Onward








Annual Report 2023

In 2022, we launched our new Corporate Plan, after extensive consultation with customers. Our Plan is to make The Onward Difference; enabling people to be their best, in homes they love, and places they are proud of.

Tim Johnston,
Board Chair

We are determined to make this aspiration a reality for all of our customers. Strong foundations have been built and progress made this year, despite the challenges facing our customers and our sector.

During this financial year Onward has come under pressure on a number of fronts, from persistent high inflation to the pressing need to invest in safer, greener and better homes. Against this challenging background, efficiencies have been identified and implemented throughout the year.

Income collection has remained strong, despite the pressures faced by customers and supported by the excellent work of our income collection and financial inclusion colleagues. Onward remains resilient and this is allowing us to maximise spending on what matters most; our accounts show significant investment in better homes and services for customers.

We have delivered 308 new homes, our highest annual total yet. A modest programme of building for sale has been successful, beating income targets comfortably and boosting our financial health. As a Strategic Partner of Homes England we have a significant programme lined up to deliver new homes.

As reflected in our reaffirmed A1 rating from Moody's, Onward is well positioned to tackle the challenges of the coming year due to the fundamentally strong financial position of the business.

The awareness of the risks from damp and mould driven by the tragic loss of Awaab Ishak has made us all even more aware of the link between housing and health and the value of a good home.

Bronwen Rapley,
Chief Executive

Like most social landlords, this year we have taken a hard look at the quality of homes we offer. The external focus on the condition of social homes is challenging but welcome. We have invested significantly over the last five years both in the quality of our homes and in putting in place teams with the right skills and attitude.

We have stepped up to deliver further improvements, whilst putting in place a long term plan for more and better homes.

Our financial strength is allowing us to deliver warmer, drier and greener homes. Grant funding previously secured for retrofit has been used to improve 130 homes and a further £6m has been secured to improve another 600 next year. We have also continued our regular work to improve homes this year, with £29.4m invested in the things we know our customers want most; new roofs, kitchens, doors, bathrooms and more.

We have also shown that making The Onward Difference does not have to be expensive. In this report you can read about our success in Murdishaw and in introducing customers to new skills and training.

Pressure on our business plan will continue next year, with rental income capped below inflation. We will respond by continuing to manage our finances prudently, maximising resources available to provide the best possible homes and services for customers.

Our highlights from the last 12 months:

The Onward Difference

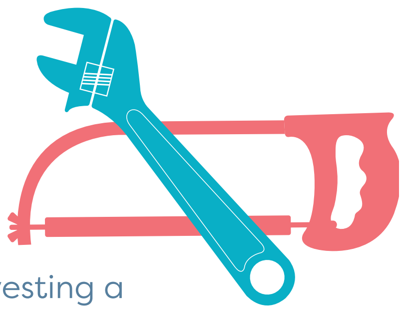
Launching 'The Onward Difference', our new Corporate Plan following consultation with our customers and colleagues.

Retaining our **A1** credit rating, which will allow us to continue to access funding at lower rates.

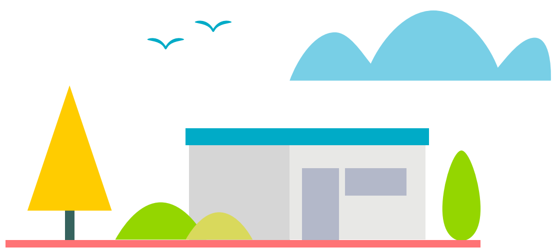
Building **308** new homes, enabling people to put down roots in their communities.

Publishing our first report on the new Sustainability Reporting Standards.

Securing **£6.8m** for energy efficiency and other improvements to homes in Merseyside, Greater Manchester and Lancashire.



Investing a total of **£75.7m** into improvements and repairs to our customers' homes.



Working to retrofit **132** bungalows in our Murdishaw neighbourhood in Runcorn.

ENABLING

Helping people take control of their lives and neighbourhoods.

Over the past twelve months, we have built a total of 308 homes across our communities in the North West.

New affordable homes

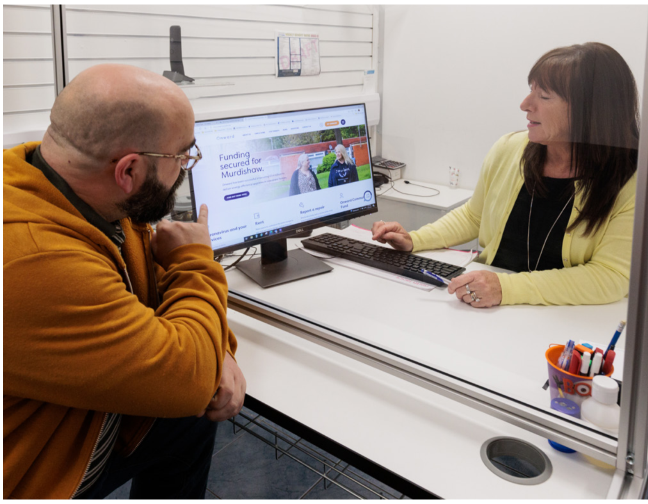
Over the last 12 months, we welcomed residents to our new development at Spring Street, Hyndburn, which includes one and two-bedroom apartments for affordable rent and shared ownership. Over in Hattersley, Greater Manchester, we are also making significant progress on delivering 161 new affordable homes for local people on three neighbouring brownfield sites at the heart of our community. We have also started on site for a further 400 homes.

The Onward Academy

This year also saw the launch of The Onward Academy, which will support training and employment opportunities for our customers. As part of this, we have worked with partners at the Learning Foundry to provide work experience within Onward to a group of 16-24 year olds, helping them towards their CIH Level 2 Qualification. This is just the first phase of the programme and this year we will be engaging with new partners to find more ways to enable our customers fulfil their aspirations.

1st Call

Based in Accrington, our 1st Call team offers a range of services for residents across Lancashire, including one-to-one support around health and wellbeing, employment and training and financial advice. In the last year, the team has responded to 5,713 enquiries and enabled 116 residents to gain full time employment.



ENVIRONMENT

Reducing carbon by making our homes warm, dry and affordable.

Last year, Onward secured £1.3million from Wave 1 of the Social Housing Decarbonisation Fund to deliver major energy efficiency improvements to 132 bungalows in our Murdishaw neighbourhood. Since then, we have been working closely with the community to deliver this work, which will make homes more sustainable, energy efficient and comfortable in the future. The work is due to be completed later in the summer.

In March, Onward was successful in securing £6.8million from Wave 2.1 of the Social Housing Decarbonisation Fund. The funding will be used to deliver energy efficiency improvements to around 600 homes across Greater Manchester, Merseyside and Lancashire and is another important step on our journey to provide more sustainable homes for our customers in the future.

TECHNOLOGY

Modern technology, great experiences and a landlord that is easy to contact.

This year, we have installed new technology into some of our sheltered homes to help those living in our properties to feel safer, more connected to loved ones and in control of their daily lives. It also enables Onward staff to provide proactive and tailored support where it is needed. Our devices take the traditional warden call system to the next level, transforming the delivery of our sheltered home services, allowing us to reach out to customers when they want us to.

We have also installed environmental sensors into our customer homes at Murdishaw, using technology to tackle challenges such as damp and mould, energy efficiency, fuel poverty, indoor air quality, compliance and more. Each device provides data about the room and property as a whole to identify potential risks to our customers' health and wellbeing or that could be an issue for the property. This data enables us to predict any potential problems we may face in the future for that property or our customer.

LISTENING

Proper listening, real results and a human presence locally.

We were deeply shocked and saddened by the tragic death of Awaab Ishak in his family home in Rochdale. From 2021, we began taking a completely new look at how we identify and respond to damp and mould in our customers' homes. Our refreshed approach begins with listening to customers, recording information accurately and treating cases promptly.

In many cases, a long term fix to damp and mould means that work must be done on the building. So this year we established a Complex Disrepair Team able to treat more complicated cases more quickly. Our Customer Services Team has also had refreshed training, and we are developing predictive analytics to enable us to get ahead of damp and mould in our customers' homes.

Consulting on our Plan

In May 2022, we launched a consultation with our customers and colleagues on our new Corporate Plan, 'The Onward Difference'. The Onward Difference is the positive difference we will make by enabling people and communities to be their best by providing homes they love, in places they are proud of and by working with partners to go beyond housing and invent new ways to do more.

Hearing diverse voices

We are committed to equality of opportunity in our neighbourhoods and at work. It is important to us that our colleagues and culture reflect our customers and communities, helping us to hear a variety of voices and learn from diverse experiences. An inclusive culture and proper listening have informed and improved our approach to services this year.

COLLEAGUES

Always learning how to do a better job for our customers.

This year, we launched a multi-skilling programme for our colleagues in Onward Repairs, developing their skills across a range of areas to help them provide a better service for our customers. To date over 30 operatives have received multi-skilling training in up to three additional skills and received accreditation from Burnley College.

Our Aspiring Leaders Programme is also developing colleagues by creating opportunities for them to progress in their careers. 27 colleagues have now completed this programme with six going on to secure their first line management position. A further 2 programmes are planned for 2023 to continue the development of talent and career progression across Onward.

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BOARD AND ADVISORS

Members of the Board

Non-Executive Directors

Timothy Johnston (Chairman)

Rachel Barber

Dena Burgher

Wyn Dignan

Katherine Jones (appointed April 2022)

Paul High (resigned February 2023)

Kieran Keane (appointed April 2022)

Michael Verrier (Deputy Chairman) (resigned January 2023)

Tina Kokkinos (appointed February 2023)

Diana Hampson (appointed March 2023)

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

Principal Banker

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

Principal Solicitors

Devonshires Solicitors LLP

Park House, Park Square West, Leeds, LS1 2PW

Trowers & Hamlins LLP

55 Princess Street, Manchester M2 4EW

External Auditor

BDO LLP

3 Hardman Street, Spinningfields, Manchester, M3 3AT

Internal Auditor

Beever and Struthers LLP

One Express, 1 George Leigh Street, Ancoats, Manchester, M4 5DL

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 2023.

Overview and background

Onward (the "Group") is one of the largest housing and regeneration organisations operating in the Northwest of England. Our vision and corporate objectives reflect the priorities, needs and aspirations of our customers.

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

Our corporate plan is called the Onward Difference. The Onward Difference is the positive difference we will make by enabling people and communities to be their best. Onward will do this by providing homes that our customers and tenants love, in places they are proud of and by working with partners to go beyond housing and invent new ways to do more

Onward's values underpin our vision. In 22-23 Onward's values were refreshed to reflect corporate ambitions and social focus. The new values are as follows:

1. Creativity in our approach and ambition
2. Excellent at delivering meaningful services
3. Respectful to our customer and each other

Onward's structures and governance continue to evolve to achieve the optimal organisation for delivery of the strategic objectives.

Legal structure

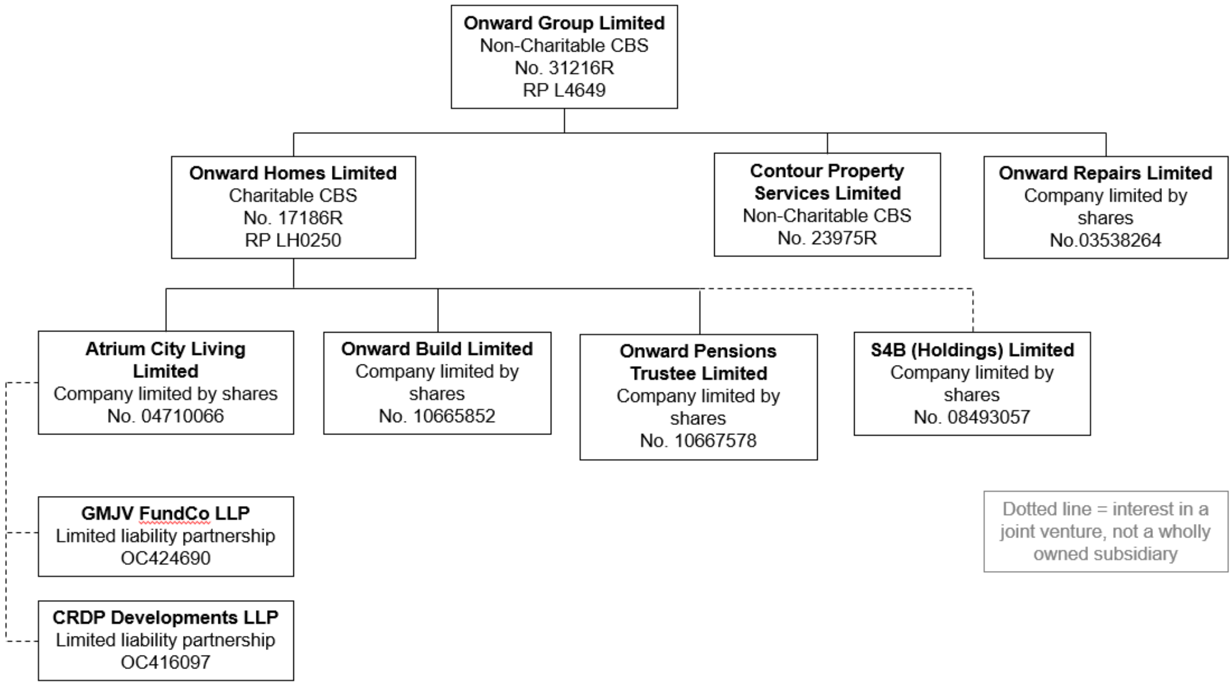
Onward Group Limited (the 'Association'), the Group parent, is a non-charitable Registered Society under the Cooperative and Community Benefit Societies Act 2014. It is registered with the Financial Conduct Authority (31216R) and the Regulator of Social Housing (RSH) as a Registered Provider of social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

The wholly owned subsidiaries in the group are detailed as follows:

1. Onward Homes Limited – a wholly owned subsidiary of Onward Group and 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. 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.
2. Atrium City Living Limited - a wholly owned subsidiary of Onward Homes Limited. As well as its investment in the Greater Manchester Joint Venture (GMJV), the Company is a partner in CRDP Developments LLP – a joint venture with Seddon construction to build homes in Goosnargh, Preston. During the year the partnership with CRDP Developments LLP reached its conclusion with the final homes being completed and sold.
3. Onward Build Limited – a wholly owned subsidiary of Onward Homes and is a development company which delivers development services to Onward Homes as well as building and units for outright sale. Onward Build has been selected to deliver the Group's flagship development schemes at Basford East and Helsby. These schemes will deliver over 350 new homes for affordable rent, shared ownership and market sale.
4. Onward Pension Trustee Limited – 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 Home Limited for the Onward Pension Plan scheme. This Company is currently dormant

Legal structure (continued)

5. Contour Property Services – a wholly owned subsidiary of Onward Group and provides management services to 4,000 leasehold and freehold homeowners.
6. Onward Repairs Limited – a wholly owned subsidiary of Onward Group and provides repairs services to Onward Homes' properties in the Lancashire region.



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.

Financial review

The Group is reporting a net profit for the year of £10.7m (2022 loss of £22.5m). Whilst underlying trading is strong, the Group results are impacted by the cost of living crisis, increased utilities costs that could not be passed on to customers due to the fixed nature of service costs and contractor viability risk. Onward applied an average rent increase for the year of CPI +1% which was based on CPI of 3.1%. During the year the Group has been subject to contract and other price increases exceeding this level and as such has absorbed much of these additional costs. This has put pressure on the operating surplus in 2023.

In February 2023 the main contractor of the Basford East (Phase 1 & 2) and Helsby schemes fell into financial hardship. As a result, work has been suspended on site and an appraisal has been conducted to understand the expected cost to complete both schemes, allowing for increased contractor costs and further delays. This appraisal has resulted in an impairment of £3.5m to bring the carrying value of the schemes back in line with the recoverable amount.

The loss in the 21/22 financial year can be attributed to the one-off loan breakage costs of £36.1m. The breakage costs incurred in March 2021 are associated with Contour Homes Limited transferring into Onward Homes Limited on 1st April 2021. In line with the agreed treasury strategy, £182.6m of the bond proceeds were used to settle existing loan facilities. £55.1m was 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.

The net surplus is 6.2% as a percentage of turnover (2022 negative 14.1%). The total comprehensive profit was £8.6m (2022 loss £13.6m).

Financial review (continued)

Total turnover increased from £159.8m to £172.0m, an increase of 7.6% following the application of a CPI + 1% rent increase, increased sales proceeds on first tranche sales as well as the handover of new homes developed for affordable rent. During 22/23 the Group also received £3.3m of grant funding in relation to cover the cost of high-rise cladding works.

The Group ended the year with cash and short-term investments of £66.0m (2022: £44.7m). The increased cash position primarily relates to the receipt of bond proceeds drawn during March 2022 but received in June 2022 as well as the repayment of loans.

These resources will continue to be used to fund the Group's objectives over the coming years.

In March 2023 the Group successfully renegotiated a permanent amendment to covenant calculations and limits set by lenders to remove major repair spend from the interest cover covenant. As a result, limits are now higher and so is headroom which allows the Group more flexibility to deliver the 30-year business plan. EBITDA MRI is still used as a key metric to monitor performance.

Lender covenants are based on Onward Homes only as all external financing sits within the Association. Based on the tightest lender covenant interest cover (which measures the extent to which the surplus covers interest payments) is 4.4x in 2023 (2022: 2.2x). Gearing (which measures the level of indebtedness using the value for money metrics definition) has changed during the year to 27.4% (2022: 30.8%). These ratios remain comfortably within the levels permitted by funders' loan agreements and contribute to the Moody's A1 rating.

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.

Finance metrics	2024 £000's	2025 £000's	2026 £000's	2027 £000's	2028 £000's
Reinvestment %	9.9%	10.3%	9.5%	7.6%	6.8%
Gearing %	22.3%	25.3%	26.8%	28.6%	29.5%
EBITDA only Interest Cover Ratio	430.0%	470.0%	430.0%	400.0%	370.0%
Operating Margin % SHL Only	12.7%	13.9%	17.6%	18.6%	21.2%
Operating Margin % Overall	15.2%	15.3%	17.5%	18.8%	21.9%
ROCE %	2.2%	2.4%	2.7%	2.7%	2.8%

A five-year summary of the Group's past financial performance is shown below. Turnover has grown reflecting the rent increase whilst the cost increase has been more pronounced reflecting the cost of operations and a £3.5m impairment associated with the Basford & Helsby development schemes following contractor viability issues. Our overall social housing cost per unit has increased from £4,077 per unit to £4,821 per unit mainly due to the increased routine maintenance spend and the impairment charge.

Statement Of Comprehensive Income	2023 £m	2022 £m	2021 £m	2020 £m	2019 £m
Turnover	171.9	159.8	156.1	155.8	146.8
Operating Costs & Cost of Sales	(152.7)	(138.3)	(128.4)	(127.4)	(112.1)
Gain on Disposal of Housing Property Assets	0.6	(0.1)	(0.4)	3.0	2.8
Operating Surplus	19.8	21.5	27.3	31.4	37.5
Share of profit/(loss) in joint venture	0.3	0.1	(0.1)	(0.0)	-
Interest Receivable	3.9	2.7	2.7	2.7	3.0
Interest Payable	(12.9)	(47.3)	(12.4)	(14.7)	(24.3)
(Loss)/Surplus on Disposal of Assets	-	0.2	3.1	(0.5)	(1.0)
Taxation	(0.4)	0.2	0.4	(0.2)	0.1

Statement Of Comprehensive Income (continued)	2023 £m	2022 £m	2021 £m	2020 £m	2019 £m
Surplus for the year after Tax	10.7	(22.5)	21.0	18.7	15.3
Other Comprehensive Income	(2.1)	8.9	(18.0)	18.7	(19.2)
Total Comprehensive Income for the Year	8.6	(13.7)	3.0	37.4	(3.9)

Statement of Financial Position	2023 £m	2022 £m	2021 £m	2020 £m	2019 £m
Housing Properties net of Depreciation	1,151.6	1,103.6	1,085.2	1,071.2	1,059.9
Other Fixed Assets, Investments & Long Term Debtors	45.2	34.1	36.8	35.9	37.1
Net Current Assets	73.8	101.9	166.5	12.3	27.3
Total Assets Less Current Liabilities	1,270.6	1,239.7	1,288.5	1,119.4	1,124.4
Loans Due After 1 Year	371.8	378.0	426.9	271.5	289.3
Other Long Term Liabilities	497.2	467.5	442.0	446.1	447.2
Pension Liability	15.6	16.8	28.6	13.6	35.1
Revenue Reserves	386.0	377.4	391.0	388.1	352.8
Long Term Liabilities & Reserves	1,270.5	1,239.7	1,288.5	1,119.4	1,124.4

Financial Ratios	2023	2022	2021	2020	2019
Operating Margin (Overall)**	11.2%	13.5%	17.7%	18.3%	25.5%
Net Margin*	6.2%	8.5%	13.5%	12.0%	10.4%
Return on Net Assets (RONA)*	0.8%	1.1%	1.6%	1.7%	1.4%
Return on Capital Employed (ROCE)	1.6%	1.7%	2.1%	2.8%	3.3%
EBITDA-MRI*	61.6%	166.0%	263.0%	212.0%	158.0%
Interest Cover***	1.8	2.2	2.4	2.3	1.7
Gearing	27.1%	30.8%	23.7%	23.2%	23.6%
Headline Social Cost Per Unit £'000	4,704.2	4,049.6	3,568.2	3,504.0	3,413.0
Net Debt Per Unit	10,501.9	11,546.9	8,903.5	8,642.2	8,625.1

*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)

***Interest cover in the table above is based on the Onward Group consolidated position. The Onward Homes only position for 2023 was 2.2x (2022: 2.1x).

Operating review

The Groups' annual performance has held up well despite a challenging 12 months operating under high levels of inflation and increased energy costs. Despite there being a number of challenging economic factors outside of the Group's control there has been a real focus on controlling spend and maximising income in areas that are within Onwards control.

Operating review (continued)

The average repairs cost per property has remained consistent with 21/22 levels despite the economic conditions being increasingly challenging. Arrears have been successfully managed and as a result have remained consistent with 21/22 levels despite the cost-of-living challenges faced by the Group's tenants and leaseholders.

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

Performance

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	2023	2022	2021	2020	2019
Void Loss %	**2.26%**	1.85%	2.36%	1.89%	1.81%
Average re-let (days)	**48.5**	63.2	59.6	48.6	53.9

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 group 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 the year ending March 2023 we have seen similar void levels to the previous year. However, performance relating to void loss has declined in the year. Average re-let time has improved, however there have been a number of high value voids in the year resulting in increased void loss vs 2022 levels. Void loss 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 term voids we appraise whether to reinvest to bring the property 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 23 empty properties. Last year we disposed of 33 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	2023	2022	2021	2020	2019
Rent Collection %	**99.2%**	99.8%	100.3%	99.3%	100.3%
Arrears - current residents %	**5.1%**	5.0%	5.6%	5.7%	5.5%
Arrears - former residents %	**1.6%**	1.5%	1.5%	1.5%	1.4%
Arrears - Total %	**6.7%**	6.5%	7.1%	7.2%	6.9%

Rent collected and the volume of arrears is a key indicator of our ability to deliver core business. Our overall rent collection performance has reduced to 99.2% (2022: 99.8%). Arrears have increased slightly in the year as our customers are facing financial challenge. Financial Inclusion and Income Management teams have used the Rent Sense tool to target arrears cases. Going forward additional automation has been introduced with Caseload Manager.

Repairs

The average number of responsive repairs per property was 3.54 (2022: 3.46) at a cost of £613 per property (2022: £613). Onward remains concerned about the sharp increase in inflation rates and the possible impact this may have upon the cost of delivering services going forward.

Performance (continued)

Over the course of the year, 81.6% (2022: 79.0%) of responsive repairs were completed in the target time. This is below our target of 90.0%. The First Time Fix Maintenance project will address this and drive performance upwards.

Measure	2023	2022	2021	2020	2019
Ave no. repairs per property	**3.54**	3.46	3.30	3.40	3.49
Repairs cost per property	**£613**	£613	£480	£417	£457

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 this year due to the increased cost of utilities which could not be passed on via services charges due to operating a fixed service charge model. During the year there was also a £3.5m impairment relating to increased anticipated costs to complete the Basford and Helsby development schemes as a result of the main contractor going into administration.

Development and reinvestment

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 in the process of developing mixed tenure development schemes at sites in Basford and Helsby which will deliver over 350 homes. These schemes are currently delayed due to the main contractor suffering financial hardship and going into administration. As a result, work has been suspended on site and an appraisal has been conducted to understand the expected cost to complete both schemes, allowing for increased contractor costs and further delays. This appraisal has resulted in an impairment of £3.5m to bring the carrying value of the schemes back in line with the recoverable amount.

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 2022/23 we invested £29.4m in new windows, kitchens, bathrooms, heating, re-roofing, windows and doors.

Risk and uncertainty

The Group has a Risk Management Strategy and 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 control risks.

The Group worked with PwC, its internal auditor during 2022-23, to establish an internal audit plan for 2022-23 which was aligned to the strategic risk register to provide assurance as to the operation of controls and the management of risk. As of 1st April 2023 Beever and Struthers were appointed as the Group's internal auditors.

Risk and uncertainty (continued)

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

Risk	Mitigation
Property Condition (including Damp, Mould and Condensation)	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. In addition, we have established a robust process to respond to reports of damp, mould and condensation by our customers. The process is embedded within our business and we are regularly reviewing and refining to ensure we keep our customers safe in their homes.
Evolution and Change	Businesses regularly need to reassess their operations to ensure they reflect the environment in which they operate. We have completed this process and we are on an evolution journey implementing a number of key initiatives to ensure that we can improve service to our customers.
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.
Business Plan Capacity	The cost-of-living crisis, increased cost of borrowing and continued high inflation challenges our business plan capacity as we seek to support our customers, deliver on our promises and maintain our development programme. Allied to which there remains uncertainty with regards to the rent settlement and our future funding. We stress test our business plan on a regular basis to ensure we can meet these challenges and support our planning and decision making.
Covenants	Compliance with lending covenants is key to supporting our future plans. Although we have adequate headroom this is a factor we assess when modelling our business plan and planning our development activity. We model our spending and planning to support compliance and work with our lender where needed to ensure we remain compliant.
Reputation	The environment we operate in remains challenging, the sad event in Rochdale that led to the death of Awaab Ishak put the sector under the spotlight and we are working hard to maintain the trust of our stakeholders.
Government and Politics	Changes to political leaders and a potential general election in the near future creates uncertainty as politicians review policies and spending plans to maximise their appeal to the voters. We continue to use our influence and lobby with our sector partners to generate the best outcome for the sector and our customers.
Delivering the Development Programme	As a Homes England Strategic Partner we have responsibility for delivering a significant development programme. Meeting our delivery objectives is increasingly challenging and we regularly review our arrangements to ensure we can respond to planning delays, increasing raw materials costs, delays within the supply chain and contractor risks.
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.
People, Culture and Engagement	Establishing and maintaining an Onward culture remains a challenge, especially as we operate 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.

Risk and uncertainty (continued)

Risk	Mitigation
Borrowing Capacity	The financial impact of development, fire remediation works, the green agenda and the impact of the cost of living crisis creates pressure on our funding plans. We regularly review our cashflow and spending plans and work with treasury advisors to ensure our financing supports the delivery of our business plan.
Significant Cyber Security Incident	Cyber security is an increasing risk for all organisations, in an ever-increasing external threat from 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.

Treasury objectives and strategy

The Group's treasury activities are managed in line with Group's Treasury Management Policy and the annual Treasury Strategy, which is approved by the Treasury Committee.

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 the 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 2023 (2022: £nil)
- Approved sources of borrowing and investment

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.

In March 2023 the Group successfully renegotiated a permanent amendment to covenant calculations and limits set by lenders to remove major repair spend from the interest cover covenant. As a result, limits are now higher and so is headroom which allows the Group more flexibility to deliver the 30-year business plan. EBITDA MRI is still used as a key metric to monitor performance.

During the 2022/23 financial year the Bank of England base rate rose from 0.75% in April 2022 to 4.25% to March 2023. This sharp rise in the base rate has resulted in the cost of funding significantly increasing. The Group has successfully mitigated most of this impact by having a significant proportion of fixed rate debt. Banking and bond interest has increased to £11.33m (2022: £9.12m) primarily due to interest charged the £50m bond drawdown which was in place from February 2022.

Drawn Debt	Amount £'000	Margin %	Base Rate (annual average) %	All in Rate %
Fixed Rate	**307,408**	2.22	0.00	2.22
Floating Rate	**79,710**	0.63	2.29	2.92

Treasury objectives and strategy (continued)

As at 31st March 2023, the Group has borrowing facilities of £662.1m (2022: £669.0m) of which £387.1m has been drawn down. The available facility includes £190m (2022: £190m) of revolving facilities of which all are undrawn. There have been no new funding streams procured during the year. The cash balance as at 31st March 2023 was £66.0m.

On 25th March 2021, the Group issued a 32 year £350m bond ("Bond") at a re-offer yield of 2.215%. A further £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.

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.

The Group 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.

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 and following improvement made to our processes during the year we are fully compliant with all aspects of the Code.

The Group operates five committees:

- Audit and Risk - oversight of audit and risk matters for the Group.
- Finance & Treasury – oversight and scrutiny of Group finance, performance and treasury strategy.
- Property & Development - oversight of portfolio management, landlord compliance and the development programme with some delegations to approve development schemes and land purchases.
- Governance & People – makes recommendations to the Common Board on nomination and remuneration matters.
- Customer – oversight of customer engagement and customer voice.

The committee structure was changed from 1st April 2023 to the structure outlined above. The main changes were;

- The combining of finance, performance and treasury to consolidate all financial matters into one forum,
- The creation of a customer specific committee to put customers at the heart of everything we do,
- The renaming of the Nominations and Remunerations committee to the Governance and People committee
- Property was previously covered by the Finance and Performance committee but now it has been combined with development to form the Property and Development committee

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 concluded during 2022. In addition, a Governance Task and Finish Group operated during the year, its work is expected to be completed later in 2023.

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 best use of our resources. Our key performance indicators outline what we intend to deliver for our customers, colleagues and communities and track the financial resources deployed to deliver these outcomes.

Our Strategic Objectives

The focus of this financial year has been adapting our business so that we can continue to invest in better homes and services for our customers and create a solid foundation to deliver the new Corporate Plan for 2022 to 2030.

'The Onward Difference' is the positive difference that Onward will make by enabling people and communities to be their best by providing homes they love in places they are proud of. The Corporate Plan is supported by the following objectives:

- We will enable customers to fulfil their aspirations and take control of their lives
- We will use modern technology and better data to improve customer experiences
- We will become a leading environmentally friendly landlord
- We will be a listening landlord that is easy to contact and has a local human presence
- We will be an employer of choice always learning to do a better job for customers

Performance metrics

To demonstrate the progress we are making on value-for-money, we monitor and report against the following metrics:

- The mandatory VfM metrics defined by The Regulator of Social Housing which we use to judge our efficiency in the context of our peer group.
- Additional financial metrics set by Onward's Executive Team which are reviewed on a quarterly basis and reported to Board.
- A full reforecast of financial performance is undertaken quarterly and reported to the Treasury and Finance Committee.

RSH Mandatory Metrics

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

Year-on-Year Performance

Mandatory Metrics	22-23	21-22
Operating margin (overall) (%)	11.2	13.4
Operating margin (social housing lettings) (%)	13.8	14.1
Interest Cover - EBITDA (MRI) (%)	60.0	48.0
New supply delivered: absolute (social) (x)	328	240
New supply delivered: absolute (non-social) (x)	-	-
Gearing (%)	27.9	30.8
Reinvestment (%)	7.6	5.4
Return on capital employed (ROCE) (%)	1.5	1.7
Headline social housing cost per unit (£)	4,511	3,867

Value for money (continued)

Year-on-year trends indicated by the data are as follows:

- Operating margin has reduced year-on-year due to the impact of impairment and remains below the golden rule set by the Board (18%). Financial performance continues to be impacted by high demand for repairs and the rate of inflation across the cost base. This is also reflected in the increased social housing cost per unit.
- Interest cover of 60% has increased significantly year-on-year as the prior year includes break costs for early repayment of debt facilities.
- New supply and reinvestment have increased due to the ramping up of the development programme, particularly in relation to delivery of new homes under the Strategic Partnership Programme.

2021/22 Performance Versus Peer Group

Social Housing provider	Reinvestment	New Supply (Social)	New Supply (Non-Social)	Gearing	EBITDA MRI Interest Cover	Headline Social Housing Cost per unit	Operating Margin (SHL)	Operating Margin (Overall)	ROCE
Onward Quartile vs Peer group	3rd	3rd	n/a	1st	3rd	3rd	4th	3rd	4th
Accent Group	7.8%	1.4%	0.0%	53.1%	153.0%	£3,864	23.7%	23.8%	2.8%
Believe Housing	10.8%	0.4%	0.0%	42.4%	1.0%	£3,795	15.1%	12.6%	4.1%
Bolton At Home	16.6%	1.3%	0.0%	19.4%	-6.0%	£4,441	15.8%	8.2%	3.3%
ForHousing	5.2%	0.6%	0.1%	46.4%	266.0%	£3,573	22.0%	18.5%	4.3%
Gentoo Group	4.7%	0.4%	0.5%	46.8%	107.0%	£3,750	17.9%	14.7%	2.3%
Home Group	5.9%	1.2%	0.3%	41.8%	160.0%	£5,039	19.0%	13.0%	2.6%
Incommunities	5.3%	0.6%	0.0%	63.0%	157.0%	£3,356	14.9%	9.6%	3.4%
Karbon Homes	8.8%	1.6%	0.0%	43.9%	199.0%	£3,519	28.0%	25.9%	3.9%
Onward Homes	5.4%	0.8%	0.0%	30.8%	48.0%	£3,867	14.1%	13.4%	1.7%
Plus Dane Group	5.4%	0.9%	0.0%	47.9%	142.0%	£4,083	27.9%	19.6%	3.2%
Stonewater	10.0%	3.3%	0.0%	49.4%	144.0%	£3,560	28.3%	24.3%	2.8%
Thirteen Group	6.1%	1.2%	0.1%	21.6%	244.0%	£3,572	28.2%	21.3%	3.6%
Together Housing Group	7.9%	0.6%	0.4%	53.2%	51.0%	£4,562	19.2%	4.4%	1.6%
Torus Group	11.3%	0.9%	0.0%	27.3%	228.0%	£3,538	28.9%	24.2%	4.4%
WDH	5.2%	0.9%	0.0%	42.8%	131.0%	£3,820	8.1%	6.1%	1.4%
WHG	10.3%	2.0%	0.0%	57.9%	137.0%	£3,815	28.7%	26.6%	5.1%
Yorkshire Housing	7.0%	3.3%	0.6%	52.3%	46.0%	£3,938	12.1%	13.1%	2.0%
Your Housing Group	8.0%	0.8%	0.1%	42.4%	-88.0%	£6,516	9.1%	2.8%	0.6%

High-level comparisons up to 2022 (latest data available) indicate the following:

- Our level of reinvestment is higher than in previous years and our performance in this metric has risen to third quartile. Our new supply completions will increase further over the next five years due to the scale of our development programme and we expect performance to rise to median.
- We remain first quartile on gearing. Our comparatively low debt levels mean that we have good financial capacity to fund our ambitious development programme and maintain our existing homes to a high standard.
- Our EBITDA MRI interest cover is third quartile due to the inclusion of one-off break costs related to early repayment of debt facilities. Adjusted for this, Onward would be first quartile – again reflecting our relatively low indebtedness and strong financial capacity.
- Headline social housing cost sits in quartile three. We know that inflation on materials and labour costs is impacting our repairs service – as is the case for the sector as a whole. However, our additional challenge is that we have a relatively high proportion of older stock. 14.3% or our stock was built before 1920 (benchmark median: 1.9%). We believe that this increases our repairs and capital investment costs versus peers.

STRATEGIC REPORT (continued)

Value for money (continued)

- Our operating margin and social housing operating margin are lower than our peers. This is driven in part by the challenges of our repairs costs, but also the dilutive effect of our supported housing offer which is proportionally much greater than most of our peers. 19.6% of our stock is either supported housing or housing for older people, compared to our benchmark median of 7.5%.
- An efficiency programme has been identified by the Executive Team and is overseen by the Board through the Treasury and Finance Committee. The implementation of this programme will yield savings of up to £6 million that enable us to evidence that we are as efficient as our peers in delivering services to our customers.

Strategic report

The strategic report including the operating and financial review was approved by the Board on 30th August 2023 and signed on its behalf by:

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

DIRECTOR’S REPORT

The Board presents the Onward Group Limited Annual Report (the ‘Annual Report’) and the audited financial statements for the year ended 31 March 2023.

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 2. 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 on which all parts of the Group are represented. Onward Group is committed to ensuring:

- The health, safety and welfare of all our customers, leaseholders, staff, 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 Group has spent of c.£3.3m towards cladding remediation works at the Quadrant scheme in 2021/22 and 2022/23. A successful application for government grant funding was made to cover the full cost of these works. This funding was received in 2022/23 with the balance being received in early 2023/24.

Donations

The Group made charitable donations totalling £500 to Homeless International in the year (2022: £500 to Homeless International). 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 and colleagues' forum.

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

The 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).

Board members' responsibilities (continued)

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 Group will continue in business

The Board members are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group 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 Group's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Group'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 is not responsible for the design and construction of control systems but provide an assessment as to their effectiveness.

Internal audit assurance (continued)
The Audit and Risk Committee oversees the work of the internal auditor and reviews reports issued by them. The Committee is responsible for monitoring that 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 during the year 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.

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

The Board has considered the effectiveness of the system of internal control in place in the year ended 31 March 2023. The Board considers that governance, risk management and internal control arrangements are operating effectively.

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.

Going concern

The Group's business activities, its current financial position, net current assets of £386.0m; (2022: £377.4m) 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 £662.1m (2022: £669.0m), of which £275.0m is undrawn (2022: £275.0m) and cash and cash equivalents of £66.0m (2022: £44.7m). The available cash and funding is adequate to finance committed reinvestment and development programmes, along with the Group's day to day operations. The Group's long-term business plan shows that it can service its debt facilities whilst continuing to comply with lenders' covenants.

This has been a challenging year for Onward, notably from the impact of the increased cost of utilities but also from a range of other inflationary pressures and contractor viability risk. Onward applied an average rent increase for the year of CPI +1% which was based on CPI of 3.1%. During the year the Group has been subject to contract and other price increases exceeding this level and as such has absorbed much of these additional costs. This has put pressure on the operating surplus in 2023.

In February 2023 the main contractor of the Basford East (Phase 1 & 2) and Helsby schemes fell into financial hardship. As a result, work has been suspended on site and an appraisal has been conducted to understand the expected cost to complete both schemes, allowing for increased contractor costs and further delays. This appraisal has resulted in an impairment of £3.5m to bring the carrying value of the schemes back in line with the recoverable amount. All contracts and schemes will be regularly reviewed to minimise overspend.

DIRECTOR’S REPORT (continued)

Going concern (continued)

A 30-year business plan is produced annually to model future activity of the Group as well as to test for strategic resilience as a result of changes in the economic and political environment. The Group has modelled several scenarios using multiple variants to test the resilience of the business plan. The Board is confident that the Group 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.

Given the strength of the balance sheet and availability and liquidity of undrawn loan facilities the Board believes that, while uncertainty exists, this does not pose a material uncertainty that would cast doubt on the Association’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.

Independent auditor

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 30th August 2023 and signed on its behalf by:

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

INDEPENDENT AUDITOR'S REPORT

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 2023 and of the Group's surplus and the Association's deficit for the year then ended;
- The financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- The financial statements 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 2022.

We have audited the financial statements of Onward Group Limited ("the Association") and its subsidiaries ("the Group") for the year ended 31 March 2023 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.

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 and whether such actions could be sustained without breaching banking covenants.

- We challenged the assumptions used and mitigating actions included within the various scenarios and reviewed the 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 Group and Parent Association's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Overview

Coverage	A full scope statutory audit was carried out for each subsidiary of the Group. *100% (2022: 100%) of Group result before tax* *100% (2022: 100%) of Group revenue* *100% (2022: 100%) of Group total assets*		
Key audit matters		**2023**	**2022**
	Impairment of fixed asset housing properties	X	X
Materiality	*Group financial statements as a whole* £2.37m (2022: £1.33m) based on 7% (2022: 7%) of adjusted operating surplus as defined by the entity's lending covenants.		

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. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Board that may have represented a risk of material misstatement.

A full scope statutory audit was carried out for each subsidiary 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, no impairment loss 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 Group 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 reviewed the valuations and agreed the cost to sell to supporting documents in respect of the housing properties that had an impairment indication. **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	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Materiality	2,369	1,331	157	79
Basis for determining materiality	7% (2022: 7%) of adjusted operating surplus as defined by the entities lending covenants. The increase in materiality arises from the adjustment in Onward tightest covenant, interest cover, that excludes the capitalised repairs as a deduction from the operating surplus.		2% (2022:2%) of total assets. The increase arises as result of an increase in total assets in comparison with the prior period. Total assets is the key driver for the stakeholders.	
Performance materiality	1,658	932	110	55
Basis for determining performance materiality	70% (2022: 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, less fair value movement on investment properties and loss on fixed asset disposals. 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 £7k to £2,264k (2022: £79 to £1,298k). In the audit of each component, we further applied performance materiality levels of 70% (2022: 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 & Risk Committee that we would report to them all individual audit differences in excess of £94k (2022: £54k). 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 and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

- The Association has not kept proper books of account;
- The Association has not maintained a satisfactory system of control over its transactions;
- The financial statements are not in agreement with the Association's books of account; or
- We have not received all the information and explanations we need for our audit.

Responsibilities of the board

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

In preparing the financial statements, the Board are responsible for assessing the Group and the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intend to liquidate the Group or the Association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

Non-compliance with laws and regulations

Based on:

- Our understanding of the Group and the industry in which it operates;
- Discussion with management and those charged with governance, legal counsel, internal audit as well as audit and risk committee;

- Obtaining and understanding of the Group's policies and procedures regarding compliance with laws and regulations;
- Review of Financial Conduct Authority Regulatory Permissions; and
- Our knowledge of the laws and regulations specific to the sector

we considered the significant laws and regulations to be FRS 102, Co-Operative and Community Benefit Societies Act 2014, Direction for Private Registered Providers of Social Housing 2022, Financial Services and Markets Act 2000 (FSMA) and UK tax legislation.
The Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be the health and safety legislation, Employment Equity Act, data protection & Financial Conduct Authority Regulatory Permissions.
Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation;
- Involvement of tax specialists in the audit;
- Review of legal expenditure accounts to understand the nature of expenditure incurred;

Fraud
We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance, internal auditors and audit and risk committee regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group's policies and procedures relating to:
    - Detecting and responding to the risks of fraud; and
    - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud (including fraud risk register review);
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;

Based on our risk assessment, we considered the areas most susceptible to fraud to be management's incentives and opportunities for fraudulent manipulation in relation to posting inappropriate journal entries to revenue as well as timing of the recognition of other income items.
Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;
- Assessing significant estimates made by management for bias in relation to impairment of housing properties (see key audit matters), estimated useful lives of assets, investment property valuations assumptions, bad debt provision policy and assumption within the defined benefit gross liability valuation;
- Considering the IT controls around the journal posting and the impact control limitations could have on the validity and data available and the testing conducted; and
- Selecting a sample of other income (particularly property sales) around the year end and assessing whether the income has been recognised in the correct period.

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.

INDEPENDENT AUDITOR'S REPORT (continued)

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 is available 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:
BDO LLP
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BDO LLP
Statutory Auditor
Manchester, UK

05 September 2023

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

Statement of Comprehensive Income
for the year ended 31 March 2023

	Notes	Group 2023 £'000	Group 2022 £'000	Association 2023 £'000	Association 2022 £'000
Turnover		**171,929**	159,823	**5,425**	5,126
Cost of sales	3	**(7,216)**	(5,422)	-	-
Operating costs	3	**(145,490)**	(132,861)	**(5,581)**	(5,642)
Gain/(Loss) on disposal of housing properties	3 and 6	**551**	(61)	**-**	-
Operating surplus		**19,774**	21,479	(156)	(516)
Share of operating loss in Joint Venture		**258**	131	-	-
(Loss)/Gain on disposal of other tangible fixed assets	10	**(46)**	171	-	-
Interest receivable and similar income	11	**3,916**	2,775	18	-
Interest payable and similar charges	12	**(12,856)**	(47,291)	-	-
Surplus/(deficit) on ordinary activities before taxation		**11,046**	(22,735)	(138)	(516)
Taxation on surplus on ordinary activities	13	**(363)**	191	-	-
Surplus/(deficit) for the year after taxation		**10,683**	(22,544)	(138)	(516)
Other comprehensive income					
Actuarial gain/(loss) in respect of pension schemes	37	**(2,069)**	8,902	-	-
Other comprehensive income/(loss) for the year		**(2,069)**	8,902	-	-
Total comprehensive (loss) for the year		**8,614**	(13,642)	(138)	(516)

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 30th August 2023 and signed on its behalf by:

....	....	....
Tim Johnston	Mike Gerrard	Catherine Farrington
Chair	Director	Company Secretary

FINANCIAL STATEMENTS (continued)

Group Statement of Changes in Equity

	Non-equity share capital £'000	Revenue reserves £'000	Total reserves £'000
Balance at 31 March 2021	-	391,033	**391,033**
Total comprehensive income for the period			
Loss for the year	-	(22,544)	**(22,544)**
Other comprehensive income Actuarial gain in respect of pension schemes	-	8,902	**8,902**
Balance at 31 March 2022	-	377,391	**377,391**
Total comprehensive income for the period			
Surplus for the year	-	10,683	**10,684**
Other comprehensive income Actuarial gain in respect of pension schemes	-	(2,069)	**(2,069)**
Balance at 31 March 2023	**-**	**386,005**	**386,005**

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 at 31 March 2021	-	(2,264)	**(2,264)**
Total comprehensive income for the period			
Loss for the year	-	(516)	**(516)**
Other comprehensive income Actuarial gain in respect of pension schemes	-	-	**-**
Balance at 31 March 2022	-	(2,780)	**(2,780)**
Total comprehensive income for the period			
Deficit for the year	-	(138)	**(138)**
Other comprehensive income Actuarial gain in respect of pension schemes	-	-	**-**
Balance at 31 March 2023	**-**	**(2,918)**	**(2,918)**

Statement of Financial Position
as at 31 March 2023

	Notes	Group 2023 £'000	Group 2022 £'000	Association 2023 £'000	Association 2022 £'000
Tangible fixed assets					
Housing properties	14	**1,151,613**	1,103,605	**-**	-
Investments including properties	15	**20,395**	16,997	**-**	**-**
Other tangible fixed assets	16	**24,764**	17,114	**729**	760
		1,196,772	1,137,716	**729**	760
Debtors due after one year	17	**24**	24	**-**	-
Current assets					
Properties for sale and work in progress	18	**36,344**	37,191	**-**	-
Debtors due within one year	19	**17,648**	64,348	**2,389**	1,642
Investments	20	**50**	50	**-**	-
Cash and cash equivalents		66,036	44,684	**4,990**	1,511
		120,078	146,297	**7,379**	3,153
Creditors: amounts falling due within one year	21	**(46,250)**	(41,370)	**(10,327)**	(5,963)
Net current assets/(liabilities)		**73,828**	104,927	**(2,948)**	(2,810)
Total assets less current liabilities		**1,270,624**	1,242,643	**(2,219)**	(2,050)
Creditors: amounts falling due after one year	22	**(867,879)**	(847,144)	**(699)**	(730)
Provisions for liabilities and charges	28	**(1,113)**	(1,279)	**-**	-
Pension liabilities	29	**(15,627)**	(16,829)	**-**	-
		(884,619)	(865,252)	**(699)**	(730)
Total net assets/(liabilities)		**386,005**	377,391	**(2,918)**	(2,780)
Capital and reserves					
Non-equity share capital	30	**-**	-	**-**	-
Revenue reserves		**386,005**	377,391	**(2,918)**	(2,780)
Total capital and reserves		**386,005**	377,391	**(2,918)**	(2,780)

The accompanying notes form part of these financial statements.

The financial statements were approved by the Board on 30th August 2023 and signed on its behalf by:

....	....	....
Tim Johnson	Mike Gerrard	Catherine Farrington
Chair	Director	Company Secretary

Group Statement of Cash Flows
for the year ending 31 March 2023

	Notes	2023 £'000	2022 £'000
Net cash generated from operating activities		**88,729**	38,942
Cashflow from investing activities			
Purchase and construction of tangible fixed assets	14	**(84,540)**	(58,338)
Purchase of other tangible fixed assets	16	**(655)**	(1,275)
Grants received	24 & 25	**40,690**	27,368
Grant paid	24	**(48)**	-
Grants transferred to other HAs	24	**(3,577)**	-
Loan to Joint Venture Activity	15	**(505)**	(221)
Purchase/construction of investment property	15	**(15)**	-
Interest received	11	**807**	35
Net cash from investing activities		**(47,843)**	6,511
Cash flow from financing activities			
Loan breakage fees paid	12	**-**	(36,116)
Interest paid	12	**(12,399)**	(8,893)
Debt issue costs incurred	23	**-**	-
Repayment of loans	23	**(7,135)**	(103,003)
New loans	23	**-**	2,871
Net cash from financing activities		**(19,534)**	(145,141)
Net change in cash and cash equivalents		**21,352**	(138,630)

Reconciliation of cashflow and cash equivalents

Cash and cash equivalents at start of year	**44,684**	183,314
(Decrease)/increase in cash in the year	**21,352**	(138,630)
Cash and cash equivalents at end of year	**66,036**	44,684

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*
Onward Pensions Trustee Limited	Private Limited Company (by shares)	Pension funding

* HARP – Housing Association Registered Provider

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 2023

2. Accounting policies (continued)

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 £386.0m; (2022 £377.4m) and factors likely to affect its future development are set out within the Strategic Report As at 31st March 2023, the Group has borrowing facilities of £662.1m (2022: £669.0m) of which £387.1m has been drawn down(2022: £275.0m). Cash and cash equivalents is £66.0m (2022: £44.7m) 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.

This has been a challenging year for Onward, notably from the impact of the increased cost of utilities but also from a range of other inflationary pressures. Onward applied an average rent increase for the year of CPI +1% which was based on CPI of 3.1%. During the year the Group has been subject to contract and other price increases exceeding this level and as such has absorbed much of these additional costs. This has put pressure on the operating surplus in 2023.

A 30-year business plan is produced annually to model future activity of the Group as well as to test for strategic resilience as a result of changes in the economic and political environment.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.

Given the strength of the balance sheet and availability and liquidity of undrawn loan facilities 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.

d) Judgement and estimates

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.

Within the period new, more environmentally friendly products have been applied to our building practices. Their UELs have been assessed in line with accounting standards and an estimate has been made based on expectations of future events that are believed to be reasonable.

The fitting of External Wall Insulation is one such practice within the year. The useful economic life for this component has been set at 30 years. This has been based on warranties on the products used and benchmarked against other social housing providers.

We do not believe that the UELs for the other components need changing and therefore remain the same.

2. Accounting policies (continued)

d) Judgement and estimates (continued)

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.

Impairment risk continues to be a major feature in 2022/23. Costs to develop continue to rise and so it remains vital 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 challenging economic conditions and increased cost of staffing and materials.
- The Preston blocks and the level of strategic voids held ahead of further regeneration plans.
- The rise in borrowing costs causing an increase in the cost to build.

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

2. Accounting policies (continued)

d) Judgement and estimates (continued)

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, credit risk rates and any other condition that is present in the current period that was not present in the historic period.

Joint venture investment; the following investments are held in JVs;

Atrium City Living Limited has an investment in the Greater Manchester JV; Hive Homes (£2.6m), 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. (£3.5m). There are only two investors and it is a 50/50 risk/reward relationship. Onward will account for these JVs in accordance to the accounting standards applicable to ensure appropriate disclosures. This JV concluded during the year once the final homes were sold.

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 continually reviewed throughout the year with changes made to reflect the current workloads and roles across the development and investment teams.

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.

2. Accounting policies (continued)

e) Basic financial instruments (continued)

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.

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.

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.

2. Accounting policies (continued)

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.

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.

2. Accounting policies (continued)

k) Tangible fixed assets - housing properties (continued)

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
External Wall insulation	30 years
Adaptations	15 years

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.

l) Tangible fixed assets - housing properties

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 entity's borrowings required to finance housing property developments.

m) 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.

Accounting policies (cont'd)

m) Social Housing Grant (cont'd)

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.

n) 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.

o) 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.

p) 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.

q) 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.

r) Properties held for sale and work in progress

Shared ownership first tranche sales 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.

s) 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.

2. Accounting policies (continued)

s) Impairment of housing properties (continued)

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its fair value less cost to sell 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.

t) 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.

u) 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

v) Other tangible fixed assets

Other tangible fixed assets include those assets with a continued economic benefit to the group.

2. Accounting policies (continued)

v) Other tangible fixed assets (continued)

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

w) 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 orback 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

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.

2. Accounting policies (continued)

y) Employee benefits (continued)

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 Hyndburn Homes Repairs Limited
- Onward Pension Scheme – Onward Homes Limited

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							
	2023				2022			
	Turnover	Cost of sales	Operating costs	Operating surplus	Turnover	Cost of sales	Operating costs	Operating surplus
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Social housing lettings								
General needs accommodation	**113,345**	**-**	**(96,106)**	**17,239**	107,804	-	(91,831)	15,973
Older persons housing	**21,313**	**-**	**(18,950)**	**2,363**	20,458	-	(17,074)	3,384
Supported housing	**13,323**	**-**	**(12,525)**	**798**	12,897	-	(12,352)	545
Low cost home ownership	**3,308**	**-**	**(2,854)**	**454**	2,994	-	(2,624)	370
	151,289	**-**	**(130,435)**	**20,854**	144,153	-	(123,881)	20,272
Other social housing activities								
Regeneration and development	**2,104**	**-**	**(3,881)**	**(1,777)**	1,240	-	(2,146)	(906)
Management services	**1,340**	**-**	**-**	**1,340**	1,670	-	-	1,670
Estate services	**-**	**-**	**(389)**	**(389)**	-	-	(415)	(415)
Shared Ownership first tranche sales	**8,510**	**(7,216)**	**-**	**1,294**	6,343	(5,422)	-	921
Other	**-**	**-**	**(302)**	**(302)**	-	-	(243)	(243)
	11,954	**(7,216)**	**(4,572)**	**166**	9,253	(5,422)	(2,804)	1,027
Total social housing activities	**163,243**	**(7,216)**	**(135,007)**	**21,020**	153,406	(5,422)	(126,685)	21,299
Non-social housing activities								
Market rent	**1,089**	**-**	**(573)**	**516**	1,053	-	(393)	660
Revaluation of investment properties	**2,620**	**-**	**-**	**2,620**	207	-	-	207
Commercial	**1,509**	**-**	**(2,092)**	**(583)**	1,321	-	(1,393)	(72)
Management Services	**2,025**	**-**	**(2,546)**	**(521)**	1,370	-	(2,310)	(940)
Leaseholders	**1,157**	**-**	**(235)**	**922**	1,161	-	(310)	851
Impairment of assets under construction	**-**	**-**	**(3,553)**	**(3,553)**	-	-	-	-
Other	**286**	**-**	**(1,484)**	**(1,198)**	1,305	-	(1,770)	(465)
Total non-social housing activities	**8,686**	**-**	**(10,483)**	**(1,797)**	6,417	-	(6,176)	241
Total	**171,929**	**(7,216)**	**(145,490)**	**19,223**	159,823	(5,422)	(132,861)	21,540
Gain / (Loss) on disposal of housing properties (note 6)	**551**	**-**	**-**	**551**	-	-	(61)	(61)
Total	**172,480**	**(7,216)**	**(145,490)**	**19,774**	159,823	(5,422)	(132,922)	21,479

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

	Association							
	2023				2022			
	Turnover	Cost of sales	Operating costs	Operating surplus	Turnover	Cost of sales	Operating costs	Operating surplus
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'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	**5,158**	**-**	**(4,710)**	**448**	3,849	-	(4,350)	(501)
Other	**267**	**-**	**(871)**	**(604)**	1,277	-	(1,292)	(15)
Total non-social housing activities	**5,425**	**-**	**(5,581)**	**(156)**	5,126	-	(5,642)	(516)
Total	**5,425**	**-**	**(5,581)**	**(156)**	5,126	-	(5,462)	(516)

4. Income and expenditure from social housing lettings

	Group					
	General needs accommodation	Older persons housing	Supported housing	Low cost home ownership	Total 2023	Total 2022
	£'000	£'000	£'000	£'000	£'000	£'000
Income						
Rents receivable net of voids	103,854	15,698	9,114	2,620	**131,286**	125,576
Service charge income	4,202	4,975	3,685	454	**13,316**	12,854
Amortised government grants	4,878	600	515	233	**6,226**	5,386
Supporting people grants	3	25	5	1	**34**	38
Other income from social housing	408	15	4	-	**427**	299
Turnover from social housing lettings	**113,345**	**21,313**	**13,323**	**3,308**	**151,289**	144,153
Expenditure						
Management	(21,724)	(4,168)	(3,074)	(1,335)	**(30,301)**	(28,088)
Service charge costs	(8,243)	(5,782)	(4,159)	(313)	**(18,497)**	(14,558)
Routine maintenance	(30,181)	(4,128)	(2,110)	(334)	**(36,753)**	(31,567)
Planned maintenance	(16,466)	(2,430)	(1,457)	(248)	**(20,601)**	(20,160)
Major repairs expenditure	(987)	(150)	(98)	(17)	**(1,252)**	(1,889)
Rent losses from bad debts	(310)	(94)	(60)	8	**(456)**	(1,269)
Depreciation of housing properties	(18,194)	(2,198)	(1,567)	(460)	**(22,419)**	(21,874)
Housing impairment charge (note 14)	-	-	-	-	**-**	(4,418)
Other costs	(1)	-	-	(155)	**(156)**	(58)
Expenditure on social housing lettings	(96,106)	**(18,950)**	**(12,525)**	**(2,854)**	**(130,435)**	(123,881)
Operating surplus on social housing lettings	**17,239**	**2,363**	**798**	**454**	**20,854**	20,272
Void losses	**(1,308)**	**(285)**	**(1,514)**	**(2)**	**(3,109)**	(2,473)

5. Accommodation owned, managed and under development

	2023 Number	2022 Number
The number of properties in ownership at the year-end were:		
General needs accommodation (social rent)	**20,265**	20,224
General needs accommodation (affordable rent)	**2,237**	2,077
Older persons housing	**3,874**	3,865
Supported housing	**1,663**	1,744
Low-cost home ownership	**1,308**	1,269
	29,347	29,179
The number of properties in ownership but managed by others at the year-end were:		
General needs accommodation (social rent)	**2**	1
Supported housing	**337**	284
Total homes owned	**29,686**	29,464
Accommodation managed by other bodies	**(339)**	(285)
Accommodation managed for other bodies / owner occupiers	**917**	818
Leasehold	**5,064**	5,464
Total homes managed	**35,328**	35,461

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	**713**	959
Rent to buy home ownership	**30**	-
Open market sales	**103**	348
Supported housing	**91**	91
Low-cost home ownership	**427**	486
	1,364	1,884

6. Disposal of housing properties

	2023 £'000	2022 £'000
Disposal proceeds from property sales	6,653	9,051
Proceeds from land sales	14	21
Total proceeds	6,667	9,072
Carrying value of fixed assets from property sales	(3,513)	(6,483)
Costs on disposal	(2,603)	(2,650)
Gain/(Loss) on disposal of housing properties	551	(61)

	2023 Number	2022 Number
Analysis of housing property sales		
Preserved Right to Buy sales	20	25
Right to Acquire	15	33
Shared ownership staircasing	36	38
Other sales	19	19
	90	115

7. Operating surplus

	Group		Association	
Operating surplus is stated after charging:	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Depreciation of housing properties (note 14)	22,488	21,948		-
Depreciation of other fixed assets (note 16)	962	1,119	30	30
Impairment of housing properties (note 33)	-	4,418		-
(Gain)/Loss on disposal of housing properties (note 6)	(551)	61		-
Loss/(Gain) on disposal of other tangible fixed assets (note 10)	46	(171)		-
Amortisation of government grant (note 24)	(6,379)	(5,508)	(30)	(30)
Revaluation of investment properties (note 15)	2,620	207		-
Pension adjustments (note 29)	(3,701)	(3,399)		-
Operating lease receipts (note 27)	(857)	(792)		-
Operating lease payments (note 27)	801	767		-
Auditor's remuneration (excluding VAT): In their capacity as auditors	153	135	1	3

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

The directors including executive directors are as listed on page 2.	Group 2023 £'000	Group 2022 £'000
The aggregate emoluments paid to or receivable by non-executive directors and former non-executive directors	145	133
The aggregate emoluments paid to or receivable by executive directors and former executive directors (including pension contributions and benefits in kind)	773	749
The aggregate amount of pension contributions in respect of services as directors	106	100
The aggregate compensation paid to or receivable by executive directors or past directors in respect of loss of office (whether by retirement or otherwise)	-	-
The emoluments paid to the highest paid director (excluding pension contributions but including benefits in kind)	212	208
Pension contributions for the highest paid director	21	20

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 £233k (2022: £228k) made up of salary £191k (2022: £188k), pension £21k (2022: £20k) and salary sacrifice £21k (2022: £20k).

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 2023 £'000	Group 2022 £'000
R Barber	19	18
W Dignan	19	19
K Keane	16	-
N Goodwin	-	16
W Hewish	-	12
P High	14	16
B Roebuck	-	10
M Verrier	15	19
D Burgher	16	16
T Johnston	30	16
K Jones	16	-
T Kokkinos	3	-
D Hampson	1	-

9. Employee information

	Group		Association	
	2023 Number	2022 Number	**2023 Number**	2022 Number
Average number of employees (including executive directors) expressed as full time equivalents (based on an average of 35 hours per week)	**913**	878	-	-

	Group		Association	
	2023 £'000	2022 **£'000**	**2023 £'000**	2022 **£'000**
Staff costs (for the above persons)				
Wages and salaries	29,851	27,272	-	-
Social security costs	3,056	2,677	-	-
Other pension costs	3,606	3,323	-	-
Severance payments	91	200	-	-
	36,604	33,472	-	-

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	**2023 £'000**	**2022** £'000
£60,000 and £69,999	**13**	15
£70,000 and £79,999	**18**	9
£80,000 and £89,999	**9**	11
£90,000 and £99,999	**4**	1
£100,000 and £109,999	**3**	3
£110,000 and £119,999	**5**	3
£120,000 and £129,999	**1**	1
£130,000 and £139,999	**1**	1
£140,000 and £149,999	**1**	-
£150,000 and £159,999	**1**	1
£170,000 and £179,999	**-**	-
£180,000 and £189,999	**1**	2
£200,000 and £209,999	**-**	1
£230,000 and £239,999	**1**	-
£240,000 and £249,999	**-**	-

NOTES TO THE FINANCIAL STATEMENTS (continued)

10. Disposal of other tangible fixed assets

	Group		Association	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Disposal proceeds from other fixed assets	-	242	-	-
Carrying value of other fixed assets	(46)	(71)	-	-
(Loss)/Gain on disposal of other fixed assets	(46)	171	-	-

11. Interest receivable and similar income

	Group		Association	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Bank and building society interest	290	54	18	-
Interest income on net defined benefit plan assets (note 38)	3,209	2,405	-	-
Joint venture loan interest	417	316	-	-
Other interest and dividends	-	-	-	-
	3,916	2,775	18	-

12. Interest payable and similar charges

	Group		Association	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Interest payable on bank and building society loans	5,458	4,231	-	-
Interest payable on bond	5,872	4,888	-	-
Amortised bond arrangement fee	(9)	109	-	-
Bond admin fee	21	20		
Interest payable on other loans	-	-	-	-
Amortised loan arrangement fees	(121)	925	-	-
Loan administration fees	130	36,191	-	-
Loan security costs	49	78	-	-
Non utilisation fees	832	350	-	-
Interest expense on net defined benefit liabilities	3,640	2,989	-	-
	15,872	49,781	-	
Capitalised interest	(3,016)	(2,490)	-	-
	12,856	47,291	-	-

Interest has been capitalised at 4.0% (2022: 4.0%) per annum.

During the year bond and loan arrangement fees of £64k and £323k respectively were capitalised in year that related to the 21/22 financial year.

13. Taxation

	Group 2023 £'000	Group 2022 £'000	Association 2023 £'000	Association 2022 £'000
UK corporation tax				
Current tax charge for the year	-	-	-	-
Adjustment in respect of previous years	-	1	-	-
	-	1	-	-
Deferred tax				
Origination and reversal of timing differences	**208**	(113)	-	-
Adjustments in respect of previous years	**155**	26	-	-
Effect of tax change on opening balance	-	(105)	-	-
	363	(192)	-	-
Total tax on surplus on ordinary activities	**363**	(191)	-	-

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 2023 £'000	Group 2022 £'000	Association 2023 £'000	Association 2022 £'000
Surplus on ordinary activities before taxation	**15,034**	**(22,735)**	**(138)**	(413)
Current tax at standard corporation tax rate	**2,856**	**(4,320)**	**(26)**	(78)
Effects of tax free income due to charitable activities	**(3,233)**	**(2,858)**	-	-
Fixed asset differences	**(27)**	-	**(27)**	7
Expenses not deductible for tax purposes	**2**	**(27)**	**1**	-
Group relief surrender / claim for no payment	-	-	-	-
Income not taxable for tax purposes	**(101)**	**(6)**	-	(6)
Adjustments in respect of prior periods	-	**27**	-	-
Loss carry back	-	-	-	-
Tax rate differences on deferred tax	**(92)**	**(345)**	-	(30)
Deferred tax not recognised	**803**	**458**	**52**	107
Chargeable gains/(losses)	-	**13**	-	-
Tax impact on exceptional items*	-	**6,867**	-	-
Adjustments in respect of prior periods – deferred tax	**155**	-	-	-
Total tax on charge on surplus on ordinary activities	**363**	**(191)**	-	-

As of 31 March 2023, the main rate of corporation tax in the UK was 19%. This will rise to 25% with effect from 1 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 2021/22.

13. Taxation (continued)

	Group		Association	
	2023 £'000	2022 £'000	**2023 £'000**	2022 £'000
Net tax (asset)/liability at start of the year	**(551)**	(359)	**-**	-
Prior year adjustment	**-**	26	**-**	-
Difference between accumulated depreciation and capital allowances	**-**	-	**-**	-
Deferred tax charges in statement of comprehensive income	**363**	-	**-**	-
Unused tax losses	**-**	(218)	**-**	-
Net tax (asset)/liability at end of the year	**188**	(551)	**-**	-

In addition to the deferred tax asset above, the Group has additional unrecognised gross tax losses of £7,022,000 (2022: £3,433,000) 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 £1,755,000 (2022: £858,000) 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	Completed low-cost home ownership properties £'000	Low-cost home ownership properties under construction £'000	Total £'000
Cost					
At 1 April 2022	1,309,560	31,530	58,843	10,968	1,410,901
Additions	29,471	35,002	-	20,853	85,326
Capitalised interest	-	1,269	-	722	1,991
Disposals	(2,476)	-	(1,791)	-	(4,267)
Component Write Offs	(6,933)	-	-	-	(6,933)
Transfer from/(to) stock	-	-	-	(10,417)	(10,417)
Transfer to abortive works	-	(549)	-	(33)	(582)
Transfer to Investments	-	-	-	-	-
Transfer on completion	24,318	(24,318)	7,552	(7,552)	-
At 31 March 2023	**1,353,940**	**42,934**	**64,604**	**14,541**	**1,476,019**
Depreciation					
At 1 April 2022	(298,669)	-	(4,180)	-	(302,849)
Charge for the year	(22,033)	-	(455)	-	(22,488)
Disposals	651	-	164	-	815
Component write-offs	4,563	-	-	-	4,563
At 31 March 2023	**(315,488)**	**-**	**(4,471)**	**-**	**(319,959)**
Impairment					
At 1 April 2022	(2,363)	(1,047)	-	(1,037)	(4,447)
Charge for the year	-	-	-	-	-
Transferred to complted	(1,308)	762	-	546	-
At 31 March 2023	**(3,671)**	**(285)**	**-**	**(491)**	**(4,447)**
Net Book Value					
At 1 April 2022	1,008,528	30,483	54,663	9,931	1,103,605
At 31 March 2023	**1,034,781**	**42,649**	**60,133**	**14,050**	**1,151,613**
Freehold	841,885	42,649	60,026	14,050	**958,610**
Long-leasehold	192,896	-	107	-	**193,003**
At 31 March 2023	**1,034,781**	**42,649**	**60,133**	**14,050**	**1,151,613**

Additions to housing properties in the year included improvement works to existing properties of £29,471,000 (2022: £17,985,000) and capitalised interest of £1,991,000 (2022: £1,016,000) at an average rate of 4.0% (2022: 4.0%). Expenditure on works to existing properties charged to the statement of comprehensive income totalled £57,354,000 (2022: £51,727,000).

15. Investments including properties

	Group					Association	
	Joint venture investment	Joint venture share profit/(loss)	Investment properties	Shared equity investments	Total	Shares in subsidiary undertaking	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2022	443	(19)	16,183	390	**16,997**	-	-
Additions	296	-	15	-	**311**	-	-
Investment in JV	222	-	-	-	**222**		
Share of JV profit	-	258	-	-	**258**	-	-
JV profit received	-	(13)	-	-	**(13)**	-	-
Revaluation	-	-	2,620	-	**2,620**	-	-
At 31 March 2023	**961**	**226**	**18,818**	**390**	**20,395**	**-**	**-**

The investment in year of £222,000 relates to additional equity in the Greater Manchester Joint Venture (GMJV)(Hive). An operating profit of £258,000 has also been recognised in the accounts being 50% share in the GMJV.

Full valuations of existing properties were carried out in March 2023 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 £18.8million, representing an increase in value of £2.62m

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

	Group	
	2023 **£'000**	2022 £'000
Historic costs	20,316	12,310
Accumulated depreciation	(1,928)	(1,681)
	18,388	10,629

15. Investments including properties (Continued)

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	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 2022	19,954	4,593	1,477	26,024
Write-offs				
Additions	-	636	21	657
Land transfer from WIP	8,006	-	-	8,006
Disposals	(5)	(898)	(23)	(926)
At 31 March 2023	**27,955**	**4,331**	**1,475**	**33,761**
Depreciation				
At 1 April 2022	(5,284)	(2,300)	(1,326)	(8,910)
Charge for the year	(651)	(249)	(62)	(962)
Transfer from properties awaiting sale	-	-	-	-
Disposals	1	851	23	875
At 31 March 2023	**(5,934)**	**(1,698)**	**(1,365)**	**(8,997)**
Net book value				
At 1 April 2022	14,670	2,293	151	17,114
At 31 March 2023	**22,021**	**2,633**	**110**	**24,764**

16. Other tangible fixed assets (continued)

	Association	
	Freehold land and buildings	Total
	£'000	£'000
Cost		
At 1 April 2022	1,519	1,519
Additions	-	-
Disposals	-	-
At 31 March 2023	**1,519**	**1,519**
Depreciation		
At 1 April 2022	(760)	(760)
Charge for the year	**(30)**	**(30)**
Disposals	**-**	**-**
At 31 March 2023	**(790)**	**(790)**
Net book value		
At 1 April 2022	760	760
At 31 March 2023	**729**	**729**

17. Debtors: amounts falling due after one year

	Group		Association	
	2023 £'000	2022 £'000	**2023 £'000**	2022 £'000
Improvement programmes (VAT Shelter)	-	-	-	-
Other debtors	24	24	-	-
Loan provided to joint venture	-	-	-	-
	24	24	-	-

18. Properties for sale and work in progress

	Group	
	2023 £'000	2022 £'000
Properties under construction – low-cost home ownership	**6,102**	2,992
Properties under construction – outright sales	**603**	-
Completed properties – low-cost home ownership	**1,518**	1,118
Developments under construction	**27,617**	32,577
Assets for disposal	**455**	455
Stock and components	**49**	49
	36,344	37,191

19. Debtors: amounts falling due within one year

	Group		Association	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Rent and service charge arrears	11,309	10,120	-	-
Bad debt provision	(5,225)	(5,475)	-	-
	6,084	4,645	-	-
Trade debtors	1,315	295	136	90
Social Housing Grant and other grant receivable	514	3,656	-	-
Amounts owed by related parties	-	-	1,074	742
Amounts owed by leaseholders	713	833	-	-
Loans to joint venture	1,970	5,791	-	-
Prepayments and sundry debtors	3,796	48,486	943	810
Other taxation and social security	194	564	-	-
Improvement programmes (VAT Shelter)	-	78	-	-
Cash in transit	3,062	-	236	-
Deferred tax	-	-	-	-
	17,648	64,348	2,389	1,642

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	
	2023 £'000	2022 £'000	2023 £'000	2022 £'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	
	2023 £'000	2022 £'000	**2023 £'000**	2022 £'000
Bank and building society loans (note 24)	4'301	5,200	-	-
Other loans (note 24)	1,920	1,930	-	-
Bond issue costs	(50)	(36)	-	-
Issue costs (note 24)	(176)	(106)	-	-
	5,995	6,988	-	-
Trade creditors	5,680	2,587	636	(6)
Capital creditors and retentions	805	687	-	-
Rent and service charges received in advance	5,663	5,215	-	-
Other taxation and social security	1,055	951	565	178
Deferred Government Grant (note 25)	5,666	5,589	30	30
Recycled capital grant fund	-	-	-	-
Social housing grant received in advance	-	156	-	-
Accruals and deferred income	20,854	18,278	652	1,066
Other creditors	531	840	-	-
Amounts owed to related parties (note 31)	-	-	8,444	4,695
Amounts owed to leaseholders	-	-	-	-
Improvement programmes (VAT Shelter)	-	78	-	-
Corporation tax	1	1	-	-
	46,250	41,370	10,327	5,963

22. Creditors: amounts falling due after one year

	Group		Association	
	2023 £'000	2022 £'000	**2023 £'000**	2022 £'000
Bank and building society loans (note 23)	97,908	102,209	-	-
Other loans (note 23)	17,989	19,913	-	-
Bond (note 23)	265,000	265,000	-	-
Bond discount (note 23)	(7,307)	(7,550)	-	-
Bond issue costs (note 23)	(1,439)	(1,365)	-	-
Loan Issue costs (note 23)	(346)	(242)	-	-
	371,805	377,965	-	-
Capital creditors and retentions	1,884	1,216	-	-
Amounts owed to leaseholders	10,652	10,720	-	-
Deferred Government Grant (note 24)	480,720	454,555	699	730
Deferred income	-	-	-	-
Recycled Capital Grant Fund	2,818	2,688	-	-
Improvement programmes (VAT Shelter)	-	-	-	-
	867,879	847,144	699	730

23. Debt analysis

	Group 2023 £'000	Group 2022 £'000
Bank and Building Society loans	**102,209**	107,409
Other loans	**19,908**	21,843
Bond	**265,000**	265,000
Bond Discount	**(7,307)**	(7,550)
Bond issue costs	**(1,489)**	(1,401)
Issue costs	**(521)**	(348)
	377,800	384,953

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 2023 interest rates chargeable varied from 4.26% to 11.67%.

	Group 2023 £'000	Group 2022 £'000
Gross debt is repayable in instalments as follows:		
Within one year	**6,221**	7,130
Between one and two years	**8,969**	6,221
Between two and five years	**44,691**	33,047
After five years	**327,237**	347,854
	387,118	394,252

23. Debt analysis (continued)

	Group		
	Properties under charge	**Amount drawn £'000**	Valuation of units £'000
Loan charges	13,816	387,118	692,104

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 2022	265,000	(7,550)	(1,401)	256,049
Issued Bond	-	-		-
Amortisation of discount on issue and Bond issue costs during year	-	243	(88)	155
At 31 March 2023	265,000	(7,307)	(1,489)	256,204

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 was received in February 2022 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 (Financial Assistance)

	Group		Association	
The total accumulated government grant and financial assistance received or receivable at 31 March:	**2023 £'000**	2022 £'000	**2023 £'000**	2022 £'000
Held as deferred capital grant at start of the year	460,144	434,940	760	790
Transfer from housing properties	-	(439)	-	-
Grant received in the year	38,988	32,461	-	-
Grants in advance	156	2,036	-	-
Disposals	(1,531)	(2,219)	-	-
Transfer to properties held for sale	-	(1,065)	-	-
Repaid	(48)	(32)	-	-
Grant transferred to other housing association	(3,577)	-	-	-
Recognised in the Statement of Comprehensive Income in the year - Income	(1,367)	-	-	-
Recognised in the Statement of Comprehensive Income in the year	(6,379)	(5,538)	(31)	(30)
At end of the year	486,386	460,144	729	760
Due within one year	5,666	5,589	30	30
Due after one year	480,720	454,555	699	730
	486,386	460,144	729	760

Amounts recognised in the statement of comprehensive income of £6,379,000 includes non-social housing grant of £153,000. Only the social housing grant of £6,226,000 is recognised in note 4.

25. Recycled Capital Grant Fund

	Group	
	2023 £'000	2022 £'000
At start of the year	**2,688**	1,704
Grants recycled	**1,860**	2,828
Grant released to the SOCI	**-**	-
Interest	**2**	2
Recycled to new build development	**(1,732)**	(1,846)
At end of the year	**2,818**	2,688
Due within one year	**-**	-
Due after one year	**2,818**	2,688
	2,818	2,688
Amount three years or older where repayment may be required		

26. Financial instruments

	Group 2023 £'000	Group 2022 £'000
Financial assets measured at amortised cost:		
Trade receivables (note 19)	**1,326**	295
Other receivables (note 19)	**16,357**	64,079
Cash and cash equivalents	**66,036**	44,684
Total financial assets	**83,719**	109,058

	Group 2023 £'000	Group 2022 £'000
Financial liabilities measured at amortised cost:		
Loan payable (note 23)	**382,817**	394,252
Trade creditors (note 21)	**5,680**	2,587
Other creditors	**521,344**	491,675
Total financial liabilities	**909,841**	888,514

The organisation's policy on treasury management, capital structures, cash flow and liquidity are set out on page 6 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 31st March was:	Group 2023 £'000	Group 2022 £'000
Floating rate	**79,710**	83,510
Fixed rate	**307,408**	310,742
	387,118	394,252

27. Obligations under 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 2023 £'000	Group Land and buildings 2022 £'000
Leases expiring:		
Within one year	**512**	504
In the second to fifth years	**1,788**	1,826
In more than five years	**2,011**	2,511
At end of the year	**4,311**	4,841

During the year £857,000 was recognised as income in the statement of comprehensive income in respect of operating leases receivable (2022: £792,000).

27. Obligations under operating leases (continued)

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.

	Group			
	Vehicles and equipment		Land and buildings	
	2023 £'000	2022 £'000	**2023 £'000**	2022 £'000
Leases expiring:				
Within one year	**227**	220	**754**	353
In the second to fifth years	**102**	303	**3,294**	1,313
In more than five years	**-**	-	**1,043**	1,939
At end of the year	**329**	523	**5,091**	3,605

During the year £801,000 was recognised as an expense in the statement of comprehensive income in respect of operating leases (2022: £767,000).

28. Provisions for liabilities

	Group		Association	
	2023 £'000	2022 £'000	**2023 £'000**	2022 £'000
At start of the year	**1,279**	1,443	**-**	**-**
Transfer into public liability claim provision	**209**	113	**-**	**-**
Transfer out of public liability claim provision	**(375)**	(277)	-	-
At end of the year	**1,113**	1,279	-	-

29. Pension liabilities

	Group		Association	
	2023 £'000	2022 £'000	**2023 £'000**	2022 £'000
At start of the year	**16,829**	28,518	**-**	**-**
Opening deficit liability (Growth Plan)	**-**	28	**-**	**-**
Net interest on pension liabilities	**430**	584	**-**	**-**
Transfers to reserves (actuarial gain in period)	**2,069**	(8,902)	**-**	**-**
Contributions in period	**(3,852)**	(3,550)	**-**	**-**
Administration expenses	**65**	68	**-**	**-**
Expected return in pension assets	**-**	-	**-**	**-**
Current service costs in the period	**86**	83	**-**	**-**
Settlement on exit	**-**	-	**-**	**-**
SHPS pension on business combination	**-**	-	**-**	**-**
At end of the year	**15,627**	16,829	-	-

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 2023 £	Association 2022 £
Shares of £1 each fully paid and issued:		
At start of the year	**6**	8
Shares issued in the year	**4**	1
Cancelled during the year	**(2)**	(3)
At end of the year	**8**	6

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 2023 £'000	Association 2022 £'000
Recharge by subsidiary		
Onward Homes Limited (regulated)	**4,217**	3,543
Onward Repairs Limited (non-regulated)	**96**	84
Contour Property Services (non-regulated)	**112**	119
Atrium City Living (non-regulated)	**2**	-
Onward Build (non-regulated)	**55**	44
	4,482	3,790

	Association 2023 £'000	Association 2022 £'000
Recharge by service		
Management services	**4,482**	3,790
	4,482	3,790

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 2023 £'000	Association 2022 £'000
Recharge from subsidiary		
Onward Homes Limited	**542**	614
	542	614

31. Transactions with related parties (continued)

Debtors falling due within one year	Association 2023 £'000	2022 £'000
Onward Repairs Limited (non-regulated)	**351**	265
Contour Property Services Limited (non-regulated)	**588**	455
Onward Build (non-regulated)	**10**	22
Atrium City Living Limited (non- regulated)	**1**	-
	796	742

Creditors: amounts falling due within one year	Association 2023 £'000	2022 £'000
Onward Homes Limited (regulated)	**8,319**	4,695
	8,319	4,695

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 2023 £'000	2022 £'000
Capital expenditure contracted for but not provided for in the financial statements general balance	**143,148**	137,091
Capital expenditure authorised by the Board but not yet contracted for general balance	**97,554**	124,979

Capital expenditure commitments are funded through grant funding (Homes England Affordable Homes Programme) and recycled grant, £31,242,051 and cash from approved loan agreements and retained surpluses, £208,460,433.

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 £3,533,000 (2022: £ 4,418,000).

34. Analysis of changes in net debt

	At 1 April 2022 £'000	Cash Flows £'000	Other non cash changes £'000	At 31 March 2023 £'000
Cash and cash equivalents				
Cash	44,684	21,352	-	66,036
Bank loans	(107,078)	5,200	(97)	(101,975)
Other loans	(21,827)	1,935	271	(19,621)
Bond liabilities	(256,049)	-	(155)	(256,204)
Total	**(340,270)**	**28,487**	**19**	**(311,764)**

35. Cash flows generated from operating activities

	Notes	Group 2023 £'000	Group 2022 £'000
(Deficit) / surplus for the year		10,683	(22,544)
Adjustments for non-cash items:			
Depreciation of tangible fixed assets (Housing properties and other)	14 & 16	23,451	23,067
Impairment and stock write off	18	3,533	4,330
Surplus on sale of fixed asset housing properties	6	505	(110)
Proceeds from sale of fixed asset housing properties	6	6,667	9,314
Amortisation of deferred Government Grant	24	(6,379)	(5,538)
Government grant recognised in income in year	24	(1,367)	-
Movement in stock	18	(276)	(10,426)
Movement in trade and other debtors	19	43,558	(96)
Movement in trade and other creditors	21	5,766	521
Movement in provisions	28	(166)	(164)
Pension costs less contributions payable	29	(3,271)	(2,815)
Interest receivable	11	(707)	(370)
Interest payable	12	9,216	44,302
Change in value of investment property	18	(2,620)	(207)
Corporation tax expense		362	(191)
Share of joint venture (profit)/ loss	18	(226)	(131)
Cash from operations		88,729	38,942
Taxation paid	13	-	-
Net cash generated from operating activities		88,729	38,942

36. Contingent liabilities

The association had no contingent liabilities at 31st March 2023 (2022: £nil).

37. Pension costs

a) The Social Housing Pension Scheme

Summary

	Group 2023			
	SHPS	GMPF	MPF	Total
	£'000	£'000	£'000	£'000
At start of the year	16,261	550	12	16,823
Net interest on pension liabilities	402	28	-	430
Transfers to reserves (actuarial gain in period)	3,263	(1,200)	6	2,069
Contributions in period	(3,807)	(36)	(6)	(3,851)
Administration expenses	65	-	-	65
Current service costs in the period	-	86	-	86
At end of the year	**16,184**	**(572)**	**12**	**15,624**

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

The latest accounting valuation was carried out with an effective date of 30 September 2022. The liability figures from this valuation were rolled forward for accounting year-ends from the following 31 March 2023 to 28 February 2024 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.

37. Pension costs (continued)

a) The Social Housing Pension Scheme (continued)

	Group	Association
Assumptions	**2023**	**2023**
Inflation	2.8%	-
Rate of discount on scheme	4.9%	-
Rate of salary increase	3.8%	-
Rate of increase of pensions	3.8%	-
Life expectancy male non-pensioner	22.2	-
Life expectancy female non-pensioner	24.9	-
Life expectancy male pensioner	21.0	-
Life expectancy female pensioner	23.4	-

We have been notified by the Trustee of the Scheme that it has performed a review of the changes made to the Scheme's benefits over the years and the result is that there is uncertainty surrounding some of these changes. The Trustee has been advised to seek clarification from the Court on these items. This process is ongoing, and the matter is unlikely to be resolved before the end of 2024 at the earliest. It is recognised that this could potentially impact the value of Scheme liabilities, but until Court directions are received, it is not possible to calculate the impact of this issue, particularly on an individual employer basis, with any accuracy at this time. No adjustment has been made in these financial statements in respect of this potential issue.

The fair value of the schemes' assets at 31 March 2023, 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	Association
	2023	**2023**
	£'000	£'000
Fair value of assets	**72,871**	-
Present value of liabilities	**(89,055)**	-
Deficit in the scheme	**(16,184)**	-

37. Pension costs (continued)

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:

	Group 2023 £'000	Association 2023 £'000
Market value		
Global Equity	**1,360**	-
Absolute Return	**788**	-
Distressed Opportunities	**2,206**	-
Credit Relative Value	**2,750**	-
Alternative Risk Premia	**135**	-
Fund of Hedge Funds	**-**	-
Emerging Markets Debt	**391**	-
Risk Sharing	**5,365**	-
Insurance-Linked Securities	**1,840**	-
Property	**3,137**	-
Infrastructure	**8,323**	-
Private Debt	**3,243**	-
Opportunistic Illiquid Credit	**3,117**	-
High yield	**255**	-
Opportunistic credit	**5**	-
Cash	**525**	-
Corporate Bond Fund	**-**	-
Liquid Credit	**1**	-
Long Lease Property	**2,199**	-
Secured Income	**3,345**	-
Liability Driven Investment	**33,560**	-
Currency Hedging	**140**	-
Net Current Assets	**186**	-
Total	**72,871**	-

	Group 2023 £'000	Association 2023 £'000
Analysis of the amount charged to operating surplus		
Current service cost	-	-
Past service cost / (gain)	-	-
Total operating charge	-	-

37. Pension costs (continued)

a) The Social Housing Pension Scheme (continued)

	Group 2023 £'000	Association 2023 £'000
Analysis of the amount credited to other finance income		
Expected return on pension assets	**3,131**	-
Interest on pension liabilities	**(3,533)**	-
Net return	**(402)**	**-**

	Group 2023 £'000	Association 2023 £'000
Movement in (deficit) during the year		
Deficit in schemes at the start of the year	**(16,261)**	-
Contributions	**3,807**	-
Expected return on plan assets	**3,131**	-
Interest on pension liabilities	**(3,533)**	-
Administration expenses	**(65)**	-
Actuarial gain/(loss) in SCI	**(3,263)**	-
Deficit in schemes at end of the year	**(16,184)**	-

	Group 2023 £'000	Association 2023 £'000
Amount recognised in the Statement of Comprehensive Income		
Actual return less expected return on pension scheme assets	**(42,572)**	-
Experienced gains/(losses) arising on the scheme liabilities.	**997**	-
Change in assumptions underlying the present value of scheme liabilities	**38,312**	-
Actuarial (loss) recognised in SCI	**(3,263)**	-

37. Pension costs (continued)

a) The Social Housing Pension Scheme (continued)

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.

	Group 2023	Association 2023
History of experienced surpluses and deficits		
Difference between actual and expected returns on assets (£'000)	**(42,572)**	-
% of scheme assets	**(58.4)%**	-
Experienced (losses)/gains on liabilities (£'000)	**977**	-
% of scheme liabilities	**1.1%**	-
Total amount recognised in SCI (£'000)	**(3,263)**	-
% of scheme liabilities	**(3.7)%**	-

	Group 2023 £'000	Association 2023 £'000
Reconciliation of assets		
Initial recognition of multi-employer defined benefit	**112,313**	-
Employer contributions	**3,807**	-
Benefits paid	**(3,808)**	-
Expected return on plan assets	**3,131**	-
Remeasurement of assets	**(42,572)**	-
Assets at end of year	**72,871**	-

	Group 2023 £'000	Association 2023 £'000
Reconciliation of liabilities		
Initial recognition of multi-employer defined benefit	**128,574**	-
Interest cost	**3,533**	-
Benefits paid	**(3,808)**	-
Actuarial (gain) / loss	**(39,309)**	-
Administration expenses	**65**	-
Benefit obligation at end of year	**89,055**	-

37. Pension costs (continued)

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 950 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.

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 2019 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.

37. Pension costs (continued)

b) TPT Retirement solutions – The Growth Plan (continued)

Present value of provision

	31 March 2023 £	31 March 2022 £	31 March 2021 £
Present value of provision	**3,565**	5,592	28,342

Reconciliation of opening and closing provisions

	2023 £	2022 £
Provision at start of period	**5,592**	28,342
Unwinding of the discount factor (interest expense)	**105**	163
Deficit contribution paid	**(2,037)**	(7,172)
Remeasurement – impact of any change in assumptions	**(95)**	(129)
Remeasurement – amendments to the contribution schedule	**-**	(15,612)
Provision at end of period	**3,565**	5,592

Income and expenditure impact

	2023 £	2022 £
Interest expense	**105**	163
Remeasurement – impact of any change in assumptions	**(95)**	(129)
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 2023 % pa	31 March 2022 % pa	31 March 2021 % pa
Rate of discount	**5.52**	2.35	0.66

37. Pension costs (continued)

c) Local Government Pension Scheme

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

Assumptions	2023	2022
Inflation	2.8%	3.2%
Rate of discount on scheme	4.75%	2.75%
Rate of salary increase	3.75%	3.9%
Rate of increase of pensions	2.95%	3.15%
Life expectancy male non-pensioner	22.0	21.6
Life expectancy female non-pensioner	25.8	25.1
Life expectancy male pensioner	20.2	20.3
Life expectancy female pensioner	23.5	23.2
Mortality assumptions (normal health)		
Basis	Vita curves CMI 2021 model	Vita curves CMI 2020 model
Non-retired members	CMI 2021 model, with a 0% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long term rate of improvement of 1.5% p.a.	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.
Retired members	CMI 2021 model, with a 0% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long term rate of improvement of 1.5% p.a.	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.

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

Assumptions	2023	2022
Inflation	2.7%	3.5%
Rate of discount on scheme	4.9%	2.8%
Rate of salary increase	4.2%	N/A
Rate of increase of pensions	2.8%	3.6%
Life expectancy male non-pensioner	22.6	22.4
Life expectancy female non-pensioner	25.5	25.9
Life expectancy male pensioner	21.2	20.9
Life expectancy female pensioner	23.7	24
Mortality assumptions (normal health)		
Basis	S3PA CMI 2021	S3PA CMI 2021
Non-retired members	1.5% 121% male, 107% female	1.75% 131% male, 106% female
Retired members	1.5% 117% male, 107% female	1.75% 124% male, 104% female

37. Pension costs (continued)

c) Local Government Pension Scheme (continued)

	2023 £'000	2022 £'000
Fair value of assets	**1,725**	1,614
Present value of liabilities	**(1,626)**	(2,175)
Deficit in the scheme	**99**	(561)

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

	2023 £'000	2022 £'000
Market value		
Equities	**1,173**	1,081
Government Bonds	**259**	242
Property	**155**	129
Cash/liquidity	**138**	162
Total	**1,725**	1,614

	2023 £'000	2022 £'000
Analysis of the amount charged to operating surplus		
Current service cost	**86**	82
Total operating charge	**86**	82

	2023 £'000	2022 £'000
Analysis of the amount credited to other finance income		
Expected return on pension assets	**78**	29
Interest on pension liabilities	**(106)**	(47)
Net return	**(28)**	(18)

	2023 £'000	2022 £'000
Movement in (deficit) during the year		
Deficit in schemes at start of the year	**(562)**	(803)
Movement in year:		
Current service cost	**(86)**	(82)
Contributions	**42**	36
Expected return on plan assets	**78**	28
Interest on pension liabilities	**(106)**	(47)
Settlement on exit	**-**	-
Actuarial gain / (loss) in SCI	**1,194**	306
Deficit in schemes at end of the year	**560**	(562)

37. Pension costs (continued)

c) Local Government Pension Scheme (continued)

	2023 £'000	2022 £'000
Amount recognised in the Statement of Comprehensive Income		
Actual return less expected return on pension scheme assets	**(1,210)**	132
Experienced losses arising on the scheme liabilities.	**(6)**	(6)
Change in assumptions underlying the present value of scheme liabilities	**2,410**	180
Actuarial gain/(loss) recognised in SCI	**1,194**	306

	2023	2022
History of experienced surpluses and deficits		
Difference between actual and expected returns on assets (£'000)	**(1,210)**	132
% of scheme assets	**-70.14%**	8.18%
Experienced (losses)/gains on liabilities (£'000)	**(6)**	(6)
% of scheme liabilities	**-0.37%**	-0.28%
Total amount recognised in SCI (£'000)	**1,194**	306
% of scheme liabilities	**73.43%**	14.07%

	2023 £'000	2022 £'000
Reconciliation of assets		
Assets at start of year	**1,614**	1,414
Employer contributions	**42**	36
Employee contributions	**16**	13
Benefits paid	**(7)**	(10)
Expected return on plan assets	**78**	29
Remeasurement of assets	**(1,210)**	132
Settlement on exit	**-**	-
Assets at end of year	**533**	1,614

	2023 £'000	2022 £'000
Reconciliation of liabilities		
Benefit obligation start of year	**2,175**	2,217
Operating charge	**86**	82
Interest cost	**106**	47
Employee contributions	**16**	13
Benefits paid	**(7)**	(10)
Actuarial gain/(loss)	**(2,404)**	(174)
Settlement on exit	**-**	-
Benefit obligation at end of year	**(28)**	2,175

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 was 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 ended on March 2023.

39. Post Balance Sheet Events

There are no post balance sheet events to report.