

Financial Statements

31 March 2021

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



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Board Members, Executive Management Team, Bankers and legal advisors

Torus62 Limited Board

Graham Burgess – Chair
 Paul Burns – Vice Chair
 Steve Coffey – Group Chief Executive
 Bob Hepworth
 Duncan Craig
 Christine Fallon
 Andrew Gray
 Greg Gottig
 Paula McGrath
 Sarah Jane Saunders
 Gordon Hood

Torus62 Developments Board

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

Housing Maintenance Solutions Limited Board

Wayne Hughes – Chair (to 24th July 2020)
 Paula McGrath – Chair (from 24th July 2020)
 Ralph Middlemore
 Gordon Hood – (From 24th September 2020)
 Peter Fieldsend
 Paul Worthington
 Catherine Murray Howard

Torus Foundation Board

Sarah Jane Saunders – Chair
 Peter Morton
 Colleen Martin
 Elaine Stewart
 Phil Garrigan
 Catherine Murray Howard
 Jeanie Bell
 Tom Jennings (from 14th July 2020)

Torus Commercial Services Limited Board

Wayne Hughes (to 24th July 2020)
 Ralph Middlemore
 Paula McGrath (from 24th July 2020)
 Peter Fieldsend
 Paul Worthington
 Cath Murray Howard

Executive Officers:

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

Torus Living Board

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

Torus Development Committee

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

Group Remuneration & Nominations Committee

Paul Burns - Chair
 Christine McLoughlin
 Graham Burgess
 Greg Gottig

Group Audit & Risk Committee

Duncan Craig - Chair
 Andrew Gray
 Greg Gottig
 Paula McGrath
 Neil Garnham
 Alistair Hollows

Landlord Operations Committee

Andrew Gray – Chair
 Bob Hepworth
 Cath Murray Howard
 Sarah Jane Saunders
 Teri Wilson
 Sharon Shaw
 Ray Jones
 Sharon Connor
 Debra Ergen
 Pamela Woodward
 Michelle Davis
 Shaune Sieley
 Jan Davidson
 Richard McCauley (to 27th January 2021))
 Jeanie Bell (from 27th January 2021)

External Auditors:

BDO LLP
 5 Temple Square
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Company Secretary and Registered Office:

Ronnie Clawson (from 1st April 2020)
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Internal Auditors:

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Solicitors:

Catherine Fearon - Torus62 Limited

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Bankers:

National Westminster Bank Plc
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St Helens
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Funders:

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

Chair's statement

No year in living memory have we been presented with the kind of challenges to our operating environment as we have seen in 2020/21 – or as many serious risks and uncertainties to the communities we serve.

The unprecedented nature of the past 14 months has forced us all to rethink, to reimagine and, above all, to step up essential activities to support people across our heartlands and the broader North West.

2020/21 was characterised by Covid-19, but it is important to note that other significant headwinds and policy changes also had an impact on progress. Quarter 3 was particularly eventful as on consecutive days in November, HM Government made announcements on the Social Housing White Paper and the 10-Point Plan for a Green Industrial Revolution. Then, in December, the Energy White Paper was published and this was all before the 12-month Brexit transition period ended.

Whilst the long term impact of Brexit is still unknown, there are some positive developments that will impact upon the housing sector. They include, the emergence of regional recovery and growth plans, the shift in national policy towards greater accountability to tenants and residents, the focus on building safety and the vision for a net-zero carbon future.

It remains a time of significant change and, once the critical impacts of Coronavirus on communities diminishes, we cannot go back to 'business as normal' but rather will need to see a new way of doing things.

Bearing this in mind it is pleasing that the Torus annual review reports a year of strong operational and financial performance, for the Group and its entities. We have illustrated how our operating model demonstrates that, in the most challenging of times, the social purpose and commitment to communities has led to a strong and resilient organisation that is able to step up and make a difference.

We achieved an annual turnover of £199m across the Group and maintained healthy cash balances together with long-term financial arrangements with our funders. This position clearly highlights the vitality of the Torus Operating Model. At a time when the national lockdown, and the associated drop off in contracting and development activities, may have imperilled the Group's model of reinvesting commercial profit into social purpose we took a decisive step to increase funding for social initiatives.

The £12m investment from Torus to the Torus Foundation announced in November 2020 will provide two years of dependable funding to address the local hardship, particularly affecting tenants, caused by pandemic.

I am immensely proud of the way Torus responded swiftly and effectively during this unprecedented year.

Turning to a longer-term post pandemic view, in May 2021 we agreed our new Torus Group Corporate Plan that builds upon what we have done and renews our commitment to *'growing stronger communities'* through our four strategic focuses: Investment, Resilience, Intelligence and Influence. The five-year plan is titled 'A New Day' to signify a renewed impetus to improve lives and build community strength by acting as a direct deliverer of services together with being a catalyst and strategic partner for Liverpool, St Helens, Warrington and beyond.

We will give people the tools they need to tackle the continuing impacts of the pandemic and the emerging national priorities such as the green agenda, innovation & skills and levelling up.

Key pledges for 2021/22 are shown on the Group's Operational Plan web resource and includes an emphasis on:

- Consistent, high-quality service standards, designed in partnership with communities;
- Increasing our Open Shareholding membership to strengthen the customer voice;
- Environmental Sustainability and the low & zero carbon agenda;
- Further developing the Torus 'Safety Plus' offer following publication of the Government's Building Safety Bill;
- Launching critical new strategies, including Customer Access, Safeguarding, Social Investment, Developments, Diversity & Inclusion and Business & Customer Intelligence; and
- Embracing innovation and technology solutions to drive efficiencies and enhance services

The crisis may have changed how we work, accelerated technological change and heightened the demand for skills and innovation, yet inequality has become even more entrenched in our society. The need for strong, resilient communities, as well as a good quality homes, has never been clearer.

Little can be achieved in isolation. Only a strong collaborative partnership-led approach can deliver the real lasting change that our communities desperately need.

This ethos will continue to drive activity across the Torus Group in 2021/22 and beyond.

On a final note, I would like to thank everyone at Torus, and across the Group as a whole, for the phenomenal way in which they have come together to respond to the unprecedented events and impacts witnessed in 2020/21. It has been extremely gratifying to see the Group's business areas joining forces to provide essential support to tenants and communities whilst continuing to deliver excellent services in often very trying conditions.



Graham Burgess
Chair, Torus Group Board

Strategic Report

About Torus

A growth and regeneration group with a social purpose, Torus works in partnership with agencies across the Liverpool City Region, Cheshire and Warrington and the broader North West to improve lives and support the development of thriving, vibrant communities.

Torus became the organisation it is now in January 2019 following the amalgamation of two large, affordable housing providers. This created a Group with around 40,000 homes in Warrington, St Helens, Liverpool and beyond – making Torus the largest stock holding social landlord in the North West.

Whilst housing remains the bedrock of Torus' offer to communities, the Group is committed to playing a broad-based transformational role centred around impactful people and place-based change. The drive to create more resilient, connected and aspirational neighbourhoods is enshrined in the Torus Group Mission, '*Growing Stronger Communities*' and is delivered via the four strategic focuses of Investment, Resilience, Intelligence and Influence.

Profits generated by the commercial elements of the Group, Torus Developments and HMS, are reinvested into our charitable activities, principally the Group's Registered Charity, Torus Foundation. This approach allows Torus Foundation to act as a community anchor institution, to fund projects that build social capital in a targeted and sustainable manner.

Active across 11 Local Authority areas, Torus operates as a lead strategic partner for Liverpool, St Helens and Warrington Councils, and for the HM Government's housing accelerator Homes England.

The Torus Operating Model

Torus Group comprises five distinct business areas: Landlord Services, Torus Foundation, Torus Developments, HMS and the Corporate Core. Each element is designed to work in combination to deliver the group mission at scale.

The business model is designed so that profits generated from Torus Developments' new-build activities and HMS' commercial contracting works are reinvested into social activities undertaken by the Group's charitable arm, Torus Foundation. In challenging commercial times, however, the financial resilience of the Group itself can be utilised to underpin delivery and ensure the continuity of essential social interventions and impacts.

In this financial year, the global pandemic and national lockdowns inevitably impacted on profitability at Torus Developments (which gift aided £1.181m to Torus Foundation in Q3) and HMS. Revised business planning for HMS presumes that, whilst contracting operations will continue to recover, it may take until the 2022/23 FY for sustainable profitability (and therefore gift aid) to return.

In November 2020, Torus Group announced that it would meet the anticipated shortfall by investing a total of £12m into Torus Foundation over the next two years. This arrangement, which provides £2m in additional funding beyond pre-Covid expectations, will support an increase in social project delivery in our heartlands at a time when such support is most needed.

2020/21 Performance

Landlord Services

Torus provides high-quality homes and housing services that are designed to represent value for money, support the most vulnerable and create thriving, vibrant neighbourhoods. Working closely in partnership with tenants and communities, Landlord Services priorities include safety first, transparency, accountability and empowering all those who live in Torus Homes.

As at the 31 March 2021, Torus' housing portfolio comprised 39,370 homes (2019/20: 38,907):

Tenure Type	Number (units)
General Needs	33,077
Housing for Older People and Supported Accommodation	4,046
Intermediate Rent	141
Shared Ownership	935
Leaseholders	1,171
Total	39,370

The health and safety of tenants, communities and colleagues remained the overriding priority, across Landlord Services as well as the wider Group in 2020/21. The first lockdown, beginning on 22 March 2020, significantly diminished Landlord Services' ability to deliver a broad-based customer service, with all but emergency home repairs and gas servicing works initially suspended.

Whilst the Group took an early position not to follow legal avenues if residents fell into rental or service charge arrears, Housing colleagues teamed up with Torus Foundation counterparts to mitigate the initial impacts of the pandemic. Over 100 food parcels were distributed every week in Liverpool alone whilst 1,500 activity bags were provided to residents in our extra care and sheltered schemes and Torus Foundation gave more than 300 food vouchers over the Easter period.

Working in partnership with local and devolved authorities became more important than ever, to ensure the most vulnerable in society received essential support. Torus proactively engaged with initiatives, such as the "Everyone in" campaign and subsequently the Next Steps Programme, and worked closely with local authorities to rehouse 753 people facing homelessness during the pandemic.

Empowering tenants remained a priority. Launched in the 2020/21 financial year, the Tenant Voice Strategy set out the strategic direction for tenant involvement and outlined how Torus will engage and consult with tenants and leaseholders. It aims to encourage as many tenants as possible to have

their say and gives a commitment to co-regulation and involving tenants in the shaping and scrutinising of services and governance.

Following release of the Housing Ombudsman Code on 7 July 2020, Torus renewed its Complaints Policy during October in partnership with tenants. Customer Focus Groups and the Torus Scrutiny Panel reviewed the way Landlord Services responds to complaints, as well as making recommendations around the wider customer experience.

Echoing the priorities of the Social Housing White Paper, Torus has committed to listening, understanding and responding to individual complaints as its primary focus.

Whilst the pandemic resulted in increased void numbers, impacted upon rent collection rates and disrupted housing repairs and maintenance activities, all essential services continued through each lockdown and have since resumed in full.

The most dramatic service impacts happened during Quarters 1 and 2. Total void numbers increased from 425 at the start of the financial year to a highpoint of 593 in late June, resulting from access issues, longer maintenance periods coupled with the handover of new developments throughout the lockdown periods, before falling back to 515 at year end. Gas inspections began the year at a low point of 11 per week but rose to 1,163 in late June and has since returned to normal levels. Rent collection figures also increased from 95.07% at the start of the financial year to 98.38% at year-end.

There remain some challenges, including a backlog in electrical tests and higher than targeted void numbers, but the Group is confident that these are being proactively addressed.

Torus Foundation

Torus' charitable arm strives to deliver positive community interventions that improve lives, sustain tenancies and help communities to grow, to thrive and to build resilience. The Torus Foundation spectrum of social projects spans the pillars of Employment & Skills, Digital and Financial Inclusion, Health & Wellbeing, and Youth.

Throughout the pandemic, Torus Foundation remained connected to communities. Putting health and safety first, the Foundation was an active partner in Liverpool City Council's first coronavirus outreach campaign, door knocking at a safe distance, reinforcing positive infection control measures in and around the local community.

Lockdown presented a number of challenges, including how to reach out safely to residents in Torus heartlands. The Foundation implemented a wide range of communications including online, face to face, telephone and email, to reach out to young people, families and communities.

The pandemic has hit the UK's poorest communities and most vulnerable the hardest. Torus Foundation actively supported people in crisis by delivering 2,384 food hampers and offering a 'Better

Off Calculation' to ensure tenants were accessing their full benefit entitlement. Customers were also helped into work and supported to improve their health and wellbeing.

Normal operations were severely restricted during 2020/21, but Torus Foundation responded by adapting its mode and type of delivery where pragmatic and suitable. The FireFit Hub service in South Liverpool created a 'virtual youth offer' which provided online resources through social media.

New Leaf, the employment initiative in Warrington, adopted online training as a way of increasing skills for participants. In the Health and Wellbeing team, colleagues delivered activities via social media as well as across a wide range of safe, outdoor spaces.

Despite these challenges, Torus Foundation continued to make a positive impact by:

- helping 422 people into employment (2019/20: 425 people) and supporting 761 people with digital and employment-related training courses (2019/20: 622 people);
- helping 34 people into an apprenticeship, work placement or volunteering opportunity; and
- providing 577 health and wellbeing sessions

Additional outcomes include:

Priority	Outcome
Grant income received	£914,999
Value of charitable grants and welfare benefits obtained for Torus Customers	£4,057,864
Grants awarded through the Community Investment Fund	£139,359

The £12m to be invested by Torus into Torus Foundation is intended to be a catalyst for increased strategic social impact project delivery, as Torus steps up to drive local recovery and growth across hard-hit communities.

Torus Developments

The Group's new-build arm, Torus Developments creates new homes and neighbourhoods, adopting a broad-based tenure focus that meets the needs of a growing, multi-generational population and working to reshape places whilst generating financial surpluses to reinvest in our communities.

In the interest of safety and following initial guidance from HM Government around essential operations, Torus Developments took the decision in Quarter 1 to close the majority of its new-build sites. During the first lockdown, only two out of the 24 on-site schemes remained active. Since then, the business has steered a course of steady recovery whilst recognising the impact that the furloughing of staff in the sector, delays to planning processes and difficulties in accessing new sites have limited the potential for a quick, full, recovery.

Nevertheless, the programme returned in force in the second half of the financial year and by Quarter 4 Torus Developments had achieved a turnover of £17.4m, only slightly below the £17.7m forecast and reflecting the steady recovery in activity that had taken place over the year.

Over the financial year, Torus Developments had 854 starts on site and 659 handovers (20 schemes), against targets of 1,213 starts and 1,043 completions set prior to the onset of the pandemic. Given the extent of disruption at construction sites, it should be noted that the overall number of completions is higher than that achieved in 2019/20 (649 homes) and that a number of significant schemes completed during the financial year – including two extra care schemes (Foundry Wharf in central St Helens and Harpers Green in Warrington, a total of 227 homes).

A full breakdown of delivery by tenure is shown below:

Tenure Type	2020/21 Number (units)	2019/20 Number (units)
Social and Affordable Rent	465	443
Shared Ownership	140	182
Rent to Buy	29	24
Private rent	25	0
Total	659	649

The pandemic continues to present the greatest risk to developments, particularly given that the financial stability of contractors is of concern. Torus Developments has been in close contact with contractors and has taken steps where needed to support contractors through shorter payment terms and, where required, direct payments to suppliers.

Despite the challenges, performance has been favourable and the pipeline of expenditure looking forward is strong. At year-end, Torus Developments had 57 live Instructions in place with 26 in active construction for 1,758 homes.

Looking forward, Torus Developments' 2021/22 budgeted turnover of £154.3m reflects Torus' commitment to tackling the ongoing housing crisis and delivering a spectrum of quality affordable homes. This forecast takes into account a forecast growth in the delivery of homes for outright sale – a new tenure for Torus – and includes overall targets of 1,200 starts on site, 1,356 handovers and 169 homes for sale.

HMS

Torus Group's commercial contractor HMS provides efficient, cost-effective and competitive construction, maintenance and repairs service for the Group as well as third party clients. The contracting arm strives to exceed customer expectations whilst achieving sustainable commercial returns to fund meaningful social initiatives.

At the start of the pandemic, all workstream activity ceased with the exception of emergency home repairs, routine works in progress and gas servicing. As the business moved into its recovery phase,

tenant safety remained a priority as the business continued to work with shielding clients and take a measured approach to clearing the backlog in essential repairs.

Operational activities resumed in early July and a return to site working involved phased plans based around guidance set out by the Construction Leadership Council. During the 2021 lockdown all workstreams continued to operate as close to business as usual as was feasible whilst remaining in line with guidance provided by local authorities.

The pandemic inevitably had a significant impact on HMS' operations and ability to generate sustained commercial revenues. In this context, the annual turnover achieved of £61m reflects the extent of disruption in the first half of the year and a subsequent period of recovery. Following the reforecasting of the HMS Business Plan in Quarter 2, it is anticipated that performance will meet contract targets during Quarter 1 2021/22 and that overall performance will return closer to forecasted levels in the coming financial year.

However, many of the risks and uncertainties associated with the pandemic are still present in the contracting sector, notably the shortage of materials, increased costs and supply chain delays. Therefore, the Group has chosen to take a prudent approach to financial forecasting for the coming financial year.

Whilst 2020/21 was a year of disruption and uncertainty, for HMS and across the North West contracting sector, there were notable achievements, particularly on the new-build front. HMS stepped in to complete two large-scale schemes for Torus affected by the crisis in contracting – Notre Dame in Liverpool and Foundry Wharf, the 130-apartment extra care scheme in St Helens.

New-build properties in construction during the year totalled 325 homes. Elsewhere, the following highlights were achieved:

Activity	Output
Emergency repairs completed	22,064
Routine repairs completed (Torus)	57,587
Properties with a valid landlord gas safety record (%)	99.93%
Gas safety checks completed	35,959

Corporate Core

A spectrum of professional services supports the Group's activities and provide the platform for change and transformation. The Corporate Core strives to deliver consistently high-quality and value for money services to underpin a culture of continual improvement and guide strategic decision-making.

The Corporate Core provided a suite of essential support services to underpin continuation of operational activities in response to the pandemic, with the Health, Safety and Environment team developing a robust set of Safe Systems of Work and Risk Assessment procedures, and Procurement

focusing on the provision of PPE and other safety-related equipment, to ensure staff and communities had the materials they needed in line with HM Government and Public Health England advice.

Meanwhile, internal transformation continued at pace to fulfil the ambition set prior to the 2019 amalgamation to create an organisation with greater capacity to deliver additional value in terms of new homes, neighbourhood regeneration and social investment. That capacity was utilised within the Financial Plan underpinning the Business Case for Amalgamation and was driven not simply through financial strength and asset value, but by realising the value of people, their skills and behaviours as well as digital and technological potential.

The Torus Transformation Programme is on target to deliver £7m in total efficiencies, after increased investment in regeneration and stock improvements. The Group is on schedule to realise £3.3m in staffing efficiencies by the close of the 2020/21 financial year, and will deliver procurement savings of over £1m per annum from 2021/22 based upon increased volume, the aggregation of spend categories and effective procurement and sourcing solutions.

Group Corporate Plan 2021-2026

With the unprecedented global pandemic bringing new challenges and threats to the socio-economic wellbeing of communities across the North West, in both the immediate and longer term, Torus made the decision to renew the corporate commitments made at amalgamation in 2019 and to launch a new Group Corporate Plan covering the period from 2021 to 2026, entitled 'A new day'. Launched shortly after the year-end, this five-year plan establishes a solid foundation from which the Group will work to change lives and strengthen communities, even in times of challenge.

Torus' mission of '*Growing Stronger Communities*' and vision '*to support the development of economically vibrant communities and independent lives*' continue to shape the Group's ethos of sustainable people and place-based change. This approach involves stimulating partnerships with complementary stakeholders and organisations, including devolved and local authorities, national and regional policy-makers, commissioners and public sector agencies, professional bodies and academia.

'A new day' also sets out the six priority themes that define 'stronger communities' – Safe, Healthy, Inclusive, Connected, Sustainable and Aspirational. These will help to shape activities as communities recover from the pandemic, with a focus on inclusive growth and levelling up.

Torus' five-year objectives fall into four strategic focus areas, with each having four associated goals:

Investment

Investing in communities, in new and existing homes, in people, the business, infrastructure, supply chains, partnerships and services to unlock sustainable outcomes.

Goals:

1. Deliver excellent services driven by quality, value for money and changing demand

2. Embed exemplar standards of safety across homes and communities, as well as working environments
3. Tackle the green agenda to create healthy, sustainable places
4. Embrace innovation and technology to drive efficiency and enhance services

Resilience

Activities focused on increasing the resilience of communities in Torus' heartland areas and within its business operations.

Goals:

1. Provide a firm platform for growth to withstand challenges
2. Practice good business across the Group and its supply chains
3. Build, regenerate and transform places and communities
4. Foster partnerships that develop communities where people thrive

Intelligence

Putting intelligence at the heart of the business, using data, insight and experience to drive decision-making.

Goals:

1. Provide tailored solutions based on an understanding of need and aspiration
2. Drive effective organisational performance, strength and influence
3. Listen, act and respond to shape places and services
4. Embed a culture of evidence-based improvement and learning from experience

Influence

Maximising influence at community, regional and national levels, and developing strategic partnerships to deliver change intelligently and effectively.

Goals:

1. Be a catalyst of change to transform places
2. Influence people, networks and markets to unlock opportunity
3. Be seen as a dynamic growth and regeneration business that delivers
4. Use the Group's voice to shape the external policy environment

Looking ahead to 2021/22

Torus' Group Operational Plan for the 2021/22 financial year sets out 72 key projects that, in combination, will support the principles contained in the new Group Corporate Plan and the Group's mission of '*Growing Stronger Communities*'.

Building from a year of societal crisis and moving into gradual recovery, the upcoming year will continue to prioritise delivery of the broad-based services that tenants, customers and communities need. Key themes include environmental sustainability and the green agenda, responses to the Social

Housing White Paper and upcoming Building Safety Act, social investment and long-term place-making as a key player in the region's recovery and inclusive growth planning.

Core projects for 2021/22 include:

Landlord Services

1. Develop consistent, high-quality service standards in partnership with communities
2. Review aids and adaptations processes to maximise personal independence
3. Launch and implement new Customer Access and Safeguarding strategies
4. Create a gas servicing MOT approach covering every Torus home
5. Integrate Building Safety Bill outcomes into all aspects of Torus' 'Safety Plus' commitment
6. Respond to the White Paper, ensuring customer voices inform services and how they are delivered
7. Explore opportunities to develop integrated care partnerships across our heartlands
8. A comprehensive review of all service charges across all tenures
9. Review the operations of property allocation processes "Property Pool Plus" and "Under one roof" in conjunction with changes made at Local Authority level

Torus Foundation

1. Deliver commissioned services that improve lives and life chances
2. Develop and embed a Youth Work Model and Youth Impact Framework
3. Review delivery models in line with a new Social Impact Framework
4. Launch Torus Group's Social Investment Strategy
5. Implement the new Safeguarding Strategy and Action Plan
6. Use social impact reporting to identify potential to make an even bigger difference
7. Increase commercial activity at the FireFit Hub youth zone in South Liverpool

Torus Developments

1. Launch a new Developments Strategy, based on delivering new homes and transforming local communities
2. Set out the Group's approach to modern methods of construction
3. Create a consistent new-build specification and standard house types
4. Explore future standards of housing and homes for the future
5. Maximise funding from public sector sources, including Homes England
6. Establish and grow long-term strategic developments pipeline
7. Develop a framework approach for market rent and sales products

HMS

1. Expand quality management arrangements to cover all workstreams
2. Refine approaches to Fire Protection and Green Technologies
3. Develop a five-year Warehouse Management Business Plan
4. Review and refine subcontracting and supply chain arrangements
5. Implement new Out of Hours services, ensuring even better availability for emergencies
6. Meet annual growth and retention plans

7. Achieve the Social Value quality mark

Corporate Core

1. Increase Open Shareholding membership to strengthen the customer voice
2. Develop a comprehensive approach to Environmental Sustainability and the low & zero carbon agenda
3. Create a Group Diversity & Inclusion Strategy to ensure all customers can interact fairly and easily with Torus
4. Embrace innovation and technology solutions to drive efficiencies and enhance services
5. Launch a Business & Customer Intelligence Strategy to support effective decision-making
6. Design and implement methodologies for continuous improvement across Torus
7. Implement a new Performance Framework to support delivery of Corporate Plan priorities

All these activities are undertaken to ensure Torus is an agile, efficient and responsive organisation that is able to withstand uncertain times and to evolve, in line with the changing needs of Torus customers and communities.

This commitment remains at the core of Torus' corporate priorities. Above all, the welfare, wellbeing and futures of people and places will always be the top priority.

Torus Board

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

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

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

Torus Group

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

Housing Maintenance Solution Limited (HMS):

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

HMS' operational base grew in 2018/19 following the amalgamation of Torus and Liverpool Mutual Homes (LMH) Group. In 2019/20, HMS grew further by the acquisition of Torus Commercial Services

Ltd, which has been combined into the HMS' day to day operations. HMS has a combined contract with Torus to provide repair and maintenance support to Torus homes across the North West, operating predominately in the 3 heartland areas of Liverpool, Warrington and St Helens.

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

Turnover in 2020/21 was £61m (2020: £61.3m) and profit was £1.2m (2020: £2.9m).

Torus62 Developments Limited (Torus Developments):

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

Torus Developments supports the Group's new build strategy, which targets the completion of at least 5,300 new homes by 2024, primarily across the Liverpool City Region, West Lancashire and Cheshire.

A total of 659 properties were developed in 2020/21. Turnover in 2020/21 was £51.9m (2019/20: £59.4m) and profit was £1.2m (2019/20: £1.1m).

Torus Foundation:

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

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

In 2020/21, the charity received income of £3.4m (2019/20: £4.2m). This included £2m received as Gift Aid or donations from Torus and the Group's commercial contracting companies (2019/20: £2m). Total expenditure on providing services was £4.2m (2019/20: £4.1m).

Torus Commercial Services Limited (TCS):

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

Torus Living Limited:

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

Bamboo Estates LLP:

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

The share of profit in 2020/21 was £0.3m (2020: £0.3m).

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

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

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

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

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

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

The Board and Executive Officers

Graham Burgess

Chair of Torus (Group) Board

As Chair of the Board, Graham oversees and ensures high standards of governance, and provides appropriate levels of challenge and support to the Executive Team.

He has over 40 years of Local Government service and has served at National and Regional level with the National Association of Local Government Officers. Graham was Chief Executive of Wirral Council between 2012 and 2015 and Chief Executive of Blackburn with Darwen Unitary Council for six years.

He chairs several health organisations across Lancashire and Greater Manchester.

Paul Burns

Vice Chair of Torus (Group) Board

Chair of the Remuneration and Nomination Committee

Paul is an experienced barrister and leader in Local Government and Social Housing law. His knowledge of Housing Management, Property Law and Human Rights, together with his extensive board experience and clear focus on governance, are a major asset at Board level.

Paul holds the highest available independent rankings in his areas of specialism with The Legal 500 2020 and Chambers UK 2020, and is Head of Local Government & Social Housing at Exchange Chambers (Liverpool, Manchester and Leeds).

Duncan Craig

Member of Torus (Group) Board

Chair of the Group Audit and Risk Committee

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

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

Greg Gottig

Member of Torus (Group) Board

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

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

Bob Hepworth**Member of Torus (Group) Board****Chair of Torus62 Developments Board****Chair of Torus Development Committee**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Group Chief Executive**Steve Coffey**

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

Before joining Torus, he led LMH from the 2008 stock transfer and spearheaded the creation of a strong, diversified and award-winning housing group with a distinct social purpose during his 10 years as LMH Group Chief Executive. Steve has held a number of senior executive positions within the North

West Social Housing sector in a career spanning over 20 years together with other Non-Executive positions in the public and private sectors.

Chief Financial Officer**Peter Fieldsend**

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

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

Chief Operating Officer**Catherine Murray Howard**

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

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

RISK MANAGEMENT

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

Torus utilises a risk management framework that ensures the Group’s strategic and operational risks are identified and managed appropriately. During 2020/21 Torus revised its Risk and Assurance Framework in line with the Group’s new Corporate Plan 2021/22 – 2025/26. Torus’ approach to risk management is based on the ISO 31000 Standard of a five-step risk management process. These steps are designed to identify and manage, rather than eliminate the risks that threaten our ability to achieve our key business objectives that are set out in the Group Corporate Plan.

TORUS RISK MANAGEMENT FRAMEWORK	
Stage 1 Understanding the context – the operating environment & business objectives	To effectively assess risk, it is important to identify the risk source and understand the operating environment as well as recognise that both internal and external factors can be a source of risk and impact on the Group achieving its objectives.
Stage 2 Identifying the risk	Risk identification is the process of finding, recognising, and describing risk. It is beneficial to isolate the risk (an event) from its cause and impact. <ul style="list-style-type: none"> • Cause – what could happen? • Risk – what is the risk/the event • Impact – what are the consequences?
Stage 3 Risk Analysis	Risks are assessed by the likelihood of occurrence and the impact this would have on the Group or subsidiaries. They are assessed using both pre (inherent) level of risk and post (residual) level of risk to determine the effectiveness of the controls.
Stage 4 Risk Evaluation	Risk evaluation is the process by which risks are scored and ranked, from which decisions can be made as to the extent of risk exposure and this then supports the prioritisation of risk controls. Controls could help to reduce the likelihood of the risk and/or the impact that the risk may have.
Stage 5 Risk Treatment	The appropriate risk management treatment will be determined by the risk appetite and whether the treatment will support Torus to achieve its objective. Torus uses the

	4T's as a response to risk: Transfer, Terminate, Tolerate, Treat.
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Torus has also adopted the 3 lines of defence model, the purpose of this is to give the Board assurance that the controls relied upon to mitigate risks and achieve objectives have been implemented and managed effectively. Assurance comes from all areas across the business and the 3 lines of defence model brings them together in one place for a complete picture of the effectiveness of key controls.



Managing risk is a continuous process and a risk register is maintained which identifies all strategic and operational risks including all internal controls and pending risk mitigating actions. The Risk Registers are managed and monitored in the Group's Performance Management software (Pentana). A nominated Risk Owner is assigned to each risk to ensure its review and management. Quarterly risk updates are provided to the Group Audit and Risk Committee.

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

COVID-19 RESPONSE

The emergence of COVID-19 and the subsequent Lockdown in March 2020 was an unprecedented threat to the health and wellbeing of customers and staff, but also the economic viability for individuals and businesses alike.

The Group's initial response was to invoke its Business Continuity Plan together with daily meetings for the Gold Team (strategic/tactical team) where key actions were agreed in response to developing events and emerging government guidelines. In response to the challenges faced, Torus adopted a three-stage approach:

- **Response Stage:** This stage covered the initial weeks of the crisis as we saw the emerging pandemic and received, what seemed like daily changes of an enormous scale to Government policy and the social and economic operating environment;
- **Resilience Stage:** The focus in this stage was to protect customers, employees, and others during the peak of the crisis and to help stop the rate of infections, whilst supporting the most vulnerable in our communities. During this stage there was also a focus on the resilience of the Group in responding to the ongoing challenges presented by the Pandemic; and

- **Recovery Stage:** This stage is where we are currently as we begin to recover from the impacts and implications of the Pandemic and begin to shape our post-Pandemic ways of working.

The existing Strategic Risks were also assessed for the impact of Covid-19, their existing risk ratings adjusted accordingly and appropriate mitigating actions put in place. The following specific risks emerging from the impact of the pandemic were identified, together with associated mitigating actions:

RISK	MITIGATIONS
<p>Financial – Income Collection Despite the measures introduced by the government to mitigate the loss of income on both businesses and individuals, many customers have seen a significant reduction in their income levels and their ability to pay rent. An increase in Universal Credit claimants has a direct impact on rent arrears levels and rent collection with a five-week wait for payment.</p>	<ul style="list-style-type: none"> • Daily operational metrics discussed at Gold Meeting including rent arrears, UC cases, cancelled direct debits. • Group Business Plan review • Proactive rent collection process • RentSense – arrears monitoring software. • Clear communication to all customers if having difficulty paying rent • Signposting for financial help.
<p>Compliance and Regulation The need to ensure gas appliances are safe has always been a key risk for housing associations, however the COVID-19 pandemic presented a greater risk to health and safety. Increased no-access from elderly and/or vulnerable tenants.</p>	<ul style="list-style-type: none"> • Safe systems of working introduced to maintain gas safety checks • No-access cases monitored on a daily basis. • Daily Metrics reported at Gold Meeting • Recovery forecasting • Covid Operational Response Survey submitted to the Regulator • Housemark Covid Benchmarking Group
<p>Development Most development schemes were significantly delayed as sites closed and the supply chain was disrupted. The significant impact on the economy also put a strain on the viability of many contractors.</p>	<ul style="list-style-type: none"> • Safe systems of working introduced on site to keep sites operational • Re-forecasting of the Development programme • Revised Business Plan • Development Lockdown Plan • On-going Contractor due diligence

STRATEGIC RISK REGISTER

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

CORPORATE CORE

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

KEY RISK AREA	KEY CONTROLS IN PLACE	CORONAVIRUS MITIGATING ACTIONS
Fail to establish an agile, commercially minded and motivated workforce	<ul style="list-style-type: none"> • Succession planning • IIP Accreditation • Torus Values & Behaviours • Organisational Development Programme • Mental Health First Aid • Mandatory training matrix 	<ul style="list-style-type: none"> • Revised Torus Workforce Strategy • Ways of Working Project • Covid response • Staff well-being plan • Risk Assessment for homeworking
Inability to adapt to changing external environment.	<ul style="list-style-type: none"> • Financial Golden Rules • Stress Testing Methodology • Group Business Plan • Transformation Programme • Group Business Continuity Plan • Strategy and Public Affairs team in place 	<ul style="list-style-type: none"> • New ways of working including new models and platforms • Crisis response
Ineffective Governance arrangements are in place across the Group	<ul style="list-style-type: none"> • Board & Committee skills matrix • Board annual appraisal • Board Away Days • Board induction process and training plan • Board recruitment • Board Timetable and meetings • Self-assessment against RSH Regulatory Standards • Sector Scorecard • G1/V1 status retained • Substantial Assurance internal audit of Governance 	<ul style="list-style-type: none"> • All Board and Committee meetings have continued to operate effectively via Microsoft Teams

KEY RISK AREA	KEY CONTROLS IN PLACE	CORONAVIRUS MITIGATING ACTIONS
	<ul style="list-style-type: none"> • Assets & Liabilities Register 	
<p>Failure to re-shape the business & implement new intelligent operating model.</p>	<ul style="list-style-type: none"> • QL 2020 Project Plan • Project Management Framework • ICT Transformation Programme • ICT Policies Complaint with ISO 27001 • Group Corporate Plan • Group Business Plan • Business Case process 	<ul style="list-style-type: none"> • Ways of Working Project • Remote /agile working
<p>Ineffective identification & management of Safety & Compliance obligations</p>	<ul style="list-style-type: none"> • Asset Compliance policies which include Gas, Fire, Electrical, Asbestos, Legionella & Lift Safety in place • Compliance Dashboard in place for monitoring performance • Decent Homes monitoring • Health & Safety Training • Lone Working devices • Substantial Assurance – Internal Audit • RIDDOR 	<ul style="list-style-type: none"> • Safe Systems of Work • Risk assessments for staff returning to the office • DSE Assessments for home working • Submission of Coronavirus Operational Response Survey to the Regulator • PPE for all front facing staff
<p>Fail to be recognised by key stakeholder as a Regional Influencer</p>	<ul style="list-style-type: none"> • Strategy and Public Affairs Department • Group Risk Appetite • Key partner with Local Authorities and Developers • Trade Union Engagement Framework 	<ul style="list-style-type: none"> • Working closely with Local Authorities within our heartlands to support the vulnerable and communicate key messages

KEY RISK AREA	KEY CONTROLS IN PLACE	CORONAVIRUS MITIGATING ACTIONS
Fail to manage our long-term Financial Resilience	<ul style="list-style-type: none"> • Robust Financial Planning and Stress Testing in place • Banking covenants • Fraud reporting procedures and training • Business Continuity Plan • Funding Strategy and Securitisation • Value for Money Strategy • Financial Golden Rules 	<ul style="list-style-type: none"> • Group Business Plan review • Amendment of Financial Regulations due to working from home arrangements • Mechanisms in place to support subsidiaries
Failure to safeguard and manage the integrity of Torus data	<ul style="list-style-type: none"> • Data Protection Policies and Procedures • Segregation of duties built into ICT permission • Group Transformation Plan • Data Protection Advisor role in place • Mandatory Data Protection training • External audit of GDPR • ISO 27001 • ICT Network & Cyber Security internal audit • Cyber Essentials Certified • ICT Disaster Recovery Plan 	<ul style="list-style-type: none"> • Mandatory Cyber Security Training as cyber- attacks increased during lockdown • Fraud Awareness training

LANDLORD

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

KEY RISK AREA	KEY CONTROLS IN PLACE	CORONAVIRUS MITIGATING ACTIONS
Fail to maintain the confidence, satisfaction & trust of customers and stakeholders	<ul style="list-style-type: none"> • Torus Talk and Tenants Voice Strategy • Landlord Operations Committee • NHF Tenants Charter • Customer Satisfaction programme • Customer Complaints Policy • Decent Homes Standard • Minimum Void Standard • Tenant Scrutiny Panel, Tenant Inspectors & Mystery Shoppers 	<ul style="list-style-type: none"> • Support to old and vulnerable residents during lockdown restrictions • Torus Foundation Commissioning Framework • Roadmap for opening up services post-lockdown • Regular tenant communications with residents to manage expectations and keep them informed

TORUS DEVELOPMENTS

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

KEY RISK AREA	KEY CONTROLS IN PLACE	CORONAVIRUS MITIGATING ACTIONS
Failure to deliver the Development Programme	<ul style="list-style-type: none"> • Annual Development Programme • Development Strategy • Development Committee • Progress against targets is monitored and reported at appropriate levels • Strategic delivery partner for Homes England • Skilled development team • Substantial Assurance – Internal Audit 	<ul style="list-style-type: none"> • Torus Contractors Framework • Development sites remain open and operational • Re-forecasted Development Programme • Revised Business Plan

HMS

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

KEY RISK AREA	KEY CONTROLS IN PLACE	CORONAVIRUS MITIGATING ACTIONS
Failure to deliver the HMS Business Plan	<ul style="list-style-type: none"> • Growth plans in place along with Asset Management and Development Strategies • Procurement and Performance Framework • Tolerated exposure limits • ISO Accreditation • Customer Satisfaction • HMS Board 	<ul style="list-style-type: none"> • Establishment of Safe Systems of Working • Key Worker Status for operatives • Stress Testing • Revised HMS Five-Year Business Plan • PPE for all front facing staff • Recovery planning

TORUS FOUNDATION

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

KEY RISK AREA	KEY CONTROLS IN PLACE	CORONAVIRUS MITIGATING ACTIONS
Unable to deliver our Social Impact Ambitions	<ul style="list-style-type: none"> • Grant conditions tracker • Fundraising Strategy • Heartland partnership working • Partnership agreements with providers • Social impact evidence via CSR • Torus Foundation Board 	<ul style="list-style-type: none"> • Review of services and a temporary reduction in expenditure • Short-term financial aid from Landlord • Torus Foundation workers identified as key workers to provide support to residents and respond to local needs • Food distribution for those in need

KEY RISK AREA	KEY CONTROLS IN PLACE	CORONAVIRUS MITIGATING ACTIONS
		<ul style="list-style-type: none"> • Face to face delivery shifted to social media and remote delivery.

Value for Money

Introduction

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

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

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

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

2020/21 Performance

Maximise economy, efficiency and effectiveness across all aspects of service delivery

Torus has established a Transformation Programme to support integration following completion of the amalgamation in January 2019 and delivers efficiencies and outcomes in line with the amalgamation Detailed Business Case. Key activities include implementation of single ICT systems and ways of working, restructuring and integration of teams together with the use of procurement to deliver efficiencies. Key achievements included the restructuring of teams across Torus with all

restructures complete by July 2021, implementation of new ICT systems with a go live in August 2021, and a number of procurement tenders generating savings for the Group. These include insurances, utilities and pension bond provision where, to date, efficiencies of £6.9m have been achieved since amalgamation.

Efficiency targets were originally £14.2m by the end of the Transformation Programme in 2021/22. During 2019/20, a review of maintenance and investment requirements was undertaken, taking into account the views of the Landlord Operations Committee. As a result, additional funding of approximately £5m per annum has been made available in the business plan in the next 5-10 years for increased investment in compliance activities, void works and regeneration activities. Total capital and revenue repairs and investment expenditure average £74m per annum for the five years from 2020/21. The original efficiency target of £3.5m on investment activities by 2021/22 has, therefore, been taken out of targets.

During 2020/21 the majority of staffing restructures were implemented reflecting the post amalgamation integration of teams and processes removing duplication and creating efficiencies. It was recognised that a proportion of the targeted £6.5m salary saving would need to be reinvested into increased pension contributions (£0.5m), inflationary pay awards (£1.4m) and new activities (£2.0m). To date employee efficiency savings amount to £3.3m.

As a result, savings targets are still anticipated throughout the life of the business plan and efficiencies of £7.0m are expected by 2021/22.

Make Best use of assets and resources

Activities were affected by Covid-19 during 2020/21, however, operating margins improved to 31.8%, exceeding the target of 19.6%. It was anticipated that rent collection would be impacted by the pandemic, however despite an initial increase in arrears, collection improved with year end performance at 98.4% against the business plan target of 96%. Management costs were lower than budgeted, as were repair and maintenance costs, which were impacted by the pandemic with a number of activities and projects being delayed and moved into later years.

Torus is a strategic partner with Homes England and delivered 659 completions in 2020/21 with a further 854 starts on site. These attracted grant income of £33.6m. Completions and starts were lower than anticipated largely due to the pandemic leading to delays on site and start on site. There were a number of other issues impacting performance including planning delays, contractor performance issues and schemes not proceeding as expected due to VFM issues. Despite the challenging year, the number of completions was slightly higher than in 2019/20. At 31 March 2021 there were 2,039 units under construction across 35 sites. A robust investment appraisal process is in place and the cumulative internal rate of return on committed schemes is 5.12%, compared to a target of 4.5%.

During 2020/21 performance on shared ownership sales remained strong with 164 sales generating income of £11.5m and profit on sales of £1.1m, a margin of 11.3%.

Demand generally remains high for properties with 99.04% properties occupied at year end. The Covid-19 Pandemic impacted upon performance, particularly in Quarter 1 when repairs on void properties and allocations were ceased. The number of void properties increased over this time and Torus has found it difficult to reduce the number of voids whilst restrictions are in place, with 551 properties void at year end. Void management processes have been reviewed and an action plan “Project 250” has been developed to reduce management voids in Quarter 1 of 2021/22.

There are some demand issues in small locations and an additional 324 properties were vacant and unavailable for letting. Plans for regeneration of these estates in order to optimise use of assets have been agreed and a number of demolitions took place in 2020/21. Further interventions will take place during 2021/22 and it is anticipated that void numbers will fall significantly in 2021/22.

Maximise Social Value

In 2020/21, the activities of commercial entities were impacted by the Covid-19 Pandemic, however, HMS and Torus Developments were still able to make gift aid donations to Torus of £0.2m and a further £1.2m to Torus Foundation. Surplus in 2020/21 from commercial entities was £2m, which will be available for distribution in 2021/22.

The impact of the pandemic was considered by the Torus (Group) Board and donations were agreed from Torus to Torus Foundation of £1.8m in 2020/21 enabling the Foundation to continue its work in the Torus community heartlands. Furthermore, the Board recognised the impact that the pandemic would have on communities and have commissioned services worth £2m over 2020/21 and 2021/22.

In addition to gift aid, Torus Foundation generated £0.9m from external sources and continued its investment in communities across Torus heartlands to support its five pillars of financial inclusion, digital inclusion, employment support, health and wellbeing and youth.

Robust focus on performance, service quality and satisfaction

Satisfaction with services in 2020/21 was 91%, above both previous years satisfaction and the target of 87.8%. Satisfaction data is analysed to understand reasons for dissatisfaction and identify key actions to improve performance.

During 2020/21 there was an investment in repairs with additional funding to improve the void standard for new relets and a commitment to a safety plus approach to asset compliance.

The Group’s values and behaviours of “*We own, We Care and We Deliver*” are clearly aligned to promoting a culture of accountability and driving forward improvements in performance and service quality. Complaints was a key focus area, ensuring appropriate responses that address concerns in a timely manner.

The Group responded to the pandemic in a proactive and supportive manner, maintaining services as much as possible, ensuring there was clear communications in place for tenants and providing support to the most vulnerable members of communities.

Use insight and data intelligence to inform strategic business decisions

A single performance reporting system is in place with performance and risk now reported through a single system and this is supported by robust processes to monitor performance on a monthly basis.

Performance is scrutinised on a quarterly basis by Torus and subsidiary boards, as well as the Landlord Operations Committee.

Business Analysts are available in the performance team to support operational teams and specific work has been undertaken during the year on voids, repairs and income reporting.

Maintain regulatory compliance and long term financial viability

Governance processes are in place to monitor compliance and in 2020/21 Torus was fully compliant with its regulatory requirements.

A robust business planning process is in place that demonstrates that Torus remains viable in the longer term. A new treasury strategy was developed in 2020/21, to ensure that funding is in place to meet development and investment requirements. A further £100m was raised from capital markets at competitive rates, ensuring there is sufficient liquidity to meet long term commitments.

Enhance customer involvement, scrutiny and accountability structures

A Landlord Operations Committee is in place, which includes representatives from tenants and local authority representatives from the three heartland areas. The committee regularly scrutinises performance and its activities are reported to the Torus (Group) Board. This is backed up by a Scrutiny Panel of tenants who are able to provide an in depth focus on services and improvement actions.

A Tenant Voice strategy has been established along with actions to enhance engagement and consultation mechanisms with tenants and leaseholders.

Proposals from the Social Housing White Paper have been assessed and taking forward these proposals will be a focus for 2021/22.

2020/21 VFM Metrics

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

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

In order to provide transparency on performance, comparisons of the 2020/21 performance have been made against targets and 2019/20 performance. External comparisons have been made against the sector median and a specific peer group of providers. Following advice from Housemark, Torus has set its peer group as registered providers with over 10,000 units, who operate outside of London. Targets were revised in the summer of 2020 to reflect the anticipated impact of the COVID pandemic.

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

Business Health

Metric	Link to Corporate Plan	2020/21 Actual	2020/21 Target	2019/20 Actual	2019/20 Sector Median	2019/20 Peer Group Median
Operating Margin (Overall)*	RESILIENCE: Provide a firm platform for growth to withstand challenges	31.8%	19.55%	26.6%	23.1%	22.8%
Operating Margin (Social Housing)*		35.9%	21.37%	30.5%	25.7%	27.0%
Earnings before Interest, Tax and Amortisation Major Repairs Included (as a % of interest)*		410%	214%	345%	173.3%	149.7%

Operating Margins demonstrates the profitability of operating assets. Performance in 2020/21 compares favourably to target and demonstrates an improvement from 2019/20. Performance also stands up in comparison to sector and peer group medians from 2018/19.

EBITDA MRI (% of interest) is a key indicator of liquidity and investment capacity. Torus performs well on this metric in comparison to others and demonstrates that existing assets generate cash surpluses after covering interest for investment in new or existing stock.

Performance on these metrics is expected to decline in the next financial year, mainly as a result of increased expenditure in maintenance and investment activities, partly due to rephasing of works as a result of the COVID pandemic. In future years overall margins are expected to increase with overall margins at 31% to 33% and margins on social housing at 33% to 35%. It is anticipated that EBITDA MRI will decline in 2021/22 to 246% as a result of increased investment in existing stock before increasing to 359% in 2022/23.

Development (Capacity and Supply)

Metric	Link to Corporate Plan	2020/21 Actual	2020/21 Target	2019/20 Actual	2019/20 Sector Median	2019/20 Peer Group Median
New Supply Delivered Absolute Numbers	RESILIENCE: Build, regenerate and transform places and communities					
- Social Housing		634	773	649	101	347
- Non Social Housing		25	81	0	0	17
New Supply Delivered %*						
- Social Housing		1.63%	2.00%	1.70%	1.5%	1.4%
- Non Social Housing		0.06%	0.2%	0.00%	0%	0.1%
Gearing *	RESILIENCE: Practice good business across the Group and supply chains	21.1%	24.0%	23.9%	44.0%	46.8%

New supply metrics demonstrates performance in terms of developing new units which is a key objective of housing providers and creates social value to communities. Whilst development numbers were below target in 2020/21, there is still an upward trend in development activity across years. Performance also compares favourably to the sector and peers.

A small number of non-social housing was developed in 2020/21. Targets were not achieved due to delays in completion of a development of apartments for private rent. This scheme will be completed in 2021/22 on a rent to buy tenure. In future years, the numbers of non-social housing developed will be relatively low. These will be outright sales units delivered through Torus Developments. The strategic partnership with Homes England has resulted in an increased focus on social housing development.

Gearing assesses how much of the adjusted assets are made up of debt and the degree of dependence on debt finance. It can indicate a provider’s appetite for growth. Gearing is very low in comparison to the sector and peers. This low level is attributable to legacy organisations strong financial performance in previous years with little development activity as organisations priority was related to existing property investment after stock transfers from local authorities.

Torus is well placed to increase activity in future years, it has strategic partner status with Homes England with grant funding of £68m under the WAVE2 Programme and has recently submitted a bid for £140m of funding through the Affordable Homes Programme 2021-2026.

There is also a strong pipeline in place with 2,039 units across 35 schemes on site at year end and another 767 units with the necessary approvals or land acquisition in place. This increased activity will require additional borrowing with the current business plan forecasting an increase in borrowing from £364m to £780m by 2027/28. As a result, gearing will increase steadily to 34% in 2027/28.

Outcomes Delivered

Metric	Link to Corporate Plan	2020/21 Actual	2020/21 Target	2019/20 Actual	2019/20 Sector Median	2019/20 Peer Group Median
Customer Satisfaction	INTELLIGENCE: Listen, act and respond to shape places and services	91.0%	87.8%	87.8%	86.90%	85.2%
Reinvestment % *	RESILIENCE: Build, regenerate and transform places and communities	9.4%	13.66%	13.5%	7.2%	7.2%
Investment in Communities		£4.99m	N/A	£4.084m	N/A	£1.025m

Customer satisfaction is derived from the STAR survey of tenants and measures the proportion of tenants who are very or fairly satisfied with their landlord’s service overall. Satisfaction in 2020/21 was 91%, above the target, and an increase when compared to 2019/20. This is also above the sector and peer comparators. The long-term target for satisfaction is 90%.

Reinvestment measures the investment in properties (existing and new supply) as a percentage of the value of total properties. Reinvestment compares well against peers and is attributable to the increase in development activity. Actual performance was below target due to delays in development schemes impacting on the level of investment. Over the next few years the increased development programme and regeneration activities will see reinvestment increase to around 11% - 14% per annum in years 2021/22 to 2027/28.

Investment in communities quantifies the expenditure on activities that go beyond activities as a landlord or housing developer, and demonstrates the positive contribution made to communities. The Torus model of reinvesting surpluses from commercial activities to the Torus Foundation, ensures performance compares well. Gift aid is forecast to increase to £5m per annum in 2021/22 and this

will ensure Torus continues to invest in communities and generate social value across its heartlands. The Covid-19 pandemic impacts on our communities and Torus has commissioned additional services from the Foundation to ensure investment in communities is maintained.

Effective Asset Management

Metric	Link to Corporate Plan	2020/21 Actual	2020/21 Target	2019/20 Actual	2019/20 Sector Median	2019/20 Peer Group Median
Return on Capital Employed *	INVESTMENT: Deliver excellent services driven by quality, value for money and changing demand	5.6%	3.6%	5.6%	3.4%	3.7%
Occupancy – General Needs only		99.04%	98.70%	99.06%	99.28%	99.09%
Ratio of Responsive Repairs to Planned Maintenance		0.72	0.46	0.58	0.64	0.71

Return on Capital Employed measures operating surplus against fixed and net current assets and is used to assess the efficient investment of capital resources. Torus compares well to its peers and demonstrates that it is effective in making best use of its existing assets. Strong performance in future years will ensure return remains at 4% - 5% in future.

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

Ratio of responsiveness to planned maintenance measures the efficient use of resources in the maintenance of properties. In 2020/21, the pandemic has meant we were unable to start a number of major improvement works, which have been rephased to later years. As a result, performance is not in line with target. Performance compares favourably to the sector and peer median. Additional planned maintenance and investment works should see improved performance in future years.

Operating Efficiencies

Metric	Link to Corporate Plan	2020/21 Actual	2020/21 Target	2019/20 Actual	2019/20 Sector Median	2019/20 Peer Group Median
Headline Social Housing Cost per Unit *	INVESTMENT: Deliver excellent services driven by quality, value for money and changing demand	£2,671	£3,305	£2,908	£3,835	£3,610
Rent Collected		98.38%	96%	99.67%	99.84%	99.61%
Overheads as a % of adjusted turnover		8.4%	9%	7.81%	13.90%	12.2%

Headline social housing cost per unit measures efficiency in terms of the management of social housing and includes costs of management, housing services, repairs and maintenance and capital investment in existing stock. Torus compares well to the sector and its peers, demonstrating efficiency in its housing management operations. Performance in 2020/21 has been impacted by the pandemic with a number of planned maintenance and improvement schemes, unable to take place, leading to a reduction in cost compared to target. An increase in cost per unit to £3,325 is forecast in 2021/22 due to increased investment in stock, including a number of schemes rephased from 2020/21. However, longer term efficiencies have been achieved and it is anticipated that the cost per unit will fall to around £3,000 per unit by 2022/23.

Rent collection in 2020/21 was 98.38% which represents a reduction in performance compared to previous years but is above the target set for the year. The COVID-19 pandemic has impacted on performance with a large proportion of tenants impacted by the resultant economic downturn. Collection reduced and arrears increased in the first quarter of 2020/21, but gradually improved throughout the year. The timing of Housing benefit payments in the St Helens heartland also impacted on year end performance, as benefits for rent in 2020/21 was not received until 2021/22. Collection would otherwise have been over 99%.

Overheads as a % of turnover represent the efficiency in delivering corporate services. Performance in 2020/21 indicates that corporate services remain low in comparison to peers.

Performance Framework

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

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

Performance in 2020/21 against a range of indicators was as set out in the following tables.

Staff Related indicators:

Indicator	Link to Corporate Plan	2020/21 Actual	2020/21 Target	2019/20 Actual
Average Working days lost due to sickness	INTELLIGENCE: Drive effective organisational performance, strength and influence	8.3 days	5.8 days	10.1 days
Voluntary Staff Turnover		3.8%	6.7%	5.6%
RIDDOR accident frequency rates	INVESTMENT: Embed exemplar standards of safety across living and working environments	0.26	0.9	0.32

Average working days lost at 8.3 days is higher than target but an improvement on 2019/20. This has been a focus for management attention. Actions include the introduction of a nurse led occupational health service and wellbeing and mental health initiatives, alongside refresher training for managers in absence management.

Voluntary staff turnover compares favourably to target at 3.8%

Health and Safety of staff remains a key priority and the focus in this area is reflected in good performance with a low accident frequency rate. During 2020/21 6 RIDDOR reportable accidents occurred.

Development Indicators:

Indicator	Link to Corporate Plan	2020/21 Actual	2020/21 Target	2019/20 Actual
Development Starts on site	RESILIENCE: Build, regenerate and transform places and communities	854	1,213	924
Number of Sales		164	207	159
Sales Exposure		£4.9m	£8.9m	£12.4m

Development starts in 2020/21 were 854 which was below the original target of 1,213 and number in 2019/20. The pandemic caused delays in starts, alongside Issues such as planning consents, viability and agreeing contractual issues, caused a number of schemes starts to slip in 2020/21.

Delays in handovers has impacted on the number of shared ownership sales with 164 completed in comparison to the target of 207. Once handed over, demand has been strong with reduced time from handover to sale. The number sales still represent an increase in comparison to 2019/20, despite the challenging conditions caused by the pandemic.

Sales exposure represents the value of unsold units. At year end there were 77 unsold units. This is at low level compared to target and previous year and demonstrates the strong demand we are experiencing.

Asset related indicators:

Indicator	Link to Corporate Plan	2020/21 Actual	2020/21 Target	2019/20 Actual
Occupancy across all properties	INVESTMENT: Deliver excellent services driven by quality, value for money and changing demand	97.65%	98.70%	98.21%
% of properties with valid Gas Safety certificate	INVESTMENT: Embed exemplar standards of safety across living and working	99.93%	100%	99.97%
Fire Risk Assessments		98.74%	100%	100%

completed within target	environments			
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At year end 97.65% of units were occupied. A total of 875 units were unoccupied, of which 551 units were management voids available or being made ready for letting, with 324 units being non-management voids and not available for letting, pending demolition or major refurbishment. The yearend position was also impacted on a large extra care scheme being handed over with 118 units to be let. Performance is, therefore, below target and 2019/20 performance. The pandemic has had an impact on performance with void numbers increasing at the start of 2020/21 as both repairs on void properties and allocations of properties ceased. Whilst numbers have fallen, they remain higher than target. Processes have been reviewed and a series of actions put in place to reduce voids to acceptable levels. A number of demolition and regeneration schemes are due to take place in 2021/22 which will lead to a reduction in non-management voids.

Compliance is a priority for Torus. A small number of gas certificates were outstanding at year end (25) and all properties that can be referred for legal action have been. Torus maintained a robust stance throughout 2020/21, however it has been a challenging year with access issues due to the pandemic. This has also been complicated by court processes being impacted creating difficulties in using legal processes to gain access. Properties without valid certificates peaked in the first half of 2020/21, but additional resources and robust approach has resulted in a reduction in the second half of the year.

98.74% of Fire Risk Assessment works were completed on time in 2020/21. This is below the target and again has been impacted by the pandemic due to access issues and availability of contractors who ceased activity early in the financial year. Material shortages have also caused some delays in completing works. There are, however, no outstanding high priority works.

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

HMS indicators

Indicator	Link to Corporate Plan	2020/21 Actual	2020/21 Target	2019/20 Actual
HMS Turnover	INVESTMENT: Deliver excellent services driven by quality, value for money and changing demand	£61.001m	£77.043m	£61.341m
HMS Operating Margin		1.6%	-1.9%	5.5%
HMS Repairs completed within time		98.5%	95%	95.7%

HMS Turnover in 2020/21 at £61m was broadly similar to 2019/20. Turnover was below target, largely due to lower than anticipated activity on planned maintenance and development construction works

which were delayed due to the Covid-19 pandemic. This also had an impact on growth opportunities, particularly in the first half of the year.

HMS continues to be profitable with an operating margin of 1.6% compared to an anticipated loss and margin of -1.9%. The pandemic had a significant impact with most activities ceasing in Quarter 1 of 2020/21 and losses being incurred. As activities resumed HMS returned to profitability and was able to recover losses and a profit of £0.9m was generated in 2020/21. This will be available for gift aid in line with the Torus operating model.

Performance for repairs completed on time was 98.5%, above the target of 95% and 2019/20 performance. New consistent working practices have been implemented following the amalgamation and there has been a steady improvement in performance.

Torus Foundation indicators:

Indicator	Link to Corporate Plan	2020/21 Actual	2020/21 Target	2019/20 Actual
Number of people supported into employment	RESILIENCE: Build, regenerate and transform places and communities	422	400	425
Value of grants and monies obtained for Torus Customers		£4.058m	£3.000m	£3.926m
Grant Income		£0.915m	£0.150m	£3.345m

Torus continues to invest in its communities through its charitable arm, the Torus Foundation. Performance remains strong with 422 people supported into employment compared to a target of 400. Its debt and benefits advice service ensured that a total of £4.058m was secured on behalf of customers.

£0.915m of grant expenditure was secured for reinvestment into community activities against a target of £0.150m. The bulk of this (£0.513m) relates to a successful bid for DWP Kickstart funding to support work placements for the unemployed.

Future VFM activities

In future years Torus will seek to complete its transformation programme during 2021/22 and start to deliver actions to support the new Group Corporate Plan, strategic and operational plans.

Specific activities that will take place in 2021/22 and support VFM include:

- Delivery of the Aareon QL ICT systems

- Completion of integration and restructures across Torus
- Implementation of the workforce development strategy
- Implementation of agile working and ways of working project, which has a focus on productivity and performance
- Completion of the Torus accommodation review targeted at generating efficiencies of £0.25m per annum
- Successful bid for funding under the Affordable Homes programme 2021-2026
- Continued growth in delivery through the development programme in 2021/22
- HMS to successfully deliver its growth targets
- Delivery and progress on key strategic regeneration projects in 2021/22
- Delivery of commercial surplus' in line with subsidiary business plans, maximising gift aid and reinvestment in communities via the Torus Foundation
- Develop a Torus Group Social Investment strategy
- Respond to the social housing white paper and ensure customer views inform transparent service delivery
- Develop a new customer access strategy
- Review of Service charges within sheltered and supported accommodation
- Develop an enhanced methodology for continuous improvement
- Explore opportunities for funding at low rates through the Affordable Homes Guarantee scheme.

Financial Performance

Performance and activities were impacted by the Covid-19 pandemic throughout 2020/21. Once lockdown was announced in late March 2020, the business continuity plan was implemented, and activities were redesigned around government guidelines and the priority of maintaining the safety of customers and staff. The Group quickly mobilised working from home, providing suitable ICT hardware and software resources.

The Group also put in place safe working practices and facilities for staff who could not work from and also reconfigured our communal facilities in properties to protect tenants and staff.

A number of activities were initially ceased, including non-emergency repairs and maintenance, allocation of properties, reception facilities and new property viewings. Contractors were also impacted with a pause on all development activity. As lockdown eased these activities were resumed, following government guidance at all stages. Indirect impacts included an increase in tenants claiming universal credit, which created a risk around income collection. HMS work for third parties also ceased reducing non-social housing income. Naturally these changes have affected income and expenditure across the group.

A large proportion of staff were furloughed across the group, although all staff continued to be paid at 100% of their salary. In 2020/21 £2.7m of income was obtained from the Government Job Retention Scheme.

In 2020/21, the Group delivered a net surplus before taxation of £55.8m. This represents an increase of £7.2m compared to previous year's performance and continues the trend of increasing surpluses since amalgamation.

Turnover increased to £198.9m in 2020/21 (2020: £195.5m). This was partly attributable to a rent increase of 2.7% in April 2020. This was in line with government rent policy (CPI + 1%) and represents the first increase since the four year rent cut.

Operating costs fell in 2020/21 to £119.8m (2020: £134.6m). This is due to efficiencies through transformation and restructuring generating reductions in management costs. Reduced repairs and maintenance costs follow the reduction in activities due to Covid-19, in particular reduced property turnover has led to a reduction in void maintenance costs and rephasing of projects has reduced major repair and planned maintenance costs.

An impairment charge of £0.8m (2020: £2.2m) is recognised in operating costs. This relates to low demand on a block of flats and a decision to demolish and integrate into a wider regeneration scheme.

Interest payable has increased to £11.5m (2020: £11.1m). This is attributable to interest on new borrowing of £100m raised in October 2020 as well as a small reduction in capitalised interest charges to £5.3m (2020: £5.6m).

Statement of Comprehensive Income	2021 £000	2020 £000	2019 £000
Turnover	198,869	195,494	193,672
Operating Costs	(119,778)	(134,586)	(136,198)
Cost of Sales	(15,915)	(8,826)	(9,594)
Gain on disposal of Assets	4,344	5,813	5,091
Other income	7	-	34
Operating Surplus	67,527	57,895	53,005
Share of surplus /(deficit) in JV	299	278	96
Interest Receivable	155	525	588
Interest payable and financing costs	(11,531)	(11,066)	(20,337)
Movement in fair value of investment properties	(676)	955	30
Net surplus before taxation	55,775	48,587	33,382

The Groups Statement of Financial position shows that net assets have grown by £45.8m, with growth largely as a result of the investment in new properties. This investment has been funded from within existing resources.

Cash Balances remain healthy at £201.3m (2020: £76.2m). This increase of £125.1m and largely represents the raising of £100m plus a premium of £17m from capital markets in October 2020.

The increase in long term creditors to £536.9m (2020: £405.2m) represents the raising of new funding and the receipt of £33.6m in capital grants to fund development of new properties.

The pensions liability represents the liabilities accruing due to participation in the Merseyside and Cheshire Pension Funds, defined benefit schemes. The net liability has increased by £11.8m during the year and currently stands at £33.6m (2020: £21.9m). The increase reflects changes in underlying assumptions having a negative impact on the value of scheme liabilities.

Statement of Financial Position	2021 £000	2020 £000	2019 £000
Housing Properties, Net of depreciation	981,268	915,084	821,312
Other Fixed Assets	30,694	28,614	28,076
Fixed Assets net of Depreciation	1,011,962	943,698	849,388
Net Current Assets	207,928	86,441	106,800
Total Assets less current liabilities	1,219,890	1,030,139	956,188
Creditors, amounts falling due after more than one year	(536,911)	(405,210)	(382,438)
Pensions Liability	(33,614)	(21,852)	(43,436)
Provision for Liabilities	(872)	(350)	(629)
Total Net Assets	648,493	602,727	529,685
Revenue Reserve	648,483	602,692	529,661
Restricted Reserve	10	35	24
Total Reserves	648,493	602,727	529,685

Treasury Management

Treasury Policy

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

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

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

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

Treasury Strategy 2021-2024

A high-level treasury strategy was developed and approved by the Torus (Group) Board in March 2021. This sets out the principles and actions that underpin a proactive, insight and partnership driven approach to treasury activities. These principles are:

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

Debt Structure

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

During 2020/21 new funding was raised through bond aggregator bLEND. £100m was raised with a premium of £17m. Whilst the nominal rate on the bond is 2.92%, the all-in rate achieved on issue was gilts plus 133 basis points (2.17%).

The undrawn £10m revolving credit facility provided by Barclays was extended in 2020/21 and is now available until March 2026.

A summary of loans and bonds, as at 31 March 2021 is shown below:

Provider	Total Facility (£m)	Undrawn Facility (£m)	Drawn Facilities (£m)
Warrington Borough Council	112.1	98.0	14.1
Royal Bank of Scotland	45.2	30.0	15.2
NatWest	65.0	10.0	55.0
Nationwide	21.3	0.0	21.3
Santander	120.5	55.0	65.5
Barclays	65.0	10.0	55.0
The Housing Finance Corporation	38.0	0.0	38.0
bLEND	100.0	0.0	100.0

Total	567.1	203.0	364.1
Bond Premia			30.7
Fair Value adjustment			16.6
Issue Costs			(3.1)
Net Debt (Note 26)			408.3

All drawn facilities are at fixed rates with terms ranging from 1 to 33 years, with final instalments due to be repaid between 2021 and 2054. Interest Rates range from 2.92% to 7.62%.

Loans are fully secured by fixed charges on individual properties.

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

THFC and bLEND proceeds included an issue premium which is written off over the life of the loan. The balance at year end was £30.7m.

The statement of Financial Position includes £16.6m in respect of fair value adjustments of loans. These have arisen due to categorisation of a cancellable loan as non basic, in accordance with FRS102, requiring it to be held at fair value. In addition, the refinancing of loans relating to former Liverpool Mutual Homes in 2017/18 and former Golden Gates Housing Trust in 2018/19 were treated as a derecognition event, requiring the revised loans to be revalued to their fair value. These fair value costs were initially charged as finance charges in the statement of comprehensive income. They will subsequently be amortised over the term of the loans in order that interest and financing charges reflect the market rates for these loans.

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

Current Liquidity

The Group currently holds cash balances amounting to £201.3m. This represents an increase in balances of £125.1m over the course of 2020/21. This has been due to the raising of funds to fund development commitments in future years.

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

Facilities are sufficient to meet the Groups requirements until 2023/24. New facilities will be required after this date with peak debt projected at £780m in 2027/28. The Group has been working with its Treasury advisors on a Treasury funding plan to address its long-term funding requirements. This was presented to the Torus (Group) Board in March 2021 and contains two key actions for 2021/22:

1. To explore opportunities to raise funds at competitive rates from the Government backed, Affordable Homes Guarantee Scheme
2. Consider the need to extend the Revolving Credit Facilities that expire in 2022 and 2023 and conclude discussions with lenders if necessary, by March 2022

Future Prospects

Notwithstanding the impacts of the Covid-19 Pandemic, the future prospects for Torus remain positive. A skilled and experienced Board is in place following amalgamation and a revised five year Group Corporate Plan has recently been established setting out the mission, goals and aspirations for the business. These are complemented by a series of strategic and operational plans setting out how it will achieve its objectives. These are themed around Investment, Resilience, Intelligence and Influence.

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

The Transformation Programme to put in place a single operating model is nearing completion and will generate efficiencies of £7.0m for the Group.

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

A new Government rent policy was introduced in 2020/21 giving greater certainty for social and affordable rents. Rents can be increased by CPI + 1% per annum for five years from April 2020. Torus also chose to apply rent flexibilities and set rents for void properties in Liverpool at the government formula rent plus 5% for General needs properties and plus 10% for sheltered properties. This ensures a consistent policy is applied across all three heartland areas.

It is vital that Torus provides homes that meet tenant requirements and demand remains high. Component lifecycles and specifications were reviewed after amalgamation with additional funding put in place to deliver revised requirements. Funding has also been put in place for regeneration and remodelling on a number of sites across heartlands to ensure properties remain fit for purpose and meet tenant aspirations.

Torus has strategic partner status with Homes England, and this provides £68m of grant under the WAVE2 programme to support the delivery of its development and business plan targets. This status also provides opportunities for influence across the region and the ability to lead on large scale

development schemes. Partner status and availability of grant has seen a shift in emphasis toward affordable rent and shared ownership products which make up 94% of the overall programme. The exposure to market rent products is, therefore, limited. Homes England has recently launched its Affordable Homes Programme for 2021 – 2026. Torus is well placed to secure additional funding to continue its strategic partner status.

A prudent financial plan is in place which has been updated to take account of the COVID-19 pandemic impacts. The plan has been stress tested and indicates that it can withstand financial losses of up to £20m per annum. Assumptions include:

- rent increases in line with government policy for five years, followed by CPI only increases
- Void Loss increases in 2021/22 (2%) to reflect COVID impact with a long term assumption at 1.55% per annum
- Costs increasing by CPI plus 0.5%
- Rent collection assumptions at a prudent 96% in 2021/22 and a long term assumption of 97% per annum.
- Additional pension contributions of £1.9m per annum from 2023/24 to address funding deficits
- Interest rates gradually increasing up to 3% plus margin by 2026/27
- Shared ownership sales at 40% share, reducing to 32.5% to reflect the introduction of the new shared ownership scheme under the AHP 2021-26 programme
- Net cost of new development at £115k per unit after grant with cost of named schemes in line with development appraisal. Costs to increase by 2.5% per annum
- Additional funding for environmental initiatives of £1m per annum for 10 years and £19m per annum for years 11 to 30.

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

Borrowing of up to £780m is required by 2027/28 to fund the business plan. Facilities of £567m are in place, of which £203m is undrawn. In addition, significant cash balances of £201m are available. These will be used alongside grant and sales proceeds to meet the capital commitments of £408m as set out in note 36. The Group has strong liquidity, low gearing and sufficient security to meet its long-term ambitions.

The Covid-19 Pandemic will, inevitably, affect Torus and the wider economy. In the longer term, an economic downturn cannot be discounted which may impact on customers affecting rental income and demand for Shared Ownership products. There is, therefore, a medium-term risk to income. Stress testing has been undertaken on an economic downturn and this demonstrates the ability to withstand such a scenario

Subsidiaries do not hold substantial cash balances and Torus is committed to supporting these in the short to medium term to meet any cashflow issues they may encounter. Torus has the inherent financial strength to meet these challenges and continue to deliver high quality services to its

customers. As Torus recovers from the impact of the pandemic, it will review and adjust its Group Corporate Plan, operating model and business plan as appropriate.

Accounting Policies

The Group's principal accounting policies are set out on pages 75-122 of the financial statements. The policies most critical to these financial statements relate to accounting for housing properties, capitalisation of improvement works and depreciation.

Material judgements and estimates are set out in the policies.

The main estimates include:

- Component useful economic lives and lifecycles, based on experience and judgements by the asset management team
- Pension assumptions, based on external advice from actuarial advisors
- Bad debts provision based on prudent assumptions around collection of arrears
- Investment property valuations using independent valuations in line with RICS guidance

Impairment reviews have been undertaken and have determined that only properties identified for demolition as part of regeneration schemes should be impaired at a cost of £0.8m.

Statement of Compliance

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



Graham Burgess

Chair

Date: 19 August 2021

Report of the Board

Principal Activities

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

Charitable Status

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

Business Changes

No business changes took place during 2020/21.

Business Review

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

Financial Performance and Reserves

The Group achieved a net surplus before tax of £55.8m (2020: £48.6m), with total reserves at year end amounting to £648.5m (2020: £602.7m). Further details of performance are set out in the Strategic Report and Financial Statements.

Post Balance Sheet Events

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

Employees

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

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

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

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

Qualifying Third party indemnity provision

Torus provides Directors and Officers liability insurance to cover against claims made against individuals acting in their capacity as directors or officers. No claims were made in 2020/21.

Equality, Diversity and Inclusion

The Group is committed to equal opportunities with regard to its employees and its operations. A revised equality, diversity and inclusion strategy and action plan has been developed to ensure the Group complies with its duties and provides services that meet the requirements of all staff and customers.

The Group seeks to ensure there is equality in treatment and pay of men and women. Torus has published its mean gender pay gap figure: 14.8% (2019: 14.9%). A range of actions are underway to ensure the gender pay gaps are closed further.

Health and Safety

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

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

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

Resident Involvement

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

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

A Social Housing White Paper was published in 2020/21 and actions are being developed to ensure Torus meets its requirements and tenants have influence over service delivery.

Complaints

The Group has revised its complaints policy in 2020/21 ensuring it is in line with the Housing Ombudsman complaint handling code. The complaints policy and process has been designed to make it easy for customers to provide feedback on its services. Listening to feedback and taking appropriate action will help Torus continually improve services.

2020/21 Statement of Internal Control

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

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

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

Regular assurances on the adequacy and implementation of these processes have been provided by the Group Audit and Risk Committee throughout 2020/21.

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

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

Source	Internal Control Operating	Evidence
<p>Governance and Management Structures</p>	<p>Torus has a documented and formally constituted Board and Committee Structure.</p> <p>The reporting lines from subsidiaries to Torus (Group) Board are delivered through subsidiary reports to the Torus (Group) Board and a Board escalation procedure. Group Board also has membership on each Subsidiary Board.</p>	<p>Governance Documentation - Group Standing Orders, Terms of Reference and Board minutes</p>

Source	Internal Control Operating	Evidence
	All subsidiaries have their own internal control procedures.	
	Landlord and subsidiaries operate in accordance with a formal Intra-Group Agreement which sets out the operating and reporting arrangements between the entities within the Group.	Intra-Group Agreement, reports and minutes
	<p>The Group has adopted the NHF Code of Governance 2015 (and agreed to adopt the 2020 Code in 2021/22 and report against that Code in the Financial Statements 2021/22) and each Subsidiary Board and Committee of the Group Board has formal Articles or Terms of Reference in place to support arrangements.</p> <p>The Group undertakes annual self- assessments of compliance with the NHF Code, the Merger Code and Regulatory Standards which are reported to Torus (Group) Board.</p>	Board minutes and reports.
	Torus Board and committee members have been appointed on the basis of their skills and are supported by a comprehensive appraisal and training process to ensure any gaps are identified and training needs are met.	Group Board and Remuneration and Nominations Committee minutes and documentation.
	<p>A revised Corporate Plan (2021/22 – 2025/26) agreed and approved by the Torus (Group) Board.</p> <p>Annual Operational Plans are prepared by the Group Leadership Team and are approved by the Group Executive Management Team and Torus (Group) Board.</p> <p>Responsibility is allocated to lead officers for each task. Supported and driven by monthly reporting to regular reporting to the performance management software, (Pentana).</p>	Board minutes, Corporate Plan and supporting documents.

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

Source	Internal Control Operating	Evidence
Risk Management	A Risk and Assurance Framework has been approved by Torus (Group) Board setting out the Group’s approach to risk and assurance. Strategic and operational risks are monitored by Group Audit and Risk Committee and Subsidiary Boards and reviewed annually by Group Board.	Board and Group Audit and Risk Committee minutes. Risk Management and Assurance Framework.
	Group Audit and Risk Committee monitors risk management processes including near misses and crystallised risks at each meeting to ensure that the business takes appropriate action to ensure lessons are learned and controls are effective.	Group Audit and Risk Committee minutes.
	Strategic audit plan based on strategic risks and corporate plan agreed and overseen by Group Audit and Risk Committee.	Group Audit and Risk Committee minutes.
	Completion of Internal audit actions monitored by Group Leadership Team and reported to Group Audit and Risk Committee	Group Audit and Risk Committee minutes and Group Leadership Team reports.
	Annual external audit reviews and reports on the effectiveness of existing internal controls in the annual audit management letter.	Audit management letter.
	Health and Safety Management – a monthly report is considered by GEMT and quarterly by the Group Audit and Risk Committee. Health and Safety Committees meet quarterly within each Group entity to review health and safety issues. A Health & Safety internal audit carried out in 2020/21 gave an assurance level of Substantial.	Committee minutes.
	An annual review is completed on the suitability of insurance arrangements, ensuring that our insurance provides adequate cover for the Group. The insurance arrangements were subject to competitive tender in 2020/21 with Group Audit and Risk Committee involvement in the selection process.	Group Board and Group Audit and Risk Committee minutes.

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

Source	Internal Control Operating	Evidence
Financial Reporting & Control	Board considers an Annual review of Financial Regulations and Scheme of Delegation which identifies the financial framework under which expenditure may be incurred and income should be recovered.	Board minutes and documentation.
	Board scrutiny of financial papers – Board members include qualified accountants and members with significant financial experience and expertise in senior management positions.	Board member CVs and Board and Committee skills matrix.
	Annual Business Plans approved by the Torus (Group) Board include comprehensive stress testing to provide assurance on financial strength. Annual budgets are also approved by Torus (Group) Board. An audit on Financial Modelling considered the Group to have Substantial Assurance. Subsidiary business plans, associated stress tests and budgets are approved by the subsidiary boards.	Board minutes and reports.
	Financial Review Reports are considered monthly by Torus Group Executive Management Team and quarterly by Torus (Group) Board. These reports identify financial performance against budget and financial covenants.	Group Executive Management Team and Board papers and minutes
	Group Treasury Management Strategy and Policy approved by Torus (Group) Board and reviewed annually.	Board minutes and reports.
	Property Investment Plan (PIP) subject to regular review throughout the year, identifying annual investment requirement for individual properties, (over a 30-year period).	Property Investment Plan, Board minutes and reports.
	Regulatory	Regulatory compliance evidenced via self-assessment against the Regulator for Social Housing’s Regulatory Standards.

Source	Internal Control Operating	Evidence
	An In-Depth Assessment conducted by the Regulator provided assurance that the Group is compliant with the Governance and Viability Standard (G1/V1)	Regulatory judgement on compliance with the governance and viability requirements in the Governance and Financial Viability Standard.
	Adoption of the National Housing Federation’s Code of Excellence in Governance. Compliance with the code is reviewed via an annual self-assessment.	Self-Assessment Report and Board minutes
	Regular financial returns submitted to The Regulator of Social Housing (annual FVA, annual FFR and quarterly loan financing returns). FVA and FFR cover annual accounts and business plan respectively.	Copy of returns made to The Regulator of Social Housing and the Annual Viability report. An internal audit on Regulatory Returns received a Substantial Assurance Level.
Anti-Fraud Measures	Anti-Fraud Policy in place and regular reporting to Group Audit and Risk Committee.	Board and Committee minutes and reports.
	Probity, Anti-Bribery and Whistle-Blowing Policies and Board and Employee Codes of Conducts in place.	Policies.
	Hospitality and declarations of interest register and procedures in place.	Registers and procedures.
Business Continuity	Business Continuity Plan and ICT Disaster Recovery Plan are in place. Business Continuity Plan reviewed and approved by group Audit and Risk Committee in 2019/20. Plan invoked in March 2020 to manage the impact of the COVID-19 pandemic with enhanced reporting to Torus Group Board, Subsidiary Boards and Committees to provide effective oversight of the organisational response to the crisis.	Business Continuity Plan and Board briefing reports on the organisational response to COVID-19.

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

The Strategic Risk Register identifies the strategic risks which may affect the Group. In the current year there are two key external factors affecting the UK economy, housing sector and Torus. These are the continued impact of the Coronavirus Pandemic and the withdrawal of the UK from the European Union.

Regular and comprehensive reporting arrangements to Torus (Group) Board and Committee members were put in place to provide assurance on the Group's management of service delivery as we moved through the response, resilience and recovery stages of our plan. The Group continues with the recovery stage and is currently planning for the "new normal" in how it delivers services and retains the benefits of the acceleration of our transformation programme as it relates to future ways of working. Regular reporting to Board members by the Chief Executive has continued throughout and has been supplemented with regular updates to our customers, the Regulator and other key stakeholders.

It is anticipated that both the withdrawal of the UK from the European Union and the Coronavirus Pandemic may affect the following key areas for the Housing sector:

- Economic outlook - manifesting in changes to unemployment levels, inflation, interest rates, welfare reform and availability of grant;
- Political change - changes in policy on development and regeneration, grant availability and policy, welfare reform, rent policy, housing strategy;
- Funding - costs of finance, interest rate instability and risk, credit rating;
- Cost and Income stability - changes in inflation, labour availability, cost of imported materials and labour; and
- Property prices - fluctuation in property pricing may need to be factored into new scheme appraisals, particularly schemes with affordable rent, shared ownership or resale options.

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

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

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

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

The Torus Board is satisfied with the adequacy of the internal controls in place for the year ending March 2021, and for the period to date of signing the financial statements.

Going Concern

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

The Group was affected by the Covid-19 Pandemic that began affecting operations in March 2020. The Group has responded positively to this crisis, initially concentrating on services to support vulnerable customers. The Group slowly returned services to normal, whilst ensuring Government guidelines are followed and employee and customer health and safety is not compromised.

The crisis, along with other changes linked to Brexit and decarbonisation, creates future uncertainty impacting in the regulatory environment, government policy and the economy. Uncertainties include the future of rent policy, inflationary pressures, investment requirements and property values, together with the impact on tenants which creates risks around rental income. The business plan has been reviewed in light of these uncertainties and impact on service delivery including rephasing of works into 2021/22 and beyond. It is anticipated that surpluses in 2021/22 will reduce, but recover in later years.

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

Cross default clauses exist for all entities in the Group and the greatest risk lies with subsidiaries who do not hold significant cash balances, as surpluses are usually gift aided in line with the Torus operating model. Subsidiaries inherently remain sound and successful businesses and Torus has put in place measures to support its subsidiaries through provision of loan facilities and contractual commitments to continue to fund community activities in the Torus Foundation. Government support through the job retention scheme has also been utilised.

After making appropriate enquiries, the Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, being a period of not less than 12 months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the preparation of the financial

statements. In this context reference should be made to the Strategic Report and Financial Statements.

Regulatory Compliance

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

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

An in-depth assessment of Torus during 2020/21 and the Regulator issued a G1/V1 status of Torus in its Regulatory Judgement published on 4 November 2020.

As part of its compliance with the Governance and Viability Standard, Torus has adopted the NHF 2015 Code of Governance. Torus complies with all elements of the Code. Torus has adopted the NHF 2020 code of practice from 1 April 2021. A self-assessment the NHF Code of Governance take place on an annual basis.

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

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

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

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice: Accounting by registered social housing providers 2018 have been followed, subject to any material departures disclosed and explained in the financial statements; and

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and association will continue in business.

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

The board is responsible for ensuring that the report of the board is prepared in accordance with the Statement of Recommended Practice: Accounting by registered social housing providers 2018.

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

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

- There is no relevant audit information of which the Association's auditors are unaware; and
- The Board has taken all steps that it ought to have taken to make itself aware of any relevant audit information and to establish that the auditors are aware of that information

Annual General Meeting

Torus' Annual General Meeting will take place on Thursday 23 September 2021.

External Auditors

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

Approval

The report of the Board was approved by the Board on 19 August 2021 and signed on its behalf by



Graham Burgess

Chair

Date: 19 August 2021

Independent Auditors Report to the members of Torus62 Limited

Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Association's affairs as at 31 March 2021 and of the Group's and the Association's surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

We have audited the financial statements of Torus62 Limited ("the Association") and its subsidiaries ("the Group") for the year ended 31 March 2021 which comprise the Group and Association statement of comprehensive income, the Group and Association statement of financial position, the Group and Association statement of changes in reserves, the Group statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice)*.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

Other information

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Responsibilities of the board

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

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

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

Use of our report

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

Hamid Ghafoor

BDO LLP
Statutory Auditor
Liverpool, UK

Date: 3rd September 2021

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

Consolidated Statement of Comprehensive Income

	Note	2021 £'000	2020 £'000
Turnover	3	198,869	195,494
Operating expenditure	3	(119,777)	(134,586)
Cost of sales		(15,915)	(8,826)
Surplus on disposal of fixed asset housing properties	6	4,344	5,813
Other income	3	7	-
Operating surplus	3, 5	<u>67,528</u>	<u>57,895</u>
Share of operating surplus in JV or Associate	20	299	278
Interest receivable	7	155	525
Interest payable and financing costs	8	(11,531)	(11,066)
Movement in fair value of investment properties	16	(676)	955
Surplus before taxation		<u>55,775</u>	<u>48,587</u>
Taxation	13	224	(471)
Surplus for the year		<u>55,999</u>	<u>48,116</u>
Actuarial (loss)/gain in respect to pension schemes	30	(10,233)	24,926
Total comprehensive income for the year		<u><u>45,766</u></u>	<u><u>73,042</u></u>

All amounts relate to continuing activities.

The notes on pages 76 to 123 form part of these financial statements.

The financial statements were authorised and approved by the Board on 19 August 2021.



Graham Burgess
Chair



Paul Burns
Vice Chair



Ronnie Clawson
Company Secretary

Consolidated Statement of Financial Position

	Note	2021 £'000	2020 £'000
Fixed assets			
Tangible fixed assets-housing properties	14	981,268	915,084
Other tangible assets	15	21,699	22,126
Investment properties	16	8,620	6,096
HomeBuy loans receivable	17	231	248
Other investments	18	54	54
Investment in jointly controlled entities	20	90	90
		<u>1,011,962</u>	<u>943,698</u>
Current assets			
Stock	22	837	844
Properties held for sale	21	27,599	30,479
Debtors - receivable after one year	23	6,996	2,197
Debtors - receivable within one year	23	14,773	13,150
Investments	23	20,000	-
Cash and cash equivalents		<u>201,314</u>	<u>76,224</u>
		<u>271,519</u>	<u>122,894</u>
Creditors: amounts falling due within one year	24	<u>(63,591)</u>	<u>(36,453)</u>
Net current assets		<u>207,928</u>	<u>86,441</u>
Total assets less current liabilities		<u>1,219,890</u>	<u>1,030,139</u>
Creditors: amounts falling due after more than one year			
Defined benefit pension liability	30	(33,614)	(21,852)
Provisions for liabilities	31	(872)	(350)
Total net assets		<u>648,493</u>	<u>602,727</u>
Reserves			
Revenue reserve		648,483	602,692
Restricted reserve		<u>10</u>	<u>35</u>
Total reserves		<u>648,493</u>	<u>602,727</u>

The notes on pages 76 to 123 form part of these financial statements.

These financial statements were approved by the Board on 19 August 2021 and were signed on its behalf by:



Graham Burgess
Chair



Paul Burns
Vice Chair



Ronnie Clawson
Company Secretary

Consolidated Statement of Changes in Reserves

	Revenue reserve £'000	Restricted reserve £'000	Total £'000
Balance at 31st March 2019	527,751	1,934	529,685
Surplus for the year	48,105	11	48,116
Actuarial gains on defined benefit pension scheme (note 30)	24,926	-	24,926
Reserves transfer - reallocation of reserves	1,910	(1,910)	-
Total comprehensive income	<u>74,941</u>	<u>(1,899)</u>	<u>73,042</u>
Balance at 31st March 2020	602,692	35	602,727
Surplus for the year	56,024	(25)	55,999
Actuarial losses on defined benefit pension scheme (note 30)	(10,233)	-	(10,233)
Reserves transfer - reallocation of reserves	-	-	-
Total comprehensive income	<u>45,791</u>	<u>(25)</u>	<u>45,766</u>
Balance at 31st March 2021	<u>648,483</u>	<u>10</u>	<u>648,493</u>

The notes on pages 76 to 123 form part of these financial statements.

Consolidated Statement of Cash Flows

	Note	2021 £'000	2020 £'000
Net cash generated from operating activities	34	101,151	77,236
Cash flow from investing activities			
Purchase of tangible fixed asset properties		(84,117)	(121,452)
Purchase of other tangible fixed assets		(3,200)	(1,768)
Proceeds from sale of tangible fixed assets		7,006	9,588
Grants received		33,101	25,428
Current asset investment movement		(20,000)	-
Interest received		214	575
HomeBuy loans received		17	49
		<u>(66,979)</u>	<u>(87,580)</u>
Cash flow from financing activities			
Interest paid		(20,361)	(15,624)
New secured loans		116,799	-
Cash pledged as security		(5,032)	-
Repayments of borrowings		(488)	(466)
		<u>90,918</u>	<u>(16,090)</u>
Net change in cash and cash equivalents		<u>125,090</u>	<u>(26,434)</u>
Cash and cash equivalents at beginning of the year		76,224	102,658
Cash and cash equivalents at end of the year	40	<u>201,314</u>	<u>76,224</u>

The notes on pages 76 to 123 form part of these financial statements.

Association Statement of Comprehensive Income

	Note	2021 £'000	2020 £'000
Turnover	3	189,586	184,711
Operating expenditure	3	(115,092)	(125,173)
Cost of sales	3	(10,453)	(8,826)
Surplus on disposal of housing properties	6	4,344	5,813
Other income	3	7	-
Gift aid	9	200	222
Operating surplus	3	<u>68,592</u>	<u>56,747</u>
Share of operating surplus in JV or Associate	20	299	278
Interest receivable	7	757	1,037
Interest payable and financing costs	8	(11,447)	(11,075)
Movement in fair value of investment properties	16	<u>(676)</u>	<u>955</u>
Surplus before taxation		57,525	47,942
Taxation	13	<u>-</u>	<u>-</u>
Surplus for the year		57,525	47,942
Actuarial (loss)/gain in respect to pension schemes	30	<u>(9,997)</u>	<u>24,966</u>
Total comprehensive income for the year		<u><u>47,528</u></u>	<u><u>72,908</u></u>

All amounts relate to continuing activities.

The notes on pages 76 to 123 form part of these financial statements.

The financial statements were authorised and approved by the Board on 19 August 2021.



Graham Burgess
Chair



Paul Burns
Vice Chair



Ronnie Clawson
Company Secretary

Association Statement of Financial Position

	Note	2021 £'000	2020 £'000
Fixed assets			
Tangible fixed assets-housing properties	14	984,699	917,332
Other tangible assets	15	20,892	21,832
Investment properties	16	8,620	6,096
HomeBuy loans receivable	17	231	248
Other investments	18	54	54
Investment in subsidiary	19	3,050	3,050
Investment in jointly controlled entities	20	90	90
		<u>1,017,636</u>	<u>948,702</u>
Current assets			
Stock	22	32	44
Properties held for sale	21	17,585	21,507
Debtors - receivable after one year	23	15,329	12,967
Debtors - receivable within one year	23	10,094	13,486
Investments	23	20,000	-
Cash and cash equivalents		196,635	71,904
		<u>259,675</u>	<u>119,908</u>
Creditors: amounts falling due within one year	24	<u>(58,781)</u>	<u>(41,184)</u>
Net current assets		<u>200,894</u>	<u>78,724</u>
Total assets less current liabilities		<u>1,218,530</u>	<u>1,027,426</u>
Creditors: amounts falling due after more than one year			
Defined benefit pension liability	30	(32,875)	(21,373)
Provisions for liabilities	31	(723)	(350)
Total net assets		<u>648,021</u>	<u>600,493</u>
Reserves			
Revenue reserve		648,021	600,493
Restricted reserve		-	-
Total reserves		<u>648,021</u>	<u>600,493</u>

The notes on pages 76 to 123 form part of these financial statements.

These financial statements were approved by the Board on 19 August 2021 and were signed on its behalf by:



Graham Burgess
Chair



Paul Burns
Vice Chair



Ronnie Clawson
Company Secretary

Association Statement of Changes in Reserves

	Revenue reserve £'000
Balance at 31st March 2019	527,585
Surplus for the year	47,942
Actuarial gains on defined benefit pension scheme (note 30)	24,966
Total comprehensive income	<u>72,908</u>
Balance at 31st March 2020	600,493
Surplus for the year	57,525
Actuarial losses on defined benefit pension scheme (note 30)	(9,997)
Total comprehensive income	<u>47,528</u>
Balance at 31st March 2021	<u>648,021</u>

The notes on pages 76 to 123 form part of these financial statement.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1. Legal status

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

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

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

Torus62 Limited has 5 subsidiaries all incorporated in England and Wales. Housing Maintenance Solutions Limited provides repairs and maintenance services. Torus 62 Developments Ltd and Torus Living Ltd provide construction services. Torus Living Ltd has now ceased trading. Torus Foundation is a registered charity providing support to its communities and Torus tenants. Torus62 Commercial Services Ltd provides specialised construction services to external clients. In July 2019 Housing Maintenance Solutions purchased Torus62 Commercial Services Limited and amalgamated ongoing service contracts with external customers, together with any existing assets and liabilities.

2. Accounting policies

Basis of accounting

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

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

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

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

Disclosure exemptions

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

- The requirement to present a statement of cash flows and related notes.
- Financial instrument disclosures, including:
 - Categories of financial instruments,
 - Items of income, expense, gains or losses relating to financial instruments,
 - Exposure to and management of financial risks.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Going concern

The Group continues to be affected by the uncertainty from the Coronavirus Pandemic that began affecting operations in March 2020. The Group has responded positively to this crisis, initially concentrating on services to support vulnerable customers. The Group is currently in the recovery stage and slowly returning services to normal, whilst ensuring Government guidelines are followed and employee and customer health and safety is not compromised.

The crisis, along with other changes linked to Brexit, create future uncertainty impacting in the regulatory environment, government policy and the economy. Uncertainties include the future of rent policy, inflationary pressures, property values, together with the impact on tenants which creates risks around rental income. The business plan has been reviewed in light of these uncertainties and it is anticipated that services and incomes will be affected in the short to medium term before a slow recovery in performance takes place. As Business Plan and financial forecasts change, so too may our Corporate Plan priorities. These will be reviewed internally following during the “recovery phase”.

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

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

Basis of consolidation

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

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

Significant management judgements and estimation uncertainty

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**- Estimation uncertainty**

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

- Impairment

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

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

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

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

- Useful lives of depreciable assets

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

- Fair value measurement

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**- Defined benefit obligation**

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

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

- Arrears provision

Rental arrears are provided for based on the age of debt, as this is considered to indicate recoverability.

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

Judgements**- Classification of loans**

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

- Supporting people

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

- Investment properties

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

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

Turnover

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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

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

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

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

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

Gift aid

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

Service charges

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

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

Housing properties

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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

Investment property

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

Government grants

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

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

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

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

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

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

Other grants

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**Sales of housing properties**

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

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

Depreciation of housing properties

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

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

Other tangible fixed assets

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**Leased assets**

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

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

First tranche shared ownership sales

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

Properties for sale

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

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

Provisions for liabilities

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

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

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

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

Bad and doubtful debts

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**Corporation Tax**

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

Deferred taxation

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

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

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

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

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

Value Added Tax (VAT)

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

Investments

Investments are stated at historic cost less accumulated impairment losses.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**Interest Payable**

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

Interest on borrowings specifically financing the development programme after deduction of social housing grant (SHG) received in advance; or

A fair amount of interest on borrowings of the Group as a whole after deduction of SHG received in advance to the extent that they can be deemed to be financing the development programme.

Other interest payable is charged in the Statement of Comprehensive Income in the year.

HomeBuy loans

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

Stocks

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

Financial Instruments

Financial instruments which meet the criteria of a basic financial instrument as defined in Section 11 of FRS 102 are accounted for under an amortised historic cost model. Management has reviewed the Group's loan agreements and has deemed the majority to be basic financial instruments, with the exception of two non-basic loans, which will be fair valued each period in accordance with FRS 102, with the movements posted to interest payable and financing costs within the Statement of Comprehensive Income.

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

Debtors

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

Creditors

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**Retirement benefits**

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

Pension Cost

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

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

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

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

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

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

Reserves

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

Revenue reserve

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

Restricted reserve

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2021**3. Particulars of turnover, cost of sales, operating costs and operating surplus**

Group	2021			2020		
	Turnover £'000	Cost of Sales £'000	Operating (Deficit)/ Surplus £'000	Turnover £'000	Cost of Sales £'000	Operating (Deficit)/ Surplus £'000
Social Housing Activities						
Income and expenditure from lettings	174,955	-	62,749	169,186	-	51,608
Other Social Housing Activity						
Supporting people contract income and expenditure	287	-	287	281	-	281
First tranche low cost home ownership sales	11,506	(10,453)	1,053	10,234	(8,826)	1,408
Other income & expenditure	2,416	-	(2,927)	3,426	-	(2,407)
	<u>14,209</u>	<u>(10,453)</u>	<u>(1,587)</u>	<u>13,941</u>	<u>(8,826)</u>	<u>(718)</u>
Non-Social Housing Activities						
Market sales	-	-	-	622	-	116
Lettings income and expenditure	1,680	(1,087)	593	1,658	(1,068)	590
Other income and expenditure	8,025	(5,462)	1,422	10,087	(9,601)	486
	<u>9,705</u>	<u>(5,462)</u>	<u>2,015</u>	<u>12,367</u>	<u>(11,175)</u>	<u>1,192</u>
Net total	<u>198,869</u>	<u>(15,915)</u>	<u>63,177</u>	<u>195,494</u>	<u>(8,826)</u>	<u>52,082</u>
Gain on disposal of fixed assets (Note 6)			4,344			5,813
Other investment income			7			-
Operating surplus			<u>67,528</u>			<u>57,895</u>

Turnover includes £2.6m income from the Government Job Retention Scheme. This is split as £1.1m Social housing, £1.3m Non-social housing, £0.2m Other social housing.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2021

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

Association	2021				2020			
	Turnover £'000	Cost of Sales £'000	Operating Costs £'000	Operating (Deficit)/ Surplus £'000	Turnover £'000	Cost of Sales £'000	Operating Costs £'000	Operating (Deficit)/ Surplus £'000
Social Housing Activities								
Income and expenditure from lettings	174,955	-	(111,974)	62,981	169,186	-	(120,447)	48,739
Other Social Housing Activity								
Supporting people contract income and expenditure	287	-	-	287	281	-	-	281
First tranche low cost home ownership sales	11,506	(10,453)	-	1,053	10,234	(8,826)	-	1,408
Other income & expenditure	1,031	-	(1,922)	(891)	1,967	-	(2,399)	(432)
	12,824	(10,453)	(1,922)	449	12,482	(8,826)	(2,399)	1,257
Non-Social Housing Activities								
Market sales	-	-	-	-	622	-	(506)	116
Lettings income and expenditure	1,680	-	(1,087)	593	1,658	-	(1,068)	590
Other income and expenditure	127	-	(109)	18	763	-	(753)	10
	1,807	-	(1,196)	611	3,043	-	(2,327)	716
Net total	189,586	(10,453)	(115,092)	64,041	184,711	(8,826)	(125,173)	50,712
Gain on disposal of fixed assets (Note 6)				4,344				5,813
Gift Aid (Note 9)				200				222
Other investment income				7				-
Operating surplus				68,592				56,747

Social housing turnover includes £1.1m income from the Government Job Retention Scheme.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2021

Particulars of income and expenditure from social housing lettings

Group	2021				2020	
	General Needs Housing	Temporary Social Housing	Housing for Older People	Supported & LCHO Outright Sale	Total	Total
Income	£'000	£'000	£'000	£'000	£'000	£'000
Rent receivable net of identifiable service charges	148,544	265	14,766	1,676	165,251	160,161
Charges for support services	51	-	310	15	383	398
Service charge income	2,781	1,123	4,048	245	8,540	7,973
Net rents receivable	151,376	1,388	19,124	1,936	174,174	168,532
Amortised government grants	631	-	55	95	781	654
Turnover from Social Housing Lettings	152,007	1,388	19,179	2,031	174,955	169,186
Expenditure						
Management Services	30,781	4	1,789	-	32,574	36,021
Support services	7,894	810	4,654	279	13,699	10,447
Routine maintenance	84	-	45	-	129	270
Planned maintenance	18,823	40	1,509	21	20,409	20,886
Major repairs expenditure	8,424	-	514	10	8,949	10,048
Bad debts	6,137	-	416	4	6,557	8,714
Depreciation on housing properties	1,480	-	-	-	1,480	2,923
Impairment of investments / housing properties	22,619	81	2,405	587	25,692	25,307
Other costs	814	-	-	-	814	2,176
	1,903	-	-	-	1,903	786
Operating expenditure on Social Housing Lettings	98,959	935	11,332	901	112,206	117,578
Operating surplus on Social Housing Lettings	53,048	453	7,847	1,130	62,749	51,608
Void losses	(2,321)	(63)	(1,011)	(27)	(3,422)	(2,263)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2021

4. Accommodation in management and development

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

	At start of period	Units developed or newly acquired	Association Transfers and acquisitions (to)/from other RPs	Units sold / demolished	Other movements	Period end
Social housing units owned						
Social rent general needs housing	30,040	25	(149)	(1)	(3)	29,912
Affordable rent general needs housing	3,029	138	(6)	-	4	3,165
Intermediate rent general needs housing	112	29	-	-	-	141
Social rent supported housing	156	-	-	-	-	156
Affordable rent supported housing	16	-	-	-	-	16
Social rent housing for older people	3,492	-	(21)	-	-	3,471
Affordable rent housing for older people	100	303	-	-	-	403
Low Cost Home Ownership	806	140	(10)	-	(1)	935
Total social housing units owned	37,751	635	(186)	(1)	-	38,199
Social housing units managed						
Total social housing units managed but not owned	115	-	-	-	(1)	114
Total social housing units owned and managed	37,866	635	(186)	(1)	(1)	38,313
Non-social rental housing units owned						
Non-social rental housing units owned	28	25	-	-	-	53
Total non-social housing units owned	28	25	-	-	-	53
Non-social rental housing units managed						
Total non-social rental housing units managed by others	95	-	-	-	-	95
Total non-social rental housing units managed	95	-	-	-	-	95
Leasehold units						
Leasehold units owned	1,163	0	0	0	8	1,171
Total leasehold units owned	1,163	-	-	-	8	1,171

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2021

5. Operating surplus

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

	Group		Association	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Depreciation	28,639	27,362	28,530	27,261
Impairment	814	2,194	814	2,194
Operating lease rentals (as lessee):				
- Land and buildings	566	647	488	561
- Other	1,001	1,079	31	21
Operating lease rentals (as lessor)	(755)	(740)	(755)	(740)
Auditors remuneration (excluding VAT):				
Fees payable to the Association's auditors for the audit of the parent and Group financial statements	71	64	71	64
Fees payable to the Association's auditors for the audit of the accounts of subsidiaries	31	30	-	-
Fees payable to the Association's auditors for non-audit services:				
- Tax compliance services	-	-	-	-
- Tax advisory services	3	-	3	-
- All other assurance services	14	8	14	4

6. Surplus on disposal of fixed assets - housing properties

Group and Association	2021			2020
	Proceeds	Costs	Surplus	Surplus
	£'000	£'000	£'000	£'000
Right to buy	5,677	(1,812)	3,865	5,806
Right to acquire	2,678	(360)	2,318	2,719
Staircasing	666	(439)	227	250
Other property sales	117	2	119	121
Other fixed assets sales	-	-	-	(7)
	9,138	(2,609)	6,529	8,889
Less share of proceeds due to Local Authorities/Homes England	(2,122)	-	(2,122)	(2,985)
Group share of proceeds	7,016	(2,609)	4,407	5,904
Less transfer to Recycled Capital Grant Fund	-	(63)	(63)	(91)
Surplus on disposal of fixed assets	7,016	(2,672)	4,344	5,813

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2021

7. Interest receivable and other income

	Group		Association	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Bank interest receivable	155	525	157	510
Inter-company interest	-	-	600	527
	<u>155</u>	<u>525</u>	<u>757</u>	<u>1,037</u>

8. Interest payable and financing costs

	Group		Association	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Loans and bank overdraft	18,070	16,607	17,997	16,623
Amortisation of loan premiums	(560)	(385)	(560)	(385)
Defined benefit pension charge	496	1,056	485	1,049
Non-utilisation fees	439	417	439	417
Other fees	698	329	698	329
Unwinding of discount on NPV	(2,346)	(1,346)	(2,346)	(1,346)
Interest on RCGF/DPF	-	2	-	2
	<u>16,797</u>	<u>16,680</u>	<u>16,713</u>	<u>16,689</u>
Capitalised interest on housing properties under construction	<u>(5,266)</u>	<u>(5,614)</u>	<u>(5,266)</u>	<u>(5,614)</u>
	<u>11,531</u>	<u>11,066</u>	<u>11,447</u>	<u>11,075</u>
	%	%	%	%
Capitalisation rates	4.74-5.82	5.82	4.74-5.82	5.82

Rates are based upon weighted average cost of funds.

9. Gift aid

	Association	
	2021	2020
	£'000	£'000
Gift aid received from Housing Maintenance Solutions Limited	200	-
Gift aid received from Torus62 Developments Limited	-	-
Gift aid received from Torus Living Limited	-	222
	<u>200</u>	<u>222</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2021

10. Employees

Full Time Equivalents	Group		Association Restated	
	2021 Average Number	2020 Average Number	2021 Average Number	2020 Average Number
Administration	251	248	184	179
Assets, development and maintenance	715	720	98	87
Housing, support and care	414	459	343	420
	<u>1,380</u>	<u>1,427</u>	<u>625</u>	<u>686</u>

Employee costs	Group		Association	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Wages and salaries	45,599	44,844	22,601	23,010
Social security costs	4,290	4,323	2,135	2,161
Other pension costs	5,168	5,133	2,841	3,097
	<u>55,057</u>	<u>54,300</u>	<u>27,577</u>	<u>28,268</u>

The association's and subsidiaries' employees are members of the Merseyside Pension Fund (MPF), Cheshire Pension Fund (CPF) or Aviva Defined Contribution Scheme. Further information on each scheme is given in note 30.

The full-time equivalent number of staff who received remuneration (excluding directors):	Group	
	2021 £'000	2020 £'000
£60,001 to £70,000	30	32
£70,001 to £80,000	16	7
£80,000 to £90,000	4	6
£90,000 to £100,000	6	4
£100,000 to £110,000	3	1
£110,000 to £120,000	1	4
£120,000 to £130,000	2	1
£130,000 to £140,000	1	2

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2021

11. Board members and Executive Directors

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

Directors and Board	2021			2020	
	Basic £'000	BIK £'000	Pension £'000	Total £'000	Total £'000
Chief Executive					
Steve Coffey	215	16	46	277	271
Executive Directors					
Peter Fieldsend	157	11	34	202	197
Catherine Murray-Howard	150	11	9	170	83
Liz Haworth	-	-	-	-	45
Chair of the Board					
Graham Burgess	25	-	-	25	25
Paul Burns	19	-	-	19	19
Board Members (non-executive)					
Duncan Craig	13	-	-	13	13
Paula McGrath	12	-	-	12	11
Robert Hepworth	11	-	-	11	11
Andrew Gray	11	-	-	11	11
Sarah Jane Saunders	11	-	-	11	11
Christine Fallon	9	-	-	9	9
Gordon Hood	9	-	-	9	9
Greg Gottig	9	-	-	9	9
Ralph Middlemore	6	-	-	6	6
Wayne Hughes	4	-	-	4	13
Ian Clayton	-	-	-	-	6
Christine McLoughlin	4	-	-	4	4
Alastair Hollows	4	-	-	4	4
Neil Garnham	4	-	-	4	4

The aggregate remuneration of the executive officers was £648,733 (2020: £594,701).

The remuneration of the highest paid Director, the Chief Executive of Torus62, excluding pension contributions, was £231,125 (2020: £231,125). Pension contributions of £46,010 were paid.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2021

12. Key management personnel

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

Key management personnel	Group	
	2021 £'000	2020 £'000
Basic salary	1,551	1,385
Benefits in kind	96	91
Employers NIC	201	185
Pension contributions	191	186
	<u>2,039</u>	<u>1,847</u>

13. Tax on surplus on ordinary activities

	Group		Association	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Analysis of (credit)/charge in the period				
Current Tax:				
UK corporation tax on surplus for the year	(460)	663	-	-
Adjustments in respect of prior years	-	(192)	-	-
Deferred Tax:				
Origination and reversal of timing differences				
- current year	-	-	-	-
- other	236	-	-	-
Tax on surplus on ordinary activities	<u>(224)</u>	<u>471</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2021

Factors affecting tax (credit)/charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 19% (19% 2020). The differences are explained below:

	Group		Association	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Surplus on ordinary activities before tax	55,775	48,457	57,525	47,942
Theoretical tax at the standard rate of corporation tax in the UK of 19% (19% 2019)	10,598	9,207	10,930	9,109
Effects of:				
Charitable income	(10,324)	(8,511)	(10,930)	(9,109)
Income not taxable	155	5	-	-
Deferred tax adjustment	236	-	-	-
Prior year movement of current tax for gift aid	(889)	(230)	-	-
Total tax (credit)/charge	(224)	471	-	-

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2021

14. Tangible Fixed Assets – Housing Properties

	Group				
	Social Housing		Low Cost Home Ownership		2021 Total
	Held for Letting	Under Construction	Completed	Under Construction	
£'000	£'000	£'000	£'000	£'000	
Cost					
At 1st April 2020	950,803	104,919	56,047	14,077	1,125,846
Works to existing properties	12,770	-	-	-	12,770
Additions	-	70,164	-	4,116	74,280
Interest capitalised	-	4,353	-	913	5,266
Movement (to)/from current assets	-	99	2,425	513	3,037
Schemes completed	66,707	(66,707)	8,886	(8,886)	-
Demolitions	(216)	-	-	-	(216)
Disposals	(5,335)	-	(654)	-	(5,989)
At 31 March 2021	1,024,729	112,828	66,704	10,733	1,214,994
Depreciation and impairment					
At 1st April 2020	208,963	-	1,799	-	210,762
Depreciation	25,294	-	398	-	25,692
Impairments	814	-	-	-	814
Demolitions	(215)	-	-	-	(215)
Disposals	(3,294)	-	(33)	-	(3,327)
At 31 March 2021	231,562	-	2,164	-	233,726
Net book value at 31 March 2021	793,168	112,828	64,540	10,733	981,268
At 31 March 2020	741,840	104,919	54,248	14,077	915,084

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2021

Tangible Fixed Assets – Housing Properties (Continued)

	Association				Total £'000
	Social Housing		Low Cost Home Ownership		
	Held for Letting £'000	Under Construction £'000	Completed £'000	Under Construction £'000	
Cost					
At 1st April 2020	951,411	106,559	56,047	14,077	1,128,094
Works to existing properties	12,770	-	-	-	12,770
Additions	-	71,373	-	4,116	75,489
Interest capitalised	-	4,353	-	913	5,266
Movement (to)/from current assets	-	72	2,425	513	3,010
Schemes completed	66,707	(66,707)	8,886	(8,886)	-
Demolitions	(216)	-	-	-	(216)
Disposals	(5,335)	-	(654)	-	(5,989)
At 31 March 2021	1,025,337	115,650	66,704	10,733	1,218,424
Depreciation and impairment					
At 1st April 2020	208,963	-	1,799	-	210,762
Depreciation	25,294	-	398	-	25,692
Impairments	814	-	-	-	814
Demolitions	(216)	-	-	-	(216)
Disposals	(3,294)	-	(33)	-	(3,327)
At 31 March 2021	231,561	-	2,164	-	233,725
Net book value at 31 March 2021	793,776	115,650	64,540	10,733	984,699
At 31 March 2020	742,448	106,559	54,248	14,077	917,332

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2021

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

	Group		Association	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Freehold	819,352	762,343	819,960	762,951
Long Leasehold	38,356	33,745	38,356	33,745
	<u>857,708</u>	<u>796,088</u>	<u>858,316</u>	<u>796,696</u>

Expenditure on works to existing properties

	Group		Association	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Amounts charged to revenue	35,682	39,648	35,683	42,336
Amounts capitalised	12,770	17,128	12,770	17,736
	<u>48,452</u>	<u>56,777</u>	<u>48,453</u>	<u>60,072</u>

Finance costs

	Group and Association	
	2021	2020
	£'000	£'000
Aggregate amount of finance costs included in the cost of housing properties	<u>20,757</u>	<u>15,491</u>
Rate used for capitalisation	<u>4.74%</u>	<u>5.82%</u>

Social housing assistance

	Group and Association	
	2021	2020
	£'000	£'000
Total accumulated social housing grant received or receivable at 31 March:		
Recognised in the Statement of Comprehensive Income	139,670	139,439
Held as deferred income	143,567	110,727

Amounts recognised in the SoCI includes a deemed cost release relating to stock transfer properties held in the historical Liverpool Mutual Homes Limited organisation.

Impairment

The group considers individual schemes to be separate cash generating units when assessing impairment in accordance with FRS102 requirements. The impairment in year relates to 60 low demand units that have been approved for demolition.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2021

15. Tangible Fixed Assets - Other

	Group					2021 Total
	Freehold Buildings	Leasehold Properties	Computers & Office Equipment	Furniture, Fixtures & Fittings	Vehicles	
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1st April 2020	8,519	8,275	8,988	7,379	6,202	39,363
Additions	10	-	1,568	942	-	2,520
Disposals	-	-	-	(1)	-	(1)
At 31st March 2021	8,529	8,275	10,556	8,320	6,202	41,882
Depreciation						
At 1st April 2020	2,214	609	6,838	5,880	1,696	17,237
Charge for the year	191	431	1,239	524	562	2,947
Disposals	-	-	-	(1)	-	(1)
At 31st March 2021	2,405	1,040	8,077	6,403	2,258	20,183
Net book value at 31st March 2021	6,124	7,235	2,479	1,917	3,944	21,699
At 31st March 2020	6,305	7,666	2,150	1,499	4,506	22,126

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2021

Tangible Fixed Assets – Other (Continued)

	Association					2021 Total £'000
	Freehold Buildings	Leasehold Properties	Computers & Office Equipment	Furniture, Fixtures & Fittings	Vehicles	
	£'000	£'000	£'000	£'000	£'000	
Cost						
At 1st April 2020	7,580	9,200	7,879	6,769	6,200	37,628
Additions	10	-	1,564	324	-	1,898
Transfer to/from investment properties	-	-	-	-	-	-
Disposals	-	-	-	(1)	-	(1)
At 31st March 2021	7,590	9,200	9,443	7,092	6,200	39,525
Depreciation						
At 1st April 2020	2,200	609	5,917	5,374	1,696	15,796
Charge for the year	191	431	1,200	454	562	2,838
Transfer to/from investment properties	-	-	-	-	-	-
Disposals	-	-	-	(1)	-	(1)
At 31st March 2021	2,391	1,040	7,117	5,827	2,258	18,633
Net book value at 31st March 2021	5,199	8,160	2,326	1,265	3,942	20,892
At 31st March 2020	5,380	8,591	1,962	1,395	4,504	21,832

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2021

16. Investment properties held for letting

	Group		Association	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
At 1st April 2020	6,096	4,756	6,096	7,420
Additions	3,200	385	3,200	385
Transfer from tangible fixed assets: other	-	-	-	(2,664)
(Decrease)/Increase in fair value	(676)	955	(676)	955
Re-classification to fixed assets	-	-	-	-
At 31st March 2021	8,620	6,096	8,620	6,096

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

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

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

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

	Group		Association	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Historical cost	8,311	5,140	8,311	5,140
Accumulated depreciation	(339)	(215)	(339)	(215)
Impairment	(563)	-	(563)	-
	7,409	4,925	7,409	4,925

17. HomeBuy loans

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

Group and Association	2021	2020
	£'000	£'000
At 1st April 2020	248	297
Redeemed in year	(17)	(49)
At 31st March 2021	231	248

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2021**18. Other investments**

Group & Association	2021 £'000	2020 £'000
Other	54	54

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

19. Investment in subsidiaries

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2021

Investment in subsidiaries (continued):

	Investment in subsidiaries	
	2021 £'000	2020 £'000
Cost and net book amount		
At 1 April	3,050	3,050
Additions	-	-
At 31 March	<u>3,050</u>	<u>3,050</u>

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

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

	2021 £'000	2020 £'000
Amounts recharged to HMS Ltd		
Management services	2,850	2,689
Recharge of rent on property (lease agreement)	78	72
Vehicles (lease agreement)	-	549
	<u>2,928</u>	<u>3,310</u>
Amounts recharged to Torus 62 Developments Ltd		
Management services	776	422
Amounts recharged to Torus Foundation		
Management services	559	256
Amounts recharged to Torus 62 Commercial Services Ltd		
Management services	-	-
Amounts recharged to Torus Living Ltd		
Management services	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2021

20. Investment in jointly controlled entities

The Association holds a £90k (2020: £90k) investment in Bamboo Estates LLP (representing a 50% share) a company registered in England and Wales.

	Group and Association	
	2021 £'000	2020 £'000
Share of profit before taxation	299	278
Taxation	-	-
Share of profit after taxation	299	278
Share of assets		
Share of fixed assets	-	-
Share of current assets	425	468
Share of liabilities		
Liabilities due within one year or less	(55)	(79)
Liabilities due after more than one year	-	-
Share of net assets	370	389

21. Properties held for sale

Shared Ownership	Group		Association	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Completed properties	4,445	5,878	4,445	5,878
Under construction	9,615	12,006	9,615	12,006
	<u>14,060</u>	<u>17,884</u>	<u>14,060</u>	<u>17,884</u>
Properties developed for outright sale				
Completed properties	-	-	-	-
Under construction	13,539	12,595	3,525	3,623
	<u>13,539</u>	<u>12,595</u>	<u>3,525</u>	<u>3,623</u>
Total properties held for sale	27,599	30,479	17,585	21,507

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2021

22. Stock

	Group		Association	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Raw materials	805	800	-	-
Consumables	32	44	32	44
	<u>837</u>	<u>844</u>	<u>32</u>	<u>44</u>

23. Debtors and current asset investments

	Group		Association	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Due within one year				
Arrears of rent and service charges	14,579	13,654	14,579	13,654
Less: Provision for bad and doubtful debts	(14,048)	(13,133)	(14,048)	(13,133)
	<u>531</u>	<u>521</u>	<u>531</u>	<u>521</u>
Other debtors	2,252	4,638	2,075	4,069
Prepayments and accrued income	11,990	7,991	7,364	3,312
Amounts owed by Group undertakings	-	-	124	5,584
	<u>14,773</u>	<u>13,150</u>	<u>10,094</u>	<u>13,486</u>
Due after more than one year				
Inter-company revolving loan facility	-	-	8,333	10,770
Leaseholder sinking fund arrears	1,964	2,197	1,964	2,197
Liquidity Reserve Fund	5,032	-	5,032	-
	<u>6,996</u>	<u>2,197</u>	<u>15,329</u>	<u>12,967</u>
Total Debtors	<u>21,769</u>	<u>15,347</u>	<u>25,423</u>	<u>26,453</u>
Current asset investments				
Cash deposits	20,000	-	20,000	-
	<u>20,000</u>	<u>-</u>	<u>20,000</u>	<u>-</u>

The Inter-company revolving loan facility relates to a £12m loan facility from Torus62 Limited to Torus62 Developments Limited. At 31 March 2020 £8.33m was drawn against this facility. The interest rate applicable was 5.4%, for a term of 5 years expiring in 2023.

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2021

24. Creditors: Amounts falling due within one year

	Group		Association	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Trade creditors	5,351	5,525	774	954
Rent and service charges received in advance	4,504	3,940	4,504	3,940
Amounts owed to Group undertakings	-	-	20,740	20,035
Deferred income	28	-		
Other tax and social security	1,019	1,337	959	1,283
Local Government Pension Scheme	382	383	382	383
Other creditors	1,350	1,750	374	431
Deferred capital grants (Note 27)	803	683	803	683
Debt - Housing loan (Note 26)	15,441	417	15,441	417
Accruals and deferred income	34,508	21,529	14,804	13,058
Corporation tax	205	889	-	-
	<u>63,591</u>	<u>36,453</u>	<u>58,781</u>	<u>41,184</u>

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

	Group		Association	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Leaseholder sinking fund *	1,181	655	1,181	655
Debt - housing loan (Note 26)	392,836	294,454	392,836	294,454
Deferred capital grants (Note 27)	142,764	110,044	142,764	110,044
Recycled capital grant (Note 28)	73	-	73	-
Disposal proceeds fund (Note 29)	-	-	-	-
Other creditors	57	57	57	57
	<u>536,911</u>	<u>405,210</u>	<u>536,911</u>	<u>405,210</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 2021

26. Debt Analysis

Security

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

	Group and Association	
	2021	2020
	£'000	£'000
Due within one year		
Bank loans	15,489	465
Less issue costs	(48)	(48)
	<u>15,441</u>	<u>417</u>
Due after more than one year		
Bank loans	210,580	226,068
Bond	138,000	38,000
Premium on bond issue	30,701	13,458
Fair value adjustment	16,574	18,919
Less issue costs	(3,019)	(1,991)
	<u>392,836</u>	<u>294,454</u>
Total borrowings	<u>408,277</u>	<u>294,871</u>

The bank and other loans are at fixed rates of interest ranging from 2.92% to 7.62%. The instalments are to be repaid in the period 2021 to 2054.

Terms of repayment and interest rates

	Group and Association	
	2021	2020
	£'000	£'000
Within one year or on demand	20,063	465
One year or more but less than two years	25,514	489
Two years or more but less than five years	1,702	41,620
Five years or more	316,790	221,959
	<u>364,069</u>	<u>264,533</u>
Premium on bond issue	30,701	13,458
Fair value adjustments	16,574	18,919
Less issue costs	(3,067)	(2,039)
	<u>408,277</u>	<u>294,871</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2021

The fair value adjustments are in respect of the following:

	2021	2020
	£'000	£'000
Financial liabilities measured at fair value through surplus or deficit	1,656	2,046
Restatement of loans held at amortised cost	12,728	14,357
Adjustment to recognise loans at amortised cost and reflect an effective interest rate	2,190	2,516
	<u>16,574</u>	<u>18,919</u>

The fair value adjustments have been accounted for in compliance with FRS 102. A fair value adjustment of £1.6m relates to the valuation of non-basic financial instruments measured at fair value through surplus or deficit, as referenced in the accounting policy, which have an outstanding principal amount of £4.6m and a carrying amount of £6.2m. The balance of £2.2m relates to an adjustment to recognise the effective rate of interest in relation to basic loans.

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

27. Deferred capital grant

	Group and Association	
	2021	2020
	£'000	£'000
At 1 April	110,727	85,010
Grant received in year	33,621	26,378
Released to income	(781)	(661)
At 31 March	<u>143,567</u>	<u>110,727</u>
Amounts to be released within one year	803	683
Amounts to be released in more than one year	142,764	110,044
	<u>143,567</u>	<u>110,727</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2021

28. Recycled capital grant fund (RCGF)

	Group and Association	
	2021 £'000	2020 £'000
At 1 April	-	189
Grants recycled	73	138
New build	-	(327)
	<u>73</u>	<u>-</u>
Repayment of grant	-	-
At 31 March	<u><u>73</u></u>	<u><u>-</u></u>
Amount of grant due for repayment	<u><u>-</u></u>	<u><u>-</u></u>
Amounts three years or older where repayment may be required	<u><u>-</u></u>	<u><u>-</u></u>

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

29. Disposals proceeds fund (DPF)

	Group and Association	
	2021 £'000	2020 £'000
At 1 April	-	673
New build	-	(675)
Notional interest charged	-	2
	<u>-</u>	<u>2</u>
At 31 March	<u><u>-</u></u>	<u><u>-</u></u>
Amount of grant due for repayment	<u><u>-</u></u>	<u><u>-</u></u>
Amounts three years or older where repayment may be required	<u><u>-</u></u>	<u><u>-</u></u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2021

30. Pensions

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

Admission agreements in place are:

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

Employer contribution rates were reset at 1 April 2020, based on the triennial actuarial valuation for the respective funds which took place on 31 March 2019. The next valuation will take place on 31 March 2022.

Total employer contributions were £4.061m (2020: £4.215m)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2021

Principal actuarial assumptions: Financial assumptions

	2021				2020			
	Torus 62 Cheshire (LMH)	Torus 62 Cheshire	Torus 62 Merseyside	Torus Foundation Cheshire	Torus Foundation Merseyside	Torus Foundation Merseyside	Prior year range	%
Discount rate	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.4
Future salary increases	3.1	3.1	3.1	3.1	3.1	3.1	3.1	2.8
Future pension increases	2.6	2.6	2.6	2.6	2.6	2.6	2.6	1.9
Inflation assumption	2.6	2.6	2.6	2.6	2.6	2.6	2.6	1.9

Mortality assumptions

The post-retirement mortality assumptions adopted to value the benefit obligation at March 2021 and March 2020 are based on the PA92 series. The assumed life expectations on retirement at age 65 are:

	2021				2020			
	Torus 62 Cheshire (LMH)	Torus 62 Cheshire	Torus 62 Merseyside	Torus Foundation Cheshire	Torus Foundation Merseyside	Torus Foundation Merseyside	Prior year range	No of years
Retiring today:								
Males	20.3	20.3	20.3	20.3	20.3	20.3	20.9 - 21.2	
Females	23.5	23.5	23.5	23.5	23.5	23.5	23.6-24.0	
Retiring in 20 years:								
Males	21.7	21.7	21.2	21.7	21.2	21.2	21.9-22.5	
Females	25.1	25.1	24.8	25.1	24.8	24.8	25.0-25.9	

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2021

Analysis of amounts recognised in operating costs

	2021						2020
	Torus 62 Cheshire (LMH)	Torus 62 Cheshire	Torus 62 Merseyside	Association Total	Torus Foundation Cheshire	Torus Foundation Merseyside	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Current service cost	(22)	(1,495)	(3,083)	(4,600)	(82)	(49)	(5,891)
Past service (costs)/gains	-	(65)	-	(65)	-	-	(64)
Administration costs	-	-	(54)	(54)	-	(1)	(61)
Curtailments	-	-	(243)	(243)	-	-	(485)
Net operating loss	(22)	(1,560)	(3,380)	(4,962)	(82)	(50)	(6,501)

Analysis of amounts recognised in other finance costs

	2021						2020
	Torus 62 Cheshire (LMH)	Torus 62 Cheshire	Torus 62 Merseyside	Association Total	Torus Foundation Cheshire	Torus Foundation Merseyside	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Expected return on pension scheme assets	18	1,175	4,098	5,291	27	38	5,532
Interest on pension scheme liabilities	(18)	(1,191)	(4,567)	(5,776)	(31)	(45)	(6,588)
Net finance cost	-	(16)	(469)	(485)	(4)	(7)	(1,056)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2021

Reconciliation of defined benefit obligation

	2021						2020	
	Torus 62 Cheshire (LMH) £'000	Torus 62 Cheshire £'000	Torus 62 Merseyside £'000	Association Total £'000	Torus Foundation Cheshire £'000	Torus Foundation Merseyside £'000	Group Total £'000	Total £'000
Opening defined benefit obligation	(728)	(49,042)	(192,750)	(242,520)	(1,226)	(1,864)	(245,610)	(264,884)
Current service cost	(22)	(1,495)	(3,083)	(4,600)	(82)	(49)	(4,731)	(5,891)
Past service cost	-	(65)	-	(65)	-	-	(65)	(64)
Interest cost	(18)	(1,191)	(4,567)	(5,776)	(31)	(45)	(5,852)	(6,588)
Contributions by members	(4)	(313)	(716)	(1,033)	(17)	(10)	(1,060)	(1,191)
Benefits paid	11	642	5,685	6,338	1	22	6,361	5,964
Actuarial gains/(losses)	(118)	(12,215)	(23,169)	(35,502)	(315)	(235)	(36,052)	27,529
Curtailments	-	-	(243)	(243)	-	-	(243)	(485)
Closing defined benefit obligation	(879)	(63,679)	(218,843)	(283,401)	(1,670)	(2,181)	(287,252)	(245,610)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2021

Reconciliation of the fair value of plan assets

	2021						2020
	Torus 62 Cheshire (LMH)	Torus 62 Cheshire	Torus 62 Merseyside	Association Total	Torus Foundation Cheshire	Torus Foundation Merseyside	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Opening fair value of plan assets	748	48,335	172,064	221,147	1,058	1,553	221,448
Interest income	18	1,175	4,098	5,291	27	38	5,332
Administration cost	-	-	(54)	(54)	-	(1)	(61)
Contributions by employee	4	313	716	1,033	17	10	1,191
Contributions by employer	-	1,619	2,323	3,942	84	35	4,215
Benefits paid	(11)	(642)	(5,685)	(6,338)	(1)	(22)	(5,964)
Actuarial gains/(losses)	110	5,966	19,429	25,505	135	179	25,819
Closing fair value of plan assets	869	56,766	192,891	250,526	1,320	1,792	253,638

Net pension liability

	2021						2020
	Torus 62 Cheshire (LMH)	Torus 62 Cheshire	Torus 62 Merseyside	Association Total	Torus Foundation Cheshire	Torus Foundation Merseyside	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Defined benefit obligation net of plan assets	(10)	(6,913)	(25,952)	(32,875)	(350)	(389)	(21,852)
							(33,614)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2021

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

	2021					2020	
	Torus 62 Cheshire (LMH)	Torus 62 Cheshire	Torus 62 Merseyside	Association Total	Torus Foundation Cheshire	Torus Foundation Merseyside	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Actuarial (losses)/gains on assets	110	5,966	19,429	25,505	135	179	25,819
Actuarial gains/(losses) arising on the scheme liabilities	(118)	(12,215)	(23,169)	(35,502)	(315)	(235)	(36,052)
Actuarial gain/(loss) recognised	(8)	(6,249)	(3,740)	(9,997)	(180)	(56)	(10,233)
							(2,603)
							27,529
							24,926

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

	2021					2020	
	Torus 62 Cheshire (LMH)	Torus 62 Cheshire	Torus 62 Merseyside	Torus Foundation Cheshire	Torus Foundation Merseyside	Range	%
	%	%	%	%	%	%	%
Equities	46	39	40	39	40	35-39	
Gilts/bonds	40	44	30	44	30	30-47	
Properties	10	12	7	12	7	8	
Cash	4	5	5	5	5	3-10	
Other	-	-	18	-	18	0-20	

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2021

31. Provisions for liabilities – Other

Group

	Dilapidations	Insurance claims	Other	2021
	£'000	£'000	£'000	£'000
At 1st April 2020	25	325	-	350
Additions	149	398	-	547
Utilised	-	-	-	-
Reversals	(25)	-	-	(25)
At 31st March 2021	149	723	-	872

Association

	Dilapidations	Insurance claims	Other	Total
	£'000	£'000	£'000	£'000
At 1st April 2020	25	325	-	350
Additions	-	398	-	398
Utilised	-	-	-	-
Reversals	(25)	-	-	(25)
At 31st March 2021	-	723	-	723

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

32. Deferred tax asset

	Group	
	2021	2020
	£'000	£'000
At 1 April 2020	261	39
Adjustment in respect of prior years	-	-
Charge/(credit) for the year	(236)	222
At 31 March 2021	25	261
Accelerated capital allowance	-	-
Short term timing differences	25	261
At 31 March 2021	25	261

The deferred tax asset of Nil is included in other current debtors. (2020: £261k).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2021

33. Non-Equity Share Capital

There are two classes of shareholders: Tenant Shareholders and Independent Shareholders. Each share has the nominal value of one pound which shall carry no right to interest, dividend or bonus. The independent shareholders are the independent Board members. Tenants are eligible to become shareholders, which provides them with the right to vote at general meetings. Tenant shareholders have 51% of total votes available at general meetings. At 31 March 2021 there were 43 tenant shareholders.

34. Cash Flow from Operating Activities

	Group	
	2021	2020
	£'000	£'000
Surplus for the year	55,999	48,117
<i>Cash flows from operating activities:</i>		
Depreciation of housing properties	25,692	24,765
Depreciation of other fixed assets	2,947	2,596
Amortised government grants	(781)	(661)
Impairment charge	814	2,194
Movement in fair value of investment properties	676	(955)
Increase in trade and other debtors	(1,228)	874
Increase in trade and other creditors	9,692	2,478
Increase in properties held for resale	(730)	(7,151)
Increase/(Decrease) in provisions	522	(279)
Decrease/(Increase) in stock	7	(150)
Pension costs less contributions payable	1,529	1,056
Taxation (credit)/charge	(224)	471
<i>Adjustments for investing or other financing activities:</i>		
Net gain on sale of fixed assets	(4,344)	(5,813)
Fair value adjustment/refinancing	(2,345)	(1,624)
Interest payable	13,380	12,122
Interest received	(156)	(525)
Jointly controlled entity	(299)	(278)
Net cash generated from operating activities	<u>101,151</u>	<u>77,236</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2021

35. Capital commitments

	Group and Association	
	2021	2020
	£'000	£'000
Capital expenditure:		
Expenditure contracted for but not provided in the accounts	219,253	195,188
Expenditure authorised by the Board, but not contracted	188,498	226,829
	<u>407,751</u>	<u>422,017</u>
Financed by:		
Social housing grant	62,769	77,960
Proceeds from sale of properties	56,730	61,990
Committed loan facilities and cash	288,252	282,067
	<u>407,751</u>	<u>422,017</u>

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

36. Contingent Liabilities

The admission agreements with Merseyside and Cheshire Pensions Fund require Torus to provide bonds to cover any potential risks on the pension funds. Bonds in place at 31 March 2021 were £31.5m in respect of the Merseyside Pension Fund and £13.9m in respect of the Cheshire Pension fund.

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

37. Leasing commitments

Operating Leases

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

As lessor

	Group		Association	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Less than one year	827	812	755	740
Between one and five years	707	888	347	528
More than five years	136	155	136	155
	<u>1,670</u>	<u>1,855</u>	<u>1,238</u>	<u>1,423</u>

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2021

As lessee

	Group		Association	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Less than one year	917	976	517	576
Between one and five years	2,556	2,548	1,936	1,943
More than five years	459	904	459	904
	<u>3,932</u>	<u>4,428</u>	<u>2,912</u>	<u>3,423</u>

38. Related Parties

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

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

Torus62 made £299k profit from its Bamboo Estates LLP joint venture in the year (2020: £278k). The table below details sales and purchases with Bamboo Estates LLP:

	Bamboo	
	2021	2020
	£'000	£'000
Association		
Purchase ledger	-	1
Sales ledger	269	211
Group		
Purchase ledger	-	1
Sales ledger	269	270

The Association had no tenant Board members as at 31 March 2021 (2020: none). At the 31 March 2021 £nil (2020: £nil) amounts were outstanding.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2021

39. Financial assets & liabilities

	Group and Association	
	2021	2020
	£'000	£'000
<i>Categories of financial assets and financial liabilities</i>		
Financial assets that are measured at amortised cost	226,033	83,552
Financial liabilities measured at fair value through surplus or deficit - debt instruments	(6,230)	(6,620)
Financial liabilities measured at amortised cost - debt instruments	(402,046)	(301,491)
Total debt instruments	(408,277)	(308,111)
Other liabilities measured at amortised cost	(42,682)	(30,520)
<i>Financial liabilities measured at fair value through surplus or deficit</i>		
The amount of change during the period attributable to changes in the credit risk	-	-
the amount the entity would be contractually obliged to pay at maturity	(1,656)	(2,046)
<i>Financial assets</i>		
Cash at bank	201,314	76,224
Financial assets on which no interest is earned	24,719	7,328
	226,033	83,552
<i>Financial liabilities excluding trade creditors – interest rate risk profile</i>		
Fixed rate	392,836	264,533
Floating rate	-	-
Total borrowings	392,836	264,533
<i>Borrowing facility</i>		
Expiring in more than two years	392,836	264,533

The group has undrawn committed borrowing facilities. The facilities available at 31 March 2021 in respect of which all conditions precedent had been met are above.

As at 31 March 2021, The Group had £4.6m of cancellable fixed rate loans provided by Nationwide Building Society and the Royal Bank of Scotland. Under these arrangements, the lenders have the option to cancel the fixes every 3 months. If these options were exercised, the loans would revert to a variable rate basis, which would increase the level of interest rate risk. These loans are managed in accordance with the Group's treasury policy, which requires that at least 60% of drawn funds be on fixed interest rates or otherwise hedged against the effects of interest rate increases. The position is considered annually when the Board sets the annual treasury strategy. The Group takes independent advice on treasury management and considers that the probability of these options being exercised is currently very small. As at 31 March 2021, 100% of the Group's drawn loans were on fixed rates of interest. If these cancellable loans had been converted to variable rates, the percentage fixed would have been 99%.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2021

Cash at bank and in hand includes £103k held for leaseholder sinking fund and £184k external funding, all of which can only be used for the reasons specified.

40. Net debt reconciliation

	Cash at Bank and In Hand £'000	Current asset investments - cash deposits £'000	Liquidity reserve funds held as security £'000	Bank Loans (including issue costs) £'000	Fair Value element of debt £'000	Net Debt £'000
1st April 2020	76,224			(275,952)	(18,919)	(218,647)
Cash flows	125,090	20,000	5,032	(115,751)	-	34,371
Other non-cash changes	-			-	2,345	2,345
31st March 2021	201,314	20,000	5,032	(391,703)	(16,574)	(181,931)



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