

# Financial Statements

31 March 2018

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Torus 62 Limited  
Community Benefit Society 7826  
Financial Conduct Authority Registration  
Regulator of Social Housing Registration G4802



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## BOARD OF DIRECTORS, EXECUTIVES AND ADVISORS

Board and Committee memberships of Torus62 Ltd and its subsidiaries are set out in the table below:

<p><b>Torus62 Limited Board</b>            Mr G W Burgess Cert ED, CQSW, Dip in Mgt – Chair            Mr R A Smith BA(Hons) – Vice Chair            Mr I Clayton FCCA            Mr P Pemberton            Mr R C Young CIHCM            Mr J Fulham            Mr R C Hepworth MBE, FRICS            Mr D J Craig BSc (Hons)            Mrs C Fallon            Ms S Wayne (Co-optee)            Mr Tony Williams (appointed 5 June 2017)</p> <p><b>Helena Partnerships Board</b>            Mr G W Burgess – Chair            Mr R A Smith BA(Hons) – Vice Chair            Mr R C Hepworth MBE, FRICS            Mr D J Craig BSc (Hons)            Mr I Clayton FCCA            Mr P Pemberton            Mr J Fulham            Mr R C Young CIHCM            Mrs C Fallon            Ms S Wayne (Co-optee)            Mr Tony Williams (appointed 5 June 2017)</p> <p><b>Golden Gates Housing Trust Board</b>            Mr G W Burgess – Chair            Mr R A Smith BA(Hons) – Vice Chair            Mr R C Hepworth MBE, FRICS            Mr D J Craig BSc (Hons)            Mr I Clayton FCCA            Mr P Pemberton            Mr J Fulham            Mr R C Young CIHCM            Mrs C Fallon            Ms S Wayne (Co-optee)            Mr Tony Williams (appointed 5 June 2017)</p> <p><b>Executive Officers:</b>            Group Chief Executive            Mr R C Young</p> <p>Group Director Finance and Investment            Mr C H Roberts</p> <p>Group Director Business Support            Mr A Barber</p> <p>Group Director Delivery and Transformation            Mrs C E Haworth</p> <p>Managing Director Operations            Mrs A Perry (resigned September 2017)</p>	<p><b>Group Nomination &amp; Remuneration Committee</b>            Mrs C McLoughlin - Chair            Mr G W Burgess Cert ED, CQSW, Dip in Mgmt.            Mr R A Smith BA(Hons)            Mr Tony Williams            Mr J Fulham (resigned May 2018)</p> <p><b>Torus62 Commercial Services Board</b>            Mr I Clayton FCCA- Chair            Mr R C Young CIHCM            Mr C H Roberts ACA, BSc (Hons)            Mr P McGarry            Mr R Middlemore            Mr M Hilton (Co-optee)</p> <p><b>Torus62 Development Company Board</b>            Mr I Clayton FCCA - Chair            Mr R C Young CIHCM            Mr C H Roberts ACA, BSc (Hons)            Mr P McGarry            Mr R Middlemore            Mr M Hilton (Co-optee)</p> <p><b>Group Audit &amp; Risk Committee</b>            Mr P Pemberton – Chair            Mr D J Craig BSc (Hons)            Mr A V Hollows FCA            Mr S E Richardson ACIS            Mrs C Fallon            Mr R C Hepworth MBE, FRICS (appointed 1 April 2017)</p>
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## BOARD OF DIRECTORS, EXECUTIVES AND ADVISORS

**Company Secretary and Registered Office:**

Mr A Barber  
Helena Central  
4 Corporation St  
St Helens  
Merseyside  
WA9 1LD

**External Auditors:**

KPMG LLP  
1 St Peter's Square  
Manchester  
M2 3AE

**Internal Auditors:**

RSM UK Limited  
3 Hardman St  
Manchester  
M3 3HF

**Solicitors:**

Catherine Phillips  
Torus62 Limited

Brabners  
Horton House  
Exchange Flags  
Liverpool  
L2 3YL

Anthony Collins  
134 Edmund Street  
Birmingham  
B2 2ES

**Bankers:**

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

**Funders:**

Royal Bank of Scotland Plc  
Santander UK Plc  
Nationwide Building Society  
Warrington BC

**REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR ENDED 31 MARCH 2018****Report of the Board of Directors for the year ended 31 March 2018****The Companies**

Torus62 Ltd is incorporated under the Co-operative and Community Benefit Societies Act 2014 as a Community Benefit Society (Number 7826) and is registered with the Regulator of Social Housing (RSH) under the Housing Act (Number G4802). It is also affiliated to the National Housing Federation. The company is an unregistered charity.

Helena Partnerships Ltd is incorporated under the Co-operative and Community Benefit Societies Act 2014 as a Community Benefit Society (Number 7824) and is registered with the RSH under the Housing Act (Number L4340). It is also affiliated to the National Housing Federation. The company is an unregistered charity.

Golden Gates Housing Trust Ltd is incorporated under the Co-operative and Community Benefit Societies Act 2014 as a Community Benefit Society (Number 7825) and is registered with the RSH under the Housing Act (Number 4631). It is also affiliated to the National Housing Federation. The company is an unregistered charity.

These companies' charitable objectives are to provide public benefit to the community by providing housing and associated amenities for people in necessitous circumstances appropriate to their means.

Torus62 Commercial Services Ltd (TCS) is a wholly owned subsidiary of Helena Partnerships, which holds the issued share capital. Torus62 Commercial Services registered company number is 05270846. Non-charitable trading activities are undertaken in TCS.

Torus62 Development Company Ltd (TDC) is a wholly owned subsidiary of Golden Gates Housing Trust, which holds the issued share capital. Torus62 Development Company's registered company number is 9471506. Non-charitable development activities are undertaken in TDC.

Torus62 Commercial Services Ltd has a £100,000 investment in Caribou Green Warmth LLP which is a Green Deal Special Purpose Vehicle set up specifically to deliver energy efficiency projects. This investment represents a 40% stake, and the company is jointly owned by the Riverside Housing Group (40%) and Starfish Consultants Ltd (20%). Caribou is a Limited Liability Partnership, registration number OC388071. In June 2018 the Caribou Board took the decision to wind the partnership up as a result of an increasingly difficult operating environment which included reductions in EWI grant availability and a change in Government priorities.

Bamboo Estates LLP trading as Bamboo Lettings, registered company number OC413454, is a joint venture which is 50% owned by Torus62 Ltd and 50% owned by Magenta.

The Board present their report and the audited financial statements for the year ended 31 March 2018 for the Torus Group comprising Torus62 Limited, Helena Partnerships Ltd Golden Gates Housing Trust Ltd, Torus62 Commercial Services Ltd and Torus62 Development Company Ltd. The information contained in this report together with the Strategic Report complies with the requirements of the Trustees' Annual Report as required by the Charity SORP (2015).

## REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR ENDED 31 MARCH 2018

Following the introduction of deregulatory measures in April 2017 the Board took the decision in March 2018 that GGHT, Torus62 Ltd and Helena Partnerships will convert from Companies Limited by Guarantee to Community Benefit Societies and become an unregistered charity regulated by the Financial Conduct Authority. The decision to convert to a Community Benefit Society was approved by the Company Members on 8<sup>th</sup> May 2018 and became effective on 13<sup>th</sup> August 2018.

In 2017 Torus started discussions with Liverpool Mutual Homes to explore the possibility of the organisations’ amalgamation. The Board believe that this will give the combined organisation greater capacity to deliver new homes, neighbourhood regeneration and social investment, increase their influence in the region and generate efficiencies. A business case has been developed and final decision on the amalgamation will be made in late Autumn 2018.

### Group Structure

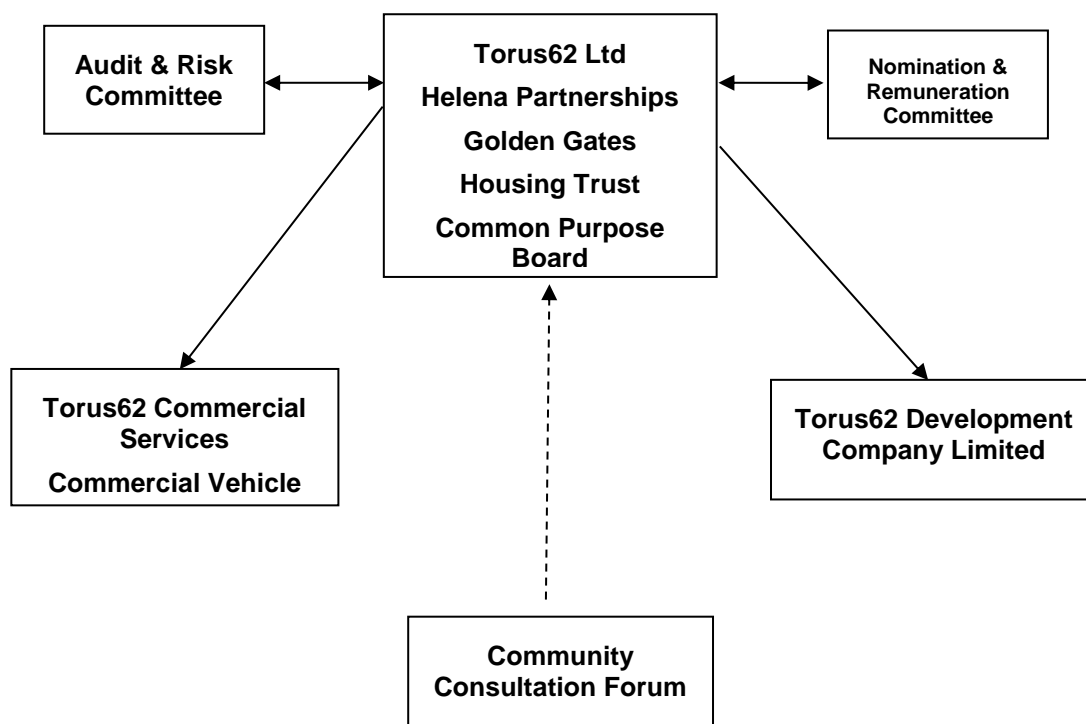
On 1<sup>st</sup> April 2015 the Torus Group Structure was formed with Helena Partnerships Ltd (HP) and Golden Gates Housing Trust (GGHT), the subsidiaries, sitting below the parent, Torus62 Limited.

The parent is a charity which is registered with the RSH as a provider of social housing (with minimal stock holding).

### **The Board and Committee Structure**

Since February 2017 the Group has operated a “Common Purpose Board (CPB)” which means that although the Group parent and two Registered Provider subsidiaries remain separate legal entities board membership is identical for each society.

The Board and Committee structure is set out below:



## REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR ENDED 31 MARCH 2018

The Group Parent Board has responsibility for setting the strategic direction of the Group within a framework of the highest standards of governance, financial and risk management, and continuous improvement and transformation. The parent Board has responsibility for the allocation of resources across the Group, the Treasury Strategy and Asset Management Strategy, development and delivery of investment and regeneration programmes, driving a Value for Money culture, overseeing performance, and establishing the Group's policies and framework of delegation including Terms of Reference for subsidiaries and Committees.

The subsidiary Boards are responsible for leading, directing, controlling, scrutinising and evaluating the respective companies' affairs in delivering high-quality, cost-effective services to their customers in line with the Group's vision and strategies. They also have responsibility for approving their respective statutory accounts.

Day to day management is delegated to the Group's Executive Officers, who are appointed by the CPB. All Board members have responsibility for its decisions. Each acts only in the interest of the Group and not on behalf of any constituency or interest group.

The members of the CPB have a range of skills, experience and qualities required to take decisions and monitor the companies' performance. The CPB structure is up to 12 members including the Group Chief Executive. All Board members have secondary roles on a Committee or the commercial subsidiary Boards.

The Board also includes one nominee from each of the two Local Authorities but following The Regulation of Social Housing (Influence of Local Authorities) Regulations 2017 coming into force on 15<sup>th</sup> May 2018 both Warrington Borough Council and St Helens Council have relinquished their rights to nominate a representative to the Board. This is reflected in the new Community Benefit Society Rules that came into effect when the company converted to a Community Benefit Society on 13 August 2018.

The Chair of the Nomination and Remuneration Committee is independent and holds no other role within the governance structure in line with the NHF Code of Governance requirements. There are also two members of the Audit and Risk Committee who are independent and hold no other role within the governance structure and who bring specialist skills, scrutiny and challenge to the Committee.

All members of the Boards and Committees underwent an appointments process which was based on skills.

Appraisals of Board and Committee Members also take place on an annual basis. The last individual appraisals and collective appraisals of all Boards and Committee took place in October 2017 and the outcomes were fed into a Governance development and training plan. Board and Committee members were all asked to complete a self-assessment questionnaire on their perceptions of how the respective Boards and Committees on which they sit had performed as a collective and on their individual development needs.

The CPB is remunerated (with the exception of the St Helens Council nominated member due to the interpretation of the legislation by the local authority that to do so would affect their ability to continue as an elected member). The CPB and its Committees met on a bi-monthly basis with additional meetings taking place where there were urgent business matters to discuss.

## REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR ENDED 31 MARCH 2018

The Audit & Risk Committee is charged with overseeing the Group’s auditing responsibilities, ensuring that there is firm emphasis on effective risk management, continuous improvement and performance, and providing assurance to the Group Board that a robust and systematic review of the internal control arrangements in place, including operational and financial reporting controls.

The Nomination & Remuneration Committee is responsible for developing the payments and remuneration policy for the Leadership Team and Board Members and for overseeing the appointment/ removal of Board Members. This Committee has Group wide responsibility.

Tenant and leaseholder involvement takes place through the Community Consultative Forum (CCF) which is made up of tenants and leaseholders from GGHT and Helena Partnerships as well as local councillors from St Helens Council and Warrington Borough Council. The CCF is not part of the formal governance structure but has a line of reporting to the CPB and the Chair of the CCF attends Board meetings to provide updates on recent activity. The Group Chair and CEO also attend CCF meetings to provide them with updates on recent business initiatives and to get tenant and leaseholder views. The tenant and leaseholder members of the CCF also hold the tenant share of the Member vote for their landlord society at AGM’s and General Meetings.

In order to promote good governance individual Board member attendance is reviewed on an annual basis. Attendance during 2017/18 was:

Torus Board	88%
HP Board	88%
GGHT Board	88%
TCS Board	100%
Audit & Risk Committee	86%
Nomination & Remuneration Committee	87%
TDC Board	100%

### **The Board and Executive Officers**

#### **Graham Burgess Chair of the Common Purpose Board (CPB)**

Graham’s ambitions for the Group are to regenerate communities and, working in partnership with other public bodies, improve the life choices of the people and neighbourhoods it services.

As Chair of the Board, Graham will oversee and ensure high standards of governance and provide appropriate levels of challenge and support to the Executive Team. Graham has in excess of 42 years of Local Government service. He has served at National and Regional level with the National Association of Local Government Officers. Prior to commencing in Local Government, Graham gained teaching and social work qualifications serving as the President of National Union of Students in Liverpool and chaired the Merseyside Area NUS Executive.

Graham was Chief Executive of Wirral Metropolitan Borough Council between 2012 and 2015. Prior to joining Wirral he was Chief Executive of Blackburn with Darwen Unitary



## REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR ENDED 31 MARCH 2018

Council for 6 years. He is an influential figure in Local Government at a national, regional and local level. Graham currently also chairs a number of health organisations in Lancashire.

### **Roy Smith** **Vice Chair of the CPB**

Roy is a former accountant (now retired) with many years' experience in finance, initially gained as an internal auditor and financial analyst in the commercial sector. Roy also has experience of advising small and medium sized voluntary and community groups on financial matters and was management accountant for Action for Children before undertaking a general management role with Halton Disability Services. For ten years Roy was also a well-respected local councillor which included a period as executive member for Neighbourhoods and Communities and also had responsibility for public health. From 2010 Roy Chaired the GGHT board and has developed a broad knowledge of the housing issues affecting the Northwest and retains a strong commitment to the region. Qualifications: Ordinary National Certificate in Engineering, Higher National Certificate in Electrical and Electronic Engineering 1974, Ex Associate of the Chartered Institute of Management Accountants, BA (Hons - 2:1) Politics and Contemporary History, University of Salford.

### **Phil Pemberton** **Member of the CPB**

Phil has extensive experience as both an Executive and non-Executive and is a qualified property professional with experience in both the commercial and Registered Provider worlds. He has experience as a Board Director for both charitable and private sector organisations and was previously a trustee and secretary of Mary Seacole House (registered charity to support the BME community suffering with mental health), the Chair of Fusion 21 Core Group, Chairman of a local boys' football club and also a Parent Governor at local school. He is the Director of Asset Strategy and Delivery for The Riverside Group where he is responsible for the strategic management of the repairs and asset functions for the group and budgets in excess of £80m. Phil's previous roles include Managing Director of Property Services for The Sovini Group, Director of Property Services for the Plus Dane Group and he worked in the commercial sector for Connaught PLC as Area Operations Director (North West) where he was responsible for directing and management of operational delivery throughout the North West. He was a Member of the North West Area Board and had responsibility for budget control together with profit and loss within the area.

### **Ian Clayton** **Member of the CPB** **Chair of Torus62 Commercial Services Limited and Torus62 Development Company**

Ian's early career in industry and commerce included 14 years with the Alvis group of companies in a number of board level positions, in both financial and general management. Since 2002 he has worked for a wide range of not for profit organisations involved with issues such as social housing, health, education, training, the environment and sport. Ian is currently Finance Director of a healthcare organisation and in a voluntary capacity sits on a number of health related boards and committees.

Ian was appointed to HP Board in 2010, in 2011 became Chair of both the Audit Committee and Torus62 Commercial Services and in 2012 became Vice-Chair. He has been a Fellow of the Chartered Institute of Certified Accountants since 1994, is Member of the Institute of

**REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR ENDED 31 MARCH 2018**

Leadership & Management and a Common Purpose (civic leadership programme) graduate.

**Duncan Craig, BSc (Hons)  
Member of the CPB**

Duncan is a Professional Mechanical / Electrical Engineer who 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.

Prior to joining Westinghouse, Duncan worked for BNFL (British Nuclear Fuels Ltd) and was Site Director of the Springfield's Nuclear Fuel Manufacturing facility located near Preston in Lancashire. Duncan is currently a Trustee Director of Lancashire Wildlife Trust and is a Business Mentor with the Aspiring Leaders program run by Brathay and the University of Cumbria. Duncan has also held accreditations as a Chartered Engineer, a Fellow of the Institution of Mechanical Engineers and a Member of the Institution of Electrical Engineers.

**Bob Hepworth MBE  
Member of the CPB**

Bob is a retired Chartered Surveyor (FRICS) who was employed as an Executive Director at St Helens Council between 1989 and 2014. During that time he led the strategy which saw the regeneration of significant areas of the Borough including the Building Schools for the Future programme. His duties in this post included Housing, Town Planning, Arts and Culture, Libraries, Town Centre Strategy, Management of the Corporate Estate, and Management of Leisure Facilities. During 2010 he was acting Director of Children's Services for a ten month period when the Director was absent due to sickness. Bob is an experienced manager and has dealt with a number of very complex HR matters during his career. He is also very experienced in financial management having been responsible for a multi-million pound budget for over 25 years. At the City Region level Bob has been actively involved in the delivery of four Merseyside Regional Development Programmes which led to the transformation of the Liverpool City Region.

**John Fulham  
Member of the CPB**

John has been a Councillor for Moss Bank Ward since 2011. He is the St Helens Council Cabinet Member for Growth which includes responsibility for Housing and Transport Policy, employment and skills and asset management. As a Councillor John is also a member of the St Helens Chamber of Commerce and a member of St Helens Audit and Governance Committee and Planning Committee as well as being a school governor. Aside from being a Councillor John works full time as a Chief of Staff to Marie Rimmer MP. John has a law degree (LLB (Hons) from the University of Bristol and an LL.M from Trinity College, University of Dublin. John's appointments to outside bodies are:

- Combined Authority Housing and Spatial Planning Board
- Merseyside Pensions Fund – Pensions Committee Employers Representatives
- St Helens Chamber Board

**REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR ENDED 31 MARCH 2018****Christine Fallon  
Member of the CPB**

Christine has worked in housing for over 30 years. Initially working within the Development team of a number of large London based affordable housing providers and later specialising in the development of retirement housing for rent and sale at Housing 21. Following a period of time working for the HCA Christine set up Affordable Homes Consultancy providing specialist development consultancy to affordable housing providers, Local authorities and housing developers. Christine is currently providing services to a number of NW RSLs where she has responsibility to deliver all tenure types of housing, business development and strategy formulation. Christine also advises local authorities on developing new housing for rent, sale and market rent.

Christine's wider role includes being the Managing Director of Affordable Homes Consultancy. She specialises in formulating growth, diversification and development strategies for the delivery new homes programmes for affordable housing providers.

Christine is a member of the Torus Audit & Risk Committee.

**Tony Williams  
Member of the CPB**

Tony retired in 2009 from Jaguar Land Rover after 40 years working in the automotive industry as an engineer. Tony began his public service career in 1990 when he was elected to Great Sankey Parish Council, followed by two terms on Cheshire County Council including being Chair of Cheshire Fire and Rescue. When Warrington became a Unitary Authority, Tony was elected and chaired social services and education committees. Tony was also a school governor for 12 years including chair of the governing body. Tony has served as a Local Councillor for the Great Sankey ward in Warrington since 2011. As a Councillor Tony has chaired the Health Committee and has also been a member of the Audit and Governance Committee and committees that focus on improving the local economy. Tony was appointed to the GGHT, Helena and Torus boards in June 2017.

**Sasha Wayne  
Co-optee to the CPB**

Following 10 years working in private practice as a Real Estate and Projects lawyer for international law firm DLA Piper, Sasha moved in-house spending six years as General Counsel for the Mersey Gateway Cross Board, being the company responsible for delivery of the Mersey Gateway Project, a major PPP infrastructure scheme to build a six-lane toll bridge over the River Mersey together with extensive improvements to the associated highways networks. In February this year Sasha was appointed as Head of Legal Services for Transport for the North where she also has the role as Monitoring Officer. Sasha is also the previous Chair and now committee member of the North West branch of Women in Property, a national networking association for women working in the property and construction industry. Sasha's professional appointments also include sitting as a Non-Executive Director on the board of Six Town Housing, where she also chairs the Audit and Risk Committee.

## REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR ENDED 31 MARCH 2018

### **Group Chief Executive Rob Young**

Rob is a Chartered Member of the Chartered Institute of Housing, having qualified in 1980. Rob has worked in housing for more than 40 years across the North West in a range of operational, strategic and executive level roles. He was appointed as Chief Executive of HP at the point of transfer from St Helens Council and is proud to have created and led an ambitious, award winning and high performing organisation which has a strong partnership ethos and fantastic culture at its core.

In his role as Group Chief Executive Rob is focussed on overseeing the strategic direction, development and performance of the Group.

The Group Executive Officers are responsible for the day to day management of the group and meet on a regular basis. The meetings are chaired by the Group Chief Executive. The Group Executive Officers are the Group Chief Executive and:

### **Group Director Finance and Investment Howard Roberts**

Howard is a chartered accountant with considerable financial and resourcing expertise in the public and private sectors. He started his career in private accountancy practices specialising in the provision of business advisory, corporate finance and audit services to a range of clients. For the last decade he has worked at executive and board level within the housing sector leading the multi disciplines of finance, risk management, governance and regulation, information systems, and organisational development. He has also resolved numerous mergers and acquisitions, developing expertise in corporate reorganisation and reconstruction.

In his Torus role Howard is focused on business planning and capacity, investment and funding, financial viability, growth and diversification.

### **Group Business Support Director Allen Barber**

Allen has over 25 years' experience working in the public and housing sectors specialising in financial management, risk and governance. He is a qualified accountant and joined GGHT when it was established as Warrington Council's Arms-Length Management Organisation (ALMO) in 2004 and continued as the Director of Business Services after the stock transfer in 2010, where his role expanded to cover governance and business assurance.

Allen has led the business support function since Torus was formed and ensures appropriate systems, controls and activities are in place to ensure Torus remains a viable and sustainable business, delivers value for money, meets regulatory requirements and supports its front line services to takes its opportunities and achieve its objectives. He specifically leads on financial operations, governance, legal services, business assurance, risk and safety.

**REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR ENDED 31 MARCH 2018****Group Director Delivery and Transformation****Liz Haworth**

Liz joined Helena Partnerships in 2002 and has held a number of executive director roles within the group, becoming Group Director for Delivery and Transformation when the Torus group was formed in 2015. Since then she has led an ambitious integration and transformation programme which has delivered over £7 million in efficiency savings, integrated 27 IT systems across the group into seven and achieved Investor in People Gold for Torus.

Her responsibilities include the In House Contractor, frontline housing services, social investment, organisational development, IT, brand and communications. She has led on the digital transformation of customer services, including an innovative customer portal with automated repairs reporting capability. Liz is a board member of St Helens Chamber and has previously held a board position with a specialist housing provider.

**Managing Director Operations****Angela Perry**

Angela has worked in housing for more than 20 years, with a wide range of experience including neighbourhood management, allocations, customer services, repairs and maintenance, asset management and health and safety. She spent many years as Regional Housing Manager at Harvest Housing Group before joining GGHT in 2006.

She led on a number of significant projects as Director of Property Services at GGHT, which included the transformation of the In-House Building Maintenance Team, delivered a £105M investment programme, built a new Head Office for GGHT in 2014, modernised the Health and Safety practices of the organisation and has a track record of driving service improvements throughout the business.

Angela left the organisation in September 2017.

**Corporate Governance**

During the last year:

- The terms of reference for all boards and committee were reviewed
- Board member appraisals and a review of skills took place
- Governance related policies were reviewed and relaunched
- Compliance with the NHF Code and RSH Standards continue to be monitored
- The Board took the decision to convert the legal status of Torus62 Limited, Helena Partnerships and Golden Gates Housing Trust from limited companies to community benefit societies regulated by the Co-Operative and Community Benefit Societies Act 2014 to allow the Group to take advantage of new regulatory freedoms.

The Group recognises the importance of good governance and to this end we have adopted the National Housing Federation (NHF) Code of Governance and complete a self-assessment to ascertain compliance on an annual basis.

The Group is compliant with the 2015 Code save for the following:

**REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR ENDED 31 MARCH 2018**

- The Group Parent and its subsidiaries do not have ultimate control over the Council nominations to the Boards. Controls are in place to ensure nominees meet skills requirements. Each local authority is aware of the competency-based approach to board and committee appointments. The adopted process is that a single councillor is nominated and appointment takes place following a conversation or interview to verify their suitability. Torus does have the ability to reject an application and request a further nomination. Following the Regulation of Social Housing (Influence of Local Authorities) Regulations 2017 coming into effect on 15<sup>th</sup> May 2018 both local authorities have relinquished their rights to nominate a board member and this is reflected in the associations new Community Benefit Society Rules.
- Although board members have a range of skills there is limited diversity amongst board members. As part of future recruitment exercises targets campaigns to increase diversity will be considered.

Torus was subject to an In Depth Assessment by the then HCA, the previous Social Housing regulator and in November 2016 was awarded the highest possible judgement for governance and viability of G1/V1. This rating was confirmed in the regulator's latest stability check on the Group in November 2017.

The Group parent and the two subsidiaries were registered charities until their conversion to Community Benefit Societies on 13 August 2018 at which point they became exempt charities. The registration dates were as follows:

- Helena Partnerships - 1 December 2004
- Golden Gates Housing Trust – 31 August 2010
- Torus62 Limited – 9 September 2014

**Public Benefit Entity Statement**

The Group's registered charities primarily benefit people in the following ways:

- Provision of housing at below market rent for those in housing need
- Support services that tackle social exclusion, money management and fuel poverty
- Community interest activities aimed at helping people into work or training
- Promoting health and wellbeing in our communities
- Environmental initiatives to reduce the impact in our area and increase fuel efficiency for our customers
- Promoting public safety and crime prevention

**Employment**

The board recognises the importance of employee engagement, involvement and development for the group's development and on-going success. Forums and mechanisms set up on the formation of Torus are now well-established and used extensively to inform, consult and involve employees during periods of change and transformation. These include a group trade union and change forum which have played a key role in the early life of Torus and a communication and change group known as the Voice Exchange. The board is committed to achieving a culture of diversity and inclusion within the workplace and have policies in place to ensure equal opportunity for individuals with regard to recruitment, employment and learning and development activities. The board is aware of its

## REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR ENDED 31 MARCH 2018

responsibilities in respect of equality and diversity and board members have received relevant training.

3.72% (1.47% Torus, 1.14% GGHT, 1.11% HP, 0% TCS) of the workforce classifies themselves as disabled and arrangements/adaptations are available to support staff that are or become disabled. GGHT and Helena are registered disability symbol users, and Mindful Employers. In the last 12 months trained mental health first aiders and mindfulness champions have been introduced. The board is aware of its health and safety responsibilities and has a group policy in place. Board members and Executive and Operational leaders have undergone IOSH Leading Safely training for Directors and IOSH Managing Safely has been delivered to key managers in the last 12 months. The Executive and Safety and Sustainability teams monitor performance and address health and safety issues. Specialist advice and support to staff is provided by a dedicated Safety and Sustainability team.

The group has a strong people focus and prides itself on having an enthusiastic and dedicated workforce. Leadership development, employee engagement, learning and talent development opportunities are high priority and are key to delivering our customer service standards. Torus achieved accreditation as an Investor in People Gold organisation, against the new Outperformance standard, in February 2018 and is sought out by other organisations as an exemplar of people management practices. As a learning organisation, the group has invested in talent development resource in the last 12 months and a new talent framework is now in place. Leadership development at all levels is a key priority and has included bespoke events for senior leaders, World Class Manager learning for middle managers and ILM leadership and management level 3 for first line leaders. Torus is making maximum use of the apprenticeship levy through the recruitment of apprentices and investment in internal development programmes.

### **Donations**

Charitable donations of £1,000 were made to each of Warrington Food Bank and St Helens Food Bank in the year.

### **Fundraising**

No members of the Torus group undertake in any fundraising activities

### **Internal Controls**

The Board is responsible for the group's system of internal control. The Audit & Risk Committee is responsible for reviewing this system and reporting on its effectiveness. Any such system can provide reasonable but not absolute assurance against misstatement or loss, and the development of the system of control is a continuing process.

### **Statement of the Board on Internal Controls Assurance**

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 key business risks, it should be noted that risks cannot always be eliminated. Consequently, whilst the Board is

## REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR ENDED 31 MARCH 2018

satisfied that the existing internal controls provide a substantial level of assurance, such assurance is not absolute.

The Board confirm that the processes for identifying, evaluating and managing the significant risks faced by 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 Audit & Risk Committee throughout 2017/18.

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. This approach, the principles adopted and the processes used to manage risk are set out in a Risk & Opportunity Strategy and methodology. The Risk Methodology has been reviewed following a strategic risk review during 2017/18. The Internal Controls and Assurance Methodology has also been reviewed to align with the risk methodology and ensure that the Board receive assurances on the effectiveness of controls.

The Group has an Anti-Fraud Policy and Fraud Response Plan which sets out the approach to fraud. The Board aims to minimise fraudulent activity and will not tolerate any employee fraud. It has ensured that staff and members are clear about the consequences of fraud, and the policy and response plan cover the approach to prevention, detection and reporting, together with the recovery of assets.

Audit & Risk Committee receive and review the fraud register is presented to each meeting.

The Board agreed a zero tolerance approach to bribery and has agreed an Anti-Bribery Policy which has been communicated to staff and contractors.

The Board has recently concluded its annual review of Internal Controls, the main elements of which are summarised below:

- There is a formally constituted Board and Committee network. There exists a suitable Code of Governance for the Group structure and adequate Terms of Reference.
- There is a Probity Policy, an Anti-Bribery Policy and a Code of Conduct for Board members and employees of the group.
- A comprehensive Board Member Appraisal programme and training programme is undertaken to ensure that Board Members remain professionally updated and are equipped with the skills to meet the needs of the business.
- An Anti-Fraud Policy and Fraud Response Plan describe the group's approach to fraud and are supplemented by a Whistleblowing Policy. All frauds are reported to the Audit & Risk Committee.
- A Data Protection Policy and Procedure sets out how personal data is handled responsibly and with integrity. Mandatory refresher training for staff and Board and Committee members has been undertaken. This year the focus of the training has been on the new GDPR Regulations.
- An approved financial strategy and annual budget is produced against which performance is regularly and comprehensively reported. Financial monitoring is a key element of the operational reporting framework and provides feedback on performance to all levels of the group.
- Comprehensive Financial Regulations and a Scheme of Delegation ensure that financial risks are managed and that the risk of fraudulent accounting is minimised. These were updated in year to reflect staffing changes within the Group structure



## REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR ENDED 31 MARCH 2018

- All business activities are managed through comprehensive policies and procedures.
- There exists a Group Risk & Opportunity Strategy and risk management methodology that is reviewed by Audit & Risk Committee and approved annually by the Group Board. The methodology sets out the group's approach to risk, sets and reviews the Board's risk appetite and includes the principles adopted and the processes used to manage risk.
- A revised comprehensive Strategic and Operational Risk Management Framework has been developed to ensure that the Board are able to comply with the VFM Standard and other regulatory standards by monitoring those measures which demonstrate that the Business is delivering Value for Money (VFM) and achieving its corporate objectives. SOFR is reported to each Board, the risk management processes are monitored at each Audit & Risk Committee near misses, crystallised risks are reviewed to ensure appropriate action is taken to review learning and procedures.
- During 2018 the Internal Controls and Assurance Framework has been revised to align assurance review and controls effectiveness with the risk methodology.
- Internal Audit is provided by RSM whose contract was extended in 2017. There is a strategic audit plan based on key strategic risks which is overseen by the Audit & Risk Committee. The internal auditor's opinion for 2017/18 is that the organisation has an adequate and effective framework for risk management, governance and internal control. No high risk actions were identified as a result of the internal audit programme. Internal audit actions are monitored by the Business Assurance team and RSM to ensure implementation.
- External audit is provided by KPMG LLP, who review and report on the effectiveness of existing internal controls in their annual audit management letter.
- Self-assessment against best practice guides and benchmark clubs indicate that the group is viable, suitably governed and well managed. Tenant scrutiny is also undertaken to review the performance of service delivery.

Whilst not exhaustive, the above represents the key elements within the existing system of internal controls. To assist the review of these controls the Board received an annual report from the Internal Auditors and one from the Chief Executive which included representations from managers on the effectiveness of control systems. In concluding its review, the Board is satisfied with the adequacy of these controls for the year ending March 2018, and for the period to the date of signing the financial statements.

This statement of internal controls assurance meets the requirements of the relevant guidance in England, Wales and Scotland

### **Annual General Meetings (AGMs)**

The AGMs of the Group entities will take place on the following dates:

- Helena Partnerships Limited – Thursday 27<sup>th</sup> September 2018
- Golden Gates Housing Trust Limited – Thursday 27<sup>th</sup> September 2018
- Torus62 Limited (Torus) – Thursday 27<sup>th</sup> September 2018
- Torus62 Commercial Services Ltd – Thursday 27<sup>th</sup> September 2018
- Torus62 Development Company Ltd (TDC) – Thursday 27<sup>th</sup> September 2018

### **Auditors**

KPMG LLP act as auditors for Torus, HP, GGHT, TCS and TDC

## REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR ENDED 31 MARCH 2018

### **Statement of Compliance with the Governance and Financial Viability Standard**

The Board confirm compliance with the Governance and Financial Viability Standard.

### **Statement of Board's responsibilities in respect of the Board's report and the financial statements**

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

Co-operative and Community Benefit Society law requires the Board to prepare financial statements for each financial year. Under those regulations the Board have elected to prepare the financial statements in accordance with UK Accounting Standard[, including FRS102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

The financial statements are required by law to give a true and fair view of the state of affairs of the group and the association and of the income and expenditure of the group and the association for that period.

In preparing these financial statements, the Board is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements; and
- assess the group and the association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless it either intends to liquidate the group or the association or to cease operations or has no realistic alternative but to do so.

The Board is responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the association and enable them to ensure that its financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015. It is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the association and to prevent and detect fraud and other irregularities.

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

The report of the Board was approved on 23 July 2018 and signed on its behalf by:



Graham Burgess  
Chair

## STRATEGIC REPORT

### **Business Objectives and Strategy**

References to the Group in the context of this strategic report mean GGHT, HP and Torus (the parent), but not TCS or Torus62 Development Company (Devco) unless explicitly named. Whilst TCS and Devco are subsidiaries of HP and GGHT respectively, they are commercial organisations with a different operating environment. Financial statements for TCS and Devco are produced separately but trading results are incorporated into the consolidated financial statements.

Torus was formed in April 2015 when Golden Gates Housing Trust (GGHT) and Helena Partnerships (HP) came together to form a stronger business with 22,000 homes, 900 talented people and a turnover of around £100 million. Our vision – to be an influential business sitting at the heart of the vibrant North West, a trusted partner with vision and belief, focussed on opportunity, place and home.

Since Torus was formed, there have been unprecedented changes to our operating environment presenting new challenges as well as opportunities. The Government's Summer Budget in July 2015 fundamentally shifted our business plans, reducing our income by 1% each year for four years. Other changes to the way welfare benefits are paid, local government budgets and government funding for new homes have forced an early review of our initial ambitions, with an overarching goal to reduce our operating costs by £20 million by 2020. To date we have identified £15 million of achievable efficiencies which we have reflected in our financial plan.

Torus is well placed to respond; both subsidiaries are stronger as a result of coming together. We maintain our ambition to be a key partner within the region, and to use our strength and influence to impact on the wider economy.

We have responded to the new challenges we face and recalibrated our business plans and targets. Our intent remains the same – to provide opportunity, increase aspiration and reduce levels of dependency in the places where we work and the homes that we provide. Our key focus will be:

- To deliver ambitious plans to develop new homes to own and to rent, meeting a range of housing needs in the North West and specifically across Cheshire and the mid Mersey region
- To reduce our annual operating costs by £20 million by March 2020, improving our financial resilience, providing better value for money and enabling us to do more
- To invest in our neighbourhoods where it's needed most, making them fit for the future by building new homes, changing our existing homes and investing in the communities that live there
- To grow and diversify our commercial operations, exploiting external trading opportunities to generate profits that help us protect our business and increase our independence
- To be a valued partner, contributing to regional agendas including devolution and city region priorities.

**STRATEGIC REPORT**

The Group has the following mix of housing stock:

	<b>Torus Group</b>		<b>Torus</b>		<b>HP</b>		<b>GGHT</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
General Needs Supported	18,455	18,584	1	1	11,596	11,635	6,858	6,948
Housing/ Housing for Older People	2,856	2,599	-	-	1,430	1,173	1,426	1,426
Shared Ownership	421	363	-	-	355	311	66	52
Shared Equity	12	27	-	-	12	27	-	-
Non- social Housing	10	10	-	-	10	10	-	-
<b>TOTAL</b>	<b>21,754</b>	<b>21,583</b>	<b>1</b>	<b>1</b>	<b>13,403</b>	<b>13,156</b>	<b>8,350</b>	<b>8,426</b>

As at 31 March 2018 the Group had 921 properties let at Affordable Rents (46 GGHT, 875 HP). GGHT manage 56 properties on behalf of Warrington Borough Council and HP manages 24 properties on behalf of others. GGHT and HP also have 29 units managed by Bamboo (20 GGHT, 9 HP).

**Torus corporate plan 2017 – 2020**

**Vision**

To be a leading housing provider in the North West of England, developing at scale across Merseyside, Cheshire and beyond, providing affordable homes in thriving communities.

**Mission**

To use our strength and influence to deliver economic and social change.

<b>STRENGTH</b>	<b>INFLUENCE</b>	<b>IMPACT</b>
Our financial capacity	Our location and scale	Delivering economic and social regeneration through our investment in homes and communities.
Our asset base	A trusted partner	
Our people	An influential voice	

**Principles**

- Drive efficiency and value for money to create financial capacity to deliver our plans
- Be well governed and have high standards of probity
- Comply with the requirements of our charitable status
- Be a social investor, where profit is invested back into our social purpose
- Focus on the wellbeing of people and neighbourhoods in localities where we have a long term investment
- Be a trusted partner and one that is open and transparent
- Work towards a self-determined future

## STRATEGIC REPORT

### Context and risk

The impact of welfare reform, and universal credit in particular, on our tenants, our estates and our business.

The future viability of our existing housing stock, its physical condition and ability to meet housing need.

The sustainability of our neighbourhoods and the impact this has on demand for our homes. The economy, the impact of Brexit, and the impact on housing supply, housing prices and financial stability.

Government policy in relation to rent setting, welfare benefits, funding for affordable housing and wider austerity measures.

Changing housing and support needs associated with an aging population, reduced funding for services and increased pressure on health and social care providers.

### Priorities

Our impact on economic and social change will predominantly be through our investment in property and place, and we will deliver this through our influence with key partners.

- Property  
To build new homes and invest in existing homes that meet the housing needs of a changing population
- Place
- To reduce dependency and increase the aspiration of the people and communities living in our neighbourhoods
- Partnerships  
To be a trusted partner in the region, contributing to economic and social regeneration.

### Property

To build new homes and invest in existing homes that meet the housing needs of a changing population

- Provide homes that are safe, decent and affordable for people at all stages in their lives
- Build over 500 affordable homes a year to meet demand in a range of diverse markets
- Work with partners to provide homes for those needing more complex housing and support including older people and those with health related needs
- Align our housing stock to the future needs of a changing population
- Increase the value of our built assets through strategic investment including acquisition and rationalisation

### Place

To reduce dependency and increase the aspiration of the people and communities living in our neighbourhoods

- Provide a tailored service offer to our customers which is digital by default, mitigating the impact of welfare reform, supporting tenants to pay their rent and maximising the use of our housing stock

## STRATEGIC REPORT

- Promote financial and digital inclusion and employment through targeted social investment
- Contribute to the wellbeing of our tenants and communities through the provision of specialist housing and support services
- Collaborate with partner agencies to address health inequalities and deliver better health and social care outcomes for local residents

### Partnerships

To be a trusted partner in the region, contributing to economic and social regeneration

- Build the Torus brand as a trusted partner with a track record of delivery
- Support the delivery of regeneration plans in the region, particularly in relation to the development of new homes and the regeneration of existing estates
- Contribute to the alleviation of poverty and health inequalities by aligning our delivery models to those of our partners
- Collaborate with local partners in achieving their strategic aims including economic growth, physical regeneration and meeting the health and social care needs of our residents.

Our strength is determined by our financial capacity, our people and our performance.

Our priorities in these areas are:

### Pounds

- Strengthen and protect the Group's financial viability and increase asset value to £460 million
- Reduce our dependency on social rents through diversification of the housing markets we serve
- Create financial capacity through efficiency, VFM and effective procurement
- Drive efficiency through IT and digital service design
- Grow commercial activity to £5 million turnover and £0.5 million profit

### People

- Develop effective leadership and people management approaches
- Plan for the future skills and workforce needs of the business
- Create a culture of collaboration, creativity, being brave and doing the right thing

### Performance

- Ensure compliance with legal and regulatory requirements including health and safety
- Create effective performance management frameworks which drive improvement and value for money
- Put in place effective governance arrangements that deliver our corporate aims, objectives and intended outcomes for stakeholders in an effective, transparent and accountable manner

**STRATEGIC REPORT**

**Key Risks for the Group**

Torus’s aim is to mitigate and avoid risk which would have an adverse effect on our strategic objectives. The Board have set the risk appetite for the Group, overall it has a composed attitude towards risk which demonstrates that the Board are comfortable taking risks whilst ensuring that the business is protected. There is a prudent attitude towards financial viability and governance and an adventurous attitude towards development and diversification.

The Risk and Opportunity Strategy for the Group aims to ensure that the Organisation is risk aware, that losses are minimised and opportunities maximised in line with our risk appetite which protects the financial viability and governance of the Group.

A Strategic risk review has taken place during 2017/18 which has streamlined and strengthened the Risk Management Framework. The Risk Methodology has been revised to ensure risks are effectively managed and assurance is provided based on the level of risk exposure.

The Group maintains a strategic risk register and a suite of operational risk registers which identify the key risks to the business and the strategic aims. Risks and assurance is monitored by the Audit and Risk Committee.

The Board have set the tolerance levels for risk management which is embedded in the impact matrix. Strategic Risk Themes have been developed by the Board and the risks facing the organisation include:

<b>Strategic Risk Theme</b>	<b>Mitigation</b>
Failure to build and maintain <b><u>Confidence, Satisfaction and Trust</u></b> of key stakeholders	Our Corporate plan is supported by a number of strategies which are underpinned by our internal control framework to ensure incidents that could damage the reputation of our brand.
Torus fails to adapt to <b><u>Government Policy Changes</u></b> (Regional / National / International )	Our Business Planning processes alongside horizon scanning and stress testing methodology seek to ensure that Torus is able to respond to Government Changes.
Fail to balance & manage our <b><u>Finances</u></b> effectively to ensure the long term sustainability of Torus	Torus has robust financial planning in place which is supported by a finance strategy. Our Board undertake a review of the financial plan ensuring that there are adequate resources available. Our Growth Strategy seeks to ensure that our long term future is sustainable.
Torus are unable to <b><u>Recruit and Retain the Right</u></b> people (including Executive, Board & Staff)	Torus recognises that are employees and Board members, along with prospective employees are key to our operations. Our OD strategy, Leaders ASK programme and learning and development offer seek to support employee development.

## STRATEGIC REPORT

<p>Torus is unable to identify and maximise opportunities for sustainable <b><u>Growth</u></b></p>	<p>Our Growth Strategy along with our Asset Management and Development Strategies alongside our appraisal models, tolerated exposure limits and flexible products aim to ensure future Growth is achieved.</p>
<p>Torus fails to design &amp; implement an appropriate, efficient &amp; effective <b><u>Corporate Strategy</u></b> that is strong, influential and impactful</p>	<p>Our Business Planning processes alongside stress testing and horizon scanning supports the development of an effective strategy.</p>
<p>Fail to identify and / or maximise opportunities for <b><u>Collaboration &amp; Partnership</u></b></p>	<p>The organisation is structured to support innovation. Collaboration is a corporate behaviour that extends to external partnerships.</p>
<p>Fail to design &amp; deliver an <b><u>agile, efficient and innovative</u></b> organisation</p>	<p>Torus has an OD Strategy along with a Growth Strategy and an ICT Strategy to ensure that its employees and business ethos are able to deliver services in an efficient manner. Organisational structures reflect the service needs.</p>
<p>Unable to identify and maximise opportunities to improve <b><u>engagement</u></b> with key stakeholders</p>	<p>Torus seeks to maximise engagement with stakeholders through our formal and informal processes. Our Customer Consultation Forum (CCF) and digital Torus Talk seek to maximise tenant engagement.</p>
<p>Fail to ensure effective <b><u>Governance</u></b> arrangements are in place.</p>	<p>Our Corporate Plan is underpinned by a number of strategies. Monitoring via our Strategic, Operating, Financial and Risk review ensures that performance is measured, risks considered and key milestones recorded.</p>



## STRATEGIC REPORT

### Value for Money

The Group has analysed performance using the Regulator of Social Housing (RSH) Value for Money (VFM) standard metrics and other Key Performance Indicators (KPIs) identified by the Board which reflect the corporate priorities of Torus. The results are presented below. The group approach to VFM including guiding principles and key performance indicators are also shown below.

#### 1. VFM Strategy

##### **Statement of intent**

The Torus Group Board, its members, and staff are committed to providing services that deliver value for money (VFM) for our customers and stakeholders. We want to drive efficiency and value for money to create financial capacity to deliver our corporate objectives.

##### **Guiding policy, parameters and assumptions**

The principles that underpin the strategy are:

- Golden Thread: Align resources and budgets to support the achievement of the Corporate objectives
- Maintain viability through proactively seeking to reduce costs, maximise returns, to reinvest surplus into new and existing homes
- To optimise our return on investment and drive the growth of the asset value in line with the Asset and Development Strategy
- Ensure all our investment decisions utilise a business case approach taking into consideration the return on investment; and invest to save principles.
- Using our Group Procurement Strategy to achieve greater purchasing power to reduce costs of goods and services
- Increase income from commercial activities to 20% of turnover and generate surplus gift aid to charitable bodies for reinvestment
- Seek to maximise social value and social impact when making investment decisions.
- Ensuring legal and regulatory compliance at all times
- Ensure compliance with funders covenants
- Benchmarking regularly to understand our costs and performance and aim above median performance in VFM Standard metrics.
- Involving stakeholders in the development of scrutiny of services and VFM
- Utilise Business Partnering to drive a VFM culture across the organisation
- Being open and transparent with efficient and effective Governance Processes enabling Torus to be held to account by stakeholders

##### **Our Strategic Perspective**

The Group's Corporate Plan outlines the priorities of the Board and our customers, while highlighting the specific strategic plans that identify the resources available to support the delivery of our objectives, and how these will be allocated. A Business Plan has been developed to support the delivery of the Torus Corporate Plan to ensure oversight of how corporate objectives are being delivered. The plan sets out Budgets, performance indicators and targets, the key initiatives to be undertaken and the risks that need to be controlled and mitigated. It is themed across the corporate plans 6 Principles which are Property, Place, Partnerships, Pounds, People and Performance and sets the baseline for monitoring and

## STRATEGIC REPORT

report to Boards and committees via the Strategic, Operational, Financial and Risk (SOFR) review processes. The plan will remain flexible and may be reviewed periodically to reflect changes in our operating environment. This is reported to Board on a bi-monthly basis.

### VFM Aims and Objectives

The Torus Group Board, its members and staff are committed to providing services that deliver Value for Money (VFM) for our customers and stakeholders. The Torus Mission identifies financial capacity and strength, and VFM as two of its key principles. Delivering VFM facilitates the delivery of quality services, new homes and achieving objectives set out in the corporate plan.

The corporate plan states that impact on economic and social change will predominantly be through our investment in property and place, and we will deliver this through our influence with key partners. The priorities are:

- **Property**  
To build new homes and invest in existing homes that meet the housing needs of a changing population
- **Place**  
To reduce dependency and increase the aspiration of the people and communities living in our neighbourhoods
- **Partnerships**  
To be a trusted partner in the region, contributing to economic and social regeneration.

These can only be delivered by being a strong organisation and our strength is determined by our:

- **Pounds**  
Enhancing our financial capacity and viability
- **People**  
Ensuring our staff have the right leadership, skills and behaviours
- **Performance**  
Ensuring the right structures are in place to drive performance improvement, value for money and maintain legal and regulatory compliance

It is important that we meet the expectations of our stakeholders and the group is committed to ensuring government, customer and stakeholder views are taken into account in the design, implementation and scrutiny of VFM activities and processes.

The Group and its members will meet regulatory expectations. Torus Board will take responsibility for VFM, assess and measure performance of assets and resources, and develop strategies and actions for improving VFM.

## 2. VFM Standard Metric Results – Torus Group

### Metrics

In 2018 the RSH released an updated VFM Standard. The revised standard no longer requires providers to complete a VFM self-assessment but instead requires reporting on

## STRATEGIC REPORT

performance against its own VFM targets as well as a suite of Value for Money metrics defined by the regulator including how this compares to peers. The information below details how Torus Group performed against the suite of indicators together with plans to address any areas of underperformance.

### VFM Metrics

	2017-18	2016-17
<b>Reinvestment</b>	£000	£000
Investment in properties (A)	18,892	27,742
Housing Properties NBV (B)	332,144	308,651
Reinvestment % = $A/B * 100$	5.69%	8.99%

This metric looks at the investment in properties (existing stock as well as New Supply) as a percentage of the value of total properties held. Torus continues to invest in existing and new supply of Housing. Investment increased in 2017-18 and this is anticipated to increase further to 2020.

<b>New supply delivered % (Social housing units)</b>	Units	Units
Total New Social Housing Units Developed (A)	396	97
Social Housing Properties Owned (B)	21,732	21,589
New supply delivered % (Social Housing units) = $A/B * 100$	1.82%	0.45%

New social housing supply delivered as a percentage of stock owned, during the period April – March. Torus has ambitions to increase new supply and this is reflected in the increase to 396 units completed in 2017-18 with a further 655 units starting on site during the same period.

<b>New supply delivered % (Non-social housing units)</b>	Units	Units
Total New Non-Social Housing Units Developed (A)	-	-
Social Housing Properties Owned (B)	21,732	21,589
New supply delivered % (Non-social Housing units) = $A/B * 100$	0.00%	0.00%

New non-social housing supply delivered as a percentage of stock owned, during the period April – March. There were no non-social housing units completed during the financial year.

<b>Gearing %</b>	£000	£000
Total net debt (A)	74,760	87,553
Housing properties NBV (B)	332,144	308,651
Gearing % = $A/B * 100$	22.51%	28.37%

This metric assesses how much of the adjusted assets are made up of debt and the degree of dependence on debt finance. It is often used as a key indicator of a registered provider's appetite for growth. Gearing is relatively low for the sector. As investment in new stock increases in the next few years gearing is anticipated to increase.

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<b>EBITDA-MRI Interest Cover %</b>	£000	£000
EBITDA-MRI (A)	44,221	44,960
Gross Interest Payable (B)	8,335	8,790
EBITDA-MRI Interest Cover % = A/B * 100	530.54%	511.49%

The EBITDA MRI interest cover measure is a key indicator for liquidity and investment capacity. It seeks to measure the level of surplus that a registered provider generates compared to interest payable. Interest cover will reduce as investment in new stock increases and loans are drawn.

<b>Headline social housing cost per unit</b>	£	£
Total Social Housing Costs (A)	58,562,000	57,519,000
Total Social Housing units owned and/or managed (B)	21,732	21,589
Social Housing CPU = A/B	2,695	2,664

The unit cost metric assesses the headline social housing cost per unit as defined by the regulator. Torus has now achieved all planned savings targets. Benchmarking of the 2016-17 unit cost figure shows that Torus is ranked in the upper quartile when compared to other housing groups. The median cost across social housing groups was £3,451 in 2016-17.

<b>a) Management cost per unit</b>	£	£
Management Costs Total (A)	20,940,000	20,539,000
Total Social Housing units owned and/or managed (B)	21,732	21,589
Management CPU = A/B	964	951
<b>b) Service charge cost per unit</b>	£	£
Service Costs (A)	4,433,000	2,562,000
Total Social Housing units owned and/or managed (B)	21,732	21,589
Service charge CPU = A/B	204	119
<b>c) Maintenance cost per unit</b>	£	£
Total Maintenance (A)	17,005,000	18,656,000
Total Social Housing units owned and/or managed (B)	21,732	21,589
Maintenance CPU = A/B	782	864
<b>d) Major repairs cost per unit</b>	£	£
Total Major Repairs (A)	11,949,000	11,438,000
Total Social Housing Units owned and/or managed (B)	21,732	21,589
Major repairs CPU = A/B	550	530
<b>e) Other social housing cost per unit</b>	£	£
Total other social housing costs (A)	4,235,000	4,324,000
Total Social Housing Units owned and/or managed (B)	21,732	21,589
Other social housing CPU = A/B	195	200

## STRATEGIC REPORT

<b>Operating margin % (social housing lettings)</b>	£000	£000
Operating surplus/(deficit) - social housing lettings (A)	37,478	39,290
Turnover - social housing lettings (B)	99,910	99,550
Operating margin % (social housing lettings only) = A/B * 100	37.51%	39.86%

Torus continues to perform well with operating margin – SH in excess of 35% despite the impact of the rent reduction.

<b>Operating margin % (overall)</b>	£000	£000
Adjusted Operating surplus (A)	41,903	42,777
Total Turnover (B)	112,386	109,013
Operating margin % (overall) = A/B * 100	37.28%	39.24%

The Operating Margin demonstrates the profitability of operating assets before exceptional expenses are taken into account. Increasing margins are one way to improve the financial efficiency of a business. Torus continues to have high operating margins highlighting the efficiency in which the business is operated.

<b>Return on Capital Employed (ROCE)</b>	£000	£000
Adjusted Operating Surplus/(deficit) (A)	41,903	42,617
Capital employed (B)	402,711	357,404
ROCE = A/B	9.53%	11.92%

This metric compares the operating surplus to total assets less current liabilities and is a common measure in the commercial sector to assess the efficient investment of capital resources.

## Additional metrics

### Customer satisfaction

Number of respondents very or fairly satisfied (A)	1,370	1,470
Total Number of respondents (B)	1,654	1,588
% satisfaction = A/B * 100	82.90%	92.60%

Percentage of respondents very or fairly satisfied with their landlord's services overall performance, in line with STAR guidance. Whilst satisfaction remains high at over 80%, it has reduced on 2017-18 and actions are underway to analyse drivers of satisfaction, improve services and satisfaction.

<b>Occupancy (GN)</b>	Units	Units
Occupied units (A)	18,183	18,260
Vacant units available for letting (B)	135	113
Occupancy = A/(A+B) * 100	99.26%	99.38%

This metric demonstrates efficiency at turning around void stock. Torus continues to have high occupancy rates and has remained consistent at over 99% for the last 3 years.

## STRATEGIC REPORT

### Rent collected as % of rent due

$\% \text{ Rent collected} = \text{Rent Collected} / (\text{Rent and service charge due plus rent loss due to empty properties})$	98.24%	99.13%
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This metric demonstrates the effectiveness of the income management function in collecting rent due and managing arrears levels. Performance has decreased in the last year due in part to the impact of welfare reform. Review meetings are tracking performance and a governance structure for reviewing our approach has been implemented. This remains a high strategic risk and an action plan has been developed to identify root causes and ensure these are addressed.

### Diverse Turnover

	£000	£000
Total group turnover (A)	112,386	109,013
TCS Turnover (B)	3,600	3,225
Rental income from PRS properties (C)	64	-
Sales income from outright sale properties (D)	-	-
Diverse turnover = (B+C+D)/A * 100	3.26%	2.96%

Torus strategy is to increase its diverse turnover, in order that surpluses generated can be reinvested in charitable purposes but will not exceed 20% of the group turnover.

### RIDDOR

	Number	Number
Number of instances (group level)	6	4

Torus has maintained a relatively level set of figures for the past two years on RIDDOR's (Reporting of Injuries, Diseases and Dangerous Occurrence Regulations). 4 RIDDOR reportable incidents in 2016/17 and 6 RIDDOR reportable incidents in 2017/18.

Torus has, also, procured and introduced a new incident reporting system to allow easier reporting, more timely investigation and better production of data regarding incidents.

There has been increased levels of training for frontline operatives on safety related subjects i.e. management of lone working and potential violence to staff, as well as manual handling and use of equipment. All of these measures have led to an increase to a more normalised state around general incident reporting, but a steady, low level of RIDDORs occurring.

### Voluntary staff turnover

	Number	Number
Total number of voluntary leavers in the year (A)	45	36
The average number of permanent employees (B)	736.8	760.7
Voluntary staff turnover = A/B * 100	6.11%	4.70%

This metric assesses the percentage of permanent employees resigning. Turnover can have a negative impact on performance and increase risk within the business through the loss of skills and increase costs associated with recruitment. This metric enables focus on reducing turnover.

STRATEGIC REPORT

3. Benchmarking

The table below compares performance of Torus with peers against VFM metrics:

GLOBAL LEVEL							
INDICATOR	UPPER	MEDIAN	LOWER	TORUS RESULT 16/17	SAMPLE	QUARTILE POSITION	Actual Rank
Reinvestment	9.92%	6.51%	4.78%	8.99%	235	Second	71
New Supply Delivered (SH)	2.21%	1.24%	0.45%	0.45%	236	Third	177
New Supply Delivered (Non SH)	1.48%	0.00%	0.00%	0.00%	158	Median	158
Gearing	32.08%	42.15%	53.17%	28.35%	235	Upper	38
EBITDA MRI %	282.34%	236.35%	175.02%	511.49%	235	Upper	12
Headline CPU	£2,931.79	£3,298.33	£4,328.83	£2,664.27	236	Upper	24
Operating margin (social housing lettings) %	39.30%	34.33%	27.96%	39.86%	236	Upper	51
Operating margin (Overall) %	39.15%	33.77%	27.67%	39.06%	236	Second	63
Return on Capital employed (ROCE)	5.69%	4.37%	3.60%	11.92%	236	Upper	4
GROUP LEVEL, 10,001-40,000 homes							
INDICATOR	UPPER	MEDIAN	LOWER	TORUS RESULT 16/17	SAMPLE	QUARTILE POSITION	Actual Rank
Reinvestment	9.46%	6.49%	5.35%	8.99%	74	Second	22
New Supply Delivered (SH)	2.12%	1.26%	0.45%	0.45%	74	Third	56
New Supply Delivered (Non SH)	3.08%	0.00%	0.00%	0.00%	66	Median	66
Gearing	33.76%	43.99%	53.26%	28.35%	74	Upper	8
EBITDA MRI %	252.24%	202.84%	176.00%	511.49%	74	Upper	2
Headline CPU	£2,908.00	£3,170.99	£3,718.72	£2,664.27	74	Upper	9
Operating margin (social housing lettings) %	38.09%	34.11%	29.33%	39.86%	74	Upper	16
Operating margin (Overall) %	39.63%	34.02%	30.27%	39.06%	74	Second	21
Return on Capital employed (ROCE)	5.20%	4.37%	3.84%	11.92%	74	Upper	2

As shown Torus compares favourably in most areas with the exception of supply of new homes. The current plan provides for a significant increase in numbers over the next 5 years.

4. Projects, Programmes and initiatives

The Board have identified the following projects which will be undertaken to drive VFM improvements across Torus.

- 1) Analysis of wider benchmarking to develop action plans with the business to assess above median costs and below median performance.
- 2) Use of ICT as an enabler: Phase 2 QL, Housing, finance and asset management systems, roll out of InPhase performance system, OD Systems, Digital by Default
- 3) Component and materials standardisation
- 4) Today/Tomorrow Talent Development Programme
- 5) Repairs Customer Satisfaction Action Plan & Rethinking Repairs
- 5) Review Group approach to Tenant Satisfaction
- 6) Understand the costs of £ rent collected, clear identification of cost drivers and business benefit
- 7) Introduction of standard house types
- 8) Acquire & build a portfolio of 305 PRS units by 2020

## STRATEGIC REPORT

### Going Concern

After making appropriate enquiries, the Board of Directors confirms that it is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, it has adopted the going concern basis in preparing the Group's financial statements.

### Statement of Compliance

The Board confirms that the Board and Strategic Reports have been prepared in accordance with Reporting Standard 1 and that, in preparing the financial statements, UK Accounting Standards and the Statement of recommended Practice have been followed.



RC Young  
Group Chief Executive



## REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF THE TORUS GROUP

### Independent auditor's report to Torus62 Limited

We have audited the financial statements of Torus62 Limited ("the association") for the year ended 31 March 2018 which comprise the Consolidation Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Reserves, Consolidated Statement of Cash Flows and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view, in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, of the state of affairs of the group and the association as at 31 March 2018 and of the income and expenditure of the group and the association for the year then ended;
- comply with the requirements of the Co-operative and Community Benefit Societies Act 2014; and
- have been properly prepared in accordance with the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under and are independent of the group and the association in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

### Other information

The association's Board is responsible for the other information, which comprises [the Board's Annual Report and the Statement on Internal Controls. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work, we have not identified material misstatements in the other information.

### Matters on which we are required to report by exception

Under the Co-operative and Community Benefit Societies Act 2014 we are required to report to you if, in our opinion:

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

We have nothing to report in these respects

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF THE TORUS GROUP****Board's responsibilities**

As more fully explained in their statement set out on page 17, the association's Board is responsible for the preparation of financial statements which give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 it either intends to liquidate the group or the association or to cease operations, or has no realistic alternative but to do so.

**Auditor's responsibilities**

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

**The purpose of our audit work and to whom we owe our responsibilities**

This report is made solely to the association in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014 and section 128 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the association those matters we are required to state to it 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 as a body, for our audit work, for this report, or for the opinions we have formed.



Hywel Jones (Senior Statutory Auditor)  
For and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants  
1 St Peters Square  
Manchester  
M2 3AE

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2018

	Note	The Torus Group		Torus62 Ltd	
		2018 £000	2017 £000	2018 £000	2017 £000
<b>Turnover</b>	3	112,386	109,013	19,578	14,705
Operating expenditure	3	(74,000)	(68,649)	(19,472)	(14,353)
Other Income		-	-	-	-
<b>Operating Surplus</b>	3	38,386	40,364	106	352
Gain on disposal of fixed assets	7	3,517	2,213	-	-
Share of operating (deficit)/ surplus in joint venture	18	(90)	-	(90)	-
Share of operating (deficit)/ surplus in associate	19	4	40	-	-
Interest receivable	8	38	99	1	4
Interest payable and financing costs	9	(8,335)	(8,790)	-	-
Other finance expenditure	28	(831)	(445)	-	-
Movement in fair value of financial instruments		2,826	(3)	-	-
Movement in fair value of investment properties		613	-	-	-
Gift Aid		-	-	-	-
<b>Surplus before taxation</b>	6	36,128	33,478	17	356
Taxation	12	26	(20)	-	-
<b>Surplus for the year</b>		36,154	33,458	17	356
Actuarial gain/(loss) in respect to pension schemes	28c	6,907	(18,254)	-	-
<b>Total comprehensive income for the year</b>		43,061	15,204	17	356

All amounts relate to continuing activities.

The notes on pages 37 to 71 form part of these financial statements.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2018

		The Torus Group		Torus62 Ltd	
	Note	2018 £000	2017 £000	2018 £000	2017 £000
<b>Fixed assets</b>					
Housing tangible fixed assets	13	332,144	307,805	73	73
Other tangible assets	14	15,791	11,040	-	-
Home Buy loans receivable	16	322	389	-	-
Investment properties	15	3,918	2,546	-	-
Investment in joint ventures	18	90	90	90	90
Investment in associates	19	100	100	-	-
		<u>352,365</u>	<u>321,970</u>	<u>163</u>	<u>163</u>
<b>Current assets</b>					
Stock		336	320	-	-
Properties held for sale	13	5,174	4,822	-	-
Investments	17	-	49	-	-
Debtors: due after 1 year	21	-	-	-	-
Debtors: due within 1 year	21	17,149	9,108	1,734	1,093
Cash and cash equivalents		46,481	49,876	970	1,307
		<u>69,140</u>	<u>64,175</u>	<u>2,704</u>	<u>2,400</u>
<b>Creditors: amounts falling due within one year</b>	22	<u>(18,794)</u>	<u>(28,741)</u>	<u>(1,908)</u>	<u>(1,621)</u>
<b>Net current assets / (liabilities)</b>		<u>50,346</u>	<u>35,434</u>	<u>796</u>	<u>779</u>
<b>Total assets less current liabilities</b>		<u>402,711</u>	<u>357,404</u>	<u>959</u>	<u>942</u>
<b>Creditors: amounts falling due after more than one year</b>	23	160,748	153,789	-	-
Pension provision	28	26,263	30,976	-	-
<b>Total net assets</b>		<u>215,700</u>	<u>172,639</u>	<u>959</u>	<u>942</u>
<b>Reserves</b>					
Called up share capital		-	-	-	-
Income & expenditure reserve		214,000	170,939	959	942
Revaluation Reserve		1,700	1,700	-	-
		<u>215,700</u>	<u>172,639</u>	<u>959</u>	<u>942</u>

The notes on pages 37 to 71 form part of these financial statements. These financial statements were approved by the Board of Directors/Trustees on 23 July 2018 and were signed on its behalf by:



Graham Burgess  
Chair



Allen Barber  
Company Secretary

## CONSOLIDATED STATEMENT OF CHANGE IN RESERVES

For the year ended 31 March 2018

	The Torus Group		Torus62 Ltd	
	2018 £000	2017 £000	2018 £000	2017 £000
<b>Income &amp; Expenditure reserve</b>				
Balance at 1 <sup>st</sup> April 2017	170,939	155,735	942	586
Prior year adjustment	-	-	-	-
Surplus from statement of comprehensive income	43,061	15,204	17	356
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 <sup>st</sup> March 2018	<u>214,000</u>	<u>170,939</u>	<u>959</u>	<u>942</u>

	The Torus Group		Torus62 Ltd	
	2018 £000	2017 £000	2018 £000	2017 £000
<b>Revaluation reserve</b>				
Balance at 1 <sup>st</sup> April 2017	1,700	1,700	-	-
Change in year	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 <sup>st</sup> March 2018	<u>1,700</u>	<u>1,700</u>	<u>-</u>	<u>-</u>

The notes on pages 37 to 71 form part of these financial statements.

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2018

	Note	The Torus Group		Torus62 Ltd	
		2018 £000	2017 £000	2018 £000	2017 £000
<b>Net Cash flow from Operating Activities</b>	31	56,407	53,322	(338)	466
<b>Cash flow from investing activities</b>					
Purchase of tangible fixed assets		(41,201)	(19,987)	-	-
Proceeds from sale of tangible fixed assets		5,515	5,881	-	-
Grants received		3,740	6,913	-	-
Interest received		36	51	1	4
Other receipts		-	(90)	-	(90)
Purchase of other fixed assets		(6,042)	(685)	-	-
Sales of other fixed assets		-	-	-	-
Gift Aid		-	-	-	-
		<u>(37,952)</u>	<u>(7,917)</u>	<u>1</u>	<u>(86)</u>
<b>Cash flow from financing activities</b>					
Interest paid		(8,446)	(8,518)	-	-
Housing loans received		-	1,500	-	-
Repayments of borrowings		(13,404)	(382)	-	-
Inter-company loan issued		-	-	-	-
		<u>(21,850)</u>	<u>(7,400)</u>	<u>-</u>	<u>-</u>
<b>Net change in cash and cash equivalents</b>	31	<u>(3,395)</u>	<u>38,005</u>	<u>(337)</u>	<u>380</u>
Cash and cash equivalents at beginning of the year		<u>49,876</u>	<u>11,871</u>	<u>1,307</u>	<u>927</u>
Cash and cash equivalents at end of the year		<u>46,481</u>	<u>49,876</u>	<u>970</u>	<u>1,307</u>

The notes on pages 37 to 71 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2018****1. Legal status**

Torus62 was registered under the Co-operative and Community Benefit Societies Act 2014 as a Community Benefit Society.

On 13 August 2018, Torus62 converted to a Community Benefit Society, registered with the Financial Conduct Authority. It is an unregistered charity.

**2. Accounting policies****Basis of accounting**

The financial statements have been prepared in accordance with the applicable Accounting Standards in the United Kingdom and in accordance with the Accounting Direction for Private Registered Providers of Social Housing 2015. The financial statements have also been prepared in compliance with the Statement of Recommended Practice (SORP) Update 2014.

The financial statements are prepared on an historical cost basis.

Consolidation of the group accounts have been carried out in accordance with FRS2 Accounting for Subsidiary Undertakings

**Turnover**

Turnover represents rental and service charge income, fees, revenue based grants receivable (except where such grants are reimbursement or part reimbursement of specific items of expenditure) and other income.

**Retirement benefits**

The requirements of FRS 102 have been adopted. The pension scheme deficit is recognised in full. The movement in the scheme deficit is split between operating charges, finance items and in the Statement of Total Recognised Surpluses and Deficits, actuarial gains and losses.

**Housing properties**

Housing properties are reflected on the Statement of Financial Position at historic cost less depreciation.

**a) Improvements to housing properties**

The Group capitalises the following components:

- central heating systems (boiler & distribution system)
- windows
- roofs
- kitchens
- bathrooms
- rewires
- lifts
- wall ties & repointing

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2018

### b) Impairment of housing properties

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

The continuing 1% reduction in rents results in reduced income in future and the Group have assessed that this represents a trigger for impairment review.

Following a trigger for impairment, the Group perform impairment tests based on fair value less costs to sell or value in use calculation. The fair value less costs to sell calculation is based on available data from sales transactions in an arm's length transaction on similar cash generating units (properties) or observable market prices less incremental costs for disposing of the properties. The value in use calculation is based on either a depreciated replacement cost or a discounted cash flow model. The depreciated replacement cost is based on available data of the cost of constructing or acquiring replacement properties to provide the same level of service potential to the Company as the existing property. The cash flows are derived from the business plan for the next 30 years and do not include restructuring activities that the Group is not yet permitted to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash flows and the growth rate used for extrapolation purposes.

### c) Depreciation of housing properties

Freehold land is not depreciated. Depreciation of the properties and capitalised repairs is charged monthly on a straight line basis over the expected remaining useful economic life of the asset based on the initial cost over the following periods:

Housing properties: houses and flats structure	100 years
Housing properties: sheltered schemes structure	100 years
Housing properties of non-traditional construction	30 years
Housing properties: Bathrooms	30 years
Housing properties: Kitchens	20 years
Housing properties: Roofs	75 years
Housing properties: Windows & Doors	30 years
Housing properties: Rewires	30 years
Housing properties: Heating (Boilers)	18 years
Housing properties: Heating (Distribution system)	36 years
Housing properties: Lifts	40 years
Housing properties: Wall ties & repointing	40 years



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2018

### Depreciation of other fixed assets

Depreciation is charged on all assets on a straight line basis over the expected useful economic life of the asset over the following periods.

Offices	40 years
Telephony/computers	4-5 years
Furniture and equipment	10 years
Motor Vehicles	10 years

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

### Sales of housing properties

Sales of housing properties are taken into account on completion of contracts. Due to the nature of the transfer agreement with St Helens Metropolitan Borough Council and Warrington Borough Council, 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.

### Shared ownership

First tranche sales are recognised in turnover and operating costs. Work in progress relating to first tranche sales is held on the Statement of Financial Position as a current asset. The proportion of the asset remaining in the Group's ownership is held as a fixed asset on the Statement of Financial Position.

### 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.

### Other capital grants in advance/in arrears

Where capitalised repairs have been financed wholly or partly by grant, the cost of these repairs has been reduced by the amount of grant received.

### Stocks

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

### Provisions

Provisions are made to the extent that the Group has no discretion to avoid the expenditure provided for.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2018****Bad and doubtful debts**

Provision is made against rent arrears of current and former tenants as well as other miscellaneous debts to the extent that they are considered potentially irrecoverable.

**Deferred taxation**

Provision is made for deferred taxation, using the liability method on all material timing differences to the extent that it is probable that a liability or asset will crystallise.

**Value Added Tax (VAT)**

The group is registered for VAT but a large proportion of its income, including rent, is exempt for VAT purposes. The majority of its expenditure is subject to VAT, which cannot be reclaimed, and expenditure is therefore shown inclusive of VAT. Partial exemption has been obtained for some business activities and the VAT recovered is credited to the relevant cost head in the Statement of Comprehensive Income. VAT on refurbishment works expenditure included in the Development Works Agreement with St Helens Metropolitan Borough Council and Warrington Borough Council is fully recoverable. Expenditure on these works is shown net of VAT.

**Investments**

Investments are stated at historic cost less any impairment charge.

**Pension Cost**

The Group has fully adopted accounting standard FRS 102 in relation to pension costs. The impact of this standard has been reflected throughout the financial statements.

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.

**Social Housing Grant and Other Capital Grants**

Where developments have been financed wholly or in part by social housing and other grants, the amount of the grant received has been included as deferred income and recognised in Turnover over the estimated useful life of the associated asset structure (not land), under the accruals model. Social Housing Grant (SHG) received for items of cost written off in the Statement of Comprehensive Income is included as part of turnover.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2018

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

The Torus Group

	2018			2017 Restated		
	Turnover	Operating Costs	Operating (Deficit)/ Surplus	Turnover	Operating Costs	Operating (Deficit)/ Surplus
	£000	£000	£000	£000	£000	£000
<b>Social Housing Activities</b>						
Income and expenditure from lettings	99,910	(62,432)	37,478	99,551	(60,260)	39,291
<b>Other Social Housing Activity</b>						
Supporting People Contract Income and expenditure	411	(279)	132	448	(570)	(122)
Other Income & expenditure	2,264	(2,402)	(138)	1,844	(1,457)	387
Solar Panels	-	-	-	64	-	64
Shared Ownership Initial Sales	5,498	(4,939)	559	3,255	(2,919)	336
	8,173	(7,620)	553	5,611	(4,946)	665
<b>Non-Social Housing Activities</b>						
Lettings income and expenditure	517	(160)	357	483	(150)	333
Other income and expenditure	3,786	(3,788)	(2)	3,368	(3,293)	75
	4,303	(3,948)	355	3,851	(3,443)	408
<b>Total</b>	<b>112,386</b>	<b>(74,000)</b>	<b>38,386</b>	<b>109,013</b>	<b>(68,649)</b>	<b>40,364</b>

Commission for collection of water rates reclassified in 2017 from social housing activity to other social housing activity

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2018

Turnover, operating costs and operating surplus (continued)

Torus62 Ltd	2018			2017		
	Turnover	Operating Costs	Operating (Deficit)/ Surplus	Turnover	Operating Costs	Operating (Deficit)/ Surplus
	£000	£000	£000	£000	£000	£000
<b>Social Housing Activities</b>						
Income and expenditure from lettings	19,578	(19,472)	106	14,705	(14,353)	352
<b>Other Social Housing Activity</b>						
Supporting People Contract Income and expenditure	-	-	-	-	-	-
Other Income & expenditure	-	-	-	-	-	-
Shared Ownership Initial Sales	-	-	-	-	-	-
	-	-	-	-	-	-
<b>Non-Social Housing Activities</b>						
Lettings income and expenditure	-	-	-	-	-	-
Other income and expenditure	-	-	-	-	-	-
	-	-	-	-	-	-
<b>Total</b>	<b>19,578</b>	<b>(19,472)</b>	<b>106</b>	<b>14,705</b>	<b>(14,353)</b>	<b>352</b>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2018

4. Particulars of income and expenditure from social housing lettings

The Torus Group	2018					2017
	General Needs Housing £000	Supported & Housing for Older People £000	LCHO £000	Outright Sale £000	Total £000	Restated Total £000
Rent receivable net of identifiable service charge	82,743	12,098	690	-	95,531	96,131
Charges for support services	-	556	19	-	575	770
Service charge income	1,713	1,591	268	16	3,588	2,442
<b>Net rents receivable</b>	<b>84,456</b>	<b>14,245</b>	<b>977</b>	<b>16</b>	<b>99,694</b>	<b>99,343</b>
Amortised government grants	127	38	51	-	216	208
Revenue grants from local authorities and other agencies	-	-	-	-	-	-
Other income	-	-	-	-	-	-
<b>Turnover from Social Housing Lettings</b>	<b>84,583</b>	<b>14,283</b>	<b>1,028</b>	<b>16</b>	<b>99,910</b>	<b>99,551</b>
<b>Expenditure</b>						
Management	20,480	429	31	-	20,940	20,539
Services	2,300	1,966	165	2	4,433	2,562
Support services	-	595	27	-	622	1,038
Routine maintenance	11,112	755	1	-	11,868	11,782
Planned maintenance	4,826	311	-	-	5,137	6,874
Major repairs expenditure	5,719	374	-	-	6,093	4,610
Bad debts	1,476	55	11	-	1,542	1,221
Depreciation on housing properties	9,755	941	169	-	10,865	10,375
Impairment of investments / housing properties	-	-	-	-	-	-
Other costs	932	-	-	-	932	1,259
<b>Operating expenditure on Social Housing Lettings</b>	<b>56,600</b>	<b>5,426</b>	<b>404</b>	<b>2</b>	<b>62,432</b>	<b>60,260</b>
<b>Operating surplus on Social Housing Lettings</b>	<b>27,983</b>	<b>8,857</b>	<b>624</b>	<b>14</b>	<b>37,478</b>	<b>39,291</b>
Void losses	(1,381)	(244)	(19)	-	(1,644)	(1,525)

Commission for collection of water rates reclassified in 2017 from social housing activity to other social housing activity. Gas maintenance costs reclassified from planned to routine maintenance.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2018

Income and Expenditure from Social Housing Lettings (continued)

Torus62 Ltd	2018				2017	
	General Needs Housing £000	Supported & Housing for Older People £000	LCHO £000	Outright Sale £000	Total £000	Total £000
Rents receivable net of identifiable service charges	5	-	-	-	5	5
Charges for support services	-	-	-	-	-	-
Service charge income	-	-	-	-	-	-
<b>Net rents receivable</b>	5	-	-	-	5	5
Amortised government grants	-	-	-	-	-	-
Revenue grants from local authorities and other agencies	-	-	-	-	-	-
Other income	19,573	-	-	-	19,573	14,700
<b>Turnover from Social Housing Lettings</b>	19,578	-	-	-	19,578	14,705
<b>Expenditure</b>						
Management	19,472	-	-	-	19,472	14,353
Support services	-	-	-	-	-	-
Service charge costs	-	-	-	-	-	-
Routine maintenance	-	-	-	-	-	-
Planned maintenance	-	-	-	-	-	-
Major repairs expenditure	-	-	-	-	-	-
Bad debts	-	-	-	-	-	-
Depreciation on housing properties	-	-	-	-	-	-
Impairment (investments / housing properties)	-	-	-	-	-	-
Other	-	-	-	-	-	-
<b>Operating expenditure on Social Housing Lettings</b>	19,472	-	-	-	19,472	14,353
<b>Operating surplus on Social Housing Lettings</b>	106	-	-	-	106	352
Void losses	-	-	-	-	-	-

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2018**
**5. Accommodation in management and development**

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

	The Torus Group		Torus62 Ltd	
	2018 No	2017 No	2018 No	2017 No
<b>Social housing</b>				
General housing	18,450	18,584	1	1
Supported housing	2,856	2,599	-	-
Shared ownership	421	363	-	-
<b>Non-social housing</b>				
General housing	10	10	-	-
<b>Total owned</b>	<u>21,737</u>	<u>21,556</u>	<u>1</u>	<u>1</u>
<b>Social housing</b>				
Accommodation managed on behalf of others	80	92	-	-
<b>Non-social housing</b>				
Accommodation managed by others (Bamboo)	29	6	-	-
<b>Total owned and managed</b>	<u>21,846</u>	<u>21,654</u>	<u>1</u>	<u>1</u>

**6. Operating surplus**

The operating surplus is arrived at after charging:

	The Torus Group		Torus62 Ltd	
	2018 £000	Restated 2017 £000	2018 £000	2017 £000
Depreciation/Impairment	12,041	11,533	-	-
Surplus/(loss) on disposal of other tangible fixed assets	(22)	194	-	-
Operating lease rentals (as lessee)	533	532	-	-
Operating lease rentals (as lessor)	(106)	(82)		
Auditors remuneration (including VAT):				
- for audit services	36	44	34	42
- for non-audit services:	97	24	95	32
and after crediting:				
Government grants	(302)	(130)	-	-
	<u>12,277</u>	<u>12,115</u>	<u>129</u>	<u>74</u>

2017 restated for operating leases and disposal of other tangible fixed assets

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2018**
**7. Surplus on disposal of fixed assets**

	The Torus Group		Torus62 Ltd	
	2018	2017	2018	2017
	£000	£000	£000	£000
Right to Buy/Right to Acquire sale proceeds	6,986	5,376	-	-
Staircasing sale proceeds	187	260	-	-
Other property sales proceeds	1,295	2,601	-	-
Other fixed assets sales proceeds	64	-	-	-
	<u>8,532</u>	<u>8,237</u>	<u>-</u>	<u>-</u>
Less share of proceeds due to SHBC/WBC/Homes England	(2,511)	(2,224)	-	-
Torus share of proceeds	6,021	6,013	-	-
Less cost of sales – property sales	(2,448)	(2,917)	-	-
Less cost of sales – other fixed assets	(42)	-	-	-
Less transfer to Disposals Proceeds Fund(DPF)	-	(883)	-	-
Less transfer to Recycled Capital Grant Fund	(14)	-	-	-
Profit on sale of fixed assets	<u>3,517</u>	<u>2,213</u>	<u>-</u>	<u>-</u>

**8. Interest receivable and other income**

	2018	2017	2018	2017
	£000	£000	£000	£000
Bank interest receivable	91	131	1	4
Inter-company interest	(53)	(31)	-	-
	<u>38</u>	<u>100</u>	<u>1</u>	<u>4</u>

**9. Interest payable and financing costs**

	2018	2017	2018	2017
	£000	£000	£000	£000
Bank overdraft	-	-	-	-
Loans	7,677	8,143	-	-
Non-utilisation fees	390	387	-	-
Other Fees	239	256	-	-
Interest on RCGF/DPF	29	4	-	-
	<u>8,335</u>	<u>8,790</u>	<u>-</u>	<u>-</u>



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2018**
**10. Employees**

The Torus group was formed on 1st April 2015. Senior Executive team and support services previously resided in HP and GGHT. During 2015-16 all Senior Executives and support service teams transferred to Torus62 Limited to provide services across the group.

There continued to be a restructuring process for the remaining teams within Helena Partnerships with transfers of some services between companies. Within the year, transfers from Helena to Torus were IHC management and administration, Contact Centre and Social Impact teams.

<b>Full Time Equivalents</b>	<b>The Torus Group</b>		<b>Torus62 Ltd</b>	
	<b>2018 Average Number</b>	<b>2017 Average Number</b>	<b>2018 Average Number</b>	<b>2017 Average Number</b>
Executive Management Team	4	5	4	5
Housing, support and care Administration	228	190	41	10
Assets, Development & IHC	176	160	140	92
	470	443	136	67
	<u>878</u>	<u>798</u>	<u>321</u>	<u>174</u>

<b>Employee costs</b>	<b>The Torus Group</b>		<b>Torus62 Ltd</b>	
	<b>2018 £'000</b>	<b>2017 £'000</b>	<b>2018 £'000</b>	<b>2017 £'000</b>
Wages and salaries	24,932	23,757	11,251	6,480
Social security costs	2,411	2,213	1,125	678
Other pension costs	5,621	3,953	1,965	1,082
	<u>32,964</u>	<u>29,923</u>	<u>14,341</u>	<u>8,240</u>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2018**
**Directors' Emoluments**

The Torus group was formed on 1st April 2015. Senior Executive members previously resided in HP and GGHT. During 2015-16 all Senior Executives transferred to Torus62 Limited to provide services across the group. Directors' emoluments in respect of these executives (together with board member expenses for HP) are reported in the Torus group accounts in 2016. The remuneration paid to the Directors of the company (the Board and Executive Directors, including the Chief Executive) for the year was:

a)	The Torus Group		Torus62 Ltd	
	2018 £	2017 £	2018 £	2017 £
Aggregate emoluments payable to Executive Directors (excluding pension contributions and including benefits in kind)	548,675	710,742	548,675	710,742
Pension contributions	<u>92,513</u>	<u>130,674</u>	<u>92,513</u>	<u>130,674</u>
Aggregate emoluments payable to Executive Directors (including pension contributions and benefits in kind)	<u>641,188</u>	<u>841,416</u>	<u>641,188</u>	<u>841,416</u>
Aggregate emoluments payable to Board members (excluding pension contributions and including benefits in kind)	124,250	107,482	105,250	96,650
Pension contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Aggregate emoluments payable to Board members (including pension contributions and benefits in kind)	<u>124,250</u>	<u>107,482</u>	<u>105,250</u>	<u>96,650</u>
b)				
Emoluments paid to the highest paid Executive Director (including pension contribution and including benefits in kind)	<u>203,073</u>	<u>220,779</u>	<u>203,073</u>	<u>220,779</u>
Emoluments paid to the highest paid Board member	<u>18,000</u>	<u>17,000</u>	<u>18,000</u>	<u>17,000</u>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2018**

The number of senior staff and the Board who received emoluments (including pension contributions) in the following ranges were as follows:

c)	The Torus Group		Torus62 Ltd	
	2018 Number	Restated 2017 Number	2018 Number	2017 Number
<b>Board Members</b>				
£Nil	-	-	-	-
£1- £5,000	4	16	4	8
£5,000 - £10,000	8	5	5	4
£10,000 - £20,000	4	3	4	3
<b>Executive Directors and Senior Staff</b>				
£50,000 - £60,000	4	1	4	1
£60,000 - £70,000	10	6	10	5
£70,000 - £80,000	5	4	5	3
£80,000 - £90,000	2	5	2	3
£90,000 - £100,000	5	2	5	1
£100,000 - £110,000	-	3	-	2
£110,000 - £120,000	1	1	1	1
£120,000 - £130,000	1	-	1	-
£130,000 - £140,000	-	-	-	-
£140,000-£150,000	1	-	1	-
£150,000 - £160,000	-	1	-	1
£160,000 - £170,000	-	1	-	1
£170,000 - £180,000	1	-	1	-
£180,000 - £190,000	-	-	-	-
£190,000 - £200,000	-	-	-	-
£200,000 - £210,000	1	-	1	-
£210,000 - £220,000	-	-	-	-
£220,000 - £230,000	-	1	-	1
Number of Directors to whom retirement benefits are accruing in respect of qualifying services.	<u>4</u>	<u>5</u>	<u>4</u>	<u>5</u>
Aggregate amount of highest paid Director's pension	<u>£24,645</u>	<u>£39,654</u>	<u>£24,645</u>	<u>£39,654</u>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2018**

Pension costs in respect of senior executives are reported costs in the Torus group accounts. The Merseyside Pension deficit remains the liability of HP. Although GGHT is currently in pension surplus, any deficit in the Cheshire pension Fund would remain the liability of GGHT. The Chief Executive is a normal member of the Merseyside Pension Fund final salary pension scheme and does not receive enhanced rates.

	The Torus Group		Torus62 Ltd	
	2018	2017	2018	2017
	£	£	£	£
Expenses payable to members of the board who were neither officers nor employees of the company	4,280	5,502	3,270	4,370

**11. Board members and executive directors**

Board members are covered by a Directors and Officers Insurance Policy that is provided under the National Housing Federation subscription.

**12. Tax on surplus on ordinary activities**
**Analysis of charge of in period**

	The Torus Group		Torus62 Ltd	
	2018	2017	2018	2016
	£000	£000	£000	£000
<b>Current Tax:</b>				
UK corporation tax on (losses) / profits for the period.	(15)	20	-	-
<b>Deferred Tax:</b>				
Origination and reversal of timing differences				
- current year	-	-	-	-
- other	(11)	-	-	-
Tax on profit on ordinary activities	(26)	20	-	-

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2018**
**Factors Affecting Tax Charge for Period**

The tax assessed for the period differs from the standard rate of corporation tax in the UK (20% 2017). The differences are explained below:

	<b>The Torus Group</b>		<b>Torus62 Ltd</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Surplus/ (loss) on ordinary activities before tax.	36,154	33,478	17	356
Surplus/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (20% 2017)	6,864	6,695	3	71
Effects of:				
Charitable exemption for 31 <sup>st</sup> March 2017 to 31 March 2018	(6,890)	(6,675)	(3)	(71)
Expenses not deductible for tax purposes	-	-	-	-
Allowances deductible for tax purposes	-	-	-	-
Creation of tax losses	-	-	-	-
Reversal of current tax charge	-	-	-	-
Rollover relief on profit on disposal of property	-	-	-	-
Tax on trading activity	<u>(26)</u>	<u>20</u>	<u>-</u>	<u>-</u>
Marginal Relief	-	-	-	-
Adjustment to tax charge in respect of previous periods	-	-	-	-
Current tax charge for the period	<u>(26)</u>	<u>20</u>	<u>-</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2018**
**13. Tangible Fixed Assets - Properties**
**The Torus Group**

	Held for Letting		Low cost Home Ownership			Total
	Under		Under Construction			Housing
	Completed	Construction	Completed	Fixed Assets	Current Assets	Properties
	£000	£000	£000	£000	£000	£000
<b>Cost</b>						
At 1st April 2017	352,006	9,125	18,265	1,112	4,822	385,330
Enhancements	5,856	-	-	-	-	5,856
Acquisition Additions	-	7,629	-	3,595	1,812	13,036
Development Additions	-	20,533	-	3,028	940	24,501
Demolitions	( 146)	-	-	-	-	( 146)
Movement (to)/from current assets	-	( 3,154)	-	113	3,045	4
Acquisition Schemes Completed	6,852	( 6,852)	3,455	( 3,455)	-	-
Development Schemes Completed	7,526	(7,526)	829	(829)	-	-
Disposals	( 3,511)	-	( 281)	-	( 5,445)	( 9,237)
<b>At 31 March 2018</b>	<b>368,583</b>	<b>19,755</b>	<b>22,268</b>	<b>3,564</b>	<b>5,174</b>	<b>419,344</b>
<b>Less: Depreciation and impairment</b>						
At 1st April 2017	71,790	-	913	-	-	72,703
Depreciation	10,693	-	172	-	-	10,865
Impairments	-	-	-	-	-	-
Demolitions	( 14)	-	-	-	-	( 14)
Disposals	( 1,507)	-	( 21)	-	-	( 1,528)
<b>At 31 March 2018</b>	<b>80,962</b>	<b>-</b>	<b>1,064</b>	<b>-</b>	<b>-</b>	<b>82,026</b>
<b>Net book value at 31 March 2018</b>	<b>287,621</b>	<b>19,755</b>	<b>21,204</b>	<b>3,564</b>	<b>5,174</b>	<b>337,318</b>
<b>At 31 March 2017</b>	<b>280,216</b>	<b>9,125</b>	<b>17,352</b>	<b>1,112</b>	<b>4,822</b>	<b>312,627</b>

**Expenditure on works to existing properties**

	Group		Torus62 Ltd	
	2018 £000	2017 £000	2018 £000	2017 £000
Amounts charged to revenue	23,097	17,879	-	-
Amounts capitalised	5,856	6,828	-	-
	<b>28,953</b>	<b>24,707</b>	<b>-</b>	<b>-</b>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2018**
**14. Tangible Fixed Assets - Other**
**The Torus Group**

	<b>Freehold Buildings £000</b>	<b>Office Fixtures, Fittings and Equipment £000</b>	<b>Total £000</b>
Cost or Valuation			
At 1st April 2017	10,906	7,497	18,403
Additions	-	5,956	5,956
Assets written-down	-	-	-
Disposals	-	( 2,010)	( 2,010)
At 31st March 2018	<u>10,906</u>	<u>11,443</u>	<u>22,349</u>
Less : Depreciation			
At 1st April 2017	1,894	5,469	7,363
Charge for the year	229	947	1,176
Assets written-down	-	-	-
Eliminated in respect of disposals	-	( 1,981)	( 1,981)
At 31st March 2018	<u>2,123</u>	<u>4,435</u>	<u>6,558</u>
Net book Value at 31st March 2018	8,783	7,008	15,791
Net book Value at 31st March 2017	9,012	2,028	11,040

**15. Investment Properties Held for Letting**

	<b>The Torus Group</b>		<b>Torus62</b>	
	<b>2018</b>	<b>2017 Restated</b>	<b>2018</b>	<b>2017</b>
	£000	£000	£000	£000
Cost or Valuation				
At 1st April 2017	2,547	-	-	-
Additions	759	2,547	-	-
Increase in value	612	-	-	-
Disposals	-	-	-	-
At 31st March 2018	<u>3,918</u>	<u>2,547</u>	-	-

2017 restated for Bamboo properties, private rented properties and retail properties

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2018**
**16. Homebuy Loans**

Twelve shared equity loans have been issued to date by Helena Partnerships.

	The Torus Group		Torus62 Ltd	
	2018 £000	2017 £000	2018 £000	2017 £000
At start of year	389	389	-	-
Additions	-	-	-	-
Disposals	(67)	-	-	-
Gain / (loss) from adjustment in value	-	-	-	-
Adjustments	-	-	-	-
At end of year	<u>322</u>	<u>389</u>	<u>-</u>	<u>-</u>

**17. Investment in Subsidiaries**

An investment in Triodos New Horizons Ltd, (a special purpose company formed by Triodos Bank NV in partnership with Greater Merseyside Connexions Partnership {GMCP}) who won a £4.5m DWP Innovation Fund contract to help support young people in Merseyside who may be unemployed or at risk of unemployment. The contract is based on payment by results. Helena Partnerships invested £35,000 initially which has been fully repaid. A second investment of £75,000 has been made and £48,830 was outstanding at 31 March 2017. This has now been fully repaid and the balance at 31 March 2018 is nil.

**18. Investment in Joint Ventures**

Torus62 Ltd holds a £90k investment in Bamboo Lettings (representing a 50% share).

<b>Share of turnover in joint venture</b>	<b>£ 143,003</b>
Share of (loss) before taxation	(89,738)
Taxation	-
<b>Share of (loss) after taxation</b>	<b><u>(89,738)</u></b>
<b>Share of assets</b>	
Share of fixed assets	-
Share of current assets	82,583
<b>Share of liabilities</b>	
Liabilities due within one year or less	(17,068)
Liabilities due after more than one year	
<b>Share of net assets</b>	<b><u>65,515</u></b>



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2018**
**19. Investment in Associates**

Torus62 Commercial Services has invested £100k in Caribou Green Warmth LLP (representing a 40% share) and this is reflected within the Group fixed asset investment figure reported. Apportioned financial information for the year ending 31 March 2018 relating to Caribou Green Warmth LLP is shown below:

	£
<b>Share of turnover in associate</b>	<b>459,514</b>
Share of profit before taxation	4,449
Taxation	-
<b>Share of profit after taxation</b>	<b>4,449</b>
<b>Share of assets</b>	
Share of fixed assets	-
Share of current assets	269,651
<b>Share of liabilities</b>	
Liabilities due within one year or less	-
Liabilities due after more than one year	(149,235)
<b>Share of net assets</b>	<b>120,416</b>

**20. Properties Held for Sale**

	The Torus Group		Torus62 Ltd	
	2018	2017	2018	2017
	£000	£000	£000	£000
<b>Shared ownership properties</b>				
Completed properties	1,507	3,987	-	-
Work in progress	3,312	835	-	-
Properties developed for outright sale	355	-	-	-
	5,174	4,822	-	-

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2018**
**21. Debtors**

	The Torus Group		Torus62 Ltd	
	2018	2017	2018	2017
	£000	£000	£000	£000
<b>A. Amounts due after one year:</b>				
Intercompany loan	-	-	-	-

An inter-company revolving loan facility is operating under an agreement between HP and TCS. A £50k loan was set up initially in the year to 31st March 2014. This was increased to £1.25m in the year to 31st March 2017 and was subsequently increased to £1.85m in the year to 31st March 2018. The loan is in place for a term of five years.

B. Amounts Receivable within One Year	The Torus Group		Torus62 Ltd	
	2018	2017	2018	2017
	£000	£000	£000	£000
Arrears of rent and service charges	5,268	5,172	-	-
Former tenant arrears	1,760	1,961	-	-
HMRC (VAT recovery)	1,184	1,380	-	-
Corporation Tax	26	-	-	-
St Helens Metropolitan Borough Council	2,246	1,348	-	-
Warrington Borough Council	27	333	-	-
Other debtors	3,266	3,313	71	769
Prepayments and accrued income	9,299	890	868	-
Investment income	4	40	-	-
Less: Provision for bad and doubtful debts	(5,931)	(5,419)	-	-
Amounts owed by group undertakings	-	-	795	324
	<u>17,149</u>	<u>9,108</u>	<u>1,734</u>	<u>1,093</u>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2018**
**22. Creditors: Amounts Falling Due within One Year**

	The Torus Group		Torus62 Ltd	
	2018 £000	2017 £000	2018 £000	2017 £000
<b>Amounts Falling Due within One Year:</b>				
Trade creditors	1,752	1,975	112	-
Pre-paid rent	1,724	1,550	-	-
Bank overdraft	-	-	-	-
Other taxation and social security	1,018	837	103	33
Local Government Pension Scheme	454	399	-	-
St. Helens Metropolitan Borough Council	446	531	-	-
Warrington Borough Council	2,537	1,658	-	-
Deferred Income – Other	593	318	-	-
Deferred Income – Capital Grants	216	207	-	-
Housing Loan	423	13,401	-	-
Other creditors	106	103	106	-
Accruals	9,525	7,762	1,440	803
Amounts owing to group undertakings	-	-	147	785
	<u>18,794</u>	<u>28,741</u>	<u>1,908</u>	<u>1,621</u>

**Policy on Payment of Creditors**

The Group's policy is to pay suppliers within 30 days of the date of approval of the goods and services provided. Valuation payments paid under certificate are settled within the contracted term.

**23. Creditors: Amounts falling due after more than one year**

	The Torus Group		Torus62 Ltd	
	2018 £000	2017 £000	2018 £000	2017 £000
<b>Amounts falling due after more than one year:</b>				
Provision for future repairs*	506	410	-	-
Housing loans	120,818	124,028	-	-
Deferred Income (Note 25)	36,822	21,671	-	-
DPF (Note 27)	1,080	1,770	-	-
RCGF (Note 26)	1,522	5,910	-	-
Non-housing loans	-	-	-	-
	<u>160,748</u>	<u>153,789</u>	<u>-</u>	<u>-</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 2018**
**24. Debt Analysis**

Housing loans	2018 Base £'000	FRS102 Restatement	2018 £'000	2017 £'000
Due within one year	423	-	423	13,401
	<u>423</u>	<u>-</u>	<u>423</u>	<u>13,401</u>
Due after more than one year	116,977	4,675	121,652	124,901
Less refinancing costs	(834)		(834)	(873)
	<u>116,143</u>	<u>4,675</u>	<u>120,818</u>	<u>124,028</u>
Total borrowings	<u>116,566</u>	<u>4,675</u>	<u>121,241</u>	<u>137,429</u>

**25. Deferred Capital Grant**

	Group		Torus62 Ltd	
	2018 £000	2017 £000	2018 £000	2017 £000
At start of the year	21,878	21,198	-	-
Grant received in year	15,376	887	-	-
Released to income	(216)	(207)	-	-
At end of the year	<u>37,038</u>	<u>21,878</u>	<u>-</u>	<u>-</u>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Amount due to be released &lt; 1 year</b>	216	207	-	-
<b>Amount due to be released &gt; 1 year</b>	36,822	21,671	-	-
	<u>37,038</u>	<u>21,878</u>	<u>-</u>	<u>-</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2018

**26. Recycled Capital Grant Fund (RCGF)**

The RCGF relates to receipts from stair casing sales which are ring-fenced for use in developing social housing under the same funding conditions as new grant applications from the Regulator of Social Housing.

<b>Summary :</b>	<b>£'000</b>
Opening balance	5,910
Less:	-
Withdrawals	(4,425)
Add:	-
Receipts	37
Notional interest charged	-
Closing Balance at 31st March 2018	<u>1,522</u>

**27. Disposal Proceeds Fund (DPF)**

The DPF relates to receipts from Right-to-Acquire sales which are ring-fenced for use in developing or acquiring replacement social housing for rent.

<b>Summary :</b>	<b>£'000</b>
Opening balance	1,770
Less:	-
Withdrawals	(696)
Add:	-
Receipts	-
	<u>1,074</u>
Add :	-
Notional interest charged	6
Closing Balance at 31st March 2018	<u>1,080</u>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2018**
**28. Pensions**

GGHT participates in the Local Government Pension Scheme, administered by Cheshire West and Chester Borough Council as the Cheshire Pension Fund, a multi-employer defined benefit scheme. This is a funded scheme whereby both employers and employees pay contributions to the fund, which are calculated at a level estimated to balance pension liabilities and investment assets.

Triennial actuarial valuations are performed by a qualified actuary, using the “projected unit” method. The most recent formal actuarial valuation was completed as at 31 March 2016.

**Financial Assumptions**

	<b>31 March 2018</b>	<b>31 March 2017</b>
	<b>% per annum</b>	<b>% per annum</b>
Pension Increase Rate	2.3	2.4
Salary Increase Rate	2.6	2.7
Discount Rate	2.7	2.7

**Mortality Assumptions**

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2013 model assuming current rates of improvement have peaked and will converge to a long term rate of 1.25% p.a. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	<b>Males</b>	<b>Females</b>
<b>Current Pensioners</b>	22.3 years	24.5 years
<b>Future Pensioners</b>	23.9 years	26.5 years

Figures assume members aged 45 as at the last formal valuation date.

**Commutation**

An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for pre-April 2008 service and 75% of the maximum tax-free cash for post-April 2008 service.

Any pension scheme deficit or surplus is recognised in full with the movements shown in operating costs, other finance (costs) / income and actuarial gains / (losses).

**a) Analysis of Amounts Recognised in Operating Costs**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Current service cost	(2,241)	(1,561)
Past service costs / (gains)	(112)	(251)
Contributions by the employer	1,875	1,615
Net operating (loss) / gain	<u>(478)</u>	<u>(197)</u>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2018**
**b) Analysis of Amounts Recognised in Other Finance (Costs)/Income**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Interest income on plan assets	1,171	1,325
Interest cost on pension scheme liabilities	(1,294)	(1,245)
Net (loss) / gain	<u>(123)</u>	<u>80</u>

**c) Analysis of Amounts Recognised in Actuarial (Loss)/Gain Relating to Pension Schemes**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Actuarial (losses) / gains on assets	31	3,503
Actuarial gains / (losses) arising on the scheme liabilities	1,255	(10,005)
Actuarial gain / (loss) recognised	<u>1,286</u>	<u>(6,502)</u>

**Reconciliation of Defined Benefit Obligation**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Opening defined benefit obligation	(46,819)	(33,679)
Current service cost	(2,241)	(1,561)
Past service cost	(112)	(251)
Interest cost	(1,294)	(1,245)
Contributions by members	(398)	(449)
Benefits paid	433	371
Actuarial gains/ (losses)	1,255	(10,005)
Closing defined benefit obligation	<u>(49,176)</u>	<u>(46,819)</u>

**Reconciliation of Fair Value of Plan Assets**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Opening fair value of employer assets	42,502	35,981
Interest income on plan assets	1,171	1,325
Contribution by members	398	449
Contribution by the employer	1,875	1,615
Benefits paid	(433)	(371)
Actuarial gains	31	3,503
Closing fair value of employer assets	<u>45,544</u>	<u>42,502</u>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2018**
**Major Categories of Plan Assets as a Percentage of Total Plan Assets**

	2018 %	2017 %
Equities	46	44
Bonds	42	47
Property	8	7
Cash	4	2

**Sensitivity Analysis**

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

Change in assumptions at year ended 31 March 2018	Approximate % increase to Defined Benefit Obligation	Approximate monetary amount £'000
0.5% decrease in real discount rate	13%	6,597
0.5% increase in salary increase rate	3%	1,686
0.5% increase in pension increase rate	10%	4,779

HP participates in the Merseyside Pension Fund (MPF), which is a funded defined benefit pension scheme where contributions payable are held in a trust separately for the company. The main results and assumptions of the most recent triennial valuation of the MPF which was at 31 March 2016 (and first applied in the year from 1 April 2016) are as follows:

<b>Valuation date</b>	<b>31 March 2016</b>	
<b>Valuation method</b>	<b>Projected Unit</b>	
<b>Market value of assets</b>	<b>£6,850 million</b>	
<b>Funding level for accrued benefits</b>		
	<b>31/03/2013</b>	<b>31/03/2016</b>
<b>Investment return p.a (past service):</b>	<b>4.6%</b>	<b>4.2%</b>
<b>Investment return p.a (future service):</b>	<b>5.6%</b>	<b>4.95%</b>
<b>Salary scale increases per annum*</b>	<b>4.1%</b>	<b>3.7%</b>
<b>Pension increases per annum</b>	<b>2.6%</b>	<b>2.2%</b>

\*with an allowance for lower pay increases in the short term

HP is required to disclose further information on its share of assets and liabilities of the MPF on an FRS 102 fair value basis at the end of the accounting period. This information is set out below:

Actuarial assumptions	2018	2017
Discount rate	2.7%	2.6%
Salary increase rate	3.6%	3.8%
Pension increase rate	2.2%	2.3%
Rate of inflation	2.1%	2.3%



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2018**

Life expectancy of a male (female)	<b>2018</b>	<b>2017</b>
• Future pensioner aged 65 in 20 years' time	25 (27.8) years	24.9 (27.7) years
• Current pension aged 65	22 (24.8) years	21.9 (24.7) years
Post retirement mortality assumptions		
• Non-retired members (retiring in the future in normal health)	S2PA CMI_2015_ [1.75%] (107%) Males S2PA CMI_2015_ [1.5% ] (92%) Females	S2PA CMI_2015_ [1.75%] (107%) Males S2PA CMI_2015_ [1.5% ] (92%) Females
• Current pensioners (retired in normal health)	S2PA CMI_2015_ [1.75%] (112%) Males S2PA CMI_2015_ [1.5% ] (99%) Females	S2PA CMI_2015_ [1.75%] (112%) Males S2PA CMI_2015_ [1.5% ] (99%) Females
	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
<b>Pension Scheme Deficit</b>		
Present value of Funded Benefit obligations	(134,916)	(136,084)
Fair value of Plan Assets	112,285	109,425
<b>(Deficit)</b>	<u>(22,631)</u>	<u>(26,659)</u>
	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
<b>Value of Assets</b>		
Equities	47,385	58,653
Government Bonds	7,523	4,377
Other Bonds	26,162	12,474
Property	7,972	8,535
Cash/liquidity	5,614	3,720
Other	17,629	21,666
<b>Total value of assets</b>	<u>112,285</u>	<u>109,425</u>

The pension scheme deficit is recognised in full. The movement in the scheme deficit is split between operating charges, finance items and actuarial gains and losses.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2018**
**a) Analysis of amounts recognised in operating costs**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Current service cost	(3,234)	(2,372)
Past service cost / (gains)	-	-
Contributions by the employer	2,576	2,561
Curtailments	(227)	(156)
Total operating (loss) /gain	<u>(885)</u>	<u>33</u>

**b) Analysis of amounts recognised in other finance (costs) / income**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Expected return on pension scheme assets	2,854	3,205
Administration expenses	(50)	(53)
Interest on pension scheme liabilities	(3,512)	(3,677)
Net (loss) / gain	<u>(708)</u>	<u>(525)</u>

**c) Analysis of amounts recognised in Actuarial (loss)/gain relating to pension schemes**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Actuarial (losses) / gains on assets	(612)	16,530
Actuarial gains / (losses) arising on the scheme liabilities	6,233	(28,282)
Actuarial gain / (loss) recognised	<u>5,621</u>	<u>(11,752)</u>

**Reconciliation of defined benefit obligation**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Opening defined benefit obligation	(136,084)	(102,746)
Current service cost	(3,234)	(2,372)
Past service cost	-	-
Interest cost	(3,512)	(3,677)
Contributions by members	(704)	(741)
Benefits paid	2,612	1,890
Actuarial gains / (losses) on liabilities	6,233	(28,282)
Curtailments	(227)	(156)
Closing defined benefit obligation	<u>(134,916)</u>	<u>(136,084)</u>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2018**

<b>Reconciliation of fair value of plan assets</b>	<b>2018 £'000</b>	<b>2017 £'000</b>
Opening fair value of plan assets	109,425	88,331
Return on plan assets	2,854	3,205
Administration Expenses	(50)	(53)
Contributions by members	704	741
Contributions by the employer	2,576	2,561
Benefits paid	(2,612)	(1,890)
Actuarial (losses) / gains on assets	(612)	16,530
Closing fair value of plan assets	<u>112,285</u>	<u>109,425</u>

<b>Major categories of plan assets as a percentage of total plan assets</b>	<b>2018 %</b>	<b>2017 %</b>
Equities	42.2	53.6
Government Bonds	6.7	4.0
Other bonds	23.3	11.4
Property	7.1	7.8
Cash/Liquidity	5.0	3.4
Other	15.7	19.8

**Sensitivity Analysis**

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

<b>Change in assumptions at year ended 31 March 2018</b>	<b>Approximate % change to employer liability</b>	<b>Approximate monetary amount £'000</b>
0.1% increase in real discount rate	0.1%	132
1 year increase in member life expectancy	0.1%	138
0.1% increase in salary increase rate	0.1%	135
0.1% increase in inflation	0.1%	138

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2018

## 29. Provisions for liabilities – deferred tax

	<b>The Torus Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
<b>Corporation tax</b>		
Current taxation	(15)	20
Deferred taxation		
- capital allowances	-	-
- other	(11)	-
	<hr/>	<hr/>
Tax on profit or ordinary activities	<u>(26)</u>	<u>20</u>

## 30. Share Capital

Torus62 Ltd has no called up share capital as it is a company Limited by Guarantee. At 31 March 2018 there were 13 members who had guaranteed £1 each - 10 of whom act as independent members. Unlike the subsidiary companies, members of the parent board are not appointed according to membership of a constituent group. The chairs of the two subsidiary companies act as vice-chairs on the parent board and the two local authorities each have a single nominated member. The final place on the board is held by the Group Chief Executive. Other than the Group Chief Executive, all Board members have roles on committees and some also sit on subsidiary boards.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2018**
**31. Cash Flow from Operating Activities**

	The Torus Group		Torus62 Ltd	
	2018 £000	2017 £000	2018 £000	2017 £000
Surplus for the year	36,154	33,458	17	356
Adjustments for non-cash items:				
Depreciation/impairment of tangible fixed assets	12,042	11,533	-	-
Amortisation of intangible assets	(216)	(207)	-	-
Decrease/(increase) in stock	(776)	(46)	-	-
Decrease/(increase) in debtors	3,269	2,632	(1,487)	(866)
Increase/(decrease) in creditors	3,382	(1,607)	1,133	980
Decrease/(increase) in provisions	408	654	-	-
Other	(30)	(21)	-	-
Carrying amount of tangible fixed asset disposals	(3,517)	(2,212)	-	-
Adjustments for investing or financing activities:				
Movement in fair value	(3,438)	3	-	-
Profit from Associate	-	-	-	-
Gift Aid	-	-	-	-
Interest payable	8,336	8,821	-	-
Interest received	(38)	(131)	(1)	(4)
Other financing	831	445	-	-
		-	-	-
Net cash generated from operating activities	56,407	53,322	(338)	466

**Reconciliation of Net Cash Flow to Movement in Net Debt**

	The Torus Group		Torus62 Ltd	
	2018 £000	2017 £000	2018 £000	2017 £000
(Decrease) / Increase in cash in the year	(3,395)	37,656	(337)	380
(Increase) / Decrease in bank overdraft in the year	-	349	-	-
	(3,395)	38,005	(337)	380
Net cash outflow /(inflow) from decrease / (increase) in loans	13,401	(1,118)	-	-
Net cash outflow from the introduction of an inter-company loan				
Change in net debt	10,006	36,887	(337)	380
Opening Net debt	(80,925)	(117,812)	1,307	927
Closing Net debt	(70,919)	(80,925)	970	1,307

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2018**
**Analysis of Changes in Net Debt.**

	The Torus Group			Torus62 Ltd		
	At 1 April 2017 £000	Cash flows £000	At 31 March 2018 £000	At 1 April 2017 £000	Cash flows £000	At 31 March 2018 £000
Cash and investment	49,876	(3,395)	46,481	1,307	(337)	970
Bank overdraft	-	-	-	-	-	-
	<u>49,876</u>	<u>(3,395)</u>	<u>46,481</u>	<u>1,307</u>	<u>(337)</u>	<u>970</u>
Inter-company loan	-	-	-	-	-	-
Debt due within one year	(13,401)	12,979	(422)	-	-	-
Debt due within one and two years	(422)	(21)	(443)	-	-	-
Debt due within two and five years	(16,398)	(10,071)	(26,469)	-	-	-
Debt due after five years	(100,580)	10,514	(90,066)	-	-	-
<b>Total</b>	<u>(80,925)</u>	<u>10,006</u>	<u>(70,919)</u>	<u>1,307</u>	<u>(337)</u>	<u>970</u>

**32. Capital Commitments**

	The Torus Group		Torus62 Ltd	
	2018 £000	2017 £000	2018 £000	2017 £000
Capital expenditure that has been contracted for but has not been provided for in the financial statements	85,909	32,604	-	-
Capital expenditure that has been authorised by the Board but has not yet been contracted for	91,315	77,116	-	-
	<u>177,224</u>	<u>109,720</u>	<u>-</u>	<u>-</u>
The Group expects these commitments to be financed with:				
Social Housing Grant	19,159	16,564	-	-
Proceeds from the sales of properties	27,566	22,481	-	-
Committed loan facilities and cash	130,499	70,675	-	-
	<u>177,224</u>	<u>109,720</u>	<u>-</u>	<u>-</u>

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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2018**
**33. Contingent Assets/Liabilities**

The admission agreement with Cheshire Pensions Fund requires GGHT to provide a bond of £3.4m (2017: £3.4m) to cover any potential risks on the pension fund. The bond expired on 31<sup>st</sup> March 2018. A new bond will be set up further to the company converting to a Community Benefit Society and will be for the same value.

**34. Leasing commitments**
**Operating Leases**
**(as Lessor)**

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

	<b>The Torus Group Restated</b>		<b>Torus62 Ltd</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Less than one year	106	82	-	-
Between one and five years	355	245	-	-
More than five years	-	-	-	-
	<u>461</u>	<u>327</u>	<u>-</u>	<u>-</u>

**(as Lessee)**

GGHT and HP are committed to a number of leases in relation to other land and buildings, vehicles and office equipment.

	<b>The Torus Group Restated</b>		<b>Torus62 Ltd</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Less than one year	533	532	-	-
Between one and five years	1,767	1,903	-	-
More than five years	1,289	1,681	-	-
	<u>3,589</u>	<u>4,116</u>	<u>-</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2018**
**35. Related Parties**

Torus Group services for senior management, assets, legal, governance and communications were provided by the parent to subsidiaries under an Intra Group Agreement (IGA). The recharge methodology agreed reflected appropriate allocations of costs to each subsidiary. The value of inter-company transactions amounted to £19,499k in the year.

Torus made a £90k loss from its Bamboo Estates LLP joint venture in the year.

The Group Chief Executive is a director of JV North Ltd, the Northern Housing Consortium and Port Sunlight Village Trust and MORhomes. He is a member of St Helens Together (the local strategic partnership for St Helens), the St Helens Council People's Board, the North West Housing Forum, a steering group member for Housing Partnership UK (members of the International Housing Partnership), and a member of both the Airport Group Chief Executives and Homes for the North. Any transactions with these organisations are made at arm's length, on normal commercial terms and neither party receive any preferential treatment as a result of the relationships.

**36. Financial Assets and Liabilities**
**Financial Instruments**

	Group		Torus62 Ltd	
	2018	2017	2018	2017
	£000	£000	£000	£000
<b>Financial assets</b>				
(a) Financial assets measure at fair value through profit and loss	-	-	-	-
(b) Financial assets that are debt instruments measure at amortised costs	-	-	-	-
(c) Financial assets that are equity instruments measured at cost less impairment	-	-	-	-
<b>Financial liabilities</b>				
(a) Financial liabilities measured at amortised cost	115,830	123,230	-	-
(b) Financial liabilities measured at fair value through profit or loss	6,245	15,072	-	-
	<u>122,075</u>	<u>138,302</u>	<u>-</u>	<u>-</u>

**37. Stock Transfer Obligation**

Immediately prior to entering into the Stock Transfer Agreement between Warrington Borough Council ("the council") and Golden Gates Housing Trust ("GGHT"), the council and GGHT entered into a contract for GGHT to perform the refurbishment works required to bring the properties into an agreed state. The contract was for a fixed sum equal to the expected cost of the works i.e. £276.4 million. At transfer GGHT contracted with the council to acquire the benefit of the agreed refurbishment works (£276.4 million). The nature of the works under the initial agreement was specified and a right of set off exists between the contracts. These



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2018**

contracts have enabled GGHT to recover VAT on repair/improvement costs that would otherwise have been expensed.

The impact of these two transactions is that whilst the council has a legal obligation to GGHT to complete the refurbishment works; this work has been contracted back to GGHT who are also legally obligated. The underlying substance of the transaction is therefore that GGHT has acquired the properties in their existing condition at their agreed value and will complete certain repairs/improvements in line with guarantees to Tenants of not less than £276.4 million. In the opinion of the board members, the commercial effect of these transactions when viewed as a whole does not, in practice, create separate assets and liabilities for reporting purposes. Therefore, in accordance with FRS 5 the resulting debit and credit balances, relating to the legal obligation of the council to complete the refurbishment works for GGHT and the equal and opposite legal obligation of GGHT to perform the refurbishment works for the council, have been offset and are not recorded in the statement of financial position.

At 31 March 2018 £94.1m of the refurbishment works had been completed.