catherine Farrington Company Secretary

FINANCIAL STATEMENTS (continued)

Group Statement of Changes in Equity

	Non-equity share capital £'000	Revenue reserves £'000	Total reserves £'000
Balance as at 31st March 2020	-	388,072	**388,072**
Total comprehensive income for the period			
Surplus for the year	-	20,938	**20,938**
Other comprehensive income			
- Actuarial loss on pension scheme	-	(17,977)	**(17,977)**
Balance as at 31st March 2021	-	391,033	**391,033**
Total comprehensive income for the period			
Loss for the year	-	(22,542)	**(22,542)**
Other comprehensive income	-	8,902	**8,902**
- Actuarial gain on pension scheme	-		
Balance at 31 March 2022	-	377,393	**377,393**

The accompanying notes form part of these financial statements.

Association Statement of Changes in Equity

	Non-equity share capital £'000	Revenue reserves £'000	Total reserves £'000
Balance as at 31st March 2020	-	(2,388)	**(2,140)**
Total comprehensive income for the period			
Surplus for the year	-	124	**124**
Other comprehensive income			
- Actuarial loss on pension scheme	-	-	**-**
Balance as at 31st March 2021	-	(2,264)	**(2,264)**
Total comprehensive income for the period			
Loss for the year	-	(516)	**(516)**
Other comprehensive income	-	-	**-**
- Actuarial gain on pension scheme	-		
Balance at 31 March 2022	-	(2,780)	**(2,780)**

Statement of Financial Position

as at 31 March 2022

	Notes	Group 2022 £'000	Group Restated 2021 £'000	Association 2022 £'000	Association 2021 £'000
Tangible fixed assets					
Housing properties	14	**1,103,605**	1,085,158	**-**	-
Investments including properties	15	**16,997**	16,409	**-**	-
Other tangible fixed assets	16	**17,114**	16,797	**760**	790
		1,137,716	1,118,364	**760**	790
Current assets					
Debtors due after one year	17	**24**	3,597	**-**	-
Properties for sale and work in progress	18	**37,191**	21,696	**-**	-
Debtors due within one year	19	**64,348**	13,225	**1,642**	6,036
Investments	20	**50**	50	**-**	-
Cash and cash equivalents		**44,684**	183,314	**1,511**	2,663
		146,297	221,882	**3,153**	8,699
Creditors: amounts falling due within one year	21	**(41,370)**	(48,782)	**(5,963)**	(9,965)
Net current assets/(liabilities)		**104,927**	173,100	**(2,810)**	(1,266)
Total assets less current liabilities		**1,242,643**	1,291,464	**(2,050)**	(476)
Creditors: amounts falling due after one year	22	**(847,144)**	(870,470)	**(730)**	(1,788)
Provisions for liabilities and charges	28	**(1,279)**	(1,443)	**-**	-
Pension liabilities	29	**(16,829)**	(28,518)	**-**	-
		(865,252)	(900,431)	**(730)**	(1,788)
Total net assets/(liabilities)		**377,391**	391,033	**(2,780)**	(2,264)
Capital and reserves					
Non-equity share capital	30	**-**	-	**-**	-
Revenue reserves	-	**377,391**	391,033	**(2,780)**	(2,264)
Total capital and reserves		**377,391**	391,033	**(2,780)**	(2,264)

The accompanying notes form part of these financial statements.

The financial statements were approved by the Board on 3rd August 2022 and signed on its behalf by:

05/09/22 ………………………
Timothy Johnston
Chairman

05/09/22 ……………………………..
Bronwen Rapley
Chief Executive

05/09/22 …………………………
Catherine Farrington
Company Secretary

Group Statement of Cash Flows

for the year ended 31 March 2022

	Notes	2022 £'000	2021 £'000
Net cash generated from operating activities	35	**38,942**	48,230
Cash flow from investing activities			
Purchase and construction of tangible fixed assets		**(58,338)**	(51,871)
Purchase of other tangible fixed assets		**(1,275)**	(588)
Grants received		**27,368**	5,710
Grant paid		**-**	(1,168)
Loan to Joint Venture Activity		**(221)**	(191)
Interest received		**35**	330
Net cash from investing activities		**6,511**	452
Cash flow from financing activities			
Loan breakage fees paid		**(36,116)**	-
Interest paid		**(8,893)**	(9,754)
New loans		**2,871**	209,233
Repayment of existing borrowing		**(103,003)**	(69,422)
Movement in cash deposits and investments		**-**	-
Net cash from financing activities		**(145,141)**	130,057
Net change in cash and cash equivalents		**(138,630)**	130,509

Reconciliation of cashflow and cash equivalents

	2022 £'000	2021 £'000
Cash and cash equivalents at start of year	**183,314**	52,805
(Decrease)/increase in cash in the year	**(138,630)**	130,509
Cash and cash equivalents at end of year	**44,684**	183,314

NOTES TO THE FINANCIAL STATEMENTS

1. Legal status

Onward Group Limited (the "Association") is registered under the Housing Act 1996 with the Regulator of Social Housing in England, as a Registered Provider of social housing with registration number of L4649. The registered office is Renaissance Court, 2 Christie Way, Didsbury, Manchester M21 7QY.

The Association is a non-charitable Registered Society under the Cooperative and Community Benefit Societies Act 2014. It is registered with the Financial Conduct Authority, registration number of 31216R. The Association is a public benefit entity.

Onward (the "Group") comprises the following entities. Onward Group Limited is the ultimate parent undertaking of the Group.

Organisation	Status	Principal Activity
Onward Group Limited	Registered Society	HARP*
Atrium City Living Limited	Private Limited Company (by shares)	Commercial property services
Contour Property Services Limited	Registered Society	Management Services
Onward Repairs Limited	Private Company Limited by Guarantee	Direct Labour Organisation
Onward Build Limited	Private Limited Company (by shares)	Development company
Onward Homes Limited	Registered Society	HARP*

* HARP – Housing Association Registered Provider

The Group's structures and governance continue to evolve in order to achieve the optimal organisation for delivery of the strategic objectives. On 1 April 2021, Contour Homes Limited transferred its engagements into Onward Homes Limited. This completed the consolidation of all of Onward's social landlord activity into one organisation – a project which has taken many years.

2. Accounting policies

a) Basis of accounting

The financial statements of the group are prepared in accordance with Financial Reporting Standard 102 – the applicable financial reporting standard in the UK and Republic of Ireland (FRS 102) and the Statement of Recommended Practice: Accounting by Registered Social Housing Providers Update 2018 and comply with the Accounting Direction for Private Registered Providers of Social Housing 2019.

The financial statements are presented in sterling (£) and have been rounded to the nearest £1,000.
The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Onward Group Limited as at 31 March 2022

2. Accounting policies (cont'd)

b) Measurement convention

The financial statements are prepared on the historical cost basis except where fair value accounting is required for investment properties.

c) Going concern

The Group's business activities, its current financial position (net assets of £377.4m; (2021 £391.0m) and factors likely to affect its future development are set out within the Strategic Report As at 31st March 2022, the Group has borrowing facilities of £669.0m (2021: £576.9m) of which £394m has been drawn down. The available facility includes £190m (2021: £109m) of revolving facilities of which all are undrawn. £90m of new RCFs were agreed on 30th March 2022.. Cash and cash equivalents is £44.7m (2021: £183.2m) which provide adequate resources to finance committed reinvestment and development programmes, along with the Group's day to day operations. The Group also has a long-term business plan which shows that it can service these debt facilities whilst continuing to comply with lenders' covenants.

The long-term debt facilities as at March 2022 reflect the issue of a public bond in 2021 of £350m, of which £215m was drawn in 2021 and a further £50m drawn in February 2022.The majority of the initial bond proceeds were used to settle the existing loan debt of Contour Homes Ltd with the goals for re-finance being,

- to consolidate the borrowing of Contour into Onward Homes via a transfer of engagements,
- align the bank loan covenants in the portfolio,
- increase the level of fixed debt, and
- refinance some other loans with less attractive terms.

The impact of the Covid-19 out-break and its financial effect has meant that the Senior Management and Board have been reviewing financial plans to ensure the Group can remain a going concern. The Group has modelled several scenarios using multiple variants to test the resilience of the business plan. The Group is confident it can meet the requirements of any loan covenants and can put in place measures, if necessary, to address any unforeseen challenges if required. The Group has sufficient cash and undrawn facilities to cope with this impact. Most of the 2021/22 year has seen the Group operate under some form of Government restrictions because of the Covid-19 outbreak. The Group is moving to full operational service delivery as government restrictions are eased. Any long-term impact of Covid-19 and the government's response are unknown and outside of our control, but we have put in place processes to manage cashflow on a weekly basis and review financial stability as matters progress.

The transfer of engagements that took place in April 21 provides greater borrowing capacity within Onward Homes to support business objectives.

Given the strength of the balance sheet and availability and liquidity of undrawn loan facilities of £275m (2021: £235m) the Board believes that, while uncertainty exists, this does not pose a material uncertainty that would cast doubt on the Group's ability to continue as a going concern. The Board, therefore, consider it appropriate for the accounts to be prepared on a going concern basis.

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

2. Accounting policies (cont'd)

d) Judgement and estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of financial position date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

Estimates and assumptions will, by definition, seldom equal the related actual results. These are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable based on the information available.

The following judgements, estimates and assumptions have had the most significant effect in amounts recognised in the financial statements.

Establishing the useful economic lives ("UEL") of components; The UEL of each component of our social benefit housing properties are reviewed at each reporting date and compared to actual performance to ensure the assumed lives remain appropriate. A review each year seeks to ensure that the UELs remaining terms and component splits are applied consistently. The professional opinion of the Assets team is sought based on their knowledge and experience.

A review during the year has led to a decrease in the UEL of air source heat pumps from 30 to 15 years reflecting the most recent predictions of the useful life of this type of component. This is a change in accounting estimate and therefore requires any adjustment to be made in the current and future periods. This results in an increase in the immaterial depreciation charge in year of £9k.

As new more environmentally friendly products come to the market their UELs will be assessed in line with accounting standards and an estimate of the expected UEL be made based on expectations of future events that are believed to be reasonable. We do not believe that the UELs for the other components need changing and therefore remain the same.

Establishing the useful economic lives ("UEL") of Other Fixed Assets; As with components, the UELs are estimated based on sector norms and actual performance. We do not believe that the UELs for the components need changing and therefore remain the same.

Investment property valuations; The Group reviews its properties' classification and where properties do not meet the criteria for social benefit these have been identified and classified as investment properties. These non-financial assets have been valued at fair value. The valuation is based on either third-party valuation reports or an update to those reported based on market conditions. The valuation is most sensitive to assumptions on rental growth and the discount rate applied to those cash flows. Onward relies on the assumptions and estimates applied by the valuer in accordance with the RICS red book valuation standards in determining the market valuation.

Impairment; In line with the impairment policy Onward undertake a review of its assets taking into account void levels, strategic reviews of certain asset types and development programme to ascertain if any impairment is required. Full analysis and rationale will be provided to support any impairment decision, where appropriate.

2. Accounting policies (cont'd)

As Covid-19 continues to be a major feature in 2021/22 the additional considerations in 2019/20 and 20/21 continue to be applicable to assess whether impairment triggers are evident and if so, ascertain the level of impairment required based on best available information.

For Onward the particular areas considered were:

- Assets under construction, including Section 106 purchases;
- Completed development schemes;
- Assets/group of assets being considered under strategic reviews, such as sheltered schemes, geographical areas identified as needed operational change;
- Void analysis of units which shows high voids and/or hard to let units
- De-conversions where strategic decisions have been made to reclassify units to improve ability to let.
- Development schemes with cost overruns due to contractors going into administration and new contractors having to be appointed.
- The Preston blocks and the level of strategic voids held ahead of further regeneration plans.

An net impairment charge of £4,418k, (2021; £60k) has been made in year. This relates to two impairment charges. The Board has approved the demolition of the Preston tower blocks, resulting in a £2.3m impairment charge. There was also an impairment associated with the Halton Road development following the main contractor going into liquidation. The scheme cost to complete and ultimate value was compared with the carrying value and an impairment of £2.1m recognised.

Basic financial instruments: Onward Group has various borrowings, all of which have been assessed and categorised as basic. The assessment of certain loans and interest rates fixes as basic financial instruments require judgement. The Group does not undertake any stand-alone hedging and does not deal in derivatives.

Bonds have been classed as a "basic financial instrument" as they meet the criteria under Section 11.9 of FRS 102.

Management have considered how bond and loan discount on issue should be dealt with in the financial statements and determined that these should be written off over the life of bond (31 years) using the effective interest rate method.

Management have considered how bond and loan issue costs should be dealt with in the financial statements and determined that these should be written off over the life of the respective instruments in equal annual instalments.

Defined benefit obligations; the cost of defined benefit pension plans and other post-employment benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the Group relies on the expert input of actuaries and accepts the estimations they use as reasonable. Pension valuations will be affected by the impact of events on the stock markets, other asset valuations and changes to discount rates.

Leases; Categorising leases into finance leases or operating leases requires judgement. Management assess whether significant risk and rewards of ownership have transferred to the Group as lessor before determining categorisation. Management will assess each lease to determine where risk lies and report on this accordingly in the accounts.

Bad debt; A bad debt provision is held in the accounts to counter the risk of failure to recover current and former tenants rent and service charge arrears. A judgement is made based on the age of the debt whether it is likely to be recovered, despite actions by the neighbourhood teams. Therefore, based on previous practice and knowledge of debt recovery a provision is estimated. The policy also takes into account current year considerations such as the impact of COVID-19, credit risk rates and any other condition that is present in the current period that was not present in the historic period.

2. Accounting policies (cont'd)

Joint venture investment; the following investments are held in JVs;
Atrium City Living Limited has an investment in the Greater Manchester JV; Hive Homes of £2.6m split between £0.8m equity and £1.8m debt. It is part of 10 other investors and therefore the accounting will be as a minority shareholder. Atrium City Living Limited has an investment in the Goosnargh JV of (£3.5m). There are only two investors and it is a 50/50 risk/reward relationship. Onward will account for these JVs in accordance with the accounting standards applicable to ensure appropriate disclosures.

Brexit: The exiting from the European Union (EU) on 31.01.21 means that new regulations are now in place for movement of goods and services across the EU/UK borders. Although the Group will not be directly impacted there will be an indirect impact on pricing of labour, materials, which will in turn impact our ability to deliver services such as building homes due to lack of certain materials.

Business plan: Assumptions and factors considered in preparing and testing the business plan are within the tolerance levels previously shared with the Board. The plans are robust and resilient for the duration of the thirty years. The scenarios which show the different outcomes have all been thoroughly tested and shared demonstrating long term financial viability of Group.

Capitalisation of salaries: Within the capital cost of property, a proportion of development and investment team staff time has been included to recognise the time spent in managing and delivering the development and investment programmes. This cost is incurred as a result of the programmes and hence agreed to be capitalised. This has been reviewed in year and changes made to reflect the current workloads and roles across the development and investment teams. This will continue to be reviewed annually to ensure it is reflective of business activities.

e) Basic 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. These include bank loans, bonds and similar debt instruments.

Bonds are classed as a "basic financial liability" as they meet the criteria for "basic financial instruments" under Section 11.9 of FRS 102. They are initially recognised at the transaction price, including any discount on issue and transaction costs, and subsequently measured at amortised cost using the effective interest method. Coupons payable are also classed as "basic financial liabilities" and are recognised on the basis of the effective interest method, and are included in the finance costs, with any discount on issue and transaction costs being written off over the life of the bond.

The Group does not have any financial instruments which fall into the non basic financial instrument category. The Group does not undertake any hedging activities and does not deal in derivatives.

Tenant arrears, trade and other debtors
Tenant arrears, trade and other debtors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

2. Accounting policies (cont'd)

Trade and other creditors

Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Leasehold Sinking Funds

Sinking funds are monies held on behalf of leaseholders for future major repairs; in line with the requirements of the SORP they are recorded in creditors in the balance sheet and the monies are held in separate bank accounts. The balances are presented as liabilities due after more than one year unless the repair work has been contracted for as the Association controls the timing of the expenditure.

f) Turnover

Group turnover represents rental and service charge income receivable (net of void losses), fees receivable, proceeds from first tranche sales of low-cost home ownership, from properties developed for open market sales and amortisation of Social Housing Grant (SHG) under the accrual model.

Rental income is recognised on the execution of tenancy agreements and covers rent charged up to and including 31 March. Proceeds on sales are recognised on practical completions. Other income is recognised as receivable on the delivery of services provided. Association turnover represents income received for services provided to Group companies and income generated by the May Logan Centre. Turnover is recognised as receivable on the delivery of Group services provided.

g) Expenses

Cost of sales

Cost of sales represents the costs including capitalised interest and direct overheads incurred in the development of the properties, and marketing, and other incidental costs incurred in the sale of the properties.

Operating leases

Payments (excluding costs for services and insurance) made under operating leases are recognised in the statement of comprehensive income on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred.

h) Interest

Interest payable and similar charges include interest payable and finance charges on liabilities recognised in the statement of comprehensive income using the effective interest method and unwinding of the discount on provisions. Borrowing costs that are directly attributable to the acquisition, construction or production of housing properties that take a substantial time to be prepared for use are capitalised as part of the cost of that asset. Other interest receivable and similar income includes interest receivable on funds invested.

2. Accounting policies (cont'd)

i) Taxation

The Group comprises charitable and non-charitable entities. Where activities may fall within the scope of the relevant tax regulations and may be subject to tax liability the entity provides for this where appropriate on the basis of amounts expected to be paid to the tax authorities.

The tax charge for the year is based on the profit for the year end and includes current tax on any taxable profits for the year and 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 calculated using the tax rates and laws that that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

j) Value added tax

The Group is VAT registered but a large proportion of its income, rent, is exempt from VAT giving rise to a partial exemption calculation. Therefore, the financial statements includes VAT to the extent that it is suffered by the Group and not recoverable from HM Revenue and Customs. The balance of VAT payable or recoverable at the year-end is included as a current liability or asset.

k) Tangible fixed assets - housing properties

Tangible fixed assets – housing properties are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the cost of acquiring land and buildings, directly attributable development costs, interest at the average cost of borrowing for the development period, and expenditure incurred in respect of improvements which comprise the modernisation and extension of existing properties.

Shared ownership properties are split between current assets and fixed assets based on percentage of equity retained, less any provisions needed for impairment or depreciation. The first tranche proportion is classified as current asset and related sales proceeds included in turnover. The remaining element is classified as fixed asset and included in housing properties at cost, less any provisions needed for depreciation or impairment.

The capital cost of property includes a proportion of development and investment team staff time to recognise the time spent in managing and delivering the development and investment programmes. This cost is incurred as a result of the programmes and hence capitalised.

Depreciation

Depreciation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of each component part of housing properties. Freehold land is not depreciated. The estimated useful lives of assets which are separately identified are as follows:

Housing structure	100 years
Boundary walls and car hard-standings	50 years
Roofs	50 years
Windows	30 years
Electrical installation	30 years
Bathrooms	30 years
Fascia	40 years
External doors	30 years
Boilers	15 years
Air source heat pumps	15 years
Heating systems	30 years
Kitchens	20 years

2. Accounting policies (cont'd)

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the Group expects to consume an asset's future economic benefits.

Non-component works to existing properties

The amount of expenditure incurred which relates to an improvement, which is defined as an increase in the net rental stream or the life of a property, has been capitalised. Expenditure incurred on other major repairs, cyclical and day-to-day repairs to housing properties is charged to the statement of comprehensive income in the period in which it is incurred.

Interest capitalised

Interest on borrowings is capitalised to housing properties within Onward Homes during the course of construction up to the date of completion of each scheme.

Interest on borrowing costs within Onward Build is capitalised against properties held for sale and work in progress due to the design and build nature of the entity. Once the properties reach golden brick stage the assets will be sold to Onward Homes on an arm's length basis.

The interest capitalised is either on borrowings specifically taken to finance a scheme or on net borrowings to the extent that they are deemed to be financing a scheme. This treatment applies irrespective of the original purpose for which the loan was raised.

Interest has been capitalised at an average rate that reflects the weighted average effective interest rate on the group's borrowings required to finance housing property developments.

l) Social Housing Grant

Social Housing Grant (SHG) is initially recognised at fair value as a long term liability, specifically as deferred grant income and released through the statement of comprehensive income as turnover income over the life of the structure of housing properties in accordance with the accrual method applicable to social landlords accounting for housing properties at cost.

On disposal of properties, all associated SHG is transferred to the Recycled Capital Grant Fund (RCGF) until the grant is recycled or repaid to reflect the existing obligation under the social housing grant funding regime.

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

m) Other grants

These include grants from local authorities and other organisations. Grants in respect of revenue expenditure are credited to the statement of comprehensive income in the same period as the expenditure to which they relate. Other grants which are received in advance of expenditure are included as a liability. Grants received from other organisations are accounted for in accordance with the performance method.

n) Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are recognised initially at cost. Investment properties whose fair value can be measured reliably without undue cost or effort are held at fair value. Any gains or losses arising from changes in the fair value are recognised in the statement of comprehensive income in the period that they arise. Rental income from investment property is accounted for as described in the turnover accounting policy.

2. Accounting policies (cont'd)

o) Shared equity investments

Investments in shared equity arrangements are stated at cost as concessionary loans. They are subsequently updated to reflect any impairment loss which would be recognised in the statement of comprehensive income and any accrued interest payable or receivable. At the present time there is no interest charge and the loans are repayable at the time the property is disposed of by the owner. Security is in the form of a second legal charge over the property.

p) Investment in joint ventures

Investments in joint ventures are stated at cost less any accumulated impairment losses.

Any distributions received from the investment will be recognised as income without regard to whether the distributions are from accumulated profits of the jointly controlled entity arising before or after the date of acquisition.

q) Properties held for sale and work in progress

Shared ownership first tranche sales, completed properties for outright sale and property under construction are valued at the lower of cost and estimated selling price less cost to complete and sell. Cost comprises materials, direct labour and direct development overheads. Estimated sales price is stated after allowing for all further costs of completion and disposal.

r) Impairment of housing properties

A financial asset not carried at fair value through the statement of comprehensive income is assessed at each reporting date to determine whether there is objective evidence that it is impaired.

A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the group would receive for the asset if it were to be sold at the reporting date.

Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in the statement of comprehensive income.

When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the statement of comprehensive income.

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2. Accounting policies (cont'd)

s) Housing property sales

Completed properties and properties under construction for open market sales are recognised at the lower of cost and net realisable value. Cost comprises materials, direct labour and direct development overheads. Interest incurred is also capitalised during the course of obtaining planning and throughout the work in progress up to the point of practical completion of the development scheme.

Assessing net realisable value requires use of estimation techniques. In making this assessment, management considers publicly available information and internal forecasts on future sales activity. Net realisable value is based on estimated sales price after allowing for all further costs of completion and disposal.

Properties sold through customers exercising their preserved right to buy or right to acquire, proceeds from the first tranche sales of shared ownership properties, subsequent tranche sales and properties sold that were developed or acquired for outright sale are included within turnover as part of normal operating activities.

Non-housing asset sales are included within gain / (loss) on disposal of fixed assets.

t) Intangible assets

Intangible assets relate to the initial procurement of new software to support business transactions and processing. Amortisation is provided on a straight line basis on the cost of intangible fixed assets to write them down to their estimated residual values over their expected useful lives. The principal annual rate used for other assets is as follows.

Computer software	3 years

u) Other tangible fixed assets

Other tangible fixed assets include those assets with an individual value in excess of £10,000.

Depreciation is provided on a straight line basis 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 as follows:

Office premises	50 years
Office improvements	10 years
Furniture, fixtures and fittings	5 years
Motor vehicles	4 years
Computers and office equipment	3 years
Scheme equipment	Over expected life of component

v) Bad debt provisions

A bad debt provision is held against the risk of failure to recover current and former tenant rent and service charge arrears. The provision is calculated as at 31 March and any adjustment required is written off or back through the statement of comprehensive income.

The provision is calculated in line with the following aged debt:

Current arrears aged 1-8 weeks	10%
Current arrears aged 9-16 weeks	50%
Current arrears aged 17-32 weeks	75%
Current arrears aged 33+ weeks	90%
Former arrears	100%
Other debts (accounts receivable)	Case by case basis

2. Accounting policies (cont'd)

w) Property managed by agents

Where the Group carries the financial risk on property managed by agents, all the income and expenditure arising from the property is included in the statement of comprehensive income. Where the agency carries the financial risk, the statement of comprehensive income includes only that income and expenditure which relates solely to the Group.

x) Provisions

A provision is recognised in the statement of financial position when the group has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

The Group provides for public liability claims based on known cases and is measured at estimated cost of claim. It also provides 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 liability is measured at actual salary costs payable for the period.

y) Employee benefits

Defined contribution plans and other long term employee benefits

A defined contribution plan is a post-employment benefit plan under which the group pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the statement of comprehensive income in the periods during which services are rendered by employees.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The group's net obligation in respect of defined benefit plans and other long term employee benefits is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted. The group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate as determined at the beginning of the annual period to the net defined benefit liability (asset) taking account of changes arising as a result of contributions and benefit payments.

The discount rate is the yield at the statement of financial position date on AA credit rated bonds denominated in the currency of and having maturity dates approximating to the terms of the group's obligations. A valuation is performed annually by a qualified actuary using the projected unit credit method. The group recognises net defined benefit plan assets to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

Changes in the net defined benefit liability arising from employee service rendered during the period, net interest on net defined benefit liability, and the cost of plan introductions, benefit changes, curtailments and settlements during the period are recognised in the statement of comprehensive income.

Re-measurement of the net defined benefit liability/asset is also recognised in the statement of comprehensive income.

The Group participates in three defined benefit plans as set out below:

- LGPS schemes – Merseyside Pension Fund and Greater Manchester Pension Fund
- Social Housing Pension Scheme – Onward Homes Ltd and Onward Repairs Limited

2. Accounting policies (cont'd)

Termination benefits

Termination benefits are recognised as an expense when the group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

Termination benefits for voluntary redundancies are recognised as an expense if the group has made an offer of voluntary redundancy, it is probably that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than twelve months after the reporting date, then they are discounted to their present value.

z) Basis of consolidation

The Group accounts consolidate the accounts of the Association and all it's subsidiaries at 31st March as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

3. Turnover, cost of sales, operating costs and operating surplus

	Group							
	2022				2021			
	Turnover £'000	**Cost of sales £'000**	**Operating costs £'000**	**Operating surplus £'000**	Turnover £'000	Cost of sales £'000	Operating Costs £'000	Operating surplus £'000
Social housing lettings								
General needs accommodation	**107,804**	**-**	**(91,831)**	**15,973**	105,369	-	(82,189)	23,180
Older persons housing	**20,458**	**-**	**(17,074)**	**3,384**	20,109	-	(16,826)	3,283
Supported housing	**12,897**	**-**	**(12,352)**	**545**	13,298	-	(11,532)	1,766
Low cost home ownership	**2,994**	**-**	**(2,624)**	**370**	2,611	-	(3,472)	(861)
Total	**144,153**	**-**	**(123,881)**	**20,272**	141,387	-	(114,019)	27,368
Other social housing activities								
Regeneration and development	**1,240**	**-**	**(2,146)**	**(906)**	1,108	-	(2,120)	(1,012)
Management services	**1,670**	**-**	**-**	**1,670**	2,111	-	-	2,111
Estate services	**-**	**-**	**(415)**	**(415)**	-	-	(752)	(752)
Shared Ownership first tranche sales	**6,343**	**(5,422)**	**-**	**921**	5,514	(5,462)	-	52
Other	**-**	**-**	**(243)**	**(243)**	-	-	(164)	(164)
Total	**9,253**	**(5,422)**	**(2,804)**	**1,027**	8,733	(5,462)	(3,036)	235
Total social housing activities	**153,406**	**(5,422)**	**(126,685)**	**21,299**	150,120	(5,462)	(117,055)	27,603
Non-social housing activities								
Market rents	**1,053**	**-**	**(393)**	**660**	540	-	(296)	244
Revaluation of investment property	**207**	**-**	**-**	**207**	391	-	-	391
Commercial	**1,321**	**-**	**(1,393)**	**(72)**	1,455	-	(2,155)	(700)
Management services	**1,370**	**-**	**(2,310)**	**(940)**	2,097	-	(1,860)	237
Leaseholders	**1,161**	**-**	**(310)**	**851**	1,011	-	(581)	430
Other	**1,305**	**-**	**(1,770)**	**(465)**	505	-	(999)	(494)
Total non-social housing activities	**6,417**	**-**	**(6,176)**	**241**	5,999	-	(5,891)	108
Total	**159,823**	**(5,422)**	**(132,861)**	**21,540**	156,119	(5,462)	(122,946)	27,711
(Loss) on disposal of housing properties (note 6)	**-**		**(61)**	**(61)**	-	-	(399)	(399)
Total	**159,823**	**(5,422)**	**(132,922)**	**21,479**	156,119	(5,462)	(123,345)	27,312

3. Turnover, cost of sales, operating costs and operating surplus (Continued)

	Association							
	2022				2021			
	Turnover £'000	Cost of sales £'000	Operating costs £'000	Operating surplus £'000	Turnover £'000	Cost of sales £'000	Operating Costs £'000	Operating surplus £'000
Social housing lettings	-	-	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Other social housing activities	-	-	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Gain/(loss) on disposal of housing properties	-	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total social housing activities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Non-social housing activities								
Management services	**3,849**	**-**	**(4,350)**	**(501)**	7,611	-	(7,369)	242
Other	**1,277**	**-**	**(1,292)**	**(15)**	466	-	(688)	(222)
Total non-social housing activities	**5,126**	**-**	**(5,642)**	**(516)**	8,077	-	(8,057)	20
Total	**5,126**	**-**	**(5,642)**	**(516)**	8,077	-	(8,057)	20

4. Income and expenditure from social housing lettings

	Group					
	General needs accommodation £'000	Older persons housing £'000	Supported housing £'000	Low cost home ownership £'000	Total 2022 £'000	Total 2021 £'000
Income						
Rents receivable net of voids	**99,445**	**15,073**	**8,767**	**2,291**	**125,576**	122,686
Service charge income	**4,002**	**4,758**	**3,633**	**461**	**12,854**	13,095
Amortised government grants	**4,089**	**599**	**483**	**215**	**5,386**	5,233
Supporting people grants	**4**	**23**	**11**	**-**	**38**	195
Revenue grants	**-**	**-**	**-**	**-**	**-**	-
Other income from social housing	**264**	**5**	**3**	**27**	**299**	178
Turnover from social housing lettings	**107,804**	**20,458**	**12,897**	**2,994**	**144,153**	141,387
Expenditure						
Management	**(19,916)**	**(4,036)**	**(3,292)**	**(844)**	**(28,088)**	(29,695)
Service charge costs	**(6,400)**	**(4,855)**	**(3,059)**	**(244)**	**(14,558)**	(12,920)
Routine maintenance	**(25,541)**	**(3,824)**	**(2,014)**	**(188)**	**(31,567)**	(27,853)
Planned maintenance	**(16,041)**	**(2,068)**	**(1,959)**	**(92)**	**(20,160)**	(19,008)
Major repairs expenditure	**(1,374)**	**(121)**	**(389)**	**(5)**	**(1,889)**	(1,339)
Rent losses from bad debts	**(1,008)**	**(98)**	**(193)**	**30**	**(1,269)**	(1,010)
Depreciation of housing properties	**(18,170)**	**(2,072)**	**(1,446)**	**(186)**	**(21,874)**	(21,956)
Housing impairment charge (note 14)	**(3,381)**	**-**	**-**	**(1,037)**	**(4,418)**	(61)
Other costs	**-**	**-**	**-**	**(58)**	**(58)**	(177)
Total expenditure on lettings	**(91,831)**	**(17,074)**	**(12,352)**	**(2,624)**	**(123,881)**	(114,019)
Operating surplus on letting activities	**15,973**	**3,384**	**545**	**370**	**20,272**	27,368
Void losses	**(987)**	**(163)**	**(1,323)**	**-**	**(2,473)**	(3,228)

5. Accommodation owned, managed and under development

	Group	
	2022 Number	2021 Number
The number of properties in ownership at the year-end were:		
General needs accommodation (social rent)	**20,224**	20,429
General needs accommodation (affordable rent)	**2,077**	1,787
Older persons housing	**3,865**	3,865
Supported housing	**1,744**	1,799
Low-cost home ownership	**1,269**	1,035
	29,179	28,915
The number of properties in ownership but managed by others at the year-end were:		
Supported housing	**284**	250
General needs	**1**	-
Total homes owned	**29,464**	29,165
Accommodation managed by other bodies	**(285)**	(250)
Accommodation managed for other bodies / owner occupiers	**818**	893
Leasehold	**5,464**	5,268
Total homes managed	**35,461**	35,076
Non-social housing in ownership and management at the year-end:		
Market rent	**156**	156
	156	156
The number of properties under development at the year-end were:		
General needs accommodation	**959**	616
Rent to buy home ownership	**-**	15
Open market sales	**348**	326
Supported housing	**91**	127
Low-cost home ownership	**486**	386
	1,884	1,470

6. Disposal of housing properties

	Group 2022 £'000	Group 2021 £'000
Disposal proceeds from property sales	**9,051**	4,805
Proceeds from land sales	**21**	5
Total proceeds	**9,072**	4,810
Carrying value of fixed assets from property sales	**(6,483)**	(2,724)
Costs on disposal	**(2,650)**	(2,485)
(Loss) on disposal of housing properties	**(61)**	(399)

	2022 Number	2021 Number
Analysis of housing property sales		
Preserved Right to Buy sales	**25**	25
Right to Acquire sales	**33**	14
Shared ownership staircasing	**38**	12
Other sales	**19**	20
	115	71

7. Operating surplus

Operating surplus is stated after charging:	Group 2022 £'000	Group 2021 £'000	Association 2022 £'000	Association 2021 £'000
Depreciation of housing properties (note 14)	**21,948**	21,956	**-**	-
Depreciation of other fixed assets (note 16)	**1,119**	888	**30**	30
Impairment of housing properties (note 14)	**4,418**	88	**-**	-
Loss on disposal of housing properties (note 6)	**61**	399	**-**	-
(Gain) on disposal of other tangible fixed assets (note 10)	**(171)**	(3,091)	**-**	-
Amortisation of government grant (note 25)	**(5,508)**	(5,987)	**(30)**	(76)
Revaluation of investment properties (note 15)	**207**	391	**-**	-
Pension adjustments (Note 35)	**(3,399)**	(3,349)	**-**	-
Auditor's remuneration (excluding VAT):				
In their capacity as auditor	**135**	140	**3**	140
In respect of other services	**-**	31	**-**	31
Operating lease receipts (note 27)	**(792)**	(704)	**-**	-
Operating lease payments (note 27)	**767**	730	**-**	-

Audit fees and fees to the auditors for other services were paid by Onward Group Limited in the year and recharged via group charges to all subsidiaries.

8. Board members and executive directors

	Group	
The directors including executive directors are as listed on page 2.	**2022 £'000**	2021 £'000
The aggregate emoluments paid to or receivable by non-executive directors and former non-executive directors	**133**	146
The aggregate emoluments paid to or receivable by executive directors and former executive directors (including pension contributions and benefits in kind)	**749**	919
The aggregate amount of pension contributions in respect of services as directors	**100**	108
The aggregate compensation paid to or receivable by executive directors or past directors in respect of loss of office (whether by retirement or otherwise)	**-**	125
The emoluments paid to the highest paid director (excluding pension contributions but including benefits in kind)	**208**	240
Pension contributions for the highest paid director	**20**	22

The Chief Executive is the highest paid member of the Executive Team and is paid through Onward Homes Limited. Her total emoluments including employer pension contributions equated to £228k (2021: £226k) made up of salary £188k (2021:£186k), pension £20k (2021:£20k) and salary sacrifice 20k (2021;£20k). The 2021 comparative figures have been updated to include the salary sacrifice for pension contributions in 2021.

The Chief Executive is an ordinary member of the defined contribution Social Housing Pension Scheme (SHPS). No enhanced or special terms apply to her membership and she has no other pension arrangement to which the group contributes.

The emoluments (including pension contributions and benefits in kind) or fees paid to non-executive directors on the Board were as follows:

	Group	
	2022 £'000	2021 £'000
R Barber	**18**	16
W Dignan	**19**	21
N Goodwin	**16**	33
W Hewish	**12**	16
P High	**16**	16
B Roebuck	**10**	19
M Verrier	**19**	19
D Burgher	**16**	6
T Johnston	**16**	-

9. Employee information

	Group		Association	
	2022 Number	2021 Number	**2022 Number**	2021 Number
Average number of employees (including executive directors) expressed as full time equivalents (based on an average of 35 hours per week)	**878**	884	-	-

	Group		Association	
	2022 £'000	2021 £'000	**2022 £'000**	2021 £'000
Staff costs (for the above persons)				
Wages and salaries	**27,272**	26,971	**-**	-
Social security costs	**2,677**	2,593	**-**	-
Other pension costs	**3,323**	3,254	**-**	-
Severance payments	**200**	237	**-**	-
	33,472	33,055	**-**	-

A number of the staff detailed above are employed on joint contracts to provide services for member organisations. Salary costs in respect of these services are included in administration recharges to member organisations.

The aggregate number of full time equivalent staff (based on an average of 35 hours) whose remuneration (including salaries, benefits in kind, pension contributions paid by the employer and any termination payments) exceeded £60,000 were as follows:

	Group	
Remuneration between	**2022 £'000**	2021 £'000
£60,000 and £69,999	**15**	13
£70,000 and £79,999	**9**	14
£80,000 and £89,999	**11**	9
£90,000 and £99,999	**1**	2
£100,000 and £109,999	**3**	2
£110,000 and £119,999	**3**	3
£120,000 and £129,999	**1**	2
£130,000 and £139,999	**1**	-
£150,000 and £159,999	**1**	-
£170,000 and £179,999	**-**	-
£180,000 and £189,999	**2**	2
£200,000 and £209,999	**-**	1
£220,000 and £229,999	**1**	-
£240,000 and £249,999	**-**	1

10. Disposal of other tangible fixed assets

	Group		Association	
	2022 £'000	2021 £'000	**2022 £'000**	2021 £'000
Disposal proceeds from other fixed assets	**242**	4,119	**-**	-
Carrying value of other fixed assets	**(71)**	(1,028)	**-**	-
Gain/(loss) on disposal of other fixed assets	**171**	3,091	**-**	-

11. Interest receivable and similar income

	Group		Association	
	2022 £'000	2021 £'000	**2022 £'000**	2021 £'000
Bank and building society interest	**54**	24	**-**	1
Interest income on net defined benefit plan assets (note 38)	**2,405**	2,374	**-**	-
Joint venture loan interest	**316**	304	**-**	-
Other interest and dividends	**-**	2	**-**	-
	2,775	2,704	**-**	1

12. Interest payable and similar charges

	Group		Association	
	2022 £'000	2021 £'000	**2022 £'000**	2021 £'000
Interest payable on bank and building society loans	**4,231**	8,259	**-**	-
Interest payable on bond	**4,888**	77	**-**	-
Amortised Bond arrangement fees	**109**	1	**-**	-
Interest payable on other loans	**20**	1,801	**-**	-
Amortised loan arrangement fees	**925**	289	**-**	-
Loan administration fees	**36,191**	31	**-**	-
Loan security costs	**78**	37	**-**	-
Non utilisation fees	**350**	181	**-**	-
Interest expense on net defined benefit liabilities (note 38)	**2,989**	2,658	**-**	-
	49,781	13,334	**-**	-
Capitalised interest	**(2,490)**	(922)	**-**	-
	47,291	12,412	**-**	-

Interest has been capitalised at 4.0% (2021: 3.8%) per annum, the average cost of borrowing is based on a specific loan facility used to fund the development.

Following the bond issue in March 21 the proceeds were used to settle £55.1m of existing loan facilities. A further £127.5m was repaid in April 2021 which included £36.1m of breakage costs. The breakage costs were charged to the Statement of Comprehensive Income in the year to 31 March 2022.

13. Taxation

	Group		Association	
	2022 £'000	2021 £'000	**2022 £'000**	2021 £'000
UK corporation tax				
Current tax charge for the year	**-**	-	**-**	-
Adjustment in respect of previous years	**1**	(103)	**-**	(103)
	1	(103)	**-**	(103)
Deferred tax				
Origination and reversal of timing differences	**(113)**	(279)	**-**	-
Adjustments in respect of previous years	**26**	27	**-**	-
Effect of tax change on opening balance	**(105)**	-	**-**	-
	(192)	(252)	**-**	-
Total tax on surplus on ordinary activities	**(191)**	(355)	**-**	(103)

All amounts of taxation are recognised in the statement of comprehensive income.

Factors affecting the tax charge for the period

The current rate of tax for the year is the same as the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained below:

	Group		Association	
	2022 £'000	2021 £'000	**2022 £'000**	2021 £'000
Surplus on ordinary activities before taxation	**(22,735)**	20,583	**(413)**	21
Current tax at standard corporation tax rate	**(4,320)**	3,911	**(78)**	4
Effects of tax free income due to charitable activities	**(2,858)**	(4,387)		-
Fixed asset differences	**-**	-	**7**	6
Expenses not deductible for tax purposes	**(27)**	9	**-**	2
Group relief surrender / claim for no payment	**-**	-	**-**	-
Income not taxable for tax purposes	**(6)**	(14)	**(6)**	(14)
Adjustments in respect of prior periods	**27**	(75)	**-**	(103)
Loss carry back		-	**-**	(79)
Tax rate differences on deferred tax	**(345)**	-	**(30)**	-
Deferred tax not recognised	**458**	201	**107**	81
Chargeable gains/(losses)	**13**	-	**-**	-
Tax impact on exceptional items*	**6,867**	-	**-**	-
JV income not taxable		-	**-**	-
Total tax charge on surplus on ordinary activities	**(191)**	(355)	**-**	(103)

As of 31 March 2022, the main rate of Corporation tax in the UK was 19%. This was due to fall to 17% on 01 April 2020 but a change to keep the rate at 19% was announced in the Budget in March 2020 and substantively enacted on 17 March 2020. In the 2021 Budget, it was announced that the main rate of Corporation tax will increase from the current rate of 19% to 25% from 01 April 2023, which was substantively enacted in the Finance Bill 2021 on 10 June 2021.

*Relates to the tax on the £36.1m loan breakage costs incurred in the year.

13. Taxation (cont'd)

Deferred taxation

The movement in the year is as follows:

	Group		Association	
	2022 £'000	2021 £'000	**2022 £'000**	2021 £'000
Net tax (asset)/liability at start of the year	**(359)**	(107)	**-**	-
Prior year adjustment	**26**	-	**-**	-
Difference between accumulated depreciation and capital allowances	**-**	-	**-**	-
Fixed asset timing differences	**-**	-	**-**	-
Unused tax losses	**(218)**	(252)	**-**	-
Other short-term timing differences		-	**-**	-
Net tax (asset)/liability at end of the year	**(551)**	(359)	**-**	-

In addition to the deferred tax asset above, the Group has additional unrecognised gross tax losses of £3,433,000 (2021: £2,243,000) in respect of losses carried forward, short term timing differences and accelerated capital allowances. In addition to the deferred tax asset above, the Group has an unrecognised deferred tax asset of £858,000 (2021: £426,000) in respect of losses carried forward, short term timing differences and accelerated capital allowances.

14. Housing properties

	Social housing properties held for letting £'000	Social housing properties under construction £'000	Group Completed low-cost home ownership properties £'000	Low-cost home ownership properties under construction £'000	Total £'000
Cost					
At 1 April 2021	**1,279,879**	**30,569**	**53,728**	**8,846**	**1,373,022**
Prior year adjustment	-	(1,215)	-	-	(1,215)
Restated 1 April 2021	**1,279,879**	**29,354**	**53,728**	**8,846**	**1,371,807**
Additions	17,901	27,369	-	13,481	58,751
Capitalised interest	-	633	-	383	1,016
Disposals	(11,090)	(692)	(2,173)	(193)	(14,148)
Transfer from/(to) stock	(1,587)	-	-	(3,807)	(5,394)
Transfer to abortive works	-	(230)	-	(222)	(452)
Transfer to investments	-	(240)	-	-	(240)
Transfer on completion	24,457	(24,457)	7,288	(7,288)	-
Transfer to grants	-	(207)	-	(232)	(439)
At 31 March 2022	**1,309,560**	**31,530**	**58,843**	**10,968**	**1,410,901**
Depreciation					
At 1 April 2021	**(282,362)**	**-**	**(4,170)**	**-**	**(286,532)**
Charge for the year	(21,763)	-	(185)	-	(21,948)
Disposals	1,028	-	175	-	1,203
Component Write Offs	4,104	-	-	-	4,104
Transfers from/(to) stock	324	-	-	-	324
At 31 March 2022	**(298,669)**	**-**	**(4,180)**	**-**	**(302,849)**
Impairment					
At 1 April 2021	(29)	(88)	-	-	(117)
Charge for the year	(2,334)	(1,047)	-	(1,037)	(4,418)
Transfer to investments	-	88	-	-	88
At 31 March 2022	(2,363)	(1,047)	-	(1,037)	(4,447)
Net Book Value					
At 1 April 2021	**997,488**	**29,266**	**49,558**	**8,846**	**1,085,158**
At 31 March 2022	**1,008,528**	**30,483**	**54,663**	**9,931**	**1,103,605**

Freehold	818,236	30,483	54,556	**9,931**	**913,206**
Long-leasehold	190,292	-	107	-	**190,399**
At 31 March 2022	**1,008,528**	**30,483**	**54,663**	**9,931**	**1,103,605**

Additions to housing properties in the year included improvement works to existing properties of £17,985,000 (2021: £12,272,000) and capitalised interest of £1,016,000 (2021: £922,000) at an average rate of 4.0% (2021: 3.8%). Expenditure on works to existing properties charged to the statement of comprehensive income totalled £51,727,000 (2021: £46,861,000). The net book value of housing properties includes £ Nil (2021: £ Nil) in respect of assets held under finance leases.

The prior year adjustment relates to a correction of a misstated balance between housing properties under construction and deferred government grants. There is no impact on the operating surplus.

15. Investments including properties

	Group					Association	
	Joint Venture Investment £'000	Joint venture share of profit/(loss) £'000	Investment properties £'000	Shared equity investm ents £'000	Total £'000	Shares in subsidiary undertaking £'000	Total £'000
At 1 April 2021	313	(150)	15,856	390	**16,409**	-	-
Additions	130	-	-	-	**130**	-	-
Transfer from housing properties	-	-	120	-	**120**		
Share of JV profit	-	131	-	-	**131**	-	-
Revaluation	-	-	207	-	**207**		
At 31 March 2022	**443**	**(19)**	**16,183**	**390**	**16,997**	**-**	**-**

The investment in year of £130,000 relates to additional equity in the Greater Manchester Joint Venture (GMJV)(Hive). An operating profit of £131,000 has also been recognised in the accounts being 50% share in the GMJV.

During the year a piece of land in Murdishaw and associated grant was transferred to investment properties from assets under construction as there are no plans in place to develop this currently. The investment properties are market rent schemes and developments originally developed for sale. Due to the downturn in the housing market, these are now being rented either at market rent, or on the rent to home-buy scheme with the intention of selling the properties in due course.

Full valuations of existing properties were carried out in March 2021 by an external valuer, Sutton Kersh, Chartered Surveyors in accordance with the RICS Appraisal and Valuation Manual. Their report indicated that the market value of investment property was £16.2million, representing an increase in value of £207,000.

If the investment properties were shown at historic cost less depreciation the carrying value would be as follows:

	Group	
	2022 £'000	2021 £'000
Historic costs	**12,310**	12,310
Accumulated depreciation	**(1,681)**	(1,435)
	10,629	10,875

The Group comprises the following entities, all registered in England:

Organisation	Status	Registration number	Principal activity	Share capital held £
Onward Group Limited	Registered Society	31216R	HARP	N/A
Atrium City Living Limited	Private Limited Company (by shares)	4710066	Commercial property services	50,001
Contour Property Services Limited	Registered Society	23975R	Management services	1
Onward Repairs Limited	Private Company Limited by Guarantee	3538264	Direct Labour Organisation	1
Onward Build Limited (Dormant)	Private Limited Company (by shares)	10665852	Development company	100
Onward Homes Limited	Registered Society	17186R	HARP*	1
Onward Pensions Trustee Limited	Private Limited Company (by shares)	10667578	Pension funding	100

Onward Group Limited is the ultimate parent undertaking

* HARP – Housing Association Registered Provider

16. Other tangible fixed assets

	Group			
	Freehold land and buildings £'000	Scheme equipment £'000	Vehicles, fixtures and equipment £'000	Total £'000
Cost				
At 1 April 2021	19,134	4,140	1,362	24,636
Write-offs	(3)	-	-	(3)
Year end accrual reversal	(26)	-	-	(26)
Transfer to stock	-	-	-	-
Additions	950	469	115	1,534
Disposals	(101)	(16)	-	(117)
At 31 March 2022	**19,954**	**4,593**	**1,477**	**26,024**
Depreciation				
At 1 April 2021	(4,494)	(2,065)	(1,280)	(7,839)
Charge for the year	(834)	(239)	(46)	(1,119)
Disposals	44	4	-	48
At 31 March 2022	**(5,284)**	**(2,300)**	**(1,326)**	**(8,910)**
Net book value				
At 1 April 2021	14,640	2,075	82	16,797
At 31 March 2022	**14,670**	**2,293**	**151**	**17,114**

	Association	
	Freehold land and buildings £'000	Total £'000
Cost		
At 1 April 2021	1,519	1,519
Additions	-	-
Disposals	-	-
At 31 March 2022	**1,519**	**1,519**
Depreciation		
At 1 April 2021	(729)	(729)
Charge for the year	(30)	(30)
Disposals	-	-
At 31 March 2022	**760**	**760**
Net book value		
At 1 April 2021	790	790
At 31 March 2022	**760**	**760**

17. Debtors: amounts falling due after one year

	Group		Association	
	2022 £'000	**2021 £'000**	**2022 £'000**	**2021 £'000**
Improvement programmes (VAT Shelter)	**-**	79	**-**	**-**
Other debtors	**24**	24	**-**	**-**
Loan provided to joint venture	**-**	3,494	**-**	**-**
	24	3,597	**-**	**-**

18. Properties for sale and work in progress

	Group	
	2022 £'000	2021 £'000
Properties under construction – low-cost home ownership	**2,992**	3,231
Completed properties – outright sales	**-**	-
Completed properties – low-cost home ownership	**1,118**	2,208
Developments under construction	**32,577**	15,214
Assets for disposal	**455**	982
Stock and components	**49**	61
	37,191	21,696

19. Debtors: amounts falling due within one year

	Group		Association	
	2022 £'000	2021 £'000	**2022 £'000**	2021 £'000
Rent and service charge arrears	**10,120**	10,503	**-**	-
Bad debt provision	**(5,475)**	(4,986)	**-**	-
	4,645	5,517	**-**	-
Trade debtors	**295**	882	**90**	55
Social Housing Grant and other grant receivable	**3,656**	263	**-**	-
Amounts owed by related parties	**-**	-	**742**	4,678
Amounts owed by leaseholders	**833**	616	**-**	-
Loans to joint venture	**5,791**	2,076	**-**	-
Prepayments and sundry debtors	**48,486**	3,306	**810**	1,200
Other taxation and social security	**564**	508	**-**	103
Improvement programmes (VAT Shelter)	**78**	57	**-**	-
Deferred tax	**-**	-	**-**	-
	64,348	13,225	**1,642**	6,036

For rent and service charge arrears, no adjustment is required for those debts on a repayment schedule.

Amounts owed by related parties are interest free and due on demand

20. Investments

	Group		Association	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Investments in Credit Unions	**50**	50	**-**	**-**
	50	50	**-**	**-**

In 2014/15 OHL invested £50k in 50,000 £1 non-deferring interest-bearing shares in both Central Liverpool Credit Union (25,000 shares) Ltd and in Halton Credit Union Limited (25,000 shares).

21. Creditors: amounts falling due within one year

	Group		Association	
	2022 £'000	Restated 2021 £'000	2022 £'000	2021 £'000
Bank and building society loans (note 24)	**5,200**	12,399	**-**	-
Other loans (note 24)	**1,930**	1,520	**-**	-
Bond issue costs	**(36)**	(37)	**-**	-
Issue costs (note 24)	**(106)**	(137)	**-**	-
	6,988	13,745	**-**	-
Trade creditors	**2,587**	930	**(6)**	22
Capital creditors and retentions	**687**	415	**-**	-
Rent and service charges received in advance	**5,215**	4,766	**-**	-
Other taxation and social security	**951**	972	**178**	297
Deferred Government Grant (note 25)	**5,589**	5,479	**30**	30
Recycled capital grant fund	**-**	133	**-**	-
Social housing grant received in advance	**156**	2,192	**-**	-
Accruals and deferred income	**18,278**	19,263	**1,066**	1,130
Other creditors	**840**	830	**-**	-
Amounts owed to related parties (note 31)	**-**	-	**4,695**	8,486
Amounts owed to leaseholders	**-**	-	**-**	-
Improvement programmes (VAT Shelter)	**78**	57	**-**	-
Corporation tax	**1**	-	**-**	-
	41,370	48,782	**5,963**	9,965

*There has been a prior period adjustment of £2.9m to correct an error in the ageing of the amounts owed to leaseholders liability relating to leasehold sinking funds. The 2021 balance has been restated with this £2.9m now presented as due after more than one year as the group controls the timing of the expenditure and therefore, other than where a contract has been agreed for the works, has the legal right to defer payment beyond 12 months as at the reporting date.

22. Creditors: amounts falling due after one year

	Group 2022 £'000	Group Restated 2021 £'000	Association 2022 £'000	Association 2021 £'000
Bank and building society loans (note 23)	**102,209**	204,594	**-**	-
Other loans (note 23)	**19,913**	13,741	**-**	-
Bond (note 23)	**265,000**	215,000	**-**	-
Bond discount (note 23)	**(7,550)**	(4,416)	-	-
Bond issue costs (note 23)	**(1,365)**	(1,154)	**-**	-
Loan Issue costs (note 23)	**(242)**	(838)	**-**	-
	377,965	426,927	**-**	-
Capital creditors and retentions	**1,216**	1,181	**-**	-
Amounts owed to leaseholders*	**10,720**	10,223	**-**	-
Deferred Government Grant (note 25)	**454,555**	429,461	**730**	760
Deferred income	**-**	1,028	**-**	1,028
Recycled Capital Grant Fund	**2,688**	1,571	**-**	-
Improvement programmes (VAT Shelter)	**-**	79	**-**	-
	847,144	870,470	**730**	1,788

* There has been a prior period adjustment of £2.9m to correct an error in the ageing of the amounts owed to leaseholders liability relating to leasehold sinking funds. The 2021 balance has been restated with this £2.9m now presented as due after more than one year as the group controls the timing of the expenditure and therefore, other than where a contract has been agreed for the works, has the legal right to defer payment beyond 12 months as at the reporting date.

23. Debt analysis

	Group 2022 £'000	Group 2021 £'000
Bank and Building Society loans	**107,409**	216,993
Other loans	**21,843**	15,261
Bond	**265,000**	215,000
Bond discount	**(7,550)**	(4,416)
Bond Issue Costs	**(1,401)**	(1,191)
Loan Issue costs	**(348)**	(975)
	384,953	440,672

All bank, building society and other loans are secured by charges either on the Association's housing properties or on the rental streams arising from properties. Loans are repayable in instalments with final dates up to 2038. The bond is repayable in one instalment due in 2053. As at 31 March 2022 interest rates chargeable varied from 1.04% to 11.67%.

	Group 2022 £'000	Group 2021 £'000
Net debt is repayable in instalments as follows:		
Within one year	**7,130**	13,745
Between one and two years	**6,221**	13,538
Between two and five years	**33,047**	25,167
After five years	**347,854**	388,222
	394,252	440,672

23. Debt analysis (cont'd)

	Group		
	Properties under charge	Amount drawn £'000	Valuation of units £'000
Loan charges	29,632	394,252	552,405
	29,632	**394,252**	**552,405**

Bond analysis

	Principal amount of the Issued Bond £'000	Discount on Issue £'000	**Bond Issue costs £'000**	Amount due to bondholders £'000
At 31 March 2021	215,000	(4,416)	(1,191)	209,393
Issued Bond	50,000	(3,289)	(256)	46,455
Amortisation of Discount on issue and Bond issue costs during year	-	155	46	201
At 31 March 2022	265,000	(7,550)	(1,401)	256,049

On 25th March 2021, the Association issued a 32 year £350m bond ("Bond") at a re-offer yield of 2.215%. The initial offer to the market was for a principal amount of £215m (the "Principal Amount", the issued Bond) with a principal amount of £135m of bonds retained for later issue (the "Retained Bond"). A £50m tranche of the retained bonds were sold on 2nd February 2022. £2.9m of the proceeds were drawn down in February 2022 with the remaining proceeds drawn in June 2022.

A coupon rate of 2.125% meant that the initial issued bond was priced at 97.945% (the "bond issue Price"), equivalent to a discount on issue of £4.4m (2.055%). The net funds received were £210.6m (£97.945 per £100.00 issued). The £50m tranche of retained bonds were issued at a price of 93.42%, a discount of £3.3m. £2.9m has been received with net funds outstanding of £43.8m.

In arranging the original issuance and retain bond, the Association incurred issue costs of £1.4m, of which £0.3m were incurred in 21/22.

The discount on Issue and the Bond Issue costs will be amortised over the term of the Bond. Interest is payable by the Association to the bondholders at a rate of 2.125% six monthly in arrears on the Principal amount, starting in September 2021. The Principal amount is due for repayment on 25th March 2053.

24. Deferred Capital Grant

The total accumulated government grant and financial assistance received or receivable at 31 March:	Group 2022 £'000	Group Restated 2021 £'000	Association 2022 £'000	Association 2021 £'000
Held as deferred capital grant at start of the year as previously stated	**434,940**	440,124	**790**	**863**
Prior year adjustment	**-**	(2,112)	**-**	**-**
Restated balance	**434,940**	438,012	**790**	**863**
Transfer from housing properties	**(439)**	-	**-**	**-**
Grant received in the year	**32,461**	5,710		**6**
Grants in advance	**2,036**	(2,109)	**-**	**-**
Disposals	**(2,219)**	(1,147)	**-**	**-**
Transfer to properties held for sale	**(1,065)**	410	**-**	**-**
Repaid	**(32)**	(1,168)	**-**	**-**
Reclassification of deferred capital grant	**-**	-	**-**	**-**
Reversal of grant amortisation	**-**	319	**-**	**-**
Prior year movement	**-**	897	**-**	**-**
Recognised in the Statement of Comprehensive Income in the year	**(5,538)**	(5,984)	**(30)**	**(79)**
At end of the year	460,144	434,940	**760**	**790**
Due within one year	5,589	5,479	**30**	30
Due after one year	454,555	429,461	**730**	760
	460,144	434,940	**760**	790

Amounts recognised in the statement of comprehensive income of £5,538,000 includes non-social housing grant of £152,000. Only the social housing grant of £5,386,000 is recognised in note 4.

The prior year adjustment relates to a correction of a misstated balance between housing properties under construction and deferred government grants. There is no impact on the operating surplus.

25. Recycled Capital Grant Fund

	2022 £'000	2021 £'000
At start of the year	**1,704**	1,852
Grants recycled	**2,828**	1,347
Grant released to the SOCI	**-**	(1,073)
Interest	**2**	-
Recycled to new build development	**(1,846)**	(422)
At end of the year	**2,688**	1,704
Due within one year	**-**	133
Due after one year	**2,688**	1,571
	2,688	1,704
Amount three years or older where repayment may be required	**-**	-

26. Financial instruments

Financial instruments as at 31 March are analysed as follows:	Group 2022 £'000	Group 2021 £'000
Financial assets measured at amortised cost:		
Trade receivables (note 20)	**295**	882
Other receivables (note 20)	**64,079**	15,940
Cash and cash equivalents	**44,684**	183,314
	109,058	200,136

	Group 2022 £'000	Group Restated 2021 £'000
Financial liabilities measured at amortised cost:		
Loans payable	**394,252**	440,672
Trade creditors	**2,587**	930
Other creditors	**491,675**	477,650
	888,514	919,252

The organisation's policy on treasury management, capital structures, cash flow and liquidity are set out on page 11 of the strategic report.

The organisation's financial liabilities are sterling denominated. The interest rate profile of the organisation's financial liabilities (loans and finance leases) at 31 March was:	Group 2022 £'000	Group 2021 £'000
Floating rate	**83,510**	230,322
Fixed rate	**310,742**	210,350
	394,252	440,672

27. Operating leases

The Group leases out some of its land and buildings to other organisations. Receipts are accounted for in the month in which they are receivable. The future minimum lease receipts under non-cancellable operating leases are as follows.

	Group Land and buildings 2022 £'000	Group Land and buildings 2021 £'000
Leases expiring:		
Within one year	**504**	481
In the second to fifth years	**1,826**	1,842
In more than five years	**2,511**	2,967
At end of the year	**4,841**	5,290

During the year £792,000 was recognised as income in the statement of comprehensive income in respect of operating leases receivable (2021: £704,000).

The Group holds some of its office equipment on operating leases and contract hires some of its motor vehicles. Payments are accounted for in the month in which they fall due. The future minimum lease payments under non-cancellable operating leases are as follows.

27. Operating leases (cont'd)

	Group			
	Land and buildings		Vehicles and equipment	
	2022 £'000	2021 £'000	**2022 £'000**	2021 £'000
Leases due:				
within one year	**353**	300	**220**	232
in the second to fifth years	**1,313**	1,101	**303**	546
in more than five years	**1,939**	2,196	**-**	-
At end of the year	**3,605**	3,597	**523**	778

During the year £767,000 was recognised as an expense in the statement of comprehensive income in respect of operating leases (2021: £730,000).

28. Provisions for liabilities

	Group		Association	
	2022 £'000	2021 £'000	**2022 £'000**	2021 £'000
At start of the year	**1,443**	1,289	**-**	-
Transfer into public liability claim provision	**113**	154	**-**	-
Transfer out of public liability claim provision	**(277)**	-	**-**	-
At end of the year	**1,279**	1,443	**-**	-

29. Pension liabilities

	Group		Association	
	2022 £'000	2021 £'000	**2022 £'000**	2021 £'000
At start of the year	**28,518**	13,606	**-**	-
Opening deficit liability (Growth Plan)	**28**	-	**-**	-
Net interest on pension liabilities	**584**	284	**-**	-
Transfers to reserves (actuarial gain in period)	**(8,902)**	17,977	**-**	-
Contributions in period	**(3,550)**	(3,474)	**-**	-
Administration expenses	**68**	68	**-**	-
Expected return in pension assets	**-**	-	**-**	-
Current service costs in the period	**83**	57	**-**	-
Settlement on exit	**-**	-	**-**	-
SHPS pension on business combination	**-**	-	**-**	-
At end of the year	**16,829**	28,518	**-**	-

The pension liabilities for the Association are included in the consolidated pension disclosures in note 37.

This note shows the summary position of the combined SHPS and LGPS schemes which the Group participates in.

30. Non-equity share capital

	Association 2022 £	Association 2021 £
Shares of £1 each fully paid and issued:		
At start of the year	**8**	7
Shares issued in the year	**1**	1
Cancelled during the year	**(3)**	-
At end of the year	**6**	8

The Association's shares are not transferable or redeemable. Payments of dividends or other benefits are forbidden by the Association's rules and by the Housing Association Acts.

31. Transactions with related parties

During the year the parent company, Onward Group Limited, transacted with its subsidiary undertakings as set out below. There are no guarantees given over and above the normal trading terms set out in the intra-group agreement. There is no provision required for uncollectible balances and no bad debt expense is required.

	Association 2022 £'000	Association 2021 £'000
Recharge by subsidiary		
Contour Homes Limited*	**-**	2,691
Contour Property Services Limited (non- regulated)	**119**	87
Onward Repairs Limited (non-regulated)	**84**	83
Onward Homes Limited	**3,543**	4,543
Onward Build	**44**	39
	3,790	7,443

	Association 2022 £'000	Association 2021 £'000
Recharge by service		
Management services	**3,790**	**7,443**
	3,790	**7,443**

Management services are non-salary related corporate recharges which include IT costs, human resources, finance costs, marketing, and communication costs etc.

The association received charges from:	Association 2022 £'000	Association 2021 £'000
Recharge from subsidiary		
Contour Homes Limited*	**-**	**2**
Onward Homes Limited	**614**	**414**
	614	**416**

31. Transactions with related parties (cont'd)

Debtors falling due within one year (note 20)	Association 2022 £'000	Association 2021 £'000
Contour Property Services Limited (non- regulated)	**455**	402
Onward Repairs Limited (non-regulated)	**265**	686
Atrium City Living Limited (non- regulated)	**-**	141
Onward Build (non-regulated)	**22**	39
Onward Homes Limited	**-**	3,410
	742	4,678

Creditors: amounts falling due within one year (note 22)	Association 2022 £'000	Association 2021 £'000
Contour Homes Limited*	**-**	8,486
Onward Homes Limited	**4,695**	-
	4,695	8,486

*On the 1st April 2022, Contour Homes Limited was amalgamated into Onward Homes Limited.

All transactions with related parties are provided and received at cost and are apportioned in accordance with an agreed group recharge methodology. The recharge methodology recharges costs mainly on the basis of time, headcount or service usage. Transactions with Atrium, Contour Property Services and Onward Repairs (non-regulated) are based on an agreed fee structure per unit for management and an agreed price structure for repairs work.

During the year there were no tenant board members in Onward Group Limited.

32. Capital commitments

	Group 2022 £'000	Group 2021 £'000
Capital expenditure contracted for but not provided for in the financial statements general balance	**137,091**	76,857
Capital expenditure authorised by the Board of Management but not yet contracted for general balance	**124,979**	80,555

Capital expenditure commitments are funded through grant funding (Homes England Affordable Homes Programme) and recycled grant, £66,078,000, and cash from approved loan agreements and retained surpluses, £195,992,000.

33. Impairment

Under FRS102 the Group is required to perform impairment tests on its housing stock so that properties are not shown at an amount exceeding their recoverable amount. At the year-end the impairment review was carried out and the Board has reviewed the results and where appropriate made adjustments. In total the Group approved impairment provisions of £4,418,000 (2021: £ 61,000).

34. Analysis of changes in net debt

	At 1 April 2021 £'000	Cash flows £'000	Other non cash changes £'000	At 31 March 2022 £'000
Cash and cash equivalents				
Cash	183,314	(138,630)	-	44,684
Overdrafts	-			
Cash equivalents	-			
	183,314	**(138,630)**	**-**	**44,684**
Borrowing				
Debt due within one year	(13,745)	13,745	(6,988)	(6,988)
Debt due after one year	(426,927)	41,974	6,988	(377,965)
	(440,672)	**55,719**	**-**	**(384,953)**
Total	**(257,358)**	**(82,911)**	**-**	**(340,269)**

35. Cash flows generated from operating activities

	Notes	Group **2022** **£'000**	Group 2021 £'000
(Deficit) / surplus for the year		**(22,544)**	20,938
Adjustments for non-cash items:			
Depreciation of tangible fixed assets (Housing properties and other)		**23,067**	22,480
Impairment and fixed asset write off		**4,330**	78
Change in value of investment property	**15**	**(207)**	(391)
Share of joint venture (profit)/ loss	**15**	**(131)**	112
Movement in investments	**15**	**-**	-
(Increase) / decrease in properties for sale and work in	**18**	**(10,426)**	4,864
(Increase) in trade and other debtors		**(96)**	(2,058)
Increase in trade and other creditors		**521**	(7,456)
(Decrease) / increase in provisions	**28**	**(164)**	154
Pension costs less contributions payable		**(2,815)**	(3,065)
(Gain) on the disposal of assets		**(110)**	(1,884)
Amortisation of deferred Government Grant		**(5,538)**	(5,665)
Adjustments for investing or financing activities			
Proceeds from disposal of tangible fixed assets		**9,314**	11,621
Interest receivable	**11**	**(370)**	(1,252)
Interest payable	**12**	**44,302**	9,754
Tax	**13**	**(191)**	-
Net cash generated from operating activities		**38,942**	48,230

36. Contingent liabilities

In March 2022 the Board approved the demolition and regeneration of the Preston Tower Blocks. As at the 31st March 2022 there were 155 current tenancies. There is a possible but uncertain obligation that these tenants may be rehoused in the future and would therefore be entitled to homeloss compensation. A liability has not been recognised in the accounts as the amount of obligation cannot be estimated reliably. The timing of these payments is also uncertain and therefore no provision has been recognised in these financial statements. The association had no other contingent liabilities at 31st March 2022 (2021: £nil).

37. Pension costs

(a) The Social Housing Pension Scheme

Summary

	Group 2022			
	SHPS	GMPF	**MPF**	Total
	£'000	**£'000**	**£'000**	**£'000**
At start of the year	**27,714**	**794**	**10**	**28,518**
Opening deficit liability – Growth Plan	**28**	**-**	**-**	**28**
Net interest on pension liabilities	**566**	**17**	**1**	**584**
Transfers to reserves (actuarial gain in period)	**(8,596)**	**(312)**	**6**	**(8,902)**
Contributions in period	**(3,514)**	**(31)**	**(5)**	**(3,550)**
Administration expenses	**68**	**-**	**-**	**68**
Current service costs in the period	**0**	**82**	**-**	**82**
At end of the year	**16,266**	**550**	**12**	**16,828**

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

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

The last 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 was carried out with an effective date of 30 September 2018. The liability figures from this valuation were rolled forward for accounting year-ends from 31 March to 28 February inclusive.

37. Pension costs (cont'd)

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.

(a) The Social Housing Pension Scheme (continued)

Assumptions	**Group 2022**	**Association 2022**
Inflation	3.2%	-
Rate of discount on scheme	2.8%	-
Rate of salary increase	4.2%	-
Rate of increase of pensions	4.2%	-
Life expectancy male non-pensioner	22.4	-
Life expectancy female non-pensioner	25.2	-
Life expectancy male pensioner	21.1	-
Life expectancy female pensioner	23.7	-

The fair value of the schemes' assets at 31 March 2022, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the scheme's liabilities, which are derived from cash flow projections over long periods and are thus inherently uncertain, were:

	Group 2022 £'000	**Association 2022 £'000**
Fair value of assets	**112,313**	-
Present value of liabilities	**(128,574)**	-
Deficit in the scheme	**(16,261)**	-

37. Pension costs (cont'd)

(a) The Social Housing Pension Scheme (continued)

The market value of the assets of the scheme and the expected long term rates of return at 31 March were as follows:

	Group 2022 £'000	Association 2022 £'000
Market value		
Global Equity	**21,553**	-
Absolute Return	**4,506**	-
Distressed Opportunities	**4,019**	-
Credit Relative Value	**3,733**	-
Alternative Risk Premia	**3,704**	-
Fund of Hedge Funds	**-**	-
Emerging Markets Debt	**3,268**	-
Risk Sharing	**3,698**	-
Insurance-Linked Securities	**2,618**	-
Property	**3,033**	-
Infrastructure	**8,001**	-
Private Debt	**2,879**	-
Opportunistic Illiquid Credit	**3,773**	-
High yield	**968**	-
Opportunistic Credit	**399**	-
Cash	**382**	-
Corporate Bond Fund	**7,492**	-
Liquid Credit	**1**	-
Long Lease Property	**2,890**	-
Secured Income	**4,185**	-
Liability Driven Investment	**31,339**	-
Currency Hedging	**(440)**	
Net Current Assets	**312**	-
Total	112,313	-

	Group 2022 £'000	Association 2022 £'000
Analysis of the amount charged to operating surplus		
Current service cost	-	-
Past service cost / (gain)	-	-
Total operating charge	-	-

37. Pension costs (cont'd)

(a) The Social Housing Pension Scheme (continued)

	Group 2022 £'000	Association 2022 £'000
Analysis of the amount credited to other finance income		
Expected return on pension assets	2,376	-
Interest on pension liabilities	(2,942)	-
Net return	(566)	-

	Group 2022 £'000	Association 2022 £'000
Movement in (deficit) during the year		
Initial recognition of multi-employer defined benefit	(27,714)	-
Movement in year:	-	-
Current service cost	-	-
Past service cost	-	-
Contributions	3,507	-
Expected return on plan assets	2,376	-
Interest on pension liabilities	(2,942)	-
Administration expenses	(68)	-
Actuarial (loss)/gain in SCI	8,580	-
Deficit in schemes at end of the year	(16,261)	-

	Group 2022 £'000	Association 2022 £'000
Amount recognised in the Statement of Comprehensive Income		
Actual return less expected return on pension scheme assets	1,302	-
Experienced gains (losses) arising on the scheme liabilities.	(5,205)	-
Change in assumptions underlying the present value of scheme liabilities	12,483	-
Actuarial (loss)/gain recognised in SCI	8,580	-

	Group 2022	Association 2022
History of experienced surpluses and deficits		
Difference between actual and expected returns on assets (£'000)	1,302	-
% of scheme assets	1.2%	-
Experienced (losses)/gains on liabilities (£'000)	(5,205)	-
% of scheme liabilities	(4.0)%	-
Total amount recognised in SCI (£'000)	8,580	-
% of scheme liabilities	6.7%	-

37. Pension costs (cont'd)

(a) The Social Housing Pension Scheme (continued)

	Group 2022 £'000	Association 2022 £'000
Reconciliation of assets		
Initial recognition of multi-employer defined benefit	109,494	-
Employer contributions	3,507	-
Benefits paid	(4,366)	-
Expected return on plan assets	2,376	-
Remeasurement of assets	1,302	-
Assets at end of year	112,313	-

	Group 2022 £'000	Association 2022 £'000
Reconciliation of liabilities		
Initial recognition of multi-employer defined benefit	137,208	-
Interest cost	2,942	-
Employee contributions	-	-
Benefits paid	(4,366)	-
Actuarial (gain)loss	(7,278)	-
Administration expenses	68	-
Benefit obligation at end of year	128,574	-

(b) TPT Retirement solutions – The Growth Plan

The Growth Plan is a scheme that members of Onward Homes Ltd (who pay normal contributions to SHPS) have paid Additional Voluntary Contributions (AVCs) to. The Growth Plan has an associated debt resulting in Onward paying deficit contributions. These payments are treated as an expense and charged through the Statement of Comprehensive Income. Deficit contributions are expected to cease in January 2025.

Onward participates in the scheme, a multi-employer scheme which provides benefits to some 638 non-associated participating employers. The scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a 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 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

37. Pension costs (cont'd)

(b) TPT Retirement solutions – The Growth Plan

A full actuarial valuation for the scheme was carried out at 30 September 2020. This valuation showed assets of £800.3m, (2017, £794.9m) liabilities of £831.9m (2017, £926.4) and a deficit of £31.6m (2017, £131.5m). To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

From 1 April 2022 to 31 January 2025:	£3,312,000 pa	(payable monthly)

Unless a concession has been agreed with the Trustee the term to 31 January 2025 applies.

Note that the scheme's previous valuation was carried out with an effective date of 30 September 2017. This valuation showed assets of £794.9m, liabilities of £926.4m and a deficit of £131.5m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

From 1 April 2016 to 30 September 2025:	£11,243,000 pa	(payable monthly and increasing by 3% each 1st April)

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the Series 1 and Series 2 scheme liabilities.

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

Present value of provision

	31 March 2022 £	**31 March 2021 £**	31 March 2020 £
Present value of provision	**5,592**	**28,342**	33,582

37. Pension costs (cont'd)

(b) TPT Retirement solutions – The Growth Plan

Reconciliation of opening and closing provisions

	2022 £	2021 £
Provision at start of period	**28,342**	33,582
Unwinding of the discount factor (interest expense)	**163**	754
Deficit contribution paid	**(7,172)**	(6,963)
Remeasurement – impact of any change in assumptions	**(129)**	969
Remeasurement – amendments to the contribution schedule	**(15,612)**	-
Provision at end of period	**5,592**	28,342

Income and expenditure impact

	2022 £	2021 £
Interest expense	**163**	754
Remeasurement – impact of any change in assumptions	**(129)**	969
Remeasurement – amendments to the contribution schedule	**(15,612)**	-
Contributions paid in respect of future service*		-
Costs recognised in income and expenditure account		-

*includes defined contribution schemes and future service contributions (i.e. excluding any deficit reduction payments) to defined benefit schemes which are treated as defined contribution schemes. To be completed by the company.

Assumptions

	31 March 2022 % pa	31 March 2021 % pa	31 March 2020 % pa
Rate of discount	**2.35**	**0.66**	2.53

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

(c) Local Government Pension Scheme

Onward Homes Limited makes contributions to other Local Government defined benefit Pension schemes being: the Greater Manchester Pension Fund and the Merseyside Pension Fund. The Association is a participating employer in the respective schemes.

The most recent actuarial valuations of these schemes have been updated for accounts purposes by independent qualified actuaries. The disclosures represent each entity's share of the overall scheme's assets and liabilities. As permitted by FRS102 the disclosures for these entities have been consolidated. The assumptions used, which have been combined on a weighted average basis on asset values, are the best estimates chosen from a range of possible actuarial assumptions, which due to the timescale covered may not necessarily be borne out in practice.

37. Pension costs (cont'd)

(c) Local Government Pension Scheme (cont'd)

The major assumptions used in this valuation for Greater Manchester Pension Fund is as follows.

Assumptions	2022	2021
Inflation	7.0%	2.8%
Rate of discount on scheme	2.75%	2.05%
Rate of salary increase	3.9%	3.55%
Rate of increase of pensions	3.15%	2.8%
Life expectancy male non-pensioner	21.6	21.9
Life expectancy female non-pensioner	25.1	25.3
Life expectancy male pensioner	20.3	20.5
Life expectancy female pensioner	23.2	23.3
Mortality assumptions (normal health)		
Basis	Vita curves CMI 2020 model	Vita curves CMI 2020 model
Non-retired members	Vita curves with improvements in line with the CMI 2020 model, with a 0% weighting of 2020 data, standard smoothing (Sk7), initial adjustment of 0.5% and a long-term rate of improvement of 1.5% p.a.	Vita curves with improvements in line with the CMI 2018 model assuming long terms rates of improvement of 1.5% pa
Retired members	Vita curves with improvements in line with the CMI 2020 model, with a 0% weighting of 2020 data, standard smoothing (Sk7),initial adjustment of 0.5% and a long term rate of improvement of 1.5% p.a.	Vita curves with improvements in line with the CMI 2018 model assuming long terms rates of improvement of 1.5% pa

The major assumptions used in this valuation for Merseyside Pension Fund is as follows.

Assumptions	2022	2021
Inflation	3.5%	2.7%
Rate of discount on scheme	2.8%	2.1%
Rate of salary increase	N/A	N/A
Rate of increase of pensions	3.6%	2.8%
Life expectancy male non-pensioner	22.4	22.6
Life expectancy female non-pensioner	25.9	26.0
Life expectancy male pensioner	20.9	21.0
Life expectancy female pensioner	24	24.1
Mortality assumptions (normal health)		
Basis	S3PA CMI 2021	S3PA CMI 2018
Non-retired members	1.75% 131% male, 106% female	1.75% 131% male, 106% female
Retired members	1.75% 124% male, 104% female	1.75% 124% male, 104% female

37. Pension costs (cont'd)

(c) Local Government Pension Scheme (cont'd)

The fair value of the schemes' assets at 31 March 2022, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the scheme's liabilities, which are derived from cash flow projections over long periods and are thus inherently uncertain, were:

	2022 £'000	2021 £'000
Fair value of assets	**1,614**	1,414
Present value of liabilities	**(2,175)**	(2,217)
Deficit in the scheme	**(561)**	(803)

The market value of the assets of the scheme and the expected long term rates of return at 31 March were:

	2022 £'000	2021 £'000
Market value		
Equities	**1,081**	976
Government Bonds	**242**	212
Property	**129**	99
Cash/liquidity	**162**	127
Total	**1,614**	1,414

	2022 £'000	2021 £'000
Analysis of the amount charged to operating surplus		
Current service cost	**82**	57
Past service cost / (gain)	**-**	-
Total operating charge	**82**	57

	2022 £'000	2021 £'000
Analysis of the amount credited to other finance income		
Expected return on pension assets	**29**	26
Interest on pension liabilities	**(47)**	(37)
Net return	**(18)**	(11)

37. Pension costs (cont'd)

(c) Local Government Pension Scheme (cont'd)

	2022 £'000	2021 £'000
Movement in (deficit) during the year		
Deficit in schemes at start of the year	**(803)**	(474)
Movement in year:		
Current service cost	**(82)**	(57)
Contributions	**36**	35
Expected return on plan assets	**28**	26
Interest on pension liabilities	**(47)**	(37)
Settlement on exit	**-**	-
Actuarial (loss)/gain in SCI	**306**	(296)
Deficit in schemes at end of the year	**(562)**	(803)

	2022 £'000	2021 £'000
Amount recognised in the Statement of Comprehensive Income		
Actual return less expected return on pension scheme assets	**132**	**218**
Experienced gains (losses) arising on the scheme liabilities.	**(6)**	**-**
Change in assumptions underlying the present value of scheme liabilities	**180**	(514)
Actuarial gain/(loss) recognised in SCI	**306**	**(296)**

	2022	2021
History of experienced surpluses and deficits		
Difference between actual and expected returns on assets (£'000)	**132**	218
% of scheme assets	**8.18%**	15.42%
Experienced (losses)/gains on liabilities (£'000)	**(6)**	-
% of scheme liabilities	**-0.28%**	0%
Total amount recognised in SCI (£'000)	**306**	(296)
% of scheme liabilities	**14.07%**	-13.35%

	2022 £'000	2021 £'000
Reconciliation of assets		
Assets at start of year	**1,414**	**1,118**
Employer contributions	**36**	**35**
Employee contributions	**13**	**26**
Benefits paid	**(10)**	**(9)**
Expected return on plan assets	**29**	**26**
Remeasurement of assets	**132**	**218**
Settlement on exit	**-**	**-**
Assets at end of year	**1,614**	**1,414**

37. Pension costs (cont'd)

(c) Local Government Pension Scheme (cont'd)

	2022 £'000	2021 £'000
Reconciliation of liabilities		
Benefit obligation start of year	**2,217**	1,592
Operating charge	**82**	57
Interest cost	**47**	37
Employee contributions	**13**	26
Benefits paid	**(10)**	(9)
Actuarial gain(loss)	**(174)**	514
Settlement on exit	**-**	-
Benefit obligation at end of year	**2,175**	2,217

38. Improvement Programme / VAT Shelter

At the time of the transfer of the Housing stock in April 2008, Ribble Valley Homes entered into a HM Revenue & Customs (HMRC) approved arrangement with Ribble Valley Borough Council (RVBC) to carry out a housing stock improvement programme totalling £39m.

There is a VAT sharing agreement with the Council in respect of the improvement programme. An estimated amount of £6.8m of VAT savings was approved under the approved arrangement with RVBC reflecting the 15 year VAT shelter agreed with HMRC.

The agreement will end in March 2023. Expenditure of £741K is still planned for the final year. This represents first cycle works and is deemed to be of a capital nature charged within the statement of financial position as it is incurred. The capital cost charged to the statement of financial position is depreciated in line with the group's depreciation policy.

39. Post Balance Sheet Events

There are no post balance sheet events to report