

Financial Statements

31 March 2022

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Torus62 Limited
Community Benefit Society 7973
Regulator of Social Housing registration 5065



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Board Members, Executive Management Team, Bankers and legal advisors

Torus62 Limited Board

Paul Burns – Chair (from 1st January 2022, resigned 28th July 2022), Vice Chair (to 31st December 2021)
 Graham Burgess – Chair (to 31st December 2021 and from 28th July 2022), Vice Chair (from 1st January 2022 to 28th July 2022)
 Steve Coffey – Group Chief Executive
 Robert Hepworth
 Duncan Craig
 Christine Fallon
 Andrew Gray
 Greg Gottig
 Paula McGrath
 Sarah Jane Saunders
 Gordon Hood

Torus62 Developments Board

Robert Hepworth - Chair
 Gordon Hood
 Christine Fallon
 Peter Fieldsend
 Steve Coffey

Housing Maintenance Solutions Limited Board

Paula McGrath – Chair
 Ralph Middlemore
 Gordon Hood
 Peter Fieldsend
 Paul Worthington
 Catherine Murray Howard

Torus Foundation Board

Sarah Jane Saunders – Chair
 Peter Morton (to 26th April 2022)
 Colleen Martin (to 26th April 2022)
 Elaine Stewart (to 22nd October 2021)
 Phil Garrigan
 Catherine Murray Howard
 Jeanie Bell
 Tom Jennings (to 22nd October 2021)
 Clare Gosling (from 6th June 2022)
 Holly Chan (from 6th June 2022)
 Uzair Patel (from 6th June 2022)
 Simon Bean (from 6th June 2022)
 Stephanie Donaldson (from 6th June 2022)
 Tony Okotie (from 6th June 2022)

Torus Commercial Services Limited Board

Ralph Middlemore
 Paula McGrath
 Peter Fieldsend
 Paul Worthington
 Catherine Murray Howard

Torus Living Board

Robert Hepworth - Chair
 Gordon Hood
 Christine Fallon
 Peter Fieldsend
 Steve Coffey

Torus Development Committee

Robert Hepworth - Chair
 Gordon Hood
 Christine Fallon
 Peter Fieldsend
 Steve Coffey
 Catherine Murray Howard

Group Remuneration & Nominations Committee

Graham Burgess – Chair (from 1st January 2022)
 Christine McLoughlin
 Greg Gottig
 Paul Burns (to 28th July 2022)

Group Audit & Risk Committee

Duncan Craig - Chair
 Andrew Gray
 Greg Gottig
 Paula McGrath
 Neil Garnham
 Alistair Hollows
 Stephanie Donaldson (from 6th June 2022)

Landlord Operations Committee

Andrew Gray – Chair
 Robert Hepworth
 Cath Murray Howard
 Sarah Jane Saunders
 Teri Wilson
 Sharon Shaw
 Ray Jones
 Sharon Connor
 Debra Ergen (to 30th September 2021)
 Pamela Woodward
 Michelle Davis (to 1st August 2021)
 Shaune Sieley
 Jan Davidson (to 26th May 2021)
 Jeanie Bell
 David Higgins (from 1st December 2021)
 James Heneghan (from 1st December 2021)

Executive Officers:

Group Chief Executive Steve Coffey
 Chief Financial Officer Peter Fieldsend
 Chief Operating Officer Catherine Murray Howard

Company Secretary and Registered Office:

Ronnie Clawson
 4 Corporation St
 St Helens
 Merseyside
 WA9 1LD

External Auditors:

BDO LLP
 5 Temple Square
 Temple Street
 Liverpool

Internal Auditors:

RSM UK LLP
 20 Chapel Street
 Liverpool
 L3 9AG

Solicitors:

Catherine Fearon - Torus62 Limited

Brabners
 Horton House
 Exchange Flags
 Liverpool
 L2 3YL

Bankers:

National Westminster Bank Plc
 5 Ormskirk Street
 St Helens
 WA10 1DR

Funders:

Royal Bank of Scotland Plc
 Santander UK Plc
 Nationwide Building Society
 Barclays Bank Plc
 National Westminster Bank Plc
 bLEND Funding Plc
 Warrington Borough Council
 The Housing Finance Corporation

Strategic Report

About us

Torus is a growth and regeneration group with a social purpose and the North West's largest affordable housing provider. The Group owns and manages a core portfolio of 40,000 homes in Liverpool, St Helens, Warrington and beyond; our five-year commitment to building 5,600 more means that Torus is also one of the region's largest developing housing associations.

Torus comprises five distinct business areas: Landlord Services, Torus Foundation, Torus Developments, HMS and the Corporate Core. The Group's primary activities are charitable, with new-build activities, sales and commercial contracting provided by non-charitable subsidiaries. All profits are reinvested, enabling us to deliver our mission at scale.

Our purpose

Working in partnership with agencies across the region and nationally, Torus strives to improve lives and support the development of vibrant, sustainable communities. Whilst housing remains the bedrock of our offer to communities, we are committed to playing a broad-based transformational role, centred around impactful people and place-based change.

The drive to create more resilient, connected and aspirational neighbourhoods is enshrined in the Torus Group Mission of 'Growing Stronger Communities' and Vision 'To support the development of economically vibrant communities and independent lives'.

Principal activities

- Providing quality affordable housing for rent, including specialist housing for older customers and those with additional care needs;
- Delivering low-cost home ownership options for the North West, including both Shared Ownership and Rent to Buy;
- Offering tailored accommodation options for vulnerable groups, including temporary or permanent housing solutions to tackle homelessness and domestic violence;
- Supporting people to live independently and investing in meaningful social initiatives including benefits and money advice, employment and skills, digital inclusion, health & wellbeing and youth services; *and*
- Maintaining active developments and assets renewal programmes, to increase the number and range of homes and housing solutions across the 13 local authority areas in which Torus operates.
- Group Corporate Plan 2021-2026.

Our Group Corporate Plan 2021-2026:

'A New Day' was published in June 2021. This five-year plan sets out Torus' commitment to step up and adapt support for tenants and residents, our region and our people at a time of unprecedented

economic challenge. It explains how we will continue to put customers at the heart of everything we do, whilst we work to become an even stronger, more inclusive business that is fully equipped to face future challenges.

The objectives and outcomes we will achieve over the period of this plan are set out under four key themes:

<p>1. Investment We will invest in communities, in new and existing homes, and in our people, business infrastructure, supply chains, partnerships and services.</p>	<p>2. Resilience Our activities will focus on increasing the resilience of communities in our heartland areas and within our own business operations.</p>
<p>3. Intelligence Putting intelligence at the heart of our business, we will use data, insight and experience to drive decision-making. Intelligence will help us learn, adapt and evolve.</p>	<p>4. Influence We will maximise our influence at community, regional and national levels and develop strategic partnerships to deliver change intelligently and effectively.</p>

The year in review therefore represents the first financial year to be guided by our 2021-2026 corporate objectives. In 2021/22, we launched several new strategies across the business, including Specialist Housing, Diversity & Inclusion, Accommodation and Developments. We also commenced work on major programmes and projects designed to enhance the services we provide to customers and communities, improve data, intelligence and insight usage across the Group, build organisational resilience and support North West communities to recover from the impacts of the Covid-19 pandemic.

<p>1. Investment We will: Deliver excellent services driven by quality, value for money and changing demand Embed exemplar standards of safety across homes and communities and our working Environments. Tackle the green agenda to create healthy, sustainable places. Embrace innovation and technology to drive efficiency and enhance services.</p>	<p>In 2021/22 we: Created and launched new strategies, including Asset Management, Customer Access, Safeguarding, Developments, Diversity & Inclusion, Business & Customer Intelligence and Environmental Sustainability, Aligned service standards across Torus geographies and reviewed our Safety Plus and Aids & Adaptations processes. Developed our approach to Modern Methods of Construction, in line with Homes England funding expectations. Expanded Quality Management arrangements across all HMS activities</p>
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<p>2. Resilience We will:</p> <p>Provide a firm platform for growth to withstand challenges.</p> <p>Practice good business across the Group and its supply chains.</p> <p>Build, regenerate and transform places and communities.</p> <p>Foster partnerships that develop communities where people thrive.</p>	<p>In 2021/22 we:</p> <p>Updated our Accommodation Strategy, which rethinks how we use our offices and commercial spaces, as well as the Torus Workforce Strategy and recommendations for our Treasury and Funding Plan.</p> <p>Developed business capability and compliance for Fire Protection and Green Technologies.</p> <p>Rolled out Leadership Development and Workforce Skills Development programmes to ensure Torus people are best equipped to deliver service excellence and the Group Mission.</p>
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<p>3. Intelligence We will:</p> <p>Provide tailored solutions based on an understanding of need and aspiration.</p> <p>Drive effective organisational performance, strength and influence.</p> <p>Listen, act and respond to shape places and services.</p> <p>Embed a culture of evidence-based improvement and learning from experience.</p>	<p>In 2021/22 we:</p> <p>Reviewed the requirements of the Social Housing White Paper, to ensure customer views inform transparent service delivery</p> <p>Reviewed service charges for Sheltered and Supported homes.</p> <p>Enhanced pre-construction processes across commercial contracting operations.</p>
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<p>4. Influence We will:</p> <p>Be a catalyst of change to transform places</p> <p>Influence people, networks and markets to unlock opportunity.</p> <p>Be seen as a dynamic growth and regeneration business that delivers.</p> <p>Use the Group’s voice to shape the external policy environment.</p>	<p>In 2021/22 we:</p> <p>Worked to establish a long-term strategic developments pipeline to deliver place-making at scale across our geographies.</p> <p>Developed our approach to Environmental, Social and Governance reporting</p> <p>Pursued opportunities to implement integrated care partnerships across Torus heartlands</p> <p>Obtained Domestic Abuse Housing Alliance accreditation.</p>
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Looking ahead to 2022/23

This year’s operational plan recognises the challenges that customers, communities and the business itself are facing in the months to come. As the cost of living – and energy prices in particular – rise substantially in the first half of 2022, pressures on commercial supply chains, materials and skills show no immediate signs of abating. Meanwhile, additional investment is needed to meet wider external factors, from the Social Housing White Paper to the increasingly pressing environmental sustainability agenda.

Year 2 of the Torus Group Corporate Plan, therefore, focuses on the key organisational priorities including:

Priority Business Processes	Key actions Review finance transactional and management account services Implement new ICT processes, with a focus on performance insight Create a single specification for Torus new-build homes Develop procedures to deal with poorly performing assets.
Priority White Paper Ready	Key actions; Establish a programme of action to ensure Torus meets the expectations of the Social Housing White Paper across four key pillars: Customer, Health & Safety, Customer Offer and Tenancy Standards. Undertake a census style survey of Torus customers Review our ‘tenant voice’ framework to ensure it is fit for purpose.
Priority Culture	Key actions; Establish a Group Culture Programme. Implement Torus’ Diversity & Inclusion Strategy.
Priority Environment	Key actions Create a five-year fleet plan. Develop action plans for Torus Group and HMS to progress sustainability priorities.

Governance

Torus Board

The Board is responsible for setting the strategic direction of the Group, and establishing the Group's Vision, Values, Corporate Plan and Business Plan.

It is made up of ten Non-Executive Directors and one Executive Director which is the Group Chief Executive.

Board members are appointed based on their skills and experience to ensure that the Board is effective and sufficiently skilled to carry out its key governance roles. Board and Committee members are appraised annually in order to identify any skill gaps and a training and development programme is in place to address any training needs.

Torus Group

Torus Group (or 'the Group') comprises Torus and three subsidiary undertakings alongside an investment in a jointly controlled entity:

Housing Maintenance Solution Limited (HMS):

A registered company (number 7237932) which began trading on 4 July 2011 as a subsidiary of LMH and provides construction, repair and maintenance operations for Torus and external clients.

HMS' operational base grew following the amalgamation of Torus and Liverpool Mutual Homes (LMH) Group alongside the transfer of Torus Commercial Services Ltd activities into HMS' day-to-day operations. HMS has a contract with Torus to provide repair and maintenance support to Torus homes across the North West, operating predominately in the three heartland areas of Liverpool, Warrington and St Helens.

In addition to this, HMS carries out similar maintenance and adaptation contracts for other regional providers in the North West and also supports the Torus Group ongoing investment programme in its existing housing stock as well as supporting the Group's development of new homes across the region.

Turnover in 2021/22 was £89.0m (2021: £61.1m) and pre tax profit was £2.3m (2021: £1.0m).

Torus62 Developments Limited (Torus Developments):

A registered company (number 9687200) incorporated on 15 July 2015 as a subsidiary of LMH and commenced trading in 2016/17 as the Group's new build development company.

Torus Developments supports the Group's new build strategy, which targets the completion of 5,600 new homes between 2021 and 2026, primarily across the Liverpool City Region, West Lancashire and Cheshire.

A total of 346 properties were developed in 2021/22. Turnover in 2021/22 was £73.0m (2020/21: £51.9m) and profit was £1.1m (2020/21: £1.2m).

Torus Foundation:

A charitable venture registered with the Charity Commission (number 1152903) and also a registered company (8444912). It was established in January 2017 to provide support to LMH tenants and communities across Liverpool City Region, incorporating the existing charity Toxteth FireFit Hub.

Following amalgamation, former Torus community activities were transferred into Torus Foundation which now provides services across the entire Group and specifically its heartlands. This includes the "New Leaf" contract which is a significant grant funded programme providing employment support and advice across the whole of Cheshire.

In 2021/22, the charity received income of £8.6m (2020/21: £3.4m). This included £5m received as Gift Aid or donations from Torus and the Group's commercial contracting companies (2020/21: £2m). Total expenditure on providing services was £6.6m (2020/21: £4.2m).

Torus Commercial Services Limited (TCS):

A registered company (number 5270846) which was incorporated on 27 October 2004 as a subsidiary of Helena Partnerships (HP). It provided construction, repair and maintenance operations for external clients. Ownership of TCS was transferred to HMS in May 2019 and a business transfer agreement was put in place on 1 July 2019, transferring all assets and liabilities to HMS. It is currently held as a dormant company.

Torus Living Limited:

A registered company (number 9471503) established in 2016/17 as a subsidiary of Golden Gates Housing Trust (GGHT) and provided new build development activities for HP and GGHT. It began trading in 2017/18. Torus Living ceased trading in 2019/20 and is held as a dormant company.

Bamboo Estates LLP:

Trading as Bamboo Lettings, this is a Joint Venture (registered company number OC413454), 50% owned by Torus and 50% by Magenta Living. It was established in 2016/17 and manages a small number of properties leased to it from Torus. These properties are let at market rent.

The share of profit in 2021/22 was £0.3m (2021: £0.3m).

In addition, the Torus Board has established four committees to support its work. These committees are:

Group Audit and Risk Committee – Responsible for ensuring that the Group complies with Regulatory requirements and meets and discharges all its statutory duties, requirements, and responsibilities.

Group Remuneration and Nominations Committee – Responsible for ensuring that the Group is well governed. It provides a formal and transparent mechanism for developing the payments and remuneration policy for the Group Executive Team and Board Members together with overseeing the appointment/removal of Board Members across the Group and members of the Group Executive Team.

Landlord Operations Committee (LOC) – Responsible for overseeing operational matters with a focus on local customer service standards and wide ranging performance matters. LOC considers and acts on recommendations from customer scrutiny, focusing on quality outcomes. It establishes a clear accountability link between local concerns and performance monitoring.

Torus Development Committee – Responsible as a decision making panel, to advance the delivery of the development and sales programme in line with the Group's Corporate Plan and development strategy, by making decisions and recommendations within the parameters set by the Group's Development Strategy and the Group Scheme of Delegation agreed by the Torus (Group) Board.

All Committees review their Terms of Reference annually and provide a report to Group Board on their effectiveness.

The Board and Executive Officers

Graham Burgess

Chair of Torus (Group) Board

Graham is an experienced non-executive Board member with over 40 years of Local Government service and has served at National and Regional level with the National Association of Local Government Officers. Graham was Chief Executive of Wirral Council between 2012 and 2015 and Chief Executive of Blackburn with Darwen Unitary Council for six years.

He chairs several health organisations across Lancashire and Greater Manchester.

Duncan Craig

Member of Torus (Group) Board

Chair of the Group Audit and Risk Committee

A Professional Mechanical/ Electrical Engineer, Duncan retired from Westinghouse Electric Company in 2012 after 35 years in the nuclear industry.

Roles at Vice President level included global process re-engineering and manufacturing operations improvement. He previously worked for BNFL (British Nuclear Fuels) and was Site Director of the Springfields nuclear facility in Lancashire.

Greg Gottig

Member of Torus (Group) Board

Greg has over 20 years' experience in hospitality, owning and managing hotels for Best Western GB. He is currently Chief Executive of Facilco, a facilities management business operating across the North West.

Professional qualifications include a Masters Degree in Leadership and appointment as a Companion of the Chartered Management Institute. Greg has served on the boards at Liverpool Community Health NHS Trust, The Roy Castle Lung Cancer Foundation and St George's Hall Charitable Trust.

Robert Hepworth

Member of Torus (Group) Board

Chair of Torus62 Developments Board

Chair of Torus Development Committee

A retired Chartered Surveyor Bob was Director of Urban Regeneration and Housing and Deputy Chief Executive at St Helens Council between 1989 and 2014 where he led the strategy for regenerating large areas of the Borough and promoting St. Helens as a private housing growth area. He led the Housing Stock Transfer which resulted in the establishment of Helena Housing, one of the Housing Groups which merged to form Torus.

He is experienced in complex HR and Financial management, having been responsible for a multi-million-pound budget for over 25 years. Bob has also been actively involved in four Merseyside Regional Development Programmes, which have helped to transform Liverpool City Region.

Christine Fallon**Member of Torus (Group) Board**

Christine has worked in Housing for over 30 years, starting out in Development at a number of large London-based affordable housing providers and later specialising in retirement housing for sale and rent at Housing 21.

After a period of time at Homes England, she set up Affordable Homes Consultancy, which provides specialist development consultancy services to affordable housing providers, local authorities and housing developers. Christine also advises local authorities on developing new homes for rent and sale.

Andrew Gray**Member of the Torus (Group) Board****Chair of the Landlord Operations Committee**

Andrew has 30 years' experience in the Social Housing sector, and is currently member relationships manager at procurement and social value organisation Fusion21. He previously worked as a consultant to social housing organisations across the UK.

A former Director of RDHS, Managing Director of Consult CIH and President of the Chartered Institute of Housing. Andrew specialised in customer insight and has significant experience within housing association boards and committees.

Paula McGrath**Member of Torus (Group) Board****Chair of HMS**

Paula is a qualified accountant and has worked in Corporate Finance for more than 25 years. She is a member of the Corporate Finance Faculty of the ICAEW and has gained the industry's Corporate Finance accreditation.

She has considerable private equity experience and has led a variety of major North West transactions, including acting as financial advisor to the Board of Liverpool Football Club on the £174m disposal to Gillett and Hicks and the secondary buy-out of Secured Group. Since joining Brabners Corporate Finance in 2011 to head up their Deal Advisory team she has acted on a number of significant deals, leading the Integrated Corporate Finance Approach with Brabners Legal Team.

Sarah-Jane Saunders**Member of Torus (Group) Board****Chair of Torus Foundation**

Sarah-Jane has 20 years' experience in Social Housing, having begun her career as a Graduate Housing Management trainee with Wirral Council, before moving to Regenda Homes, One Vision Housing and a Housing Association in the Republic of Ireland.

She has wide ranging expertise in Housing Management and Regeneration, having worked in roles ranging from Housing Officer, Project Manager and latterly Operational Director – Customers & Neighbourhoods. Sarah Jane has a Postgraduate Diploma in Housing Management and is a member of the Chartered Institute of Housing.

Gordon Hood**Member of Torus (Group) Board**

Gordon has over 35 years' experience in planning, urban regeneration, economic development, housing, public sector funding and project management, working in central and local government and in the private sector.

A planner by training, he developed strategic planning policy for Merseyside with the Department of the Environment and was Director of Development at Central Manchester Development Corporation. Gordon established the Regeneration Consultancy Department at King Sturge LLP (now Jones Lang LaSalle) and ran his own regeneration consultancy before retiring in 2012.

Steve Coffey**Group Chief Executive**

A passionate advocate for high-quality affordable housing in the North West, Steve is responsible for Torus' overall strategic direction, performance and development.

Before joining Torus, he led LMH from the 2008 stock transfer and spearheaded the creation of a strong, diversified and award-winning housing group with a distinct social purpose during his 10 years as LMH Group Chief Executive. Steve has held a number of senior executive positions within the North West Social Housing sector in a career spanning over 20 years together with other Non-Executive positions in the public and private sectors.

Peter Fieldsend
Chief Financial Officer

Peter oversees Torus' financial and commercial core with a focus on Business Assurance, Finance, Organisational Development, IT and Development Operations.

Previously Executive Director (Resources) at LMH since 2008, he works to ensure the Group has the right resources, approach and values to deliver consistent service excellence across all business areas. Peter is a qualified Chartered Management Accountant with significant Finance Director experience across a range of private sector businesses.

Catherine Murray Howard
Chief Operating Officer

Cath, as Chief Operating Officer at Torus, is responsible for the Housing division, including Assets, the Commercial Contractor (HMS), and the charitable arm Torus Foundation.

Cath has a strong track record of leadership, operational delivery, transformation and cultural development. Before joining Torus, Cath held numerous high-profile positions including as Deputy CEO at Community Integrated Care, a large, UK wide charity delivering care and support to older people and people with learning disabilities.

Risk Management

Torus is committed to the active management of risk by ensuring it is at the heart of our business, aiding decision making. The Torus (Group) Board has overall responsibility for ensuring there are appropriate risk management systems in place and determines the level of risk Torus is willing to accept in pursuit of its objectives. The Board has also determined its Golden Rules which are the key business parameters which must be adhered to. The Group Audit and Risk Committee (GARC) oversees and monitors risk management and internal control systems.

Torus utilises a risk management framework that ensures the Group's strategic and operational risks are identified and managed appropriately. During 2021/22 the Group's Board Assurance Framework was given a Substantial Assurance when audited by the Group's Internal Auditors, RSM. Torus' approach to risk management is based on the ISO 31000 Standard of a five-step risk management process. These steps are designed to identify and manage, rather than eliminate the risks that threaten the Group's ability to achieve its key business objectives that are set out in the Group Corporate Plan. Managing risk is a continuous process and a risk register is maintained which identifies all strategic and operational risks including all internal controls and pending risk mitigating actions. The Risk Registers are managed and monitored in the Group's Performance Management Software (Pentana). A nominated Risk Owner is assigned to each risk to ensure its review and management. Quarterly risk updates are considered collectively by Group Leadership and presented to Group Audit and Risk Committee.

Key strategic risks have been identified that could threaten the delivery of the Group's goals and aspirations as set out in the Five-Year Corporate Plan. They have also been considered in line with the Sector Risk Profile which is produced on an annual basis by the Regulator of Social Housing.

STRATEGIC RISK REGISTER

A summary of the key strategic risks, and presented by reference to the Group’s operating elements, are as follows:

CORPORATE CORE

The Corporate Core is the support service to the business. It is responsible for providing efficient, cost effective ‘back-office’ services to enable the delivery of the Group’s Goals and Aspirations. The Corporate Core includes Finance, Organisational Development, ICT and Transformation, Strategy and Communications and Business Assurance (Health & Safety, Governance, Procurement, Legal, Performance & Risk).

KEY RISK AREA	POSSIBLE IMPACTS	KEY CONTROLS IN PLACE
Fail to establish an agile, commercially minded and motivated workforce	<ul style="list-style-type: none"> • Increase sickness levels • High staff turnover • Loss of skills and knowledge • Unable to attract new talent • Unable to meet Corporate Objectives • Damage to organisation’s reputation as an Employer of Choice 	<ul style="list-style-type: none"> • Leadership Programme / Management Training • Skills Gap Audit • New My Performance approach • My Development Training offer • Apprenticeship and GEMS programme • Total Reward Strategy • Nurse-led Occupational Health service in place • Organisational Development Framework – Reasonable Assurance
Failure to maintain high standards of governance and compliance with legal and regulatory requirements.	<ul style="list-style-type: none"> • Regulatory down-grade and RSH intervention • Total loss in customer trust and satisfaction • Loss of stakeholder/partners confidence so that partners unwilling to work with Torus • Catastrophic financial loss due to mismanagement / lack of risk management/ controls • Inability to meet strategic objectives 	<ul style="list-style-type: none"> • Board & Committee skills matrix • Board annual appraisal • Board Away Days • Board induction process and training plan • Board recruitment • Board timetable and meetings • Self-assessment against RSH Regulatory Standards • Sector Scorecard • G1/V1 status retained • Assets & Liabilities Register • Legal Services Framework – Substantial Assurance
Fail to manage our long-term financial resilience.	<ul style="list-style-type: none"> • Reduced ability to deliver planned services • Regulatory intervention and downgrade from RSH • Loss of stakeholder trust as a Landlord • Fail to deliver VFM 	<ul style="list-style-type: none"> • Robust financial planning and stress testing in place • Banking covenants • Fraud reporting procedures and training • Business Continuity Plan • Funding Strategy and Securitisation

	<ul style="list-style-type: none"> • Inability to raise further funding • Fail to deliver social objectives through Torus Foundation • Business Plan Targets missed • Unable to complete development programme 	<ul style="list-style-type: none"> • Value for Money Strategy • Financial Golden Rules • Substantial Assurance for internal audit on Value for Money reporting • Substantial Assurance for internal audit on Treasury Management
Ineffective identification and management of Safety & Compliance obligations	<ul style="list-style-type: none"> • Death or catastrophic injury • Financial loss due to fines/costs • Regulatory intervention/legal action from HSE • Criminal charges • Reputational damage • Reduced staff moral • Loss of customer trust and confidence in landlord 	<ul style="list-style-type: none"> • RoSPA Gold Award • Asset Compliance Policies • Compliance Dashboard • Decent Homes monitoring • Health & Safety Training • Lone working devices • Substantial Assurance – Internal Audit • RIDDOR • HMS Health Surveillance Framework – Substantial Assurance
Fail to prevent disruption or damage to Torus IT systems	<ul style="list-style-type: none"> • Financial loss • Loss of/damage to data • Reputational damage • Regulator intervention • Legal prosecution from ICO 	<ul style="list-style-type: none"> • Group Disaster Recovery Plan • ISO 27001 Accreditation • Security Incident Management Policy • Acceptable Use Policy • Cyber Insurance • Back-up systems • Cyber E-Learning module

LANDLORD

Torus aims to become the leader in providing good, affordable homes and excellent Landlord services across the North West. The homes it provides will be of good quality and well maintained and the services aim to put the customer at the heart of everything by shaping the services provided around customers and enhancing the communities in which they live.

KEY RISK AREA	POSSIBLE IMPACTS	KEY CONTROLS IN PLACE
Failure to maintain the confidence, satisfaction and trust of customers and other stakeholders.	<ul style="list-style-type: none"> • Regulatory Intervention/Downgrade. • Increase in complaints and levels of dissatisfaction. • Reduce appetite for partners to engage in collaborative initiatives. • Lack of customer support for future plans. 	<ul style="list-style-type: none"> • Torus Talk and Tenants Voice Strategy. • Landlord Operations Committee. • Customer Satisfaction programme • Customer Complaints Policy. • Tenant Scrutiny Panel, Tenant Inspectors & Mystery Shoppers.

	<ul style="list-style-type: none"> • Poor relationship with public hindering delivery of new projects. • Catastrophic H&S Failings • Increased costs of delivering projects/services. • Reactive services instead of proactive impacting service delivery. • Customers disengage from services due to loss of trust. • Catastrophic financial loss due to legal costs/fines. • Legal proceedings or criminal charges. 	<ul style="list-style-type: none"> • Social Housing White Paper action plan. • Substantial Assurance – Tenants Voice. • Putting it Right project.
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TORUS DEVELOPMENTS

Torus will become a leading house builder and provider of landlord services in the North-West. With a strategic focus on driving growth and regeneration across Liverpool, St Helens, Warrington and neighbouring areas of significant potential, it will build the right homes for the right people in the right places to create better places to live and to support economic growth and regeneration.

KEY RISK AREA	POSSIBLE IMPACTS	KEY CONTROLS IN PLACE
Failure to deliver the development programme	<ul style="list-style-type: none"> • Financial loss outside of tolerance. • Impact on landlord and community services provided to residents • Regulatory. Intervention/Downgrade. • Legal action from buyers. • Financial loss due to fines/costs. • Loss of key staff to competitors. • Reputation damage with partners and contractors. • Loss of trust from customers and local communities. • HSE Prosecution or Investigation. 	<ul style="list-style-type: none"> • Annual Development Programme. • Development Strategy. • Development Committee. • Performance reporting and monitoring. • Strategic delivery partner for Homes England. • Reasonable Assurance – Development Contractor Financial Risk.

HMS

Torus will build on the existing strengths of its contracting arm to deliver quality, efficient and cost-effective construction and repair activities, ensuring it creates and maintains great homes in the North West. With a strategic focus on driving growth and regeneration across Liverpool, St. Helens, Warrington and neighbouring areas of significant potential. A target is to grow the business and deliver surpluses in excess of £5m per annum for gift aid to Torus Foundation.

KEY RISK AREA	POSSIBLE IMPACTS	KEY CONTROLS IN PLACE
Failure to deliver the HMS Business Plan	<ul style="list-style-type: none"> Financial milestones and targets not met. Increased reliance on social housing income. Regulatory intervention or downgrade from RSH Retention of staff. HMS unable to gift aid to Torus Foundation. 	<ul style="list-style-type: none"> Growth plans in place along with Asset Management and Development Strategies. Procurement and Performance Framework. Tolerated Exposure limits. ISO Accreditation. Customer Satisfaction. HMS Board. Staff Succession Planning.

TORUS FOUNDATION

Torus will become a leading growth and regeneration group for the North West. Its charitable organisation, the Torus Foundation, will become a sector-leader in supporting communities to grow stronger and to thrive, providing targeted services to support tenants, customers and communities most in need. With a strategic focus on Liverpool, St Helens and Warrington, as well as key neighbouring areas, it will create better places to live and supporting sustained economic growth and regeneration.

KEY RISK AREA	POSSIBLE IMPACTS	KEY CONTROLS IN PLACE
Inability to deliver our Social Impact ambitions	<ul style="list-style-type: none"> Corporate objectives not delivered Service delivery and negative impact on customers/local communities Loss of customer trust from not delivering objectives Impact on staff retention and morale Reduced ability to win further funding and contracts Financial penalties for breach of contract/grant condition 	<ul style="list-style-type: none"> Grant Conditions tracker Fundraising Strategy HACT Insight Tool Heartlands partnership working Partnership agreements with providers Social impact evidence via CSR

Value for Money

Introduction

Torus is committed to providing services that deliver Value for Money (VFM) for its customers and stakeholders. The Group Value for Money Strategy 2019/20 – 2023/24 has been developed as an operational strategy to support the Group Corporate Plan, which has a goal to “Deliver excellent services driven by quality, value for money and changing demand”.

The strategy sets out the approach to be adopted in order to delivery VFM across all areas of the business. Seven principles have been developed that reflect Torus values and support its ambitions and commitment to sustainable social purpose. The principles aim to embed the philosophy of “value for money at all times” across the business and support business planning and ensure we have the resources to support delivery of the Group’s vision. The principles are:

- Maximise economy, efficiency and effectiveness across all aspects of service delivery;
- Make best use of assets and resources;
- Maximise social value;
- Focus robustly on performance, service quality and satisfaction;
- Use insight and data intelligence to inform strategic business decisions;
- Maintain regulatory compliance and long term financial viability; and
- Enhance customer involvement, scrutiny and accountability structures.

Outcomes and actions to achieve each principle are set out in the strategy. Vfm performance is measured via the Torus Performance Management Framework and reported on a quarterly basis. Benchmarking is undertaken against other housing associations through reference to the Sector Scorecard and Regulatory Vfm metrics.

2021/22 VFM Metrics

Torus has adopted the sector scorecard as a mechanism for measuring and comparing VFM Performance. This scorecard has been developed by the social housing sector to measure, benchmark and demonstrate VFM using a range of metrics that allow like for like comparison. They cover a range of areas to give an assessment of value across the activities undertaken across the social housing sector.

The Regulator of Social Housing has also identified seven metrics that measure VFM and there is an expectation that housing providers will measure and report their performance against these metrics, alongside other measures specific to each provider that link to its corporate aims and aspirations. The seven VFM metrics identified by the Regulator form part of the sector scorecard.

In order to provide transparency on performance, comparisons of the 2021/22 performance have been made against targets and 2020/21 performance. External comparisons have been made against

the sector median and a specific peer group of providers. Following advice from Housemark, Torus has set its peer group as registered providers with over 10,000 units, who operate outside of London.

Performance against metrics is set out below and subdivided into five areas, business health, development, outcomes delivered, effective asset management and operating efficiencies. The regulators prescribed VFM indicators are marked with an *. Comparator information for the Regulators indicators are obtained from the Regulators data set, whereas comparative data for other indicators is obtained from the sector scorecard benchmarking exercise.

Business Health

Metric	Link to Corporate Plan	2021/22 Actual	2021/22 Target	2020/21 Actual	2020/21 Sector Median	2020/21 Peer Group Median
Operating Margin (Overall)*	RESILIENCE: Provide a firm platform for growth to withstand challenges	24.2%	25.0%	31.8%	23.9%	24.0%
Operating Margin (Social Housing)*		28.9%	29.0%	35.9%	26.3%	27.5%
Earnings before Interest, Tax and Amortisation Major Repairs Included (as a % of interest)*		228%	246%	410%	183%	180%

Operating Margins demonstrates the profitability of operating assets. Performance in 2021/22 is in line with target. Margins have reduced from 2020/21 due to increased expenditure as Torus emerged from the COVID pandemic. In particular repairs and maintenance has seen an increase as it meets the increased demand and continue our focus on improving maintenance standards. Performance also stands up in comparison to sector and peer group medians from 2020/21.

EBITDA MRI (% of interest) is a key indicator of liquidity and investment capacity. The metric has fallen in 2021/22 due to higher levels of repairs and maintenance and investment in properties. Torus performs well on this metric in comparison to others and demonstrates that existing assets generate cash surpluses after covering interest for investment in new or existing stock.

Performance on these metrics is expected to improve over the next two years, mainly as a result of CPI +1% rent increases until April 2025 and increased stock units. In future years overall margins are expected to remain at around 31% per annum. It is anticipated that EBITDA MRI will decline in 2022/23 to 211% as a result of increased investment in existing stock before increasing and remaining at around 220% per annum.

Development (Capacity and Supply)

Metric	Link to Corporate Plan	2021/22 Actual	2021/22 Target	2020/21 Actual	2020/21 Sector Median	2020/21 Peer Group Median
New Supply Delivered Absolute Numbers	RESILIENCE: Build, regenerate and transform places and communities					
- Social Housing		346	1,264	634	88	279
- Non Social Housing		0	92	25	0	8
New Supply Delivered %*						
- Social Housing		0.90%	3.23%	1.63%	1.3%	1.2%
- Non Social Housing		0.0%	0.23%	0.06%	0%	0.03%
Gearing *	RESILIENCE: Practice good business across the Group and supply chains	27.3%	26.0%	21.1%	43.9%	46.4%

New supply metrics demonstrate performance in terms of developing new units which is a key objective of housing providers and creates social value to communities. Development numbers were below target in 2021/22, due to a number of factors with planning delays on some schemes, contractor failure and the construction sector being affected by increased costs and material shortages. These resulted in scheme delays and a rephasing of the development programme. There is still an upward trend in projected development activity in future years, with a target to complete 1,100 units in 2022/23. Performance also compares favourably to the sector and peers.

No non-social housing was developed in 2021/22. Targets were not achieved due to an apartment block planned for private rent being converted to a rent-to-buy tenure. In future years, the numbers of non-social housing developed will be relatively low. These will be outright sales units delivered through Torus Developments. The Torus development strategy has a clear focus on social housing development.

Gearing assesses how much of the adjusted assets are made up of debt and the degree of dependence on debt finance. It can indicate a provider’s appetite for growth. Gearing is very low in comparison to the sector and peers. This low level is attributable to legacy organisations strong financial

performance in previous years with little development activity as organisations priority was related to existing property investment after stock transfers from local authorities.

Torus is well placed to increase activity in future years; it has strategic partner status with Homes England with grant funding of £72m under the WAVE2 Programme and £140m of funding through the Affordable Homes Programme 2021-2026.

There is also a strong pipeline in place with 2,010 units across 34 schemes on site at year end and another 1,267 units with the necessary approvals or land acquisition in place. This increased activity will require additional borrowing with the current business plan forecasting an increase in borrowing from £324m to £839m by 2031/32. As a result, gearing will increase steadily to 34% in 2031/32.

Outcomes Delivered

Metric	Link to Corporate Plan	2021/22 Actual	2021/22 Target	2020/21 Actual	2020/21 Sector Median	2020/21 Peer Group Median
Customer Satisfaction	INTELLIGENCE: Listen, act and respond to shape places and services	71.6%	90.0%	91.0%	86.0%	85.3%
Reinvestment % *	RESILIENCE: Build, regenerate and transform places and communities	11.3%	19.3%	9.4%	5.8%	6.1%
Investment in Communities		£6.1m	£7.0m	£5.0m	N/A	£3.5m

Customer satisfaction is derived from the STAR survey of tenants and measures the proportion of tenants who are very or fairly satisfied with their landlord’s service overall. Satisfaction in 2021/22 declined to 71.8%, below the target for 2021/22 and sector and peer satisfaction levels from 2020/21. Torus continues to monitor performance, identify issues of poor performance and put in place corrective actions. A process review of the customer journey is underway to identify areas for improvement.

Reinvestment measures the investment in properties (existing and new supply) as a percentage of the value of total properties. Reinvestment compares well against peers and is attributable to the increase in development activity in recent years. Actual performance was below target due to delays in development schemes impacting on the level of investment. Investment however did increase when compared to the previous year. Investment in existing stock increased in 2021/22. Over the next few

years the increased development programme and retrofitting activities on existing stock will see reinvestment increase to around 11% - 14% per annum in years 2021/22 to 2029/30.

Investment in communities quantifies the expenditure on activities that go beyond activities as a landlord or housing developer, and demonstrates the positive contribution made to communities. The Torus model of reinvesting surpluses from commercial activities to the Torus Foundation through gift aid, ensures performance compares well. This will enable Torus to continue to invest in communities and generate social value across its heartlands. The Covid-19 pandemic impacts on our communities and Torus has commissioned additional services in 2021/22 and 2022/23 from the Foundation to ensure investment in communities is maintained.

Effective Asset Management

Metric	Link to Corporate Plan	2021/22 Actual	2021/22 Target	2020/21 Actual	2020/21 Sector Median	2020/21 Peer Group Median
Return on Capital Employed *	INVESTMENT: Deliver excellent services driven by quality, value for money and changing demand	4.4%	4.1%	5.6%	3.3%	3.5%
Occupancy – General Needs only		99.1%	98.7%	99.0%	99.2%	99.4%
Ratio of Responsive Repairs to Planned Maintenance		0.47	0.46	0.72	0.71	0.87

Return on Capital Employed measures operating surplus against fixed and net current assets and is used to assess the efficient investment of capital resources. Torus compares well to its peers and demonstrates that it is effective in making best use of its existing assets. Strong performance in future years will ensure return remains at around 4% in future.

Occupancy measures the effectiveness in letting and maintaining sustainable properties. Torus performance is comparable to peers and demonstrates that there is strong demand for properties and lettings processes are effective, minimising lost income through voids. Increased specifications for void works in the St Helens and Warrington heartlands, will help maintain high demand levels. The pandemic created higher levels of voids than in previous years and a series of actions have been put in place to reduce the carrying level of voids to acceptable levels.

Ratio of responsiveness to planned maintenance measures the efficient use of resources in the maintenance of properties. In 2021/22, performance was just below target but did improve in comparison to 2020/21. The previous year was impacted by the pandemic and as we have emerged Torus has invested more in planned and major improvement programmes leading to the improvement in this metric. Performance compares favourably to the sector and peer median. Additional planned maintenance and investment works should see improved performance in future years.

Operating Efficiencies

Metric	Link to Corporate Plan	2021/22 Actual	2021/22 Target	2020/21 Actual	2020/21 Sector Median	2020/21 Peer Group Median
Headline Social Housing Cost per Unit *	INVESTMENT: Deliver excellent services driven by quality, value for money and changing demand	£3,538	£3,305	£2,671	£3,731	£3,477
Rent Collected		101.2%	98.5%	98.4%	100.0%	100.3%
Overheads as a % of adjusted turnover		8.18%	7.2%	8.4%	13.4%	8.9%

Headline social housing cost per unit measures efficiency in terms of the management of social housing and includes costs of management, housing services, repairs and maintenance and capital investment in existing stock. Torus compares well to the sector and its peers, demonstrating efficiency in its housing management operations. Cost per unit in 2021/22 has increased, largely due to increased investment in stock, ensuring homes are of high quality. An increase in cost per unit to over £4,000 per unit is anticipated due to increased investment in stock, including the retrofitting of homes to meet decarbonisation targets .

Rent collection in 2021/22 was 101.2%, which represents excellent performance against target and peer group comparison. The timing of Housing benefit payments in the St Helens heartland also had a positive impact on year end performance, as benefits for rent in 2020/21 were received in 2021/22. The current economic climate will inevitably have an impact on our tenants and supporting tenants to sustain tenancies and continue to pay rent is a priority.

Overheads as a % of turnover represent the efficiency in delivering corporate services. Performance in 2021/22 indicates that corporate services remain low in comparison to peers.

Performance Framework

In addition to the above metrics the Group Corporate Plan and its related strategies measure performance in order to demonstrate that Torus is delivering services in line with its goals and aspirations. Where services are not in line with plans actions required to address performance are identified and implemented.

A performance management framework is in place whereby performance is scrutinised by officers and Boards. A suite of key performance indicators (KPIs) has been agreed which is reported to the Torus (Group) Board together with explanations of adverse performance and actions being taken to address any issues. This covers all aspects of activities across Torus.

Performance in 2021/22 against a range of indicators was as set out in the following tables.

Staff Related indicators:

Indicator	Link to Corporate Plan	2021/22 Actual	2021/22 Target	2020/21 Actual
Average Working days lost due to sickness	INTELLIGENCE: Drive effective organisational performance, strength and influence	12.5 days	7.0 days	8.3 days
Voluntary Staff Turnover		13.5%	8.0%	3.8%
RIDDOR accident frequency rates	INVESTMENT: Embed exemplar standards of safety across living and working environments	0.34	0.45	0.26

Average working days lost at 12.5 days is both higher than target and performance in 2020/21. This has been a focus for management attention. Actions include the introduction of a nurse led occupational health service and wellbeing and mental health initiatives, earlier interventions to avoid long term sickness, alongside refresher training for managers in absence management.

Voluntary staff turnover has increased significantly to 13.5%. Whilst this has been a trend across the country as it has emerged from the pandemic, there are initiatives put in place to address this increase. These include a review of on boarding and off boarding processes including exit interviews, total Reward Strategy, succession planning and apprenticeship / graduate programme, leadership

development programme, Manager training programme and implementation of a new performance review mechanism.

Health and Safety of staff remains a key priority and the focus in this area is reflected in good performance with a low accident frequency rate. During 2021/22 eight RIDDOR reportable accidents occurred.

Development Indicators:

Indicator	Link to Corporate Plan	2021/22 Actual	2021/22 Target	2020/21 Actual
Development Starts on site	RESILIENCE: Build, regenerate and transform places and communities	877	1,200	854
Number of Sales		84	169	164
Sales Exposure		£5.3m	£26.1m	£4.9m

Development starts in 2021/22 were 877 which was below the original target of 1,200, but was a small increase on numbers achieved in 2020/21. Issues such as planning consents, viability and contractual issues, due to increasing costs, caused a number of schemes starts to slip in 2022/23.

Delays in handovers has impacted on the number of shared ownership sales with 84 completed in comparison to the target of 169. Once handed over, demand has been strong, with no significant delays in the sale of properties.

Sales exposure represents the value of unsold units. At year end there were 74 unsold units. This is at low level compared to target and in line with the previous year (77 units) and demonstrates the strong demand being experienced.

Asset related indicators:

Indicator	Link to Corporate Plan	2021/22 Actual	2021/22 Target	2020/21 Actual
Occupancy across all properties	INVESTMENT: Deliver excellent services driven by quality, value for money and changing demand	98.92%	98.00%	97.65%
% of properties with valid Gas Safety certificate		99.9%	100%	99.9%
Fire Risk Assessments completed within target		100%	100%	98.74%

At year end 98.92% of units were occupied. A total of 603 units were unoccupied, of which 424 units were management voids available or being made ready for letting, with 179 units being non-management voids and not available for letting, pending demolition or major refurbishment. Processes were reviewed and a series of actions were put in place to reduce voids to acceptable levels. Whilst numbers have reduced from 875 at the start of 2021/22, they still remain above target and this remains a focus in 2022/23. A number of demolition and regeneration schemes are due to take place in 2022/23 and 2023/24 which will lead to a reduction in non-management voids.

Compliance is a priority for Torus. A small number of gas certificates were outstanding at year end (36) and all properties that can be referred for legal action have been. Torus maintained a robust stance throughout 2021/22; however it has been a challenging year with access issues continuing to be an issue.

100% of Fire Risk Assessment works were completed on time in 2021/22. This is in line with the target. There are no outstanding high priority works.

A full suite of compliance indicators are provided to the Landlord Operations Committee and Torus (Group) Board for scrutiny.

HMS indicators

Indicator	Link to Corporate Plan	2021/22 Actual	2021/22 Target	2020/21 Actual
HMS Turnover	INVESTMENT: Deliver excellent services driven by quality, value for money and changing demand	£88.992m	£87.753mm	£61.001m
HMS Operating Margin		2.5%	4.5%	1.6%
HMS Reactive Repairs completed within time		99.9%	98.5%	98.5%
HMS Vacant Properties completed within timescale		41.1%	97%	Not collected

HMS Turnover in 2021/22 at £89m was above the target for the year and was an increase when compared to the previous year, which was lower due to reduced activity as a result of the pandemic. Turnover is expected increase in future years due to increased investment in stock, particularly retrofitting work in line with the Group environmental strategy.

HMS continues to be profitable with an operating margin of 2.6%, although this is behind the target of 4.5%. This is attributable to the challenging operating environment with increased material and subcontractor costs, together with labour shortages, all of which have eroded margins. Profits will be available for donation via gift aid in line with the Torus operating model.

Performance for repairs completed on time was 99.9%, above the target of 95% and 2020/21 performance. New consistent working practices have been implemented following the amalgamation and there has been a steady improvement in performance. However vacant properties completed in time at 41.1% was significantly below target. This was due to labour and material shortages together with an approach of improving the void standard, leading to additional works being undertaken. Improving timescales is a focus for HMS in 2022/23.

Torus Foundation indicators:

Indicator	Link to Corporate Plan	2021/22 Actual	2021/22 Target	2020/21 Actual
Number of people supported into employment	RESILIENCE: Build, regenerate and transform places and communities	1,004	1,000	422
Value of grants and monies obtained for Torus Customers		£4.4	£4.0m	£4.1m
Grant Income		£7.8m	£0.4m	£0.9m

Torus continues to invest in its communities through its charitable arm, the Torus Foundation. Performance remains strong with 1,004 people supported into employment compared to a target of 1,000. Its debt and benefits advice service ensured that a total of £4.355m was secured on behalf of customers.

£7.671m of grant expenditure was secured for reinvestment into community activities against a target of £0.400m. The bulk of this (£5.575m) relates to a successful bid for an extension of the New Leaf project, which provided employment support and advice across Cheshire.

Future VFM activities

In future years Torus will seek to improve Vale for Money and start to deliver actions to support the new Group Corporate Plan, strategic and operational plans.

Specific activities that will take place in 2022/23 and support VFM include:

- Procurement of the core Repairs and Maintenance contract for Torus properties;
- Creation and implementation of a catalogue of Business Process Reviews across Torus activities.
- Development of procedures for dealing with poorly performing assets;
- Finalisation of a single specification for Torus new-build properties, taking into account cost, supply issues, safety and sustainability;
- Finalisation of a programme of actions in response to the Social Housing White Paper Gap Analysis - forming the White Paper Ready Action Plan;
- Establishment of a group culture change programme to drive effective staff performance.
- Implementation and delivery of Year 2 of the Environmental strategy;
- Pursuit of growth opportunities around a Youth and community hub for St Helens and securing UK Shared Prosperity funding;
- Publication of the first Group Environmental, Social and Governance Report;
- Pursuit of commercial MMC opportunities; *and*
- Delivery of commercial surplus' in line with subsidiary business plans, maximising gift aid and reinvestment in communities via the Torus Foundation.

Financial Performance

Performance was impacted in 2021/22 by a number of factors including the continuation of pandemic restrictions, which were gradually eased during the year, leading to increasing demand and works to address backlogs and works delayed from the previous year. The year also saw increasing costs, particularly related to repairs and construction activities, together with supply chain difficulties in relation to materials and labour. In addition there has been increased focus on the social housing sector around property standards and customer engagement

Naturally these impacted on financial performance for the year, and in 2021/22, the Group delivered a net surplus before taxation of £44.4m. This represents a reduction of £11.4m compared to previous year's performance.

Turnover increased to £201.5m in 2021/22 (2021: £198.9m). This was partly attributable to a rent increase of 1.5% in April 2021. This was in line with government rent policy (CPI + 1%). Income from shared ownership sales in 2021/22 was £6.9m (2021: £11.5m). The reduction was due to lower levels of development completions and properties available to sell. Demand remains strong for sales

Operating costs increased in 2021/22 to £138.4m (2021: £119.8m). Repairs and Maintenance expenditure increased as a result of investment delayed from 2021/22, increased costs and a proactive approach to invest in properties to ensure the quality of homes meet tenant aspirations.

There is an impairment charge of £1.3m (2021: £0.8m) recognised in operating costs. This relates to an impairment on land held for development. The proposed scheme has changed since the original proposal and has resulted in a reduction in value

Interest payable in 2021/22 was £12.4m (2021: £11.5m). This increase is attributable to breakage costs of £1.0m incurred on early repayment of £25m of debt. Capitalised interest charges were £5.6m (2021: £5.3m).

Statement of Comprehensive Income	2022 £000	2021 £000	2020 £000
Turnover	201,505	198,869	195,494
Operating Costs	(138,486)	(119,777)	(134,586)
Cost of Sales	(14,346)	(15,915)	(8,826)
Gain on disposal of Assets	7,270	4,344	5,813
Other income	-	7	-
Operating Surplus	55,943	67,528	57,895
Share of surplus /(deficit) in JV	291	299	278
Interest Receivable	496	155	525
Interest payable and financing costs	(12,395)	(11,531)	(11,066)
Movement in fair value of investment properties	93	(676)	955
Net surplus before taxation	44,428	55,775	48,587

The Group's Statement of Financial position shows that net assets have grown by £69.6m, with growth largely as a result of the investment in new properties. This investment has been funded from within existing resources.

Cash Balances remain healthy at £182.8m (2021: £221.3m). Of the total amount £110.1m is invested in deposit accounts over 90 days.

The pensions liability represents the liabilities accruing due to participation in the Merseyside and Cheshire Pension Funds, defined benefit schemes. The net liability has reduced by £23.2m during the year and currently stands at £10.4m (2021: £33.6m). The reduction reflects changes in underlying assumptions having a positive impact on the value of scheme liabilities. Increases in inflation and interest rates have impacted on corporate bond yields and have resulted in increases in discount rates and estimated future salary and pension increases. The increase in discount rate has a positive impact on the valuation.

Statement of Financial Position	2022 £000	2021 £000	2020 £000
Housing Properties, Net of depreciation	1,068,422	981,268	915,084
Other Fixed Assets	31,451	30,694	28,614
Fixed Assets net of Depreciation	1,099,873	1,011,962	943,698
Net Current Assets	183,162	207,928	86,441
Total Assets less current liabilities	1,283,035	1,219,890	1,030,139
Creditors, amounts falling due after more than one year	(553,506)	(536,911)	(405,210)
Pensions Liability	(10,424)	(33,614)	(21,852)
Provision for Liabilities	(992)	(872)	(350)
Total Net Assets	718,113	648,493	602,727
Revenue Reserve	717,801	648,483	602,692
Restricted Reserve	312	10	35
Total Reserves	718,113	648,493	602,727

Treasury Management

Treasury Policy

Torus has a formal Treasury Policy approved by the Board. The purpose of the policy is to ensure Treasury Management activities are controlled effectively, ensuring there are processes in place for identification, monitoring and control of risk. The treasury policy addresses funding and liquidity risk, interest rate management, together with reporting and management arrangements.

The Group has not entered into any standalone derivatives. The policy allows Torus to enter such arrangements, but they would be sourced, when required, from creditworthy counterparties under advice from our treasury and legal advisers, and will be entered into only after a full assessment of the costs, benefits and any risks has been presented to the Board.

Surplus Funds can only be invested with bank, building societies and money market funds that are authorised by the Bank of England. Deposits can only be made for a maximum 12 months and no more than £30m can be invested with a single institution.

The Group has adopted an interest policy of maintaining a minimum of 60% of its total drawn funds at fixed rates or otherwise hedged against the effect of interest rate increases. At present 100% of drawn funds are at fixed rates.

Treasury Strategy 2021-2024

A high-level treasury strategy was developed and approved by the Torus (Group) Board in March 2022. This sets out the principles and actions that underpin a proactive, insight and partnership driven approach to treasury activities. These principles are:

- Liquidity, ensuring facilities are secured ahead of investment need;
- Value for Money, attracting investment at lowest cost available in the markets;
- Managing Risk, ensuring activities are in line with the torus risk appetite and comply with funder, regulatory and statutory requirements; *and*
- Transparency, promoting Torus in an ethical, open and honest manner.

Debt Structure

All loan facilities are held by the Group parent Torus62 Limited. The Group has seven lenders: Warrington Borough Council, Nat West, Nationwide, Santander, Barclays, The Housing Finance Corporation and bLEND (a subsidiary of the Housing Finance Corporation)

During 2021/22 £15m of planned debt repayments were made. An early repayment of £25m was also made in December 2021 rather than the planned date of October 2022. Breakage costs of £1.0m were incurred.

A summary of loans and bonds, as at 31 March 2022 is shown below:

Provider	Total Facility (£m)	Undrawn Facility (£m)	Drawn Facilities (£m)
Warrington Borough Council	111.5	98.0	13.5
Royal Bank of Scotland/ NatWest	93.7	40.0	53.7
Nationwide	17.8	0.0	17.8
Santander	113.0	55.0	58.0
Barclays	52.5	10.0	42.5
The Housing Finance Corporation	38.0	0.0	38.0
bLEND	100.0	0.0	100.0
Total	526.5	203.0	323.5
Bond Premia			29.9
Fair Value adjustment			14.1
Issue Costs			(2.9)
Net Debt (Note 26)			364.6

All drawn facilities are at fixed rates with terms ranging from 5 to 32 years, with final instalments due to be repaid between 2026 and 2054. Interest Rates range from 2.92% to 7.06%.

Undrawn facilities are comprised of term facilities of £98m available from Warrington Borough Council, on a 25 year amortising basis, until April 2024. The remaining £105m relates to revolving credit facilities which expire in 2022 and 2023, with the exception of £10m which is available until March 2026.

In addition Natwest and Santander provide bonds to Merseyside Pension Fund and Cheshire Pension Fund to cover termination costs should Torus default on its obligations. At year end bonds totalled

£45.4m (£31.5m to Merseyside Pension Fund and £13.9m to Cheshire Pension Fund). In May 2022 the Torus Board approved an increase in the Merseyside Pension Fund bond to £62.5m.

Loans and Pension Bonds are fully secured by fixed charges on individual properties.

Warrington Borough Council facilities are annuity payments whereas all other loans are bullet repayments.

THFC and bLEND proceeds included an issue premium which is written off over the life of the loan. The balance at year end was £29.9m.

The Statement of Financial Position includes £14.1m in respect of fair value adjustments of loans. These have arisen due to categorisation of a cancellable loan as non-basic, in accordance with FRS102, requiring it to be held at fair value. In addition, the refinancing of loans relating to former Liverpool Mutual Homes in 2017/18 and former Golden Gates Housing Trust in 2018/19 were treated as a derecognition event, requiring the revised loans to be revalued to their fair value. These fair value costs were initially charged as finance charges in the statement of comprehensive income. They will subsequently be amortised over the term of the loans in order that interest and financing charges reflect the market rates for these loans.

Loan covenants are predominantly based on interest cover and gearing ratios. These were comfortably met throughout the year.

Current Liquidity

The Group currently holds cash balances amounting to £182.8m. This represents a reduction in balances of £38.5m over the course of 2021/22. This has been due to repayment of debt and continued investment in development of new homes and improvements to existing stock.

It is the Group's normal policy not to hold significant cash balances but to ensure that loan facilities are in place to fund future liquidity requirements. Cash balances have been built up over recent years due to strong financial performance, delays in development programme activity and the requirement to have funding in place to meet future commitments for the next 18 months. Development activity is now increasing, and cash balances are expected to fall in subsequent years and loan facilities would be utilised to fund development requirements.

Facilities are sufficient to meet the Group's requirements until 2024/25. New facilities will be required after this date with peak debt projected at £840m in 2030/31. The Group has been working with its Treasury advisors on a Treasury funding plan to address its long-term funding requirements. This was presented to the Torus (Group) Board in March 2022 and contains the following key actions for 2022/23:

1. To explore opportunities to raise funds from the Government backed, Affordable Homes Guarantee Scheme in late 2022/23 or early 2023/24

2. Consider the need to reduce the size of Revolving Credit Facilities that expire in 2022 and 2023.
3. Consider utilising cash balances for early repayment of fixed rate debt.

Future Prospects

The future prospects for Torus remain positive. A skilled and experienced Board is in place following amalgamation and a revised five year Group Corporate Plan has recently been established setting out the mission, goals and aspirations for the business. These are complemented by a series of strategic and operational plans setting out how it will achieve its objectives. These are themed around Investment, Resilience, Intelligence and Influence.

The response to the Covid-19 pandemic and the current economic uncertainty demonstrates the flexibility and agility of Torus to cope with adverse circumstances and maintain its long-term financial viability.

A Programme management office is in place to support and drive forward organisational change ensuring activities meet corporate plan objectives and deliver value for money.

Governance and risk management processes are in place ensuring Torus complies with its legal and regulatory duties and can deliver its objectives.

Torus has adopted a rent policy in line with the Government rent policy, which gives greater certainty for social and affordable rents. Rents can be increased by CPI + 1% per annum for five years from April 2020. Torus has chosen to apply rent flexibilities and set rents for void properties at the government formula rent plus 5% for General needs properties and plus 10% for sheltered properties. Affordability for tenants is a key consideration when annual rent increases are considered by the Torus Board.

It is vital that Torus provides homes that meet tenant requirements and that demand remains high. Component lifecycles and specifications were reviewed for the 2022/23 business plan with additional funding put in place to deliver revised requirements. Funding has also been put in place for regeneration and remodelling on a number of sites across heartlands to ensure properties remain fit for purpose and meet tenant aspirations. A revised Asset Management Strategy has been developed and was approved in early 2022/23.

Decarbonisation and meeting net zero targets by 2050 is a key focus for Torus and a Sustainability Strategy was approved in 2021/22. Net additional costs of £149m until 2041 have been factored into the business plan to fund decarbonisation works on Torus properties.

Torus has strategic partner status with Homes England, and this provides £72m of grant under the WAVE2 programme and £140m under its affordable homes programme 2021-2026, to support the delivery of its development and business plan targets. This status also provides opportunities for influence across the region and the ability to lead on large scale development schemes. Partner status

and availability of grant has seen a shift in emphasis toward affordable rent and shared ownership products which make up 94% of the overall programme. The exposure to market rent products is, therefore, limited.

A financial plan is in place which has been updated to take account of decarbonisation works. The plan has been stress tested and indicates that it can withstand financial losses of up to £4m per annum. Assumptions include:

- Rent increases in line with government policy (CPI + 1%) for 3 years from 2022/23, followed by CPI only increases.
- Void Losses at 1.55% per annum.
- Cost CPI at 3.5% in 2022/23, 2.5% in 2023/24 and a long term 2% per annum.
- Costs increasing by CPI plus 0.5%.
- Pay inflation at CPI -0.5% in 22/23.
- Repairs and maintenance inflation at CPI + 1.5% in 2022/23.
- Specific cost increases for insurances, energy costs and stock condition survey work.
- Rent collection assumptions at a prudent 97% per annum.
- Additional pension contributions of £1.3m per annum from 2023/24 to address funding deficits.
- Interest rates gradually increasing up to 3% plus margin by 2027/28.
- Development costs to increase by 3% per annum.
- Development programme of 10,091 units completed by 2030/31.

The plan indicates that surpluses will be generated throughout its 30-year timeframe and funders covenants complied with at all times.

Borrowing of up to £840m is required by 2030/31 to fund the business plan. Facilities of £527m are in place, of which £203m is undrawn. In addition, significant cash balances of £183m are available. These will be used alongside grant and sales proceeds to meet the capital commitments of £407m as set out in note 36. The Group has strong liquidity, low gearing and sufficient security to meet its long-term ambitions.

The current economic uncertainty characterised by high inflation, increasing interest rates and supply chain difficulties will inevitably have an impact on our cost base and will impact on customers potentially affecting rental income and demand for Shared Ownership products. There is, therefore, a medium-term risk to surplus. Stress testing has been undertaken on an economic downturn and this demonstrates the ability to withstand such a scenario. However the latest economic forecasts are significantly higher than the approved business plan and a revised plan, with additional stress testing is being undertaken in Quarter 1 of 2022/23.

Subsidiaries do not hold substantial cash balances and Torus is committed to supporting these in the short to medium term to meet any cashflow issues they may encounter. Torus has the inherent financial strength to meet these challenges and continue to deliver high quality services to its customers. As Torus monitors from the impact of the economic downturn, it will review and adjust its Group Corporate Plan, operating model and business plan as appropriate.

Accounting Policies

The Group's principal accounting policies are set out on pages 62-72 of the financial statements. The policies most critical to these financial statements relate to accounting for housing properties, capitalisation of improvement works and depreciation.

Material judgements and estimates are set out in the policies.

The main estimates include:

- Component useful economic lives and lifecycles, based on experience and judgements by the asset management team;
- Pension assumptions, based on external advice from actuarial advisors;
- Bad debts provision based on prudent assumptions around collection of arrears;
- Investment property valuations using independent valuations in line with RICS guidance; *and*
- Cost and income accruals in respect of development and investment activities based on experience and knowledge of suitable qualified staff.

Impairment reviews have been undertaken and have determined that a parcel of land earmarked for a development scheme should be impaired at a cost of £1.3m.

Statement of Compliance

In preparing this Strategic Report and Board Report, the Board has followed the principles set out in the Statement of Recommended Practice (SORP): Accounting for registered social housing providers 2018 update.



Graham Burgess

Chair

Date: 16th August 2022

Report of the Board

Principal Activities

The Group's principal activities are the development, maintenance and management of affordable housing.

Charitable Status

Torus62 Limited became an exempt charity on 1 January 2019, following the amalgamation between the former Torus62 Limited, Golden Gates Housing Trust Limited, Helena Partnerships Limited and Liverpool Mutual Homes Limited. The Co-operative and Community Benefit Society registration number is 7973.

Business Changes

No business changes took place during 2021/22.

Business Review

Details of the Group's performance for the year and its future activities are set out in the strategic Report.

Financial Performance and Reserves

The Group achieved a net surplus before tax of £44.4m (2021: £55.8m), with total reserves at year end amounting to £718.1m (2021: £648.5m). Further details of performance are set out in the Strategic Report and Financial Statements.

Post Balance Sheet Events

There are no post balance sheet events since the year end that have a significant impact on Torus' financial position.

Employees

The Group's employees are its greatest asset and it is only through their contribution and commitment that The Group can achieve its Corporate plan objectives.

The Group engages with its employees via a variety of means utilising face to face meetings with senior management, employee focus groups through to social media messages.

The Group recognises Trade Unions and regular meetings take place at Torus and subsidiary levels between senior management and trade union representatives on matters affecting employees.

Torus is committed to continuous development of its employees and has put in place a workforce development strategy to drive forward people and organisational performance.

Qualifying Third party indemnity provision

Torus provides Directors and Officers liability insurance to cover against claims made against individuals acting in their capacity as directors or officers. No claims were made in 2021/22.

Equality, Diversity and Inclusion

The Group is committed to equal opportunities with regard to its employees and its operations. A revised equality, diversity and inclusion strategy is in place, and a review of Torus was undertaken by the Housing Diversity Network in 2021/22. An action plan has been developed to ensure the Group complies with its duties and provides services that meet the requirements of all staff and customers

The Group seeks to ensure there is equality in treatment and pay of men and women. Torus has published its median gender pay gap figure: 15.4% (2021: 14.5%). The HMS median pay gap was 12.3% (2021: 6.7%). A range of actions are underway to ensure the gender pay gaps are closed further.

Health and Safety

The Board is aware of its responsibilities on all matters relating to health and safety. Regular reports on performance are presented to Boards and the Group Audit and Risk Committee.

The Group operates employee Health and Safety Committees across the Group, alongside a Health and Safety Steering Group, who are responsible for monitoring all health and safety activities and reporting on these.

The Group has also prepared detailed health and safety policies and provides training and education on health and safety matters.

Environmental, Social and Governance Reporting

Torus is committed to ensure its activities have a positive impact for the communities it serves and wider society. Torus has become an adopter of the Sustainability Reporting Standard for Social Housing as a mechanism to demonstrate its environmental, Social and Governance (ESG) credentials to customers, stakeholders and investors. Torus will publish its ESG report in September 2022.

Resident Involvement

The Group is committed to resident involvement in its activities and the governance structure includes a Landlord Operations Committee which includes tenants within its membership. A scrutiny panel is also in place providing in depth scrutiny of performance and action plans.

Torus has signed up to the National Housing Federation Together with Tenants Charter and developed a tenant voice strategy to ensure tenants have greater involvement and influence over our services and activities.

A Social Housing White Paper was published in 2020/21. A gap analysis against the white paper has been undertaken and actions are being developed to ensure Torus meets its requirements and tenants have influence over service delivery.

Complaints

The Group has revised its complaints policy ensuring it is in line with the Housing Ombudsman complaint handling code. The complaints policy and process has been designed to make it easy for customers to provide feedback on its services. Listening to feedback and taking appropriate action will help Torus continually improve services.

2021/22 Statement of Internal Control

The internal controls in place across the Torus Group form an integral part of the Group's Risk and Assurance Framework. A Group Strategic Risk Register is reported to the Torus (Group) Board and to the Group Audit and Risk Committee for scrutiny and review. The Board acknowledges its role and responsibility for ensuring that the Group has an effective system of internal controls and for reviewing its effectiveness.

Whilst every effort has been made to ensure that these controls manage all key business risks, it should be noted that risks cannot always be eliminated. Consequently, whilst the Board is satisfied that the existing internal controls provide a substantial level of assurance, such assurance is not absolute.

The Torus (Group) Board confirms that the processes for identifying, evaluating and managing the significant risks facing the Group are ongoing, and have been implemented throughout the year.

Regular assurances on the adequacy and implementation of these processes have been provided by the Group Audit and Risk Committee throughout 2021/22.

The Board's approach is to minimise risk through a suitable system of controls, such that the residual risk after any mitigating actions can be borne without serious damage to the Group.

The assurance framework has been developed to give assurance on the effectiveness of the key internal controls which are set out below:

Source	Internal Control Operating	Evidence
<p>Governance and Management Structures</p>	<p>Torus has a documented and formally constituted Board and Committee Structure.</p> <p>The reporting lines from subsidiaries to Torus (Group) Board are delivered through subsidiary reports to the Torus (Group) Board and a Board escalation procedure. Group Board also has membership on each Subsidiary Board.</p> <p>All subsidiaries have their own internal control procedures.</p> <p>An internal audit of the Board Assurance framework in 2021/22 provided Substantial Assurance.</p>	<p>Governance Documentation - Group Standing Orders, Terms of Reference and Board and Committee minutes.</p>
	<p>Landlord and subsidiaries operate in accordance with a formal Intra-Group Agreement which sets out the operating and reporting arrangements between the entities within the Group.</p>	<p>Intra-Group Agreement, reports and minutes</p>
	<p>The Group has adopted the NHF Code of Governance 2020 and each Subsidiary Board and Committee of the Group Board has formal Articles or Terms of Reference in place to support arrangements.</p> <p>The Group undertakes annual self- assessments of compliance with the NHF Code, the Merger Code and Regulatory Standards which are reported to Torus (Group) Board.</p>	<p>Board minutes and reports.</p>
	<p>Torus Board and committee members have been appointed on the basis of their skills and are supported by a comprehensive appraisal and training process to ensure any gaps are identified and training needs are met.</p>	<p>Group Board and Remuneration and Nominations Committee minutes and documentation.</p>
	<p>A revised Corporate Plan (2021/22 – 2025/26) has been agreed and approved by the Torus (Group) Board.</p> <p>Annual Operational Plans are prepared by the Group Leadership Team and are approved by the Group</p>	<p>Board minutes, Corporate Plan and supporting documents.</p>

Source	Internal Control Operating	Evidence
	<p>Executive Management Team and Torus (Group) Board.</p> <p>Responsibility is allocated to lead officers for each task, supported and driven by monthly reporting, using the Group’s performance management software, (Pentana).</p>	
	<p>Group Standing Orders, Financial Regulations and Scheme of Delegation are in place, providing accountability and decision-making structure. These are subject to annual review.</p>	<p>Board minutes, reports and supporting documents.</p>
	<p>Additional formal procedures have been developed and mapped onto SharePoint for ease of access and use.</p>	<p>Policy Framework and Board reports and minutes.</p>
	<p>Communication of policies and procedures to staff, (also available via SharePoint).</p>	<p>Copies of communications minutes, e-mails.</p>
	<p>Multi-disciplinary Group Executive Management Team (GEMT) and Group Leadership Team (GLT) operate to promote and deliver the required culture, continuous improvement and effective risk management.</p>	<p>Meeting agendas, minutes and reports.</p>
<p>Performance Reporting</p>	<p>There is a Group Performance Management Framework in place to monitor the Operational Plans to deliver the Corporate Strategy. All performance and resulting actions are monitored, at the appropriate level, through the Group’s Performance Management System and reported at all levels.</p> <p>This includes monthly performance reports to GEMT and GLT. Quarterly reports are submitted to the Torus (Group) Board, Subsidiary Boards and Committees, identifying performance against annual targets.</p>	<p>Board, Committee & GEMT minutes and performance reports.</p>
	<p>Bespoke reports are sent to Torus (Group) Board, Subsidiary Boards and to Committees recommending action required to address areas of poor performance, where appropriate.</p>	<p>Board and Committee minutes.</p>
	<p>Responsibility for Performance KPIs is allocated to lead officers. This is supported by integrated performance management software, (Pentana).</p>	<p>Identified within performance reports.</p>

Source	Internal Control Operating	Evidence
Risk Management	A Risk and Assurance Framework has been approved, by Torus (Group) Board, setting out the Group’s approach to risk management. Strategic and operational risks are monitored by Group Audit and Risk Committee and Subsidiary Boards and reviewed annually by Group Board.	Board and Group Audit and Risk Committee minutes.
	Group Audit and Risk Committee monitors risk management processes including near misses and crystallised risks at each meeting to ensure that the business takes appropriate action to ensure lessons are learned and controls are effective.	Group Audit and Risk Committee minutes.
	A Strategic audit plan based on strategic risks and corporate plan is agreed and overseen by Group Audit and Risk Committee.	Group Audit and Risk Committee minutes.
	Completion of Internal audit actions are monitored by Group Leadership Team and reported to Group Audit and Risk Committee	Group Audit and Risk Committee minutes and Group Leadership Team reports.
	Annual external audit reviews and reports on the effectiveness of existing internal controls are provided in the annual audit management letter.	Audit management letter.
	Health and Safety Management – a monthly report is considered by GEMT, quarterly by the Health & Safety Assurance Group and by Group Audit and Risk Committee. Health and Safety Committees meet quarterly within each Group entity to review health and safety issues. An internal audit of Tenant Health & Safety in 2021/22 provided Substantial Assurance.	Committee minutes.
	An annual review is completed on the suitability of insurance arrangements, ensuring that our insurance provides adequate cover for the Group. The insurance arrangements were subject to competitive tender in 2021/22 with Group Audit and Risk Committee involvement in the selection process.	Group Board and Group Audit and Risk Committee minutes.
	Torus is registered with the Information Commissioner’s Office.	Group Audit and Risk Committee

Source	Internal Control Operating	Evidence
	An independent audit of the Group’s GDPR arrangements was carried out in 2020/21 and all recommendations were implemented during the course of 2021/22 and reported to the Group Audit and Risk Committee for assurance.	minutes and Policy.
Internal Audit	RSM appointed as Torus Group’s Internal Auditor for the period 2019/20 – 2022/23 to provide an independent opinion on the effectiveness of Torus’ control assurance and risk management frameworks.	Board minutes and appointment letter.
	All 2021/22 Internal Audit reports from RSM were considered by the Group Audit and Risk Committee.	Committee Minutes and reports.
	An Internal Audit recommendation tracker system is in place with performance reported to the Group Audit and Risk Committee on a quarterly basis. RSM also separately provide evidence that all audit recommendations have been implemented.	Committee Minutes and reports.
	2021/22 Annual Internal Audit report from RSM provides assurance that the Group has an adequate and effective framework for risk management, governance and internal control.	Committee minutes and reports.
	Internal Audit Programme is based on a combined assurance framework and is prioritised with reference to the Risk Register.	Committee minutes and reports.
External Audit	BDO were appointed as Torus Group’s external auditor following formal tender in 2019/20 for a 3 year period to provide assurance on the accuracy of Torus annual statement of accounts and the internal systems that support the accounts.	Board minutes and appointment letter.
	BDO report to the Board, via their Audit Findings Report, which comments on the accuracy of Torus Group’s 2021/22 Statement of Accounts.	Appointment letter. Notes of meetings. BDO’s audit report.
Financial Reporting & Control	Board considers an Annual review of Financial Regulations and Scheme of Delegation which identifies the financial framework under which expenditure may be incurred and income should be recovered.	Board minutes and documentation.

Source	Internal Control Operating	Evidence
	Board scrutiny of financial papers – Board members include qualified accountants and members with significant financial experience and expertise in senior management positions.	Board member CVs and Board and Committee skills matrix.
	Annual Business Plans approved by the Torus (Group) Board include comprehensive stress testing to provide assurance on financial strength. Annual budgets are also approved by Torus (Group) Board. Subsidiary business plans, associated stress tests, and budgets are approved by the subsidiary boards.	Board minutes and reports.
	Financial Review Reports are considered monthly by Torus Group Executive Management Team, and quarterly by Torus (Group) Board. These reports identify financial performance against budget and financial covenants.	Group Executive Management Team and Board papers and minutes
	Group Treasury Management Strategy and Policy approved by Torus (Group) Board and reviewed annually. Internal Audit review of Treasury Management provided Substantial Assurance.	Board minutes and reports.
	Property Investment Plan (PIP) subject to regular review throughout the year, identifying annual investment requirement for individual properties, (over a 30-year period).	Property Investment Plan, Board minutes and reports.
	Regulatory	Regulatory compliance evidenced via self-assessment against the Regulator for Social Housing’s Regulatory Standards.
Hospitality and declarations of interest register and procedures in place.	Registers and procedures.	Board and Committee minutes and reports.
	Probity, Anti-Bribery, Anti-Money Laundering and Whistle-Blowing Policies and Board and Employee Code of Conduct in place. Money laundering officer role is in place.	Policies and procedures.

Cyber Security	Group Disaster Recovery Plan is in place and supporting procedures to aid the recovery from any issues with ICT systems or data loss	Procedures
	Acceptable Use , ICT Security, Password, and Security Incident Policy are in place and regular, and regular reporting to Group Audit and Risk Committee.	Board and Committee minutes and reports.
	ISO 27001 accreditation on information security management system is in place.	External accreditation carried out by independent assessor.

The list of controls set out in the table above is not exhaustive but represents the key elements of the system of internal controls in place across the Group.

The Strategic Risk Register identifies the strategic risks which may affect the Group. In the current year there a number of external factors affecting the UK economy, housing sector and Torus. These include the ongoing impact of the Coronavirus Pandemic, the war in Ukraine and its impact on the global economy and energy prices, and the withdrawal of the UK from the European Union.

Regular and comprehensive reporting arrangements to Torus (Group) Board and Committee members were put in place to provide assurance on the Group’s management of service delivery as we moved through the response, resilience and recovery stages of our pandemic plan. The Group continues with the recovery stage and adjusting to the “new normal” in how it delivers services and retains the benefits of the acceleration of our transformation programme as it relates to ways of working.

It is anticipated that the ongoing challenges arising from the Coronavirus Pandemic, the war in Ukraine, together with the withdrawal of the UK from the European Union will continue to affect the following key areas for the Housing sector:

- Economic outlook - manifesting in changes to unemployment levels, inflation, interest rates, welfare reform and availability of grant;
- Political change - changes in policy on development and regeneration, grant availability and policy, welfare reform, rent policy, housing strategy;
- Funding - costs of finance, interest rate instability and risk, credit rating;
- Cost and Income stability - changes in inflation, labour availability, cost of imported materials, energy and labour; and

- Property prices - fluctuation in property pricing may need to be factored into new scheme appraisals, particularly schemes with affordable rent, shared ownership or resale options.

These potential impacts are reflected in a number of the strategic risks identified in the Group's Strategic Risk Framework including the following:

- Inability to adapt to a changing external environment
- Failure to manage our long-term financial resilience
- Ineffective identification and management of safety and compliance obligations
- Fail to deliver the Development programme that addresses the needs of those living in our key geographical areas

Each of these strategic risks is monitored and reviewed by the Group Audit and Risk Committee on a regular basis and reported to the Torus Board where any additional controls are warranted. On an annual basis, the Torus Group produces a 30-year business plan based on a range of key economic factors and assumptions approved by Board. This prudent plan is stress tested to review the impact of changes in these economic factors such as fluctuations in inflation or interest rates. To ensure business continuity and flexibility, Torus has mitigation plans for any scenarios which adversely affect the plan.

To allow the Torus Board to fully assess these internal controls they receive an Annual Internal Audit Report, an Annual Report from the Group Audit and Risk Committee and the report of the External Auditors on the accuracy of Torus Annual Statement of Accounts and the internal systems that support the accounts.

The Torus Board is satisfied with the adequacy of the internal controls in place for the year ending March 2022, and for the period to date of signing the financial statements.

Going Concern

The Groups business activities, its current financial position and factors likely to affect its future development are set out in the Strategic Report.

The Group faces a range of pressures and uncertainties linked to inflationary pressures, supply chain issues, decarbonisation and requirements to maintain the highest standards of safety and quality within our housing stock. Pressures on the cost of living for tenants also creates risks around rental income. The business plan has been reviewed in light of these uncertainties and impact on service delivery. The plan indicates that operating profit in 2022/23 will remain strong at £50.8m (24.4%) with net profit at £45.4m (21.8%). Net Profit will increase in future years (£60.9m in 2026/27).

The Business Plan indicates that the Group has significant cash balances (£183m) and long term debt facilities (including £203m of undrawn facilities) which provide adequate resources to address pressures and enable it to continue to finance committed property refurbishment and improvement programmes, and new developments along with the Group's day to day operations. The plan also shows that it can service debt facilities and can continue to comply with lender covenants.

Cross default clauses exist for all entities in the Group and the greatest risk lies with subsidiaries who do not hold significant cash balances, as surpluses are usually donated via gift aid in line with the Torus operating model. Subsidiaries inherently remain sound and successful businesses and Torus has put in place measures to support its subsidiaries through provision of intra group loan facilities. The economic uncertainty has impacted on profits from commercial subsidiaries, reducing gift aid donations to the Torus Foundation. As a result a savings plan has been developed to ensure cash balances

After making appropriate enquiries, 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 not less than 12 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 preparation of the financial statements. In this context reference should be made to the Strategic Report and Financial Statements.

Regulatory Compliance

Torus fully complies with the Governance and Viability Standard published by the Regulator of Social Housing and there are no areas of non-compliance.

Torus complies with all elements of the Regulatory Standards (Economic and Consumer Standards) and a self-assessment is presented to the Torus Board on an annual basis.

Torus is reviewing the proposals for regulation of the consumer standards and putting in place arrangements to ensure compliance when they are put in place.

An in-depth assessment of Torus during 2020/21 and the Regulator issued a G1/V1 status of Torus in its Regulatory Judgement published on 4 November 2020. This status was reconfirmed by the Regulator on 1 December 2021.

As part of its compliance with the Governance and Viability Standard, Torus has adopted the NHF 2020 code of practice from 1 April 2021. A self-assessment the NHF Code of Governance take place on an annual basis.

In addition, Torus has adopted the NHF Code on Mergers, Partnerships and Group Structures which supports the Code of Governance to ensure that Torus operates effectively, efficiently and economically.

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

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

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice: Accounting by registered social housing providers 2018 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Association will continue in business.

The board members are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Association's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Association and enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. They are also responsible for safeguarding the assets of the Group and Association 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 2018.

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

Annual General Meeting

Torus' Annual General Meeting will take place on Thursday 22 September 2022.

External Auditors

BDO LLP were appointed external auditors on 8 February 2020. A resolution to re-appoint them for the coming year is proposed at the Annual General Meeting.

Approval

The report of the Board was approved by the Board on 16th August 2022 and signed on its behalf by



Graham Burgess

Chair

Date: 16th August 2022

Independent Auditors Report to the members of Torus62 Limited

Opinion on the financial statements

In our opinion, the financial statements:

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

We have audited the financial statements of Torus62 Limited ("the Association") and its subsidiaries ("the Group") for the year ended 31 March 2022 which comprise the Group and Association statement of comprehensive income, the Group and Association statement of financial position, the Group and Association statement of changes in reserves, the Group statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice)*.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

Other information

The board are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where we are required by the Co-operative or Community Benefit Societies Act 2014 or the Housing and Regeneration Act 2008 to report to you if, in our opinion:

- the information given in the Strategic Report and Report of the Board for the financial year for which the financial statements are prepared is not consistent with the financial statements;
- adequate accounting records have not been kept by the parent Association; or
- a satisfactory system of control has not been maintained over transactions; or
- the parent Association financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the board

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

- agreement of the financial statement disclosures to underlying supporting documentation;
- challenging assumptions made by management in their significant accounting estimates in particular in relation to the following:
 - whether there are indicators of impairment of tangible assets;
 - appropriate allocation of costs between tenure types and between first and subsequent shared ownership tranches;
 - the useful economic lives of tangible fixed assets;
 - recoverability of receivable balances outstanding at the year end;
 - assumptions used to calculate the pension liabilities; and

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

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

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

Use of our report

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

BDO LLP

BDO LLP
Statutory Auditor
Liverpool, UK

Date: 09 September 2022

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

Consolidated Statement of Comprehensive Income

	Note	2022 £'000	2021 £'000
Turnover	3	201,505	198,869
Operating expenditure	3	(138,486)	(119,777)
Cost of sales		(14,346)	(15,915)
Surplus on disposal of fixed asset housing properties	6	7,270	4,344
Other income	3	-	7
Operating surplus	3, 5	<u>55,943</u>	<u>67,528</u>
Share of operating surplus in JV or Associate	20	291	299
Interest receivable	7	496	155
Interest payable and financing costs	8	(12,395)	(11,531)
Movement in fair value of investment properties	16	93	(676)
Surplus before taxation		<u>44,428</u>	<u>55,775</u>
Taxation	13	(221)	224
Surplus for the year		<u>44,207</u>	<u>55,999</u>
Actuarial (loss)/gain in respect to pension schemes	29	25,413	(10,233)
Total comprehensive income for the year		<u><u>69,620</u></u>	<u><u>45,766</u></u>

All amounts relate to continuing activities.

The notes on pages 63 to 112 form part of these financial statements.

The financial statements were authorised and approved by the Board on 16 August 2022.



Graham Burgess
Chair



Steve Coffey
Group Chief Executive



Ronnie Clawson
Company Secretary

Consolidated Statement of Financial Position

	Note	2022 £'000	2021 £'000
Fixed assets			
Tangible fixed assets-housing properties	14	1,068,422	981,268
Other tangible assets	15	21,494	21,699
Investment properties	16	9,619	8,620
HomeBuy loans receivable	17	194	231
Other investments	18	54	54
Investment in jointly controlled entities	20	90	90
		<u>1,099,873</u>	<u>1,011,962</u>
Current assets			
Stock	22	870	837
Properties held for sale	21	32,127	27,599
Debtors - receivable after one year	23	7,635	6,996
Debtors - receivable within one year	23	18,451	14,773
Investments	23	110,067	20,000
Cash and cash equivalents		72,752	201,314
		<u>241,902</u>	<u>271,519</u>
Creditors: amounts falling due within one year	24	<u>(58,740)</u>	<u>(63,591)</u>
Net current assets		<u>183,162</u>	<u>207,928</u>
Total assets less current liabilities		<u>1,283,035</u>	<u>1,219,890</u>
Creditors: amounts falling due after more than one year			
Defined benefit pension liability	29	(10,424)	(33,614)
Provisions for liabilities	30	(992)	(872)
Total net assets		<u>718,113</u>	<u>648,493</u>
Reserves			
Revenue reserve		717,801	648,483
Restricted reserve		312	10
Total reserves		<u>718,113</u>	<u>648,493</u>

The notes on pages 63 to 112 form part of these financial statements.

These financial statements were approved by the Board on 16th August 2022 and were signed on its behalf by:



Graham Burgess
Chair



Steve Coffey
Group Chief Executive



Ronnie Clawson
Company Secretary

Consolidated Statement of Changes in Reserves

	Revenue reserve £'000	Restricted reserve £'000	Total £'000
Balance at 31st March 2020	602,692	35	602,727
Surplus for the year	56,024	(25)	55,999
Actuarial losses on defined benefit pension scheme (note 29)	(10,233)	-	(10,233)
Reserves transfer - reallocation of reserves	-	-	-
Total comprehensive income	<u>45,791</u>	<u>(25)</u>	<u>45,766</u>
Balance at 31st March 2021	648,483	10	648,493
Surplus for the year	43,905	302	44,207
Actuarial gains on defined benefit pension scheme (note 29)	25,413	-	25,413
Reserves transfer - reallocation of reserves	-	-	-
Total comprehensive income	<u>69,318</u>	<u>302</u>	<u>69,620</u>
Balance at 31st March 2022	<u>717,801</u>	<u>312</u>	<u>718,113</u>

The notes on pages 63 to 112 form part of these financial statements.

Consolidated Statement of Cash Flows

	Note	2022 £'000	2021 £'000
Net cash generated from operating activities	33	80,668	101,151
Cash flow from investing activities			
Purchase of tangible fixed asset properties		(120,907)	(84,117)
Purchase of other tangible fixed assets		(2,026)	(3,200)
Proceeds from sale of tangible fixed assets		13,445	7,006
Grants received		46,069	33,101
Current asset investment movement		(90,067)	(20,000)
Interest received		495	214
HomeBuy loans received		37	17
		<u>(152,954)</u>	<u>(66,979)</u>
Cash flow from financing activities			
Interest paid		(15,927)	(20,361)
New secured loans		233	116,799
Cash pledged as security		-	(5,032)
Repayments of borrowings		(40,582)	(488)
		<u>(56,276)</u>	<u>90,918</u>
Net change in cash and cash equivalents		<u>(128,562)</u>	<u>125,090</u>
Cash and cash equivalents at beginning of the year		<u>201,314</u>	<u>76,224</u>
Cash and cash equivalents at end of the year	39	<u><u>72,752</u></u>	<u><u>201,314</u></u>

The notes on pages 63 to 112 form part of these financial statements.

Association Statement of Comprehensive Income

	Note	2022 £'000	2021 £'000
Turnover	3	190,610	189,586
Operating expenditure	3	(138,313)	(115,092)
Cost of sales	3	(6,600)	(10,453)
Surplus on disposal of housing properties	6	7,270	4,344
Other income	3	-	7
Gift aid	9	620	200
Operating surplus	3	53,587	68,592
Share of operating surplus in JV or Associate	20	291	299
Interest receivable	7	961	757
Interest payable and financing costs	8	(12,381)	(11,447)
Other finance expenditure	30	-	-
Movement in fair value of investment properties	16	93	(676)
Surplus before taxation		42,551	57,525
Taxation	13	-	-
Surplus for the year		42,551	57,525
Actuarial gain/(loss) in respect to pension schemes	29	25,090	(9,997)
Total comprehensive income for the year		67,641	47,528

All amounts relate to continuing activities.

The notes on pages 63 to 112 form part of these financial statements.

The financial statements were authorised and approved by the Board on 16th August 2022.



Graham Burgess
Chair



Steve Coffey
Group Chief Executive



Ronnie Clawson
Company Secretary

Association Statement of Financial Position

	Note	2022 £'000	2021 £'000
Fixed assets			
Tangible fixed assets-housing properties	14	1,072,963	984,699
Other tangible assets	15	20,416	20,892
Investment properties	16	9,619	8,620
HomeBuy loans receivable	17	194	231
Other investments	18	54	54
Investment in subsidiary	19	3,050	3,050
Investment in jointly controlled entities	20	90	90
		<u>1,106,386</u>	<u>1,017,636</u>
Current assets			
Stock	22	32	32
Properties held for sale	21	18,674	17,585
Debtors - receivable after one year	23	17,748	15,329
Debtors - receivable within one year	23	10,945	10,094
Investments	23	110,067	20,000
Cash and cash equivalents		65,007	196,635
		<u>222,473</u>	<u>259,675</u>
Creditors: amounts falling due within one year	24	<u>(48,852)</u>	<u>(58,781)</u>
Net current assets		<u>173,621</u>	<u>200,894</u>
Total assets less current liabilities		<u>1,280,007</u>	<u>1,218,530</u>
Creditors: amounts falling due after more than one year			
Defined benefit pension liability	25	(553,506)	(536,911)
	29	(9,971)	(32,875)
Provisions for liabilities	30	(868)	(723)
Total net assets		<u>715,662</u>	<u>648,021</u>
Reserves			
Revenue reserve		715,662	648,021
Restricted reserve		-	-
Total reserves		<u>715,662</u>	<u>648,021</u>

The notes on pages 63 to 112 form part of these financial statements.

These financial statements were approved by the Board on 16 August 2022 and were signed on its behalf by:



Graham Burgess
Chair



Steve Coffey
Group Chief Executive



Ronnie Clawson
Company Secretary

Association Statement of Changes in Reserves

	Revenue reserve £'000
Balance at 31st March 2020	600,493
Surplus for the year	57,525
Actuarial losses on defined benefit pension scheme (note 29)	<u>(9,997)</u>
Total comprehensive income	47,528
Balance at 31st March 2021	648,021
Surplus for the year	42,551
Actuarial gains on defined benefit pension scheme (note 29)	<u>25,090</u>
Total comprehensive income	67,641
Balance at 31st March 2022	<u><u>715,662</u></u>

The notes on pages 63 to 112 form part of these financial statement.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

1. Legal status

Torus62 Limited is registered under the Co-operative and Community Benefit Societies Act 2014 as a Community Benefit Society, registered with the Financial Conduct Authority. It has charitable status.

On 1 January 2019, the following entities amalgamated to form the society Torus62 Limited, registered under the Co-operative and Community Benefit Societies Act 2014:

- The former Torus62 Limited.
- Liverpool Mutual Homes Limited.
- Helena Partnerships Limited.
- Golden Gates Housing Trust Limited.

Torus62 Limited has five subsidiaries all incorporated in England and Wales. Housing Maintenance Solutions Limited provides repairs and maintenance services. Torus 62 Developments Ltd and Torus Living Ltd provide construction services. Torus Living Ltd has now ceased trading. Torus Foundation is a registered charity providing support to its communities and Torus tenants. Torus62 Commercial Services Ltd provides specialised construction services to external clients. In July 2019 Housing Maintenance Solutions Limited purchased Torus62 Commercial Services Limited and amalgamated ongoing service contracts with external customers, together with any existing assets and liabilities.

2. Accounting policies

Basis of accounting

The financial statements of the Group and Association are prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including Financial Reporting Standard 102 (FRS 102) and the Housing SORP 2018: Statement of Recommended Practice for Registered Social Housing Providers (2018 Update) and comply with the Accounting Direction for Private Registered Providers of Social Housing 2019.

Torus62 Limited is a public benefit entity in accordance with FRS 102.

The financial statements are prepared on an historical cost basis of accounting and are presented in £ sterling.

On 1 January 2019, the former Torus62 Limited, Helena Partnerships Limited, Golden Gates Housing Trust Limited and Liverpool Mutual Homes Limited amalgamated to form Torus62 Limited. In accordance with the provision of FRS 102 merger accounting has been applied to the combination in the financial statements of both the Association and the Group. The results, assets and liabilities have been presented as though the combined Association and Group has always been in existence.

Disclosure exemptions

Individual accounts of the Association have adopted the following disclosure exemptions per FRS 102:

- The requirement to present a statement of cash flows and related notes.
- Financial instrument disclosures, including:
 - categories of financial instruments;
 - items of income, expense, gains or losses relating to financial instruments; *and*
 - exposure to and management of financial risks.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

Going concern

The Group faces a range of pressures and uncertainties linked to inflationary pressures, supply chain issues, decarbonisation and requirements to maintain the highest standards of safety and quality within our housing stock. Pressures on the cost of living for tenants also creates risks around rental income. The business plan has been reviewed in light of these uncertainties and impact on service delivery. The plan indicates that operating profit in 2022/23 will remain strong at £50.8m (24.4%) with net profit at £45.4m (21.8%). Net Profit will increase in future years (£60.9m in 2026/27).

The Business Plan indicates that the Group has significant cash balances (£183m) and long term debt facilities (including £203m of undrawn facilities) which provide adequate resources to address pressures and enable it to continue to finance committed property refurbishment and improvement programmes, and new developments along with the Group's day to day operations. The plan also shows that it can service debt facilities and can continue to comply with lender covenants.

After making appropriate enquiries, 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 not less than 12 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 preparation of the financial statements. In this context reference should be made to the Strategic Report and Financial Statements.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Association and entities (including special purpose entities) controlled by the Group (and its subsidiaries). Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

In the consolidated accounts, interests in joint ventures and associated undertakings are accounted for using the equity method of accounting. Under this method an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the investor's share of the profit or loss, other comprehensive income and equity of the associate.

Significant management judgements and estimation uncertainty

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

- Estimation uncertainty

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

- Impairment

Impairment assessments are prepared annually, which consider whether there have been any indications of impairment. If an impairment trigger is identified a full impairment review is conducted, considering whether the recoverable value is higher than the carrying value.

As part of the Group's continuous review of the performance of their assets, management identify any homes, or schemes, that have increasing void losses, are impacted by policy changes or where the decision has been made to dispose of the properties. These factors are considered to be an indication of impairment. Where there is evidence of impairment, the fixed assets are written down to the recoverable amount and any impairment losses are charged to operating surpluses. As a result, the recoverable amount of the housing properties were estimated as follows:

- (a) Determined the level at which the recoverable amount is to be assessed (i.e., the asset level or cash-generating unit (CGU) level). The CGU level was determined to be an individual scheme.
- (b) Estimated the recoverable amount of the cash-generating unit;
- (c) Calculated the carrying amount of the cash-generating unit; *and*
- (d) Compared the carrying amount to the recoverable amount to determine if an impairment loss has occurred.

Based on this assessment, the Depreciated Replacement Cost (DRC) of each social housing property scheme were calculated to be the recoverable amount, using appropriate construction costs and land prices. Where the DRC is less than the carrying amount, an impairment is taken to reduce the carrying amount to the DRC.

- Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date based on the expected utility of the assets including any components. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain IT equipment and changes to decent homes standards which may require more frequent replacement of key components.

- Fair value measurement

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

Fair value measurements are applied to significantly modified loans following loan restructures.

Fair value measurements are applied to investment properties in the year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022**- Defined benefit obligation**

Management's estimate of the defined benefit obligation is based on several critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the liability and the annual defined benefit expenses.

Management apply a consistent set of assumptions with the exception of mortality rates, which are in line with those provided by Pensions Funds.

- Arrears provision

Rental arrears are provided for based on the age of debt, as this is considered to be a reasonable indication of recoverability.

The Group provides for all current rent arrears more than or equal to 60 days. Former tenant arrears are provided at 100%.

Judgements**- Classification of loans**

Torus62 has two cancellable loans, which are cancellable quarterly at the option of the banks. If the banks exercise their option to cancel these loans would revert to LIBOR rate loans. Judgement has been made by management to classify the loans as non-basic and therefore they are held at fair value.

- Supporting people

Management judgement is applied in determining the extent to which the risks and benefits are transferred to the Association when considering the income to be recognised.

- Investment properties

Based on the guidance provided in FRS102 the properties leased to Bamboo Estates LLP are treated as properties held for social housing rather than investment properties. Although they are currently let at market rent, this is a short-term arrangement. We consider the properties to be held primarily for social benefit over the life of the asset and have therefore reflected this in the accounting treatment and are holding the properties at historic cost.

Based on the guidance provided in FRS102, depots owned by Torus62 Limited and leased to Housing Maintenance Solutions Limited are deemed to be Tangible Fixed Assets in both Association and Group accounts.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

Turnover

Turnover represents rental and service charge income, income from shared ownership first tranche sales, revenue-based grants receivable (except where such grants are reimbursement or part reimbursement of specific items of expenditure) and other income.

Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting, net of any voids.

Income from first tranche sales is recognised at the point of legal completion of the sale.

Revenue grants are receivable when the conditions for receipt of agreed grant funding have been met.

Other social income is recognised according to the level of social investment activity undertaken and commission earned for collection of water rates, based on actual charges levied.

Other non-social income is recognised based upon the practical completion of works from external contracts.

Gift aid

Gift aid is recognised at the earlier of the point there is a legal obligation or when paid. Amounts recognised in the current and prior financial period have been recognised on payment.

Service charges

Service charge income and costs are recognised on an accruals basis. The Group operates both fixed and variable service charges on a scheme by scheme basis in full consultation with residents. Where variable service charges are used the charges will include an allowance for the surplus or deficit from prior years, with the surplus being returned to residents by a reduced charge and a deficit being recovered by a higher charge. Until these are returned or recovered, they are held as creditors or debtors in the Statement of Financial Position.

Where periodic expenditure is required a provision may be built up over the years, in consultation with the residents; until these costs are incurred this liability is held in the Statement of Financial Position within long term creditors.

Housing properties

Housing properties are reflected on the Statement of Financial Position at historic cost less depreciation. Former LMH properties were initially recognised at deemed cost on transition to FRS 102.

Housing properties are properties held for the provision of social housing or to otherwise provide social benefit. Housing properties are principally properties held for rent. Costs includes the cost of acquiring the land and buildings, development costs, interest charges incurred during the development period and expenditure incurred in respect of improvements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

Works to existing housing properties

Provision for major repairs is only made where a contractual liability exists for work undertaken. Due to the establishment of regular programmes of repair and maintenance, the Group does not make provision for cyclical repairs, but charges actual cost incurred to the Statement of Comprehensive Income.

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

Investment property

Investment property includes commercial and other properties not held for the social benefit of the Group. Investment property is measured at cost on initial recognition and subsequently at fair value at the reporting date. Fair value is determined periodically by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary, for any difference in the nature, location or condition of the specific asset. Changes in fair value are recognised in the Statement of Comprehensive Income.

Government grants

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

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

Grants due from government organisations or received in advance are included as current assets or liabilities.

Government grants received for housing properties are subordinated to the repayment of loans by agreement with the Homes England. Government grants released on sale of a property may be repayable but are normally available to be recycled and are credited to a Recycled Capital Grant Fund and included in the Statement of Financial Position in creditors.

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

Where individual components are disposed of and this does not create a relevant event for recycling purposes, any grant which has been allocated to the component is released to income and expenditure.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022**Other grants**

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

Sales of housing properties

Sales of housing properties, including Right to Buy and Right to Acquire sales, are taken into account on completion of contracts. Due to the nature of the transfer agreements with Liverpool City Council, St Helens Metropolitan Borough Council and Warrington Borough Council (the "Councils"), it is not possible to identify separately the original cost of each property sold. Instead, an average cost plus actual capitalised costs since transfer is eliminated from housing properties and is charged to the Statement of Comprehensive Income.

As part of the transfer agreement with the Councils, the Group agreed to retain a proportion of the Right to Buy proceeds with the balance being due to the relevant Council.

Depreciation of housing properties

Freehold land is not depreciated. The Group separately identifies the major components which comprise its housing properties, and charges depreciation, so as to write-down the cost of each component to its estimated residual value, on a straight-line basis, over its estimated useful economic life. The Group depreciates the major components of its housing properties at the following annual rates:

Structure	60-100 years
Non-traditional construction	30 years
Bathrooms	35 years
Kitchens	25 years
Windows and doors	30 years
Electrical systems	30 years
Roofs	60-75 years
Heating – Boilers	15-18 years
Heating - Distribution system	30-36 years
Lifts	40 years
Wall ties and repointing	40 years
Building envelope render systems	40 years
Environmental and communal works	20 years

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

Other tangible fixed assets

Other tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is provided on a straight-line basis over the expected useful economic lives of the asset over the following periods.

Freehold Property	40 years
Leasehold Properties	Over life of lease
Computers and Office Equipment	3-5 years
Furniture, Fixtures and Fittings	3-10 years
Motor Vehicles	3-10 years

Useful economic lives of all tangible fixed assets are reviewed annually.

Leased assets

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the Group. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to the statement of comprehensive income on a straight-line basis over the lease term, unless the rental payments are structured to increase in line with expected general inflation, in which case the Group recognises annual rent expense equal to amounts owed to the lessor. The aggregate benefit of lease incentives is recognised as a reduction to the expense recognised over the lease term on a straight-line basis.

First tranche shared ownership sales

Shared ownership properties are split proportionally between current and fixed assets based on the first tranche proportion. First tranche proportions are accounted for as current assets and the related sales proceeds shown in turnover. The proportion of the asset remaining in the Group's ownership is accounted for as a fixed asset and included in housing properties at cost less any provisions for depreciation or impairment, so that any subsequent sale is treated as a part disposal of a fixed asset.

Properties for sale

Shared ownership first tranche sales, completed properties for outright sale and property under construction are valued at the lower of cost and net realisable value. Cost comprises materials, direct labour and direct development overheads.

Net realisable value is based on estimated sales price after allowing for all further costs of completion and disposal.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

Provisions for liabilities

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

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

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

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

Bad and doubtful debts

Provision is made on an aged basis against rent arrears and other debts to the extent that they are considered potentially irrecoverable.

Corporation Tax

HM Revenue and Customs has accepted that the Association is a charity for tax purposes and therefore its charitable activities are not subject to Corporation Tax. The Association's subsidiaries, Housing Maintenance Solutions Limited, Torus62 Commercial Services Limited, Torus Living Limited and Torus62 Developments Limited, have no such exemption and their activities are chargeable to Corporation Tax. Torus Foundation is a registered charity and its activities are not subject to Corporation Tax.

Deferred taxation

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated. Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. If and when all conditions for retaining tax allowances for the cost of a fixed asset have been met, the deferred tax is reversed. Deferred tax is recognised when income or expenses from a subsidiary or associate have been recognised, and will be assessed for tax in a future period, except where:

- the Group is able to control the reversal of the timing difference; *and*
- it is probable that the timing difference will not reverse in the foreseeable future.

Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference. Deferred tax is measured on an undiscounted basis. With the exception of changes arising on the initial recognition of a business combination, the tax expense/(income) is presented either in income and expenditure, other comprehensive income or reserves depending on the transaction that resulted in the tax expense/(income). Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

Deferred tax assets and deferred tax liabilities are offset only if:

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

Value Added Tax (VAT)

The Group is partially exempt in relation to Value Added Tax (VAT), and accordingly is able to recover from HM Revenue & Customs part of the VAT incurred on expenditure. At the year-end VAT recoverable or payable is included in the Statement of Financial Position. Irrecoverable VAT is accounted for in the Statement of Comprehensive Income.

Investments

Investments are stated at historic cost less accumulated impairment losses.

Interest Payable

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

- interest on borrowings specifically financing the development programme after deduction of social housing grant (SHG) received in advance; *or*
- a fair amount of interest on borrowings of the Group as a whole after deduction of SHG received in advance to the extent that they can be deemed to be financing the development programme; *or*
- other interest payable is charged in the Statement of Comprehensive Income in the year.

HomeBuy loans

HomeBuy loans are treated as concessionary loans. They are initially recognised as a loan at the amount paid to the purchaser and are subsequently updated to reflect accrued interest and any impairment loss is recognised in income and expenditure to the extent that it cannot be offset against the HomeBuy grant. The associated HomeBuy grant is recognised as deferred income until the loan is redeemed.

Stocks

Stocks are stated at the lower of cost or net realisable value.

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. Management has reviewed the Group's loan agreements and has deemed the majority to be basic financial instruments, with the

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

exception of two non-basic loans, which will be fair valued each period in accordance with FRS 102, with the movements posted to interest payable and financing costs within the Statement of Comprehensive Income.

Where a loan agreement is subject to a substantial modification per FRS 102, the Group will calculate a fair value of the loan via a Net Present Value calculation, discounted by an agreed treasury market rate. Any discrepancies between the loan amount and the fair values are recognised within interest payable and financing costs within the Statement of Comprehensive Income.

Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at transaction price and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Creditors

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

Retirement benefits

The surpluses or deficits of the pension schemes are recognised in full. The movements in the scheme's surpluses/deficits are included in the Statement of Comprehensive Income and shown in the Statement of Changes in Reserves - under the heading actuarial gains and losses.

Pension Cost

The Group participates in the Merseyside Pension Fund and the Cheshire Pension Fund, part of the Local Government Pension Scheme, both of which are a multi-employer defined benefit scheme.

The difference between the realisable value of the assets held in the Group's defined benefit pension schemes and the schemes' liabilities measured on an actuarial basis using the projected unit method are recognised in the Group's Statement of Financial Position as a pension scheme asset or liability as appropriate.

The carrying value of any resulting pension scheme asset is restricted to the extent that the Group is able to recover the surplus either through reduced contributions in the future or through refunds from the scheme.

Changes in the defined benefit pension schemes asset or liability arising from factors other than cash contribution by the Group are charged to the Statement of Comprehensive Income in accordance with FRS 102.

The current service cost and costs from settlements and curtailments are charged against operating surplus. Past service costs are recognised in the current reporting period. Interest is calculated on the net defined benefit liability. Remeasurements are reported in other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

The Group also provides a Group Pension Scheme supplied by AVIVA, which is a defined contribution scheme. The income and expenditure charge represent the employer contribution payable to the scheme for the accounting period.

Reserves

The Group establishes restricted reserves for specific purposes where their use is subject to external restrictions.

Revenue reserve

Revenue reserves relate to historic surpluses and deficits from Group activities.

Restricted reserve

Restricted reserves represent funds earmarked for a specific use. Reserves are restricted on receipt of specific donations to the Group's charity.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2022

3. Particulars of turnover, cost of sales, operating costs and operating surplus

Group	2022				2021			
	Turnover £'000	Cost of Sales £'000	Operating Costs £'000	Operating Surplus/ (Deficit) £'000	Turnover £'000	Cost of Sales £'000	Operating Costs £'000	Operating Surplus/ (Deficit) £'000
Social Housing Activities								
Income and expenditure from lettings	180,761	-	(128,601)	52,160	174,955	-	(112,206)	62,749
Other Social Housing Activity								
Supporting people contract income and expenditure	350	-	-	350	287	-	-	287
First tranche low cost home ownership sales	6,900	(6,600)	-	300	11,506	(10,453)	-	1,053
Other income & expenditure	2,718	-	(8,516)	(5,798)	2,416	-	(5,343)	(2,927)
	9,968	(6,600)	(8,516)	(5,148)	14,209	(10,453)	(5,343)	(1,587)
Non-Social Housing Activities								
Market sales	-	-	-	-	-	-	-	-
Lettings income and expenditure	1,988	-	(1,369)	619	1,680	-	(1,087)	593
Other income and expenditure	8,788	(7,746)	-	1,042	8,025	(5,462)	(1,141)	1,422
	10,776	(7,746)	(1,369)	1,661	9,705	(5,462)	(2,228)	2,015
Net total	201,505	(14,346)	(138,486)	48,673	198,869	(15,915)	(119,777)	63,177
Gain on disposal of fixed assets (Note 6)				7,270				4,344
Other investment income				-				7
Operating surplus				55,943				67,528

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2022

Particulars of turnover, cost of sales, operating costs and operating surplus (continued)

	2022				2021			
	Turnover £'000	Cost of Sales £'000	Operating Costs £'000	Operating Surplus/ (Deficit) £'000	Turnover £'000	Cost of Sales £'000	Operating Costs £'000	Operating Surplus/ (Deficit) £'000
Social Housing Activities								
Income and expenditure from lettings	180,761	-	(130,207)	50,554	174,955	-	(111,974)	62,981
Other Social Housing Activity								
Supporting people contract income and expenditure	350	-	-	350	287	-	-	287
First tranche low cost home ownership sales	6,900	(6,600)	-	300	11,506	(10,453)	-	1,053
Other income & expenditure	452	-	(6,737)	(6,285)	1,031	-	(1,922)	(891)
	7,702	(6,600)	(6,737)	(5,635)	12,824	(10,453)	(1,922)	449
Non-Social Housing Activities								
Market sales	-	-	-	-	-	-	-	-
Lettings income and expenditure	1,988	-	(1,369)	619	1,680	-	(1,087)	593
Other income and expenditure	159	-	-	159	127	-	(109)	18
	2,147	-	(1,369)	778	1,807	-	(1,196)	611
Net total	190,610	(6,600)	(138,313)	45,697	189,586	(10,453)	(115,092)	64,041
Gain on disposal of fixed assets (Note 6)				7,270				4,344
Gift Aid (Note 9)				620				200
Other investment income				-				7
Operating surplus				53,587				68,592

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2022

Particulars of income and expenditure from social housing lettings

Group	2022					Total	2021
	General Needs Housing	Temporary Housing	Supported & Housing for Older People	LCHO Outright Sale	Total		
Income	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Rent receivable net of identifiable service charges	151,490	64	16,472	2,441	2	170,469	165,251
Charges for support services	-	-	222	19	9	250	383
Service charge income	2,883	120	5,598	274	80	8,955	8,540
Net rents receivable	154,373	184	22,292	2,734	91	179,674	174,174
Amortised government grants	944	1	115	27	-	1,087	781
Turnover from Social Housing Lettings	155,317	185	22,407	2,761	91	180,761	174,955
Expenditure							
Management	32,515	-	1,299	-	-	33,814	32,574
Services	9,439	696	6,679	240	47	17,101	13,699
Support services	74	-	135	-	-	209	129
Routine maintenance	21,770	-	2,148	13	-	23,931	20,409
Planned maintenance	10,053	-	383	2	-	10,438	8,949
Major repairs expenditure	12,588	-	444	2	-	13,034	6,557
Bad debts	1,891	1	229	53	-	2,174	1,480
Depreciation on housing properties	22,426	12	2,719	631	-	25,788	25,692
Impairment of investments / housing properties	1,300	-	-	-	-	1,300	814
Other costs	812	-	-	-	-	812	1,903
Operating expenditure on Social Housing Lettings	112,868	709	14,036	941	47	128,601	112,206
Operating surplus on Social Housing Lettings	42,449	(524)	8,371	1,820	44	52,160	62,749
Void losses	(2,161)	(17)	(724)	(18)	-	(2,920)	(3,422)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2022

Income and Expenditure from Social Housing Lettings (continued)

Association	2022					Total	2021
	General Needs Housing	Temporary Social Housing	Supported & Housing for Older People	LCHO	Outright Sale		
Income	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Rent receivable net of identifiable service charges	151,490	64	16,472	2,441	2	170,469	165,251
Charges for support services	-	-	222	19	9	250	383
Service charge income	2,883	120	5,598	274	80	8,955	8,540
Net rents receivable	154,373	184	22,292	2,734	91	179,674	174,174
Amortised government grants	944	1	115	27	-	1,087	781
Management fee in respect of unsustainable stock	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-
Turnover from Social Housing Lettings	155,317	185	22,407	2,761	91	180,761	174,955
Expenditure							
Management	32,515	-	1,299	-	-	33,814	32,574
Services	9,439	696	6,679	240	47	17,101	13,699
Support services	74	-	135	-	-	209	129
Routine maintenance	23,376	-	2,148	13	-	25,537	20,177
Planned maintenance	10,053	-	383	2	-	10,438	8,949
Major repairs expenditure	12,588	-	444	2	-	13,034	6,557
Bad debts	1,891	1	229	53	-	2,174	1,480
Depreciation on housing properties	22,426	12	2,719	631	-	25,788	25,692
Impairment of investments / housing properties	1,300	-	-	-	-	1,300	814
Other costs	812	-	-	-	-	812	1,903
Operating expenditure on Social Housing Lettings	114,474	709	14,036	941	47	130,207	111,974
Operating surplus on Social Housing Lettings	40,843	(524)	8,371	1,820	44	50,554	62,981
Void losses	2,161	17	724	18	-	2,920	3,422

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2022

4. Accommodation in management and development

All accommodation is managed and developed by the parent. At the end of the year accommodation in management for each class of accommodation was as follows:

	Association					Period end
	At start of period	Units developed or newly built units acquired	Units sold / demolished	Other movements	Transfers and acquisitions	
Social housing units owned						
Social rent general needs housing	29,912	-	(240)	(24)	3	29,651
Affordable rent general needs housing	3,165	95	-	(4)	-	3,256
Intermediate rent general needs housing	141	170	-	-	-	311
Social rent supported housing	156	-	(24)	16	-	148
Affordable rent supported housing	16	-	-	28	-	44
Social rent housing for older people	3,471	-	(96)	-	-	3,375
Affordable rent housing for older people	403	-	-	-	-	403
Low Cost Home Ownership	935	81	(23)	(1)	-	992
Total social housing units owned	38,199	346	(383)	15	3	38,180
Social housing units managed						
Total social housing units managed but not owned	114	-	-	-	-	114
Total social housing units owned and managed	38,313	346	(383)	15	3	38,294
Non-social rental housing units owned						
Non-social rental housing units owned	53	-	-	-	-	53
Total non-social housing units owned	53	-	-	-	-	53
Non-social rental housing units managed						
Total non-social rental housing units managed by others	95	-	-	(15)	-	80
Total non-social rental housing units managed	95	-	-	(15)	-	80
Leasehold units						
Leasehold units owned	1,171	-	(2)	-	8	1,177
Total leasehold units owned	1,171	-	(2)	-	8	1,177

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2022

5. Operating surplus

The operating surplus is arrived at after charging/(crediting):

	Group		Association	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Depreciation	26,213	28,639	26,060	28,530
Impairment	1,300	814	1,300	814
Operating lease rentals (as lessee):				
- Land and buildings	463	566	463	488
- Other	1,543	1,001	31	31
Operating lease rentals (as lessor)	(745)	(755)	(745)	(755)
Auditors remuneration (excluding VAT):				
Fees payable to the Association's auditors for the audit of the parent and Group financial statements	89	71	89	71
Fees payable to the Association's auditors for the audit of the accounts of subsidiaries	33	31	-	-
Fees payable to the Association's auditors for non-audit services:				
- Tax compliance services	-	-	-	-
- Tax advisory services	-	3	-	3
- All other assurance services	13	14	13	14

6. Surplus on disposal of fixed assets - housing properties

Group and Association	2022			2021
	Proceeds	Costs	Surplus	Surplus
	£'000	£'000	£'000	£'000
Right to buy	10,880	(2,459)	8,421	3,865
Right to acquire	2,040	(408)	1,632	2,318
Staircasing	1,825	(1,390)	435	227
Other property sales	26	-	26	119
Other fixed assets sales	-	(52)	(52)	-
	14,771	(4,309)	10,462	6,529
Less share of proceeds due to Local Authorities/Homes England	(3,192)	-	(3,192)	(2,122)
Group share of proceeds	11,579	(4,309)	7,270	4,407
Less transfer to Recycled Capital Grant Fund	-	-	-	(63)
Surplus on disposal of fixed assets	11,579	(4,309)	7,270	4,344

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2022

7. Interest receivable and other income

	Group		Association	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Bank interest receivable	496	155	496	157
Inter-company interest	-	-	465	600
	<u>496</u>	<u>155</u>	<u>961</u>	<u>757</u>

8. Interest payable and financing costs

	Group		Association	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Loans and bank overdraft	18,542	18,070	18,542	17,997
Amortisation of loan premiums	(754)	(560)	(754)	(560)
Defined benefit pension charge	683	496	669	485
Non-utilisation fees	477	439	477	439
Other fees	1,510	698	1,510	698
Unwinding of discount on NPV	(2,431)	(2,346)	(2,431)	(2,346)
	18,027	16,797	18,013	16,713
Capitalised interest on housing properties under construction	(5,632)	(5,266)	(5,632)	(5,266)
	<u>12,395</u>	<u>11,531</u>	<u>12,381</u>	<u>11,447</u>

Capitalisation interest rates 4.51% - 4.74% 4.74% - 5.82% 4.51% - 4.74% 4.74% - 5.82%

Rates are based upon weighted average cost of funds.

9. Gift aid

	Association	
	2022	2021
	£'000	£'000
Gift aid received from Housing Maintenance Solutions Limited	-	200
Gift aid received from Torus62 Developments Limited	620	-
	<u>620</u>	<u>200</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2022

10. Employees

Full Time Equivalents	Group		Association	
	2022 Average Number	2021 Average Number	2022 Average Number	2021 Average Number
Administration	257	251	171	184
Assets, development and maintenance	731	715	88	98
Housing, support and care	417	414	324	343
	<u>1,405</u>	<u>1,380</u>	<u>583</u>	<u>625</u>

Employee costs	Group		Association	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Wages and salaries	46,549	45,599	20,568	22,601
Social security costs	4,448	4,290	2,031	2,135
Other pension costs	4,951	5,168	2,624	2,841
	<u>55,948</u>	<u>55,057</u>	<u>25,223</u>	<u>27,577</u>

The Association's and subsidiaries' employees are members of the Merseyside Pension Fund (MPF), Cheshire Pension Fund (CPF) or Aviva Defined Contribution Scheme. Further information on each scheme is given in note 29.

The full-time equivalent number of staff who received remuneration (excluding directors):	Group	
	2022 £'000	2021 £'000
£60,001 to £70,000	37	30
£70,001 to £80,000	23	16
£80,000 to £90,000	6	4
£90,000 to £100,000	6	6
£100,000 to £110,000	3	3
£110,000 to £120,000	3	1
£120,000 to £130,000	2	2
£130,000 to £140,000	0	1

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2022

11. Board members and Executive Directors

The remuneration paid to the Directors of the company (the Board and Executive Directors, including the Chief Executive) for the year was:

Directors and Board

	Basic £'000	2022		Total £'000	2021
		BIK £'000	Pension £'000		Total £'000
Chief Executive					
Steve Coffey	231	16	49	296	277
Executive Directors					
Peter Fieldsend	166	11	36	213	202
Catherine Murray-Howard	163	11	10	184	170
Chair of the Board					
Graham Burgess	29	-	-	29	25
Paul Burns	23	-	-	23	19
Board Members (non-executive)					
Andrew Gray	19	-	-	19	11
Christine Fallon	14	-	-	14	9
Duncan Craig	19	-	-	19	13
Gordon Hood	14	-	-	14	9
Greg Gottig	14	-	-	14	9
Paula McGrath	19	-	-	19	12
Ralph Middlemore	6	-	-	6	6
Robert Hepworth	19	-	-	19	11
Sarah Jane Saunders	19	-	-	19	11
Wayne Hughes	-	-	-	-	4
Christine McLoughlin	6	-	-	6	4
Alistair Hollows	6	-	-	6	4
Neil Garnham	6	-	-	6	4

The aggregate remuneration of the executive officers was £693k (2021: £649k).

The remuneration of the highest paid director, the Chief Executive of Torus62, excluding pension contributions, was £247k (2021: £231k). Pension contributions of £49k were paid.

Pension costs are shown as contributions paid on the executive officer's behalf. The current Chief Executive is a member of Merseyside Pension Fund. He is an ordinary member of the pension scheme and no enhanced or special terms apply. The Association does not make any further contribution to any individual pension arrangement for the Chief Executive.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2022

12. Key management personnel

The aggregate remuneration for key management personnel, which includes the Group Executive Management team and the Group Leadership Team, charged in the year is:

Key management personnel

	Group	
	2022	2021
	£'000	£'000
Basic salary	1,696	1,551
Benefits in kind	165	96
Employers NIC	221	201
Pension contributions	177	191
	<u>2,259</u>	<u>2,039</u>

13. Tax on surplus on ordinary activities

	Group		Association	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Analysis of charge/(credit) in the period				
Current Tax:				
UK corporation tax on surplus for the year	221	(460)	-	-
Adjustments in respect of prior years	-	-	-	-
Deferred Tax:				
Origination and reversal of timing differences				
- current year	-	-	-	-
- other	-	236	-	-
Tax on surplus on ordinary activities	<u>221</u>	<u>(224)</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2022

Factors affecting tax (credit)/charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 19% (19% 2021). The differences are explained below:

	Group		Association	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Surplus on ordinary activities before tax	44,429	55,775	42,553	57,525
Theoretical tax at the standard rate of corporation tax in the UK of 19% (19% 2021)	8,442	10,598	8,085	10,930
Effects of:				
Charitable income	(7,401)	(10,324)	(8,085)	(10,930)
Income not taxable	(390)	155	-	-
Deferred tax adjustment	-	236	-	-
Prior year movement of current tax for gift aid	(429)	(889)	-	-
Total tax (credit)/charge	222	(224)	-	-

An increase in the future main corporation tax rate to 25% from 1 April 2023, from the previously enacted 19%, was announced in the budget on 3 March 2021, and substantively enacted on 24 May 2021. This will affect the calculation of future deferred tax charges.

Deferred tax has been calculated on the rate substantively enacted at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2022

14. Tangible Fixed Assets – Housing Properties

	Group				2022 Total £'000
	Social Housing		Low Cost Home Ownership		
	Held for Letting £'000	Under Construction £'000	Completed £'000	Under Construction £'000	
Cost					
At 1st April 2021	1,024,729	112,828	66,704	10,733	1,214,994
Works to existing properties	27,644	-	-	-	27,644
Additions	-	81,351	-	6,604	87,955
Interest capitalised	-	4,716	-	916	5,632
Transfer (to)/ from other fixed assets	-	225	-	475	700
Transfer (to)/from investment properties	-	-	-	(172)	(172)
Transfer (to)/from current assets	(575)	-	(557)	(2,324)	(3,456)
Reclassification	-	-	-	-	-
Schemes completed	37,806	(37,806)	7,529	(7,529)	-
Demolitions	(1,468)	-	-	-	(1,468)
Disposals	(8,025)	-	(1,369)	-	(9,394)
At 31 March 2022	1,080,111	161,314	72,307	8,703	1,322,435
Depreciation and impairment					
At 1st April 2021	231,562	-	2,164	-	233,726
Depreciation	23,225	-	490	-	23,715
Impairments	-	-	-	1,300	1,300
Demolitions	(1,469)	-	-	-	(1,469)
Disposals	(3,203)	-	(56)	-	(3,259)
At 31 March 2022	250,115	-	2,598	1,300	254,013
Net book value at 31 March 2022	829,996	161,314	69,709	7,403	1,068,422
At 31 March 2021	793,167	112,828	64,540	10,733	981,268

Based on the guidance provided in FRS102, the properties leased to Bamboo Estates LLP are treated in the Group statements as properties held for social housing rather than investment properties. Although they are currently let at market rent, as this is a short-term arrangement we consider the properties to be held primarily for social benefit over the life of the asset and have therefore reflected this in the accounting treatment and are holding the properties at historic cost. Capitalised interest is calculated based on FRS102 using the weighted average cost of borrowing. The Interest rate used in 2021/22 was between 4.51% and 4.74%.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2022

Tangible Fixed Assets – Housing Properties (Continued)

	Association		Low Cost Home Ownership		Total
	Social Housing		Completed	Under Construction	
	Held for Letting	Under Construction			
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1st April 2021	1,025,337	115,650	66,704	10,733	1,218,424
Enhancements to existing properties	27,644	-	-	-	27,644
Acquisitions	-	82,462	-	6,604	89,066
Interest capitalised	-	4,716	-	916	5,632
Transfer (to)/ from other fixed assets	-	225	-	475	700
Transfer (to)/from investment properties	-	-	-	(172)	(172)
Transfer (to)/from current assets	(575)	-	(557)	(2,324)	(3,456)
Schemes completed	37,806	(37,806)	7,529	(7,529)	-
Demolitions	(1,468)	-	-	-	(1,468)
Disposals	(8,025)	-	(1,369)	-	(9,394)
At 31 March 2022	1,080,719	165,247	72,307	8,703	1,326,976
Depreciation and impairment					
At 1st April 2021	231,561	-	2,164	-	233,725
Depreciation	23,225	-	490	-	23,715
Impairments	-	-	-	1,300	1,300
Demolitions	(1,468)	-	-	-	(1,468)
Disposals	(3,203)	-	-	(56)	(3,259)
At 31 March 2022	250,115	-	2,654	1,244	254,013
Net book value at 31 March 2022	830,604	165,247	69,653	7,459	1,072,963
At 31 March 2021	793,776	115,650	64,540	10,733	984,699

Based on the guidance provided in FRS102, the properties leased to Bamboo Estates LLP are treated in the Association statements as properties held for social housing rather than investment properties. Although they are currently let at market rent, as this is a short-term arrangement we consider the properties to be held primarily for social benefit over the life of the asset and have therefore reflected this in the accounting treatment and are holding the properties at historic cost.

Housing properties in relation to former Liverpool Mutual Homes Limited are stated at deemed cost as the Association elected to take transitional relief when it adopted FRS 102.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2022

The net book value of housing properties may be further analysed as:

	Group		Association	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Freehold	860,080	819,352	860,081	819,960
Long Leasehold	40,233	38,356	40,233	38,356
	<u>900,313</u>	<u>857,708</u>	<u>900,314</u>	<u>858,316</u>

Expenditure on works to existing properties

	Group		Association	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Amounts charged to revenue	49,009	35,682	49,009	35,682
Amounts capitalised	27,644	12,770	27,644	12,770
	<u>76,653</u>	<u>48,452</u>	<u>76,653</u>	<u>48,452</u>

Finance costs

	Group and Association	
	2022	2021
	£'000	£'000
Aggregate amount of finance costs included in the cost of housing properties	<u>26,389</u>	<u>20,757</u>
Rate used for finance costs capitalisation	<u>4.51% - 4.74%</u>	<u>4.74% - 5.82%</u>

Social housing assistance

	Group and Association	
	2022	2021
	£'000	£'000
Total accumulated social housing grant received or receivable at 31 March:		
Recognised in the Statement of Comprehensive Income	140,700	139,670
Held as deferred income	187,902	143,567

Amounts recognised in the SoCI includes a deemed cost release relating to stock transfer properties.

Impairment

The group considers individual schemes to be separate cash generating units when assessing impairment in accordance with FRS102 requirements. The impairment in year relates to land purchased for development.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2022

15. Tangible Fixed Assets - Other

	Group					2022 Total £'000
	Freehold Buildings	Leasehold Properties	Computers & Office Equipment	Furniture, Fixtures & Fittings	Vehicles	
	£'000	£'000	£'000	£'000	£'000	
Cost						
At 1st April 2021	8,529	8,275	10,445	8,431	6,202	41,882
Additions	65	-	1,428	699	-	2,192
Reclassification	(1,619)	726	2,239	(1,348)	2	-
Transfer (to) / from FA housing properties	139	-	-	-	-	139
Disposals	(93)	-	(1,008)	(767)	(33)	(1,901)
At 31st March 2022	7,021	9,001	13,104	7,015	6,171	42,312
Depreciation						
At 1st April 2021	2,405	1,040	8,045	6,435	2,258	20,183
Charge for the year	183	216	1,023	513	561	2,496
Reclassification	(264)	1	1,100	(838)	1	-
Disposals	(56)	-	(983)	(792)	(30)	(1,861)
At 31st March 2022	2,268	1,257	9,185	5,318	2,790	20,818
Net book value at 31st March 2022	4,753	7,744	3,919	1,697	3,381	21,494
Net book value at 31st March 2021	6,124	7,235	2,400	1,996	3,944	21,699

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2022

Tangible Fixed Assets – Other (Continued)

	Association					Total £'000
	Freehold Buildings £'000	Leasehold Properties £'000	Computers & Office Equipment £'000	Furniture, Fixtures & Fittings £'000	Vehicles £'000	
Cost						
At 1st April 2021	7,590	9,200	9,443	7,092	6,200	39,525
Additions	65	-	1,440	279	-	1,784
Reclassification	(680)	(199)	2,184	(1,309)	4	-
Transfer (to) / from FA housing properties	139	-	-	-	-	139
Disposals	(93)	-	(1,008)	(767)	(33)	(1,901)
At 31st March 2022	7,021	9,001	12,059	5,295	6,171	39,547
Depreciation						
At 1st April 2021	2,391	1,040	7,117	5,827	2,258	18,633
Charge for the year	183	216	997	387	562	2,345
Reclassification	(264)	1	1,100	(838)	1	-
Transfer (to) / from FA housing properties	-	-	-	-	-	-
Disposals	(42)	-	(1,008)	(767)	(30)	(1,847)
At 31st March 2022	2,268	1,257	8,206	4,609	2,791	19,131
Net book value at 31st March 2022	4,753	7,744	3,853	686	3,380	20,416
At 31st March 2021	5,199	8,160	2,326	1,265	3,942	20,892

The group had no assets held under finance leases at either year end.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2022

16. Investment properties held for letting

	Group		Association	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
At 1st April 2021	8,620	6,096	8,620	6,096
Additions	906	3,200	906	3,200
Transfer from housing properties	-	-	-	-
Transfer from tangible fixed assets: other	-	-	-	-
Increase/(Decrease) in fair value	93	(676)	93	(676)
Re-classification to fixed assets	-	-	-	-
At 31st March 2022	9,619	8,620	9,619	8,620

Acquired properties have been assessed for fair value based on external valuations performed by Savills. The valuation report included the following clause:

Developed properties have been assessed for fair value taken on a direct valuation based on current market yields and shop rental units have been assessed for fair value based on a current year valuation.

Transfers from housing properties relates to properties where the intention is to let them at market rent in the long-term. They have therefore been classed as investment properties.

If investment properties had been accounted for under the historical cost accounting rules the properties would have been measured as follows:

	Group		Association	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Historical cost	8,689	8,311	8,689	8,311
Accumulated depreciation	(455)	(339)	(455)	(339)
Impairment	-	(563)	-	(563)
	8,234	7,409	8,234	7,409

17. HomeBuy loans

Eight shared equity loans have been issued to date originally by Helena Partnerships Limited.

Group and Association	2022	2021
	£'000	£'000
At 1st April 2021	231	248
Redeemed in year	(37)	(17)
At 31st March 2022	194	231

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2022**18. Other investments**

Group & Association	2022 £'000	2021 £'000
Other	54	54

Other represents a shareholding in MORHomes Limited, a funding vehicle established by a number of social housing providers.

19. Investment in subsidiaries

The financial statements consolidated the results of Housing Maintenance Solutions Ltd (HMS), Torus62 Developments Ltd (TD), Torus Living Ltd (TL), Torus62 Commercial Services Ltd (TCS) and Torus Foundation. At the year end the Association owned 100% of issued share capital in HMS, TD, TL and TCS. The Association controls Torus Foundation and its right to appoint and remove Trustees.

Housing Maintenance Solutions Limited provides repairs and maintenance services. Torus62 Commercial Services Limited provides specialised construction services to external clients. In July 2019 Housing Maintenance Solutions Limited purchased Torus62 Commercial Services Limited and amalgamated ongoing service contracts with external customers, together with any existing assets and liabilities. They are incorporated in England and Wales.

Torus62 Developments Limited and Torus Living Ltd provide construction services. Torus62 Developments Limited now acts as the development company for the group and contracts held by Torus Living Limited have been novated to Torus62 Developments Limited. Torus Living Limited has therefore ceased to trade. They are incorporated in England and Wales.

Torus Foundation is a registered charity providing support to its communities and Torus tenants. It is incorporated in England and Wales.

The registered office of the subsidiaries is the same as that of Torus62 Limited.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2022

Investment in subsidiaries (continued):

	Investment in subsidiaries	
	2022	2021
	£'000	£'000
Cost and net book amount		
At 1 April	3,050	3,050
Additions	-	-
At 31 March	<u>3,050</u>	<u>3,050</u>

Association investment in subsidiaries relates to £2.8m for HMS and £250k for Torus Developments.

During the year the Association had recharged the following amounts to subsidiaries:

	2022	2021
	£'000	£'000
Amounts recharged to HMS Ltd		
Management services	2,364	2,850
Recharge of rent on property (lease agreement)	152	78
Vehicles (lease agreement)	-	-
	<u>2,516</u>	<u>2,928</u>
Amounts recharged to Torus 62 Developments Ltd		
Management services	1,246	776
Amounts recharged to Torus Foundation		
Management services	369	559
Amounts recharged to Torus 62 Commercial Services Ltd		
Management services	-	-
Amounts recharged to Torus Living Ltd		
Management services	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2022

20. Investment in jointly controlled entities

The Association holds a £90k (2021: £90k) investment in Bamboo Estates LLP (representing a 50% share) a company registered in England and Wales.

	Group and Association	
	2022	2021
	£'000	£'000
Share of profit before taxation	291	299
Taxation	-	-
Share of profit after taxation	<u>291</u>	<u>299</u>
Share of assets		
Share of fixed assets	-	-
Share of current assets	410	425
Share of liabilities		
Liabilities due within one year or less	(25)	(55)
Liabilities due after more than one year	-	-
Share of net assets	<u>385</u>	<u>370</u>

21. Properties held for sale

Shared Ownership	Group		Association	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Completed properties	4,216	4,445	4,216	4,445
Under construction	9,417	9,615	9,417	9,615
	<u>13,633</u>	<u>14,060</u>	<u>13,633</u>	<u>14,060</u>

Properties developed for outright sale	Group		Association	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Completed properties	-	-	-	-
Under construction	18,494	13,539	5,041	3,525
	<u>18,494</u>	<u>13,539</u>	<u>5,041</u>	<u>3,525</u>
Total properties held for sale	<u>32,127</u>	<u>27,599</u>	<u>18,674</u>	<u>17,585</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2022

22. Stock

	Group		Association	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Raw materials	838	805	-	-
Consumables	32	32	32	32
	<u>870</u>	<u>837</u>	<u>32</u>	<u>32</u>

23. Debtors and current asset investments

	Group		Association	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Due within one year				
Arrears of rent and service charges	16,092	14,579	16,092	14,579
Less: Provision for bad and doubtful debts	(13,456)	(14,048)	(13,192)	(14,048)
	<u>2,636</u>	<u>531</u>	<u>2,900</u>	<u>531</u>
Other debtors	2,198	2,252	(121)	2,075
Prepayments and accrued income	13,617	11,990	8,164	7,364
Amounts owed by Group undertakings	-	-	2	124
	<u>18,451</u>	<u>14,773</u>	<u>10,945</u>	<u>10,094</u>
Due after more than one year				
Inter-company revolving loan facility	-	-	10,113	8,333
Leaseholder sinking fund arrears	1,730	1,964	1,730	1,964
Liquidity Reserve Fund	5,905	5,032	5,905	5,032
	<u>7,635</u>	<u>6,996</u>	<u>17,748</u>	<u>15,329</u>
Total Debtors	<u>26,086</u>	<u>21,769</u>	<u>28,693</u>	<u>25,423</u>
Current asset investments				
Cash deposits	110,067	20,000	110,067	20,000
	<u>110,067</u>	<u>20,000</u>	<u>110,067</u>	<u>20,000</u>

The intra group loan facility refiles to two separate facilities from Torus62 Limited to Torus Developments. A facility for £12m was put in place to fund the Rossfield Park Development. The interest rate is 5.4% and at year end £6.6m (2021: £8.3m) was drawn against this facility. A further intra group loan facility for £21m was agreed in 2020/21 to provide working capital for outright sales activity. The interest rate is 4.25% above the Bank of England base rate and at year end £3.5m (2021: £nil) was drawn against this facility.

The liquidity reserve fund represents cash security against the Association's borrowing.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2022

Cash deposits relate to short term investments that cannot be realised within a 90 day period and have therefore been classified as current asset investments.

24. Creditors: Amounts falling due within one year

	Group		Association	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Trade creditors	4,350	5,351	933	774
Rent and service charges received in advance	5,733	4,504	5,733	4,504
Amounts owed to Group undertakings	-	-	24,367	20,740
Deferred income	214	28	-	-
Other tax and social security	861	1,019	704	959
Local Government Pension Scheme	341	382	341	382
Other creditors	1,394	1,350	138	374
Deferred capital grants (Note 27)	955	803	955	803
Debt - Housing loan (Note 26)	373	15,441	373	15,441
Accruals and deferred income	43,870	34,508	15,308	14,804
Corporation tax	649	205	-	-
	<u>58,740</u>	<u>63,591</u>	<u>48,852</u>	<u>58,781</u>

25. Creditors: Amounts falling due after more than one year

	Group		Association	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Leaseholder sinking fund *	1,733	1,181	1,733	1,181
Debt - housing loan (Note 26)	364,370	392,836	364,370	392,836
Deferred capital grants (Note 27)	186,947	142,764	186,947	142,764
Recycled capital grant (Note 28)	456	73	456	73
Disposal proceeds fund (Note 29)	-	-	-	-
Other creditors	-	57	-	57
	<u>553,506</u>	<u>536,911</u>	<u>553,506</u>	<u>536,911</u>

*A sinking fund for repairs has been established for shared ownership leaseholders and reflects contributions from residents in relation to their future commitments.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2022

26. Debt Analysis

Security

Local authority and other loans are secured by fixed charges on individual properties. The bank loans are secured by a floating charge over the assets of the Association and by fixed charges on individual properties.

	Group and Association	
	2022	2021
	£'000	£'000
Due within one year		
Bank loans	514	15,489
Less issue costs	(141)	(48)
	<u>373</u>	<u>15,441</u>
Due after more than one year		
Bank loans	185,066	210,580
Bond	138,000	138,000
Premium on bond issue	29,948	30,701
Fair value adjustment	14,142	16,574
Less issue costs	(2,786)	(3,019)
	<u>364,370</u>	<u>392,836</u>
Total borrowings	<u><u>364,743</u></u>	<u><u>408,277</u></u>

The bank and other loans are at fixed rates of interest ranging from 2.92% to 7.06%. The instalments are to be repaid in the period 2022 to 2054.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2022

Terms of repayment and interest rates

	Group and Association	
	2022	2021
	£'000	£'000
Within one year or on demand	5,094	20,063
One year or more but less than two years	546	25,514
Two years or more but less than five years	26,933	1,702
Five years or more	291,007	316,790
	<u>323,580</u>	<u>364,069</u>
Premium on bond issue	29,948	30,701
Fair value adjustments	14,142	16,574
Less issue costs	(2,927)	(3,067)
	<u>364,743</u>	<u>408,277</u>

The fair value adjustments are in respect of the following:

	2022	2021
	£'000	£'000
Financial liabilities measured at fair value through surplus or deficit	1,067	1,656
Restatement of loans held at amortised cost	11,018	12,728
Adjustment to recognise loans at amortised cost and reflect an effective interest rate	2,057	2,190
	<u>14,142</u>	<u>16,574</u>

The fair value adjustments have been accounted for in compliance with FRS 102. A fair value adjustment of £0.7m relates to the valuation of non-basic financial instruments measured at fair value through surplus or deficit, as referenced in the accounting policy, which have an outstanding principal amount of £4.6m and a carrying amount of £5.6m. The balance of £1.7m relates to an adjustment to recognise the effective rate of interest in relation to basic loans.

The bond loan amount of £38m has a maturity date of October 2034 with an interest rate of 5.2%. It carries an effective interest rate of 3.07% which has resulted in a premium on bond issue of £13.5m. An additional bond loan amount of £100m has a maturity date of April 2054 with an interest rate of 2.9%. It carries an effective interest rate of 2.17% which has resulted in a premium on bond issue of £17.2m.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2022

27. Deferred capital grant

	Group and Association	
	2022 £'000	2021 £'000
At 1 April	143,567	110,727
Grant received in year	45,747	33,621
Released to income	(1,029)	(781)
Grant recycled	(383)	-
At 31 March	187,902	143,567
Amounts to be released within one year	955	803
Amounts to be released in more than one year	186,947	142,764
	<u>187,902</u>	<u>143,567</u>

28. Recycled capital grant fund (RCGF)

	Group and Association	
	2022 £'000	2021 £'000
At 1 April	73	-
Grants recycled	383	73
New build	-	-
	<u>456</u>	<u>73</u>
Repayment of grant	-	-
At 31 March	456	73
Amount of grant due for repayment	<u>-</u>	<u>-</u>
Amounts three years or older where repayment may be required	<u>-</u>	<u>-</u>

There were no withdrawals from the recycled capital grant fund during the year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2022

29. Pensions

The group participates in the Local Government Pension Schemes administered by Wirral Metropolitan Borough Council as the Merseyside Pension Scheme (MPF), and Cheshire West and Chester Council as the Cheshire Pension Fund (CPF). Both funds are multi-employer schemes administered under the regulations governing the Local Government Pension Scheme, a defined benefit scheme.

Admission agreements in place are:

Employer	Pension fund	Employer contribution rate
Torus62	MPF	21.4%
Torus62	CPF	32.5%
Torus62 (former LMH)	CPF	0.0%
Torus Foundation	MPF	23.0%
Torus Foundation	CPF	32.9%

Employer contribution rates were reset at 1 April 2020, based on the triennial actuarial valuation for the respective funds which was based on information as at 31 March 2019. The next valuation is based on information as at 31 March 2022 and results will be available in Q3 2022/23.

The Torus62 (former LMH) had nil contributions in 21-22 and related to two employees working on the HMS CWAC (Cheshire West and Chester) contract.

Total employer contributions were £4.15m (2021: £4.06m)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2022

Principal actuarial assumptions: Financial assumptions

	2022					2021
	Torus 62 Cheshire (LMH)	Torus 62 Cheshire	Torus 62 Merseyside	Torus Foundation Cheshire	Torus Foundation Merseyside	Prior year range
Discount rate	2.8	2.8	2.8	2.8	2.8	2.1
Future salary increases	3.8	3.8	3.8	3.8	3.8	3.1
Future pension increases	2.8	2.8	3.1	2.8	3.1	2.6
Inflation assumption	3.1	3.1	3.1	3.1	3.1	2.6

Mortality assumptions

The post-retirement mortality assumptions adopted to value the benefit obligation at March 2022 and March 2021 are based on the PA92 series. The assumed life expectations on retirement at age 65 are:

	2022					2021
	Torus 62 Cheshire (LMH)	Torus 62 Cheshire	Torus 62 Merseyside	Torus Foundation Cheshire	Torus Foundation Merseyside	Prior year range
Retiring today:	No of years	No of years	No of years	No of years	No of years	No of years
Males	20.6	20.6	20.4	20.6	20.3	20.3
Females	23.8	23.8	23.5	23.8	23.5	23.5
Retiring in 20 years:						
Males	22.0	22.0	21.2	22.0	21.2	21.2-21.7
Females	25.3	25.3	24.9	25.3	24.8	24.8-25.1

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2022

Analysis of amounts recognised in operating costs

	2022					2021		
	Torus 62 Cheshire (LMH) £'000	Torus 62 Cheshire £'000	Torus 62 Merseyside £'000	Association Total £'000	Torus Foundation Cheshire £'000	Torus Foundation Merseyside £'000	Group Total £'000	Total £'000
Current service cost	(28)	(2,004)	(3,269)	(5,301)	(119)	(88)	(5,508)	(4,731)
Past service (costs)	-	-	-	-	-	-	-	(65)
Administration costs	-	-	(48)	(48)	-	(1)	(49)	(55)
Curtailments	-	-	(318)	(318)	-	-	(318)	(243)
Net operating loss	(28)	(2,004)	(3,635)	(5,667)	(119)	(89)	(5,875)	(5,094)

Analysis of amounts recognised in other finance costs

	2022					2021		
	Torus 62 Cheshire (LMH) £'000	Torus 62 Cheshire £'000	Torus 62 Merseyside £'000	Association Total £'000	Torus Foundation Cheshire £'000	Torus Foundation Merseyside £'000	Group Total £'000	Total £'000
Expected return on pension scheme assets	18	1,201	4,034	5,253	29	38	5,320	5,356
Interest on pension scheme liabilities	(19)	(1,353)	(4,550)	(5,922)	(36)	(45)	(6,003)	(5,852)
Net finance cost	(1)	(152)	(516)	(669)	(7)	(7)	(683)	(496)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2022

Reconciliation of defined benefit obligation

	2022					2021		
	Torus 62 Cheshire (LMH) £'000	Torus 62 Cheshire £'000	Torus 62 Merseyside £'000	Association Total £'000	Torus Foundation Cheshire £'000	Torus Foundation Merseyside £'000	Group Total £'000	Total £'000
Opening defined benefit obligation	(879)	(63,679)	(218,843)	(283,401)	(1,670)	(2,181)	(287,252)	(245,610)
Current service cost	(28)	(2,004)	(3,269)	(5,301)	(119)	(88)	(5,508)	(4,731)
Past service cost	-	-	-	-	-	-	-	(65)
Interest cost	(19)	(1,353)	(4,550)	(5,922)	(36)	(45)	(6,003)	(5,852)
Contributions by members	(4)	(303)	(645)	(952)	(20)	(15)	(987)	(1,060)
Benefits paid	19	733	5,026	5,778	1	49	5,828	6,361
Actuarial gains/(losses)	20	2,340	5,971	8,331	61	61	8,453	(36,052)
Curtailments	-	-	(318)	(318)	-	-	(318)	(243)
Closing defined benefit obligation	(891)	(64,266)	(216,628)	(281,785)	(1,783)	(2,219)	(285,787)	(287,252)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2022

Reconciliation of the fair value of plan assets

	2022						2021	
	Torus 62 Cheshire (LMH) £'000	Torus 62 Cheshire £'000	Torus 62 Merseyside £'000	Association Total £'000	Torus Foundation Cheshire £'000	Torus Foundation Merseyside £'000	Group Total £'000	Total £'000
Opening fair value of plan assets	869	56,766	192,891	250,526	1,320	1,792	253,638	223,758
Interest income	18	1,201	4,034	5,253	29	38	5,320	5,356
Administration cost	-	-	(48)	(48)	-	(1)	(49)	(55)
Contributions by employer	4	303	645	952	20	15	987	1,060
Contributions by employee	-	1,392	2,758	4,150	94	91	4,335	4,061
Benefits paid	(19)	(733)	(5,026)	(5,778)	(1)	(49)	(5,828)	(6,361)
Actuarial gains/(losses)	45	2,970	13,744	16,759	71	130	16,960	25,819
Closing fair value of plan assets	917	61,899	208,998	271,814	1,533	2,016	275,363	253,638

Net pension liability

	2022						2021	
	Torus 62 Cheshire (LMH) £'000	Torus 62 Cheshire £'000	Torus 62 Merseyside £'000	Association Total £'000	Torus Foundation Cheshire £'000	Torus Foundation Merseyside £'000	Group Total £'000	Total £'000
Defined benefit obligation net of plan assets	26	(2,367)	(7,630)	(9,971)	(250)	(203)	(10,424)	(33,614)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2022

Analysis of amounts recognised in actuarial gain/(loss) relating to pension schemes

	2022						2021	
	Torus 62 Cheshire (LMH) £'000	Torus 62 Cheshire £'000	Torus 62 Merseyside £'000	Association Total £'000	Torus Foundation Cheshire £'000	Torus Foundation Merseyside £'000	Group Total £'000	Total £'000
Actuarial gains on assets	45	2,970	13,744	16,759	71	130	16,960	25,819
Actuarial gains/(losses) arising on the scheme liabilities	20	2,340	5,971	8,331	61	61	8,453	(36,052)
Actuarial gain/(loss) recognised	65	5,310	19,715	25,090	132	191	25,413	(10,233)

Major categories of plan assets as a percentage of total plan assets

	2022				2021	
	Torus 62 Cheshire (LMH) %	Torus 62 Cheshire %	Torus 62 Merseyside %	Torus Foundation Cheshire %	Torus Foundation Merseyside %	Range
Equities	42	37	38	37	38	39-46
Gilts/bonds	42	45	31	45	31	30-44
Properties	10	12	7	12	7	7-12
Cash	6	6	4	6	4	4-5
Other	-	-	20	-	20	0-18

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2022

30. Provisions for liabilities – Other

Group

	Dilapidations	Insurance claims	Other	2022
	£'000	£'000	£'000	£'000
At 1st April 2021	149	723	-	872
Additions	-	145	-	145
Utilised	(25)	-	-	(25)
Reversals	-	-	-	-
At 31st March 2022	124	868	-	992

Association

	Dilapidations	Insurance claims	Other	Total
	£'000	£'000	£'000	£'000
At 1st April 2021	-	723	-	723
Additions	-	145	-	145
Utilised	-	-	-	-
Reversals	-	-	-	-
At 31st March 2022	-	868	-	868

Insurance claims relate to property and personal injury claims on-going.

31. Deferred tax asset

	Group	
	2022	2021
	£'000	£'000
At 1 April 2021	25	261
Adjustment in respect of prior years	-	-
Charge/(credit) for the year	-	(236)
At 31 March 2022	25	25
Accelerated capital allowance	-	-
Short term timing differences	25	25
At 31 March 2022	25	25

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2022

32. Non-Equity Share Capital

There are two classes of shareholders: Tenant Shareholders and Independent Shareholders. Each share has the nominal value of one pound which shall carry no right to interest, dividend or bonus. The independent shareholders are the independent Board members. Tenants are eligible to become shareholders, which provides them with the right to vote at general meetings. Tenant shareholders have 51% of total votes available at general meetings. At 31 March 2022 there were 43 tenant shareholders.

33. Cash Flow from Operating Activities

	Group	
	2022	2021
	£'000	£'000
Surplus for the year	44,207	56,005
<i>Cash flows from operating activities:</i>		
Depreciation of housing properties	23,715	25,692
Depreciation of other fixed assets	2,496	2,947
Amortised government grants	(1,029)	(781)
Impairment charge	1,300	814
Movement in fair value of investment properties	(93)	676
Increase in trade and other debtors	(4,795)	(1,228)
Increase in trade and other creditors	16,146	9,686
Increase in properties held for resale	(5,056)	(730)
Increase/(Decrease) in provisions	119	522
Decrease/(Increase) in stock	(33)	7
Pension costs less contributions payable	2,223	1,529
Taxation (credit)/charge	221	(224)
<i>Adjustments for investing or other financing activities:</i>		
Net gain on sale of fixed assets	(7,270)	(4,344)
Fair value adjustment/refinancing	(3,092)	(2,345)
Interest payable	12,395	13,380
Interest received	(495)	(156)
Jointly controlled entity	(291)	(299)
Net cash generated from operating activities	80,668	101,151

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2022

34. Capital commitments

	Group and Association	
	2022	2021
	£'000	£'000
Capital expenditure:		
Expenditure contracted for but not provided in the accounts	198,046	219,253
Expenditure authorised by the Board, but not contracted	303,749	188,498
	<u>501,795</u>	<u>407,751</u>
Financed by:		
Social housing grant	59,074	62,769
Proceeds from sale of properties	131,467	56,730
Committed loan facilities and cash	311,254	288,252
	<u>501,795</u>	<u>407,751</u>

The above figures include the full cost of shared ownership properties contracted for.

35. Contingent Liabilities

The admission agreements with Merseyside and Cheshire Pensions Fund require Torus to provide bonds to cover any potential risks on the pension funds. Bonds in place at 31 March 2022 were £31.5m in respect of the Merseyside Pension Fund and £13.9m in respect of the Cheshire Pension fund.

As part of the establishment of pension arrangements at 1 January 2019, Torus62 Limited has provided guarantees to Merseyside and Cheshire Pension Funds that it will meet any liabilities in connection with Torus Foundation pension obligations should Torus Foundation be unable to meet them.

36. Leasing commitments

Operating Leases

The Group leases out some of its other land and buildings. The future minimum lease payments under non-cancellable leases are as follows:

As lessor

	Group		Association	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Less than one year	841	827	745	755
Between one and five years	709	707	230	347
More than five years	118	136	118	136
	<u>1,668</u>	<u>1,670</u>	<u>1,093</u>	<u>1,238</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2022

The Group is committed to a number of leases in relation to other land and buildings, vehicles and office equipment.

As lessee

	Group		Association	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Less than one year	862	917	494	517
Between one and five years	1,714	2,556	1,637	1,936
More than five years	264	459	264	459
	<u>2,840</u>	<u>3,932</u>	<u>2,395</u>	<u>2,912</u>

37. Related Parties

Torus62 Limited as the parent provides group services to subsidiaries under an Intra Group Agreement. The recharge methodology reflects appropriate allocations of costs to each subsidiary. The value of charges is set out in note 19.

Torus62 trades with Housing Maintenance Solutions Limited, a wholly owned subsidiary of Torus62, who provide repairs and maintenance, planned environmental works and development projects on Torus62 properties. Torus62 also trades with Torus 62 Developments Limited, a wholly owned subsidiary of Torus62 Limited, who develops new build properties for Torus62.

Torus62 made £291k profit from its Bamboo Estates LLP joint venture in the year (2021: £299k). The table below details sales and purchases with Bamboo Estates LLP:

	Bamboo	
	2022	2021
	£'000	£'000
Association		
Purchase ledger	-	-
Sales ledger	217	269
Group		
Purchase ledger	-	-
Sales ledger	217	269

The Association had no tenant Board members as at 31 March 2022 (2021: none). At the 31 March 2022 £nil (2021: £nil) amounts were outstanding.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2022

38. Financial assets & liabilities

	Group and Association	
	2022	2021
	£'000	£'000
Categories of financial assets and financial liabilities		
Financial assets that are measured at amortised cost	189,355	226,033
Financial liabilities measured at fair value through surplus or deficit - debt instruments	(6,230)	(6,230)
Financial liabilities measured at amortised cost - debt instruments	(358,512)	(402,046)
Total debt instruments	(364,742)	(408,276)
Other liabilities measured at amortised cost	(51,272)	(42,682)
Financial liabilities measured at fair value through surplus or deficit		
The amount of change during the period attributable to changes in the credit risk	-	-
the amount the entity would be contractually obliged to pay at maturity	(1,067)	(1,656)
Financial assets		
Cash at bank	72,752	201,314
Financial assets on which no interest is earned	116,603	24,719
	189,355	226,033
Financial liabilities excluding trade creditors – interest rate risk profile		
Fixed rate	364,370	392,836
Floating rate	-	-
Total borrowings	364,370	392,836
Borrowing facility		
Expiring in more than two years	364,370	392,836

The Group has undrawn committed borrowing facilities. The facilities available at 31 March 2022 in respect of which all conditions precedent had been met are above.

As at 31 March 2022, The Group had £4.6m of cancellable fixed rate loans provided by Nationwide Building Society and the Royal Bank of Scotland. Under these arrangements, the lenders have the option to cancel these arrangements every three months. If these options were exercised, the loans would revert to a variable rate basis, which would increase the level of interest rate risk. These loans are managed in accordance with the Group's treasury policy, which requires that at least 60% of drawn funds be on fixed interest rates or otherwise hedged against the effects of interest rate increases. The position is considered annually when the Board sets the annual treasury strategy. The Group takes independent advice on treasury management and considers that the probability of these options being exercised is currently very small. As at 31 March 2022, 100% of the Group's drawn loans were on fixed rates of interest. If these cancellable loans had been converted to variable rates, the percentage fixed would have been 99%.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2022

Cash at bank and in hand includes £226k held for leaseholder sinking fund and £420k external funding, all of which can only be used for the reasons specified.

39. Net debt reconciliation

	Cash at Bank and In Hand £'000	Current asset investments - cash deposits £'000	Liquidity reserve funds held as security £'000	Bank Loans (including issue costs) £'000	Fair Value element of debt £'000	Net Debt £'000
1st April 2021	201,314	20,000	5,032	(391,703)	(16,574)	(181,931)
Cash flows	(128,562)	90,067	873	41,102	-	3,480
Other non-cash changes	-			-	2,432	2,432
31st March 2022	72,752	110,067	5,905	(350,601)	(14,142)	(176,019)