REPORT AND FINANCIAL STATEMENTS

FREEBRIDGE COMMUNITY HOUSING

For the year ended 31 March 2022

Regulator of Social Housing No. L4463
Co-operative and Community Benefit Society No. 29744R

Freebridge
COMMUNITY HOUSING

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CHAIRMAN'S STATEMENT

Andy Walder

Chair of the Board

As the largest housing association in West Norfolk, we continue to be proud of the contribution we make to our communities and aim to provide services far beyond the traditional landlord role. We are pleased to report that this year has seen the delivery of the first year of our new Corporate Plan with significant progress achieved, despite the continuing challenges of the coronavirus pandemic and the significant deterioration in economic and political outlooks.

Key highlights of this progress for the association include

- Developing our strategic approach to hearing our Customer Voice and reshaping our governance structures to support this
- Accelerating our investment in Health and Safety to ensure all our properties remain safe and prepared for the changing safety requirements
- Communicating with all our tenants to undertake a full analysis of any catch-up repair work following the pandemic and working through these improvements
- Tackling health inequalities in our communities through the introduction of Neighbourhood Plans. 2021 saw the creation of our first plan for North Lynn, which in conjunction with partners from the health, Police, local authority and VCSE organisations makes long-term commitments to residents in one of our most deprived areas.
- Developing our People strategy and evolving and embedding our fundamental understanding and approach to Diversity and Inclusivity, led by the Board for the whole organisation and
- Following last year's extensive Board recruitment exercise, adding further expertise to the non-executive team by recruiting three new specialist Independent Committee members

Plans for the next four years of the strategy continue at pace with ambitions to ensure our tenants have homes and communities they can be proud of, to provide new homes for all sections of the community with excellent efficient services and establishing a clear pathway forward towards the Net Zero Carbon ambitions for the future.

The Board continues to work with our communities, to listen and respond to our customers and to champion strong local partnerships to succeed. We play a leading role in collaborating with a range of partners to share knowledge and resources, such as Build East and Independent East to inform, shape and deliver more for our communities.

The launch of our Homes and Community Investment strategy this year has been particularly critical for our tenants in ensuring the sustainability of all our homes into the future. This long-range investment programme will deliver the foundations required for the Net Zero Carbon agenda and is centred around understanding our stock more intelligently, using our data more effectively and ensuring fabric first approach to our property upgrade programmes. These financial statements again set out a strong financial position from which the Association can grow and develop. The coming year will see us raise additional funding to support our growing development programme to provide much needed homes for the people of West Norfolk.

However, we recognise that these uncertain economic times are bringing significant challenges to our tenants, who are disproportionately exposed to the current unprecedented pressure on the cost of living. Our local presence and knowledge of our communities enable us to ensure that vital support is available to sustain our most vulnerable customers through these difficult times and we will continue to evolve and develop this approach. I would finally also like to thank my Board and Committee colleagues for their hard work, commitment, and thoughtful contribution during the year. We are excited about the way ahead and look forward to delivering the next four years of our plan by working with our communities to ensure our customers have safe, comfortable, and affordable homes.

BOARD OF MANAGEMENT REPORT YEAR ENDED MARCH 2022

Freebridge Community Housing Limited (the Association) is a Registered Provider of Social Housing.

Annual Financial Performance

The Association is reporting Total Comprehensive Income for the year of £9.38m for 2021/22, an increase of £7.26m over 2021/22 Total Comprehensive Income of £2.12m, with the increase in 'Actuarial Gain in Respect of Pension' for the year driving the increase.

Further information on the Association's performance is provided in the Strategic Report.

Market Value of Land & Buildings

All the Association's completed housing properties were valued on the 31st March 2022 based on an Existing Use Value for Social Housing (EUV-SH). The valuation of £234.0m is in line with the previous valuation of £224.5m on 31st March 2021. The valuation is not used within the financial statements as the Association reports its properties at depreciated historic cost (£114.97m).

Board Members

The following list details the Board of Management members during the year to 31st March 2022:

Andrew Walder
Board Member - Chair

Simon Smith
Board Member - Vice Chair

Anita Jones
Chief Executive

Joanna Barrett
Board Member

Jasmine Rigg
Board Member

Vicky Savage
Board Member

Andrew Hill
Board Member

Donald McKenzie
Board member

Gill Rejzl
Board Member

Pauleen Pratt
Board Member (to 30 April 2021)

Brian Long
Board Member (to 20 September 2021)

Diversity of the Board

The diversity of the Board breaks down as follows:

Gender	Male 45%; Female 55%
Age	Average Age 54
Ethnic Origin	White British 100%
Disability	Yes 11%, No 89%
Sexual Orientation	Heterosexual/Straight 89%; Withheld/Prefer not to say 11%
Religion	Christian 67%; None 11%; Withheld/Prefer not to say 11%; Any Other Faith or Religion 11%.

The Association will shortly be adopting a new Equality, Diversity and Inclusion Strategy which will direct progress towards enhancing the diversity of the Board.

Key Skills of the Board Members

Freebridge benefits from Board Members with a strong and complementary set of skills. The key skills of each Board Member are set out below:

Andy Walder	People development, asset management, senior leadership
Simon Smith	Law, governance, senior leadership
Joanna Barrett	Housing management, housing strategy, senior leadership
Andrew Hill	Finance and treasury, risk management and audit, senior leadership

Anita Jones	Housing management and operations, housing strategy, senior leadership
Donald McKenzie	Finance and treasury, risk management and audit, governance, senior leadership
Gill Rejzl	Risk, governance, senior leadership
Jasmine Rigg	Lived experience of the Association's services, social care
Vicky Savage	Development, housing management, senior leadership

In addition to the above, an Independent Committee Member sits on each of the Audit and Risk and Governance and Remuneration Committees, bringing relevant technical expertise, while an Independent Committee Member has been recruited to the Development Committee.

Four individuals with 'lived' experience of the Association's services sit on the Customer Service Committee. The customer voice is also heard through the Association's strong and active Tenant Panel, currently consisting of eight members.

Statement of the Board of Management Responsibilities

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

The Co-operative and Community Benefit Societies Act 2014 and registered provider legislation in the United Kingdom require the Board to prepare the financial statements for each financial year. Under that law the Board have elected to prepare financial statements in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and in accordance with the Housing SORP:2018 Statement of Recommended Practice for Registered Social Housing Providers. The financial statements comply with the Accounting Direction for Private Registered Providers of Social Housing 2022.

Under these requirements, the Board must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Association and the surplus of the Association for that period.

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

- Select suitable accounting policies and apply them consistently
- Make judgements and accounting estimates that are reasonable and prudent
- Apply the requirements of FRS 102 and Housing SORP: 2018 subject to any material departures disclosed and explained in the financial statements and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business

The Board are responsible for keeping adequate accounting records that are sufficient to show and explain the Association's transactions and disclose with reasonable accuracy at any time the financial position of the Association and enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014. The Board is also responsible for safeguarding the assets of the Association and for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Board of Management is responsible for ensuring that the Strategic Report is prepared in accordance with the requirements of the Housing SORP 2018.

The Board of Management has taken all steps necessary to make itself aware of any relevant audit information and to establish that the auditor is aware of that information. There is no relevant audit information of which the Association's auditor is unaware.

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

Board of Management Report on the System of Internal Control

The Board acknowledges that it has overall responsibility for establishing and maintaining the system of internal control and for reviewing its effectiveness in providing the necessary assurances. As a result of this, and in accordance with the Regulator of Social Housing overall Regulatory Framework, including the Governance and Viability Standard (April 2015), the Board receive an annual report from Leadership Team outlining the work undertaken and offering an opinion on the adequacy and effectiveness of the system of internal controls.

Scope of Assurance

The Board recognises that no system of internal control can provide absolute assurance or eliminate all risk. The system of internal control is designed to manage risk and provide reasonable assurance that the key business objectives and expected outcomes will be achieved. It also exists to give reasonable assurance about the preparation and reliability of financial and operational information and the safeguarding of assets and interests.

Risk Management Process

Leadership Team has assessed the key risks faced by the business and has identified the controls and further actions needed to satisfactorily manage these risks. Further work has been undertaken during 2021/22 to ensure that the Risk Management Framework continues to meet the requirements of the business as a Registered Provider.

The Board has also recognised the following key uncertainties in respect of the economic impact on the country arising from the:

- Ongoing Covid-19 pandemic; and
- The rising rate of inflation driven, in part, by increased fuel costs and the on-going conflict in Ukraine.

Whilst these issues are yet to be fully assessed and understood, the Government will need to take steps to facilitate:

- The repayment of public borrowing undertaken to support both the economy and the more direct Covid-19 responses (e.g., testing, vaccination, tracing, and other services); and
- A longer-term approach to rising inflation as well as food and fuel prices.

Freebridge has been largely shielded from the immediate direct economic impacts of the Covid-19 pandemic. We have strong cash reserves and access to further funding as well as a consistent cashflow that protects us further. We also do not foresee a significantly reduced demand for our properties and therefore do not foresee a deterioration in our ability to let properties at this time.

However, indirectly the national economic environment may impact upon:

- Benefit payments: This could result in tenants being less able to pay their rent.
- The price of goods and services: An increase in the price of living will leave tenants with less money with which to pay their rent. In addition, it could increase the Association's operating costs, particularly in relation to repairs and the fuel required to operate our vehicles and buildings.
- Funding: Government funding for housing development may be reduced as well as the availability of private finance in an economic downturn, impacting upon the Association's ability to build new homes and meet local housing need; and
- Interest costs: An increase in interest rates could have a significant impact upon the interest payable by the Association in relation to its funding. Where tenants may have loans or credit agreements in place, an increase in interest rates would increase repayments and add further pressure on their ability to ensure their income meets their needs.

The Association has incorporated the potential economic impacts that these issues may have into the stress testing review conducted in support of its Business Plan.

With due recognition of the uncertainties identified above, the Association is satisfied that it is prepared to manage the possible implications and impacts.

The process for the identification and management of risks is ongoing and has been in place throughout the year under review. The overall responsibility for risk management within the Association remains with the Board.

Process for Reviewing the Effectiveness of the

Internal Control System

The Board retains responsibility for a defined range of issues covering strategic, operational, financial and compliance aspects including treasury strategy and new investment projects. The Board also regularly reviews key performance indicators to assess progress towards key business objectives, targets, and outcomes.

The Board and Leadership Team have implemented policies and procedures essential for ensuring a robust internal control system. A comprehensive assessment has been undertaken to identify the key risks faced by the business and corresponding control strategies and actions have been established to ensure these risks are adequately managed. The Board has played a key role in the control structure by considering several issues relating to the effective running of the business and service delivery to its customers.

Internal auditors are appointed to strengthen the quality and depth of assurance around internal control systems and the Audit Plan covers financial and non-financial aspects of the business in all the significant areas of activity. The internal auditors and Audit and Risk Committee provide assurance to the Board on the Association's system of internal control.

Control Environment

There are several measures in place to instil and encourage a suitable culture of effective internal control. These include:

- Board recruitment and appraisal.
- Standing Order and Financial Regulations which include appropriate delegations of authority, signatories and mandates.
- Key policies and strategies to support the running of an effective business and service delivery to its customers.
- Adoption of the National Housing Federation (NHF) Codes to provide a Governance framework:
    - Code of Conduct 2012: Freebridge was compliant with the Code during 2021/22. An updated Code of Conduct was issued by the NHF in May 2022 and will be considered by the Board during 2022/23; and
    - Code of Governance 2020: The Code replaces the 2015 version and represents a complete restructuring and re-write. During 2021/22 Freebridge remained compliant with the 2015 Code whilst implementing the 2020 version. It achieved substantial compliance with the 2020 Code by 31 March 2022. Full compliance was achieved by the end of June 2022. The areas outstanding as at 31 March 2022, relate to Section 1 of the Code concerning Board input into the equalities and values. This work was undertaken at the Board strategy event on the 13 June 2022 and further considered by the Governance and Remuneration Committee on the 20 June 2022.
- Experienced and suitably qualified staff responsible for important business functions. Annual appraisal procedures are in place to maintain standards.
- Forecasts and budgets are prepared which allow the Board and Leadership Team to monitor key business risks and financial objectives as well as progress towards financial plan and business plan targets. Management Accounts are prepared which provide relevant, reliable, and up to date financial and other information. Significant variances from budgets are investigated and reported as appropriate.
- Significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures through Board (or others as appropriate) including risk assessments; and
- Audit and Risk Committee reviews reports written within Freebridge and by Auditors to provide reasonable assurance that control procedures are in place and are being followed. Formal procedures have been established for instituting appropriate action to correct weakness.

The review of the effectiveness of the system of internal controls undertaken has not revealed any major or pervasive weaknesses that could result in material loss. Improvements in respect of both tenant and corporate health and safety arrangements continue to be implemented and their effectiveness measured and reported regularly to the Leadership Team, Audit and Risk Committee and Board. There are also plans in place to improve the quality of data held on the Association's property database and within performance reports. In addition, improvements to the organisation's cyber security and safeguarding procedures were made during the year following Internal Audit reviews. All but one of the matters arising were completed by 31 March 2022 and the remaining matter was completed by 30 April 2022. None of these matters had resulted in significant financial loss during the year to 31 March 2022.

Fraud

The Anti-Fraud, Bribery and Corruption Policy outlines an approach on responding to suspected fraud, bribery, and corruption. Additionally, a register is maintained of all cases of fraud that are found to be proven and all losses from fraudulent activity are reported to the Regulator.

Regulatory Performance

In June 2021 the Board reported itself to the Regulator as, following the commissioning of additional audit work, it was identified that the work programme relating to improvements to tenant health and safety was not progressing according to target. The Regulator confirmed there was no breach of the Home Standard, and that the Governance rating would remain as G1. Significant additional resources were allocated to progressing a revised timetable for the programme and that is being delivered.

The Board was pleased to receive confirmation from the Regulator in December 2021 that it has retained its highest possible rating with a V1 for Financial Viability, whilst retaining G1 for its Governance. The Board recognise this valuable assurance must be maintained and so retains a clear focus on improving performance across the business.

As at 31 March 2022, Freebridge assessed that it was compliant with all the Regulator's Standards. However, it noted that it was only partially compliant with Section five of the Government's Decent Homes Standard (DHS) in that 97 properties, from a total of 6,790, were not considered to meet the DHS. A plan is in place to ensure all properties meet the DHS by 31 March 2023.

Board Conclusion

The Board has reviewed the effectiveness of the system of internal control, and it is satisfied that there is sufficient evidence to confirm that adequate systems of internal control existed and operated throughout the year and up to the date of signing the financial statements, and that those systems were aligned to an on-going process for the management of significant risks facing the business. No weaknesses were identified which would have resulted in material misstatement or loss, which would have required disclosure in the financial statements.

As at 31st March 2022, the Association was substantially compliant with the National Housing Federation Code of Governance 2020. Full compliance was achieved in June 2022. As at 31st March 2022, the Association is compliant and has been compliant throughout the year with the Regulator of Social Housing Governance and Financial Viability Standard, subject to completion of identified work programmes to ensure full and consistent compliance with identified Health and Safety and DHS requirements.

Payment of Creditors

The Association agrees terms and conditions for its business transactions with suppliers at the time of supply. Payment is made on these terms, subject to the terms and conditions being met by the suppliers.
The proportion of invoices paid within 30 days totals 72% for 2021/22 (76% 2020/2021).

Equality, Diversity and Inclusion

The Association is committed to equality, diversity, and inclusion in all its activities and seeks to create a positive environment where everybody is treated with dignity and respect. As a landlord and employer, we will give due regard to the elimination of unlawful discrimination, harassment, and victimisation. We value the differences within our customers and staff.
In recognition of this critical area, the board development programme has included investment in this area during 2022 to advance understanding and awareness as we develop and evolve our approach. The Diversity Policy complies with all relevant aspects of good practice, legislation and regulation and this agenda will be progressed further with colleagues and our customers.

Strategic Report

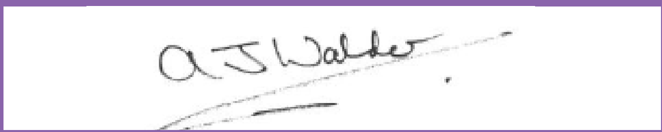
The separate Strategic Report provides commentary on Principal Activities; Business Model, Strategy and Objectives; Investments for the Future; Treasury Policy; Performance, Position, Value for Money, and Future Prospects; and Key risks of the Association.

Auditor

The financial statements for the year ended 31st March 2022 have been audited by Mazars LLP.

A resolution to re-appoint Mazars LLP as auditor to the Association will be put to the Members at the forthcoming Annual General Meeting.

By order of the Board



Andrew Walder
Board Chairman

STRATEGIC REPORT YEAR ENDED 31 MARCH 2022

Principal Activities

Freebridge Community Housing is based in King's Lynn, Norfolk and is the largest provider of housing in West Norfolk. The Association was set up in 2006 to receive the transfer of homes from the Borough Council of King's Lynn and West Norfolk.

The Association's principal activities are to support a better West Norfolk by providing homes for people in need and by creating opportunities that help sustain the local communities in which our homes are located.

The business operates three key business streams:

- housing for rent at social and affordable rent levels,
- housing for older people and
- low-cost home ownership, predominantly shared ownership

All of these contribute approximately 96% of our activities in relation to our turnover.

The Association also provides non-social housing activities through two local place-shaping community centres at Providence Street and the Discovery Centre as well as providing garages for rent and a small portfolio of shops.

The Association is registered with the Regulator of Social Housing, owns, and manages 6,835 homes (6,827 in 2020/21) including 17 sheltered schemes and develops new affordable housing under the Homes England Shared Ownership Affordable Homes Programme (SOAHP).

Business Model, Strategy & Objectives

Our business model seeks to enable increased social mobility through offering better housing choices and standards, more balanced communities with a mix of tenure, greater educational opportunities, and regenerated local spaces.

This Association is a values-led organisation with strong integrity, enthusiasm, and keen customer emphasis and we have learnt we need to be flexible, progressive, and more customer focussed to deliver on our ambitions.

Our Mission:

To be a top performing provider of housing as measured by our customers, colleagues, and stakeholders.

Our Vision:

To provide quality homes and excellent services for current and future generations so that the people and communities of West Norfolk can thrive.

Our Strategy - 'Building Better Futures 2021/26':

The Corporate Strategy 2021-26 was approved by Board on 8th March 2021. The Strategy sets out an exciting and ambitious next chapter, with the Board making a clear statement of the Associations' vision, strategic aims, and key priorities through to 2026, for our customers, our employees, and our partners.

The focus of year one (2021-22) has been stability and sustainability as we sought to improve performance in critical customer facing areas of repairs, assets, and health and safety, whilst laying the foundations for initiatives to come.

As West Norfolk's largest housing provider, we have already taken great strides in improving local homes and communities and our focus is to continue this great work over the course of this strategy and beyond.

Our ambition is to drive our business forward to become a leader in our field, an excellent landlord and an exemplary employer.

Key Objectives:

We have identified six key objectives that will direct our path towards achieving this vision over the five years of the strategy. These are:

Providing excellent customer service

We aim to be exemplary in this field and as a landlord we are committed to openness, engagement, and treating our tenants with dignity and respect. Through our new Customer Charter, we will:

- Strive to be seen as an excellent landlord by delivering upper quartile performance in national tenant satisfaction measures
- Establish a wide range of opportunities to involve our customers and encourage them to speak up and give us their views to help us shape our services to meet their needs
- Offer new online facilities to enable our customers to access more of our services electronically, however, and whenever they want

Creating homes, communities, and local spaces to be proud of

The Association has always had a strong commitment to our communities and to transforming lives. We recognise that everyone deserves excellent quality, safe and affordable homes but we believe that our responsibility is wider than just the home and we want to be more than just a landlord. By 2026 we will:

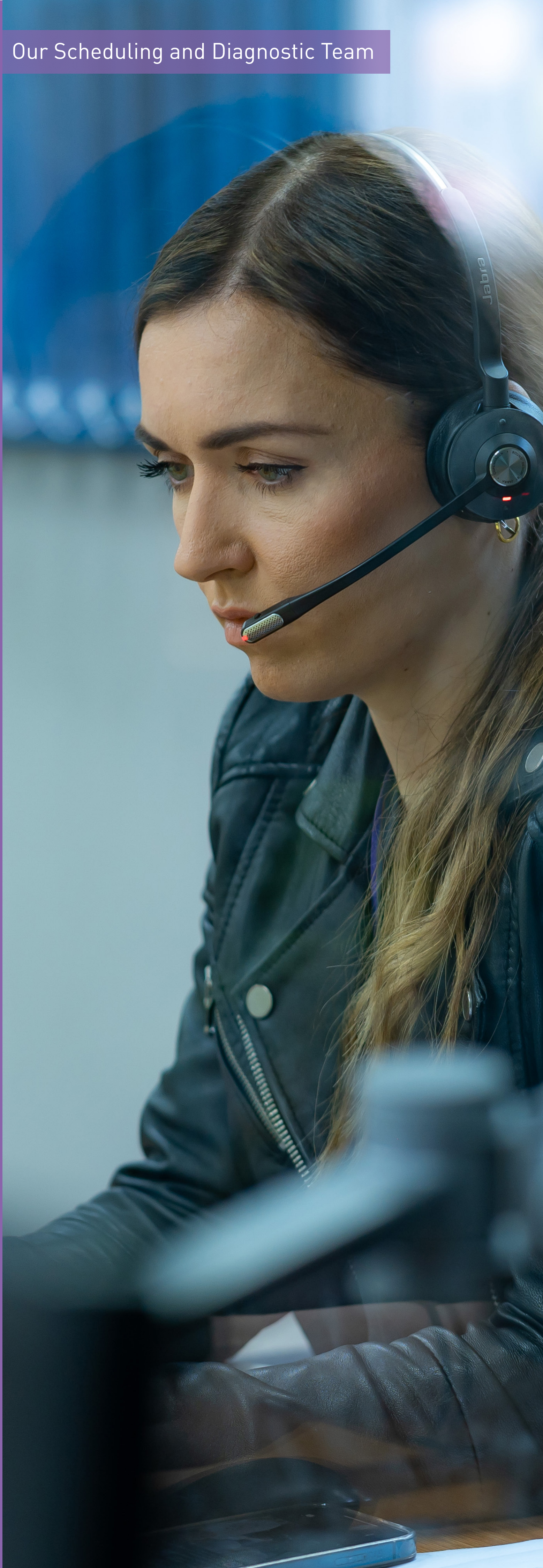
- Prioritise tenant safety and demonstrate ongoing compliance with all health and safety requirements
- Have made progress in tackling the problem of physical defects associated with condensation and mould in our homes
- Be delivering a Decent Homes+ standard agreed with customers
- Halve our eviction rate through delivery of our Tenancy Sustainment Strategy
- Work with partners to deliver local investment plans and tackle disadvantage and inequality

Playing our part in creating a balanced local housing market

We pledge to invest millions of pounds to provide more homes and more choice to meet the growing need for good-quality affordable housing throughout the whole West Norfolk area. By 2026 we will:

- Build 750 new homes, targeting the needs of local communities, and delivering this through partnerships, our own development and Bridgegate Homes
- Complete an exceptional regeneration of Phase 2 of Hillington Square

Our Scheduling and Diagnostic Team



- Contribute to the regeneration of King's Lynn town centre, playing our part in the economic success of the wider West Norfolk area
- Develop new accommodation units for older people because of our strategy for an ageing population

A great place to work

We know that our employees are our biggest asset, and we are committed to empowering our people to be the best they can be. We promise to support and develop their talent and enthusiasm, creating career opportunities for both existing and new employees. We also want to support their mental health and wellbeing and enable staff to get involved with the communities we serve through specific project working groups and volunteering. By 2026 we will:

- Have introduced a next generation operating model, setting out the future of work at Freebridge
- Meet our target for ensuring our staff are highly engaged and satisfied (85%+)
- Develop a progressive employee offer and cultivate a highly desirable employer brand
- Commit to being a mental health and well-being champion employer
- Increase our social value by enabling all staff to contribute directly and give back to the communities we serve
- Raise aspirations, increase opportunities, and support a better West Norfolk through the development of a Freebridge Academy

Addressing the climate challenge

With housing estimated to contribute more than a quarter of the UK's carbon emissions, we need to play our part in supporting the Government's net zero carbon agenda. As the largest provider of housing in West Norfolk, we have a key role to play in the climate challenge and we want to step up and deliver. Any new decisions we make as a landlord or employer will be considered for their impact on reducing our carbon footprint. By 2026 we will:

- Be actively reducing our footprint against a clear baseline position, strategy, and sustainable financial plan for both our homes and our company infrastructure
- Have reduced fuel poverty through improving existing homes to an EPC rating D or above
- Be building 50% of our new (land led) homes at carbon neutral standards
- Be training our teams to support the development and maintenance of modern technologies
- Be collaborating with partners to innovate and reduce costs

Strong, sustainable, and innovative business

Our ambitious plans are made possible by sound business sense, efficient processes, and prudent financial management. These include:

- Timely and affordable funding streams
- Supportive Legal and Governance services
- Effective IT systems and support
- Investment in our staff, their training and development to meet the needs of our businesses, customers, and their own professional aspirations
- Effective risk identification and mitigation
- Intelligent data and customer insight

Our value-for-money goals are simple: to deliver excellent homes and services whilst retaining financial strength and resilience to fulfil our wider mission.

We will achieve this by:

- Improving our operating margin to sector averages
- Maximising income generation through the development of new homes
- Diversification by developing through our subsidiary, Bridgegate Homes
- Maximising the return from our people through a new target operating model, aligned with our strategic objectives, maximising efficiency through diverse ways of working and technology
- Measurable increase in the social value we generate through our activities

Business and Financial Review

<u>Business Review:</u>

The primary focus of the business over the course of 2021/22 has continued to be the safety of our tenants and employees as the business transitioned from periods of local and national lockdown owing to the COVID-19 pandemic to an environment including a relaxing of the restrictions encountered over the last two years.

The Association has made considerable progress during 2021/22 across many areas of the business and key achievements include:

- Leadership Team at full compliment
- Launch of the five-year strategy, 'Building Better Futures' and Annual Delivery plan for 2022/23
- Delivery of an electrical testing compliance programme to ensure compliance by June 2022
- Delivery of outstanding Fire Risk Assessment works as well as the identification of a forward-looking programme
- Pilot of a 'New Home Standard'
- Attempts to contact all tenants to understand the nature and number of outstanding repairs to be delivered and developed a plan for delivery
- Use of performance indicators to actively support, influence and inform decision-making
- Development of a Tenancy Sustainment Plan and recruitment of a Customer Voice Lead
- Target Operating Model proposals formulated in line with strategy as a foundation step in redesigning our service offer to customers and help drive improvements in productivity across in-house and external resources
- The Future of Work initiative to collaborate with our staff to bring forward modern ways of working, progressed through Freebridge Fest and Colleague Forum
- Navigation and funding of several significant operational challenges, to support delivery of compliance targets and inflationary uplifts in material and utility costs.

Recruitment has been a significant challenge for the Association, and sector, over the year in the wake of the COVID-19 pandemic and BREXIT, either as part of ongoing ill-health issues, the 'Great Resignation' or workers returning home overseas.

In response to this the Association engaged the services of a specialist recruitment company to help source skilled and knowledgeable resources

Colleagues at Juniper House

to strengthen our teams and work has focussed on developing existing colleague engagement, to nurture and build an environment of trust and create a culture of openness and transparency. Activities include:

- Freebridge Fest – On-line sessions held over the course of a week to bring colleagues back together, generate dialogue and encourage feedback. This work helped identify themes to address going forward including lessons learned from the pandemic and pay and reward.
- Colleague Forum – A forum established with clear terms of reference, to bring employees together from across the business to share ideas and influence decisions.
- Colleague Survey – Initially a simple questionnaire to gauge views on overall engagement, readiness for change and modernisation, equality, diversity and Inclusion and trust in the senior team.
- Communication Style - To a support a more conversational tone of voice, with the increasing use of video and Freenet and start the shift from being largely reliant on emailed communications to a more self-service approach.
- Increased Transparency - By sharing topic information from Leadership Team meetings and in person communication session with all senior leaders to share the content and detail of the 5-year strategic plan and the planned target operating model.
- Training and Development – Identifying that the development of leadership capability at all levels will be essential to deliver the modernisation planned. Growing and developing colleague's resilience will support our modernisation plans and
- A proactive approach to Equality, Diversity, and Inclusion.

A suite of Key Performance Indicators, developed at the start of the year, have been used across the year to monitor and inform Leadership Team and Board of the Association's progress against Annual Delivery Plan objectives across the key areas of repairs, compliance, development and rent collection and to support our commitment to continuous service improvement.

This work will continue to evolve over the course of

Colleagues at Juniper House

2022/23 to include trends and enable benchmarking at a national and local level.

Financial Review:

The business reflects on a solid operating margin of 12.2% (23.7% 2020/21) and Total Comprehensive Income of £3.6m pre-pension (£5.4m 2020/21 pre-pension) with efforts over the year focussed on maximising delivery of compliance, health and safety and repairs.

Turnover for the year at £32.0m is comparable to the previous year (£31.2m 2020/21) and was principally from social housing lettings (96% compared to 95% in 2020/21).

The Association acquired 32 properties during the year, including 2 buy-back properties at Hillington Square and 2 low-cost home ownership properties, while a further 3 properties (2 properties 2020/21) have been let as 'bedspaces' as the Association works in partnership with the Purfleet Trust in support of the local homelessness crisis.

Rent loss through voids has increased by 26% to £3.48m (£2.77m 2020/21) owing to an increase in the number of void properties during the final quarter of the year and with properties being returned in a condition warranting additional time and cost before being re-let. Rent collected as a percentage of the rent debit has risen by 4.4% reflecting the significant efforts of the housing team to keep rent collection performance strong in the wake of the pandemic.

Inevitably, our tenants have continued to be affected during the year by the need to shield and/or self-isolate because of the COVID-19 pandemic and increasing rates of inflation, both of which have a consequential impact on household income. The income team have worked closely with tenants whose financial circumstances changed over the year and there has been a noticeable increase in the number of tenants accessing Universal Credit. The number of tenants claiming Universal Credit continues to rise, with 1,826 accounts as of 31st March 2022, an increase of 241 from 31st March 2020/21. The business continues to offer support to households most affected by the impact of COVID-19 via our Hardship Fund and has supported approximately 220 (115 in 2020/21) households.

The work that the Income Team and Universal Credit Advisors in particular do during this time to help maximise income has proved invaluable in stabilising rent arrears levels. Current tenants' gross rent arrears as a percentage of rent receivable for the year stands at 2.14% (2.05% 2020/21), with 99.52% (99.39% 2020/21) of rent receivable collected in the year.

First Tranche sales of £0.51m were received from the sale of 6 low-cost home ownership units (£0.55m 2020/21), generating a surplus on sale of £0.21m (0.23m 2020/21). In addition, 5 low-cost home ownership units' stair-cased generating income of £0.35m and surplus of £0.18m, of which 2 units stair-cased to 100% and £1.46m was received from the sale of 28 properties via Right to Buy or Right to Acquire.

Operating expenditure for 2021/22 has increased by £4.3m to £28.1m (£23.8m 2020/21) with the most material uplifts in management costs of £1.5m and Major Repairs expenditure of £2.37m with the focus for the year on recruitment, assets, health and safety and repairs.

Improvement of our housing stock remains a priority and during the year the Association invested £14.9m (£11.1m 2020/21) on routine, planned and major/capital works, an increase of £3.8m from 2020/21. This reflects the Association's commitment to invest in its homes, ensure quality for our customers and protect the long-term value of our housing assets.

Interest costs at £1.49m (£1.95m 2020/21) are lower than 2020/21 driven by a lower rate of variable debt, inclusion of £0.07m of capitalised development interest and with £10m of debt not drawn during the year, owing to favourable cash surpluses and lag on development pipeline spend.

The financial statements recognise an Actuarial Gain in respect of pension schemes of £5.81m, which compares to the 2020/21 Actuarial Loss in respect of pension schemes of £3.33m. The Local Government Pension Scheme (LGPS) is a multi-employer scheme, administered by Norfolk County Council under the regulations governing the LGPS, a defined benefit scheme. Triennial actuarial valuations of the pension scheme are

Statement of Comprehensive Income	2021/22	2020/21	2019/20
	£m	£m	£m
Turnover	32.0	31.2	31.4
Operating cost and cost of sale	(28.1)	(23.8)	(25.5)
Operating surplus	3.9	7.4	5.9
Surplus on sale of housing	1.1	0.07	0.65
Financing Costs	(1.4)	(1.9)	(2.2)
Total Comprehensive Income (pre-pension)	3.6	5.4	4.3
Operating margin	12.2%	23.7%	18.7%

Statement of Financial Position	2021/22	2020/21	2019/20
	£m	£m	£m
Fixed Assets	118.5	117.8	119.1
Creditors due > one year	(61.8)	(67.3)	(63.4)
Total Reserves	79.4	70.0	67.9
Gearing	23.6%	26.6%	34.6%

Key Performance Indicators	2021/22	2020/21	2019/20
Properties Owned and Managed	6,835	6.827	6,824
New Homes Built or acquired	32	15	31
Right to Buy/Right to Acquire Sales	28	13	14
Rent lost through voids	3.48	2.77	2.66
Rent collected as a %age of rent debit	2.14	2.05	3.71
Relet Days – General Needs	53	29	17
Relet Days - Sheltered	23	-	-

performed by an independent, professionally qualified actuary using the projected unit method. The latest formal valuation of the fund, for the purpose of setting employers' actual contributions was 31st March 2019. The next formal valuation due for 31st March 2022, was not available at the date these accounts were signed off.

The Statement of Financial Position includes Total assets less current liabilities of £141.2m (£137.4m 2020/21). This increase is driven by an uplift in the value of Fixed Assets of £0.7m driven by the purchase of 32 additional units and capitalisation of components and £2.8m uplift in Current Assets driven by an increase in Cash and Cash Equivalents.

During the year the Association, working in partnership with Longhurst Group and e2 Consortium delivered 28 affordable rented homes (8 units 2020/21) plus the buy-back of 2 properties at Hillington Square (3 2020/21) and 2 new shared ownership properties (4 units 2020/21).

As of 31st March 2022, the Association had three unsold Low-Cost Home Ownership Properties, of which none were unsold for more than six months.

During the financial year we generated £8.0m (£14.3m 2020/21) cash from operations. We invested £5.9m (£5.2m 2020-21) in the purchase and refurbishment of homes, offset by cash received from the sale of assets of £2.5m (£1.7m 2020/21). Our net financing activity consumed £1.6m in interest payments (£1.95m 2020/21). Net Debt (debt less cash balances) at the year-end stands at £27.2m (£30.3m 2020/21).

Capital Structure and Treasury Management:

The Association has an £111m loan facility of which £72.5m is approved to use in line with the approved Business Plan. Funds are not fully drawn until peak debt year of 2024, from which point the Association starts repaying its debt. A total of £52.5m of the available facility has been drawn to 31st March 2022, consisting of £40m fixed rate loans and £12.5m of variable rate debt. Treasury Management Policy allows for fixed: variable debt ratio of 70% +/- 10% and with fixed debt at 76% the Association remains in line with policy expectations for the 2021/22 financial year.

The Association is pleased to report it is covenant compliant with cover at 5.67 times against a Funder agreed covenant limit of 3.99 for the financial year. The Association continues to work to the requirements of the LSVT funding agreement that has been in place since transfer in 2006. Under the agreement, it is necessary to present an updated and fully funded Business Plan to the Funders annually for approval and it is not possible to commit in full to any updated Business Plan/Corporate Strategy without Funder approval.

The Business Plan update, as presented and approved by Board in May 2022 includes the latest economic assumptions, planned service recovery and updated development pipeline programme. The plan is accompanied by a range of stress tests at singular and multivariate level and incorporates a range of outcomes for economic recovery.

Our approach to stress testing provides the Board with the scale of recovery action that would be required in the event of the tested stress or stresses occurring. The underlying financial strength of the Association is such that our breaking point occurs because of the requirement to raise new funding, which is currently prohibited by our restrictive LSVT lending agreement. The financial risk appetite is therefore defined by these restrictions. Our current mitigations are reliant on cost cutting, re-phasing, or support from the Funders to re-negotiate covenant compliance.

The Association reports its financial performance including covenant cover quarterly to the Board and Funders. There has been no breach of the Associations funding covenants during the year. Notwithstanding, the Association has available cash of £24.5m on 31st March and access to £20m (amortised) revolving credit facility, which is available within a ten-day turnaround period, against commitments contracted and approved of £1.6m, providing headroom to respond to economic and non-economic consequences of an uncertain environment.

Our Scheduling and Diagnostic Team hard at work

Value for Money

<u>Principles:</u>

Our value-for-money goals are simple: to deliver excellent homes and services whilst retaining financial strength and resilience to fulfil our wider mission.

We will achieve this by:

- Improving our operating margin to sector averages
- Maximising income generation through the development of new multi-tenure homes
- Diversification by developing through our subsidiary, Bridgegate Homes
- A new target operating model, aligned with our strategic objectives, maximising efficiency through different ways or working and technology
- Measurable increase in the social value we generate through our activities.

For more details follow link to website - (link to be inserted)

Core Metrics:

The core metrics are defined by the regulator and used by them to compare performance between Registered Providers. We benchmark against local Associations in the East of England (3 providers) and median of the benchmarking group, both including Freebridge Community Housing. We show benchmark numbers taken from the year to 31/03/2021. The benchmark measures are drawn from global accounts and as such are historic. We must of course show caution when comparing an historic number with a current and future one.

The Association believes benchmarking must be relevant in terms of activity, scale of operation and location to add value to reporting. For these reasons, we have benchmarked ourselves against the average performance of the associations noted above. The future projections we record are based on the Business Plan 2022, which awaits Funder approval:

By reference to each of the seven Value for Money metrics, we note actual performance for 2021/22 as follows:

Value for Money	Weighted Average Global Accounts 2021	Peer Group Median Global Accounts 2021	Actual Performance 2021/22	Target Performance 2021/22	Actual Performance 2020/21
Reinvestment	5.7%	5.8%	6.02%	11.81%	4.02%
New Supply Delivered (Social Housing Units)	1.4%	1.3%	0.46%	0.89%	0.21%
New Supply Delivered (Non-Social Housing Units)	22%	0%	0%	0%	0%
Gearing	47.2%	43.9%	23.6%	29.8%	26.6%
EBITDA (Earnings before Interest, Tax, Depreciation, Amortisation, Major Repairs Included) Interest Cover	151%	183%	449%	325%	558%
Social Housing Cost per Unit (£)	4,150	3,730	3,674	3,833	2,861
Operating Margin (social housing lettings only)	28.3%	26.3%	10.9%	14.6%	21.4%
Operating Margin (overall)	22.3%	23.9%	13.1%	17.1%	23.3%
ROCE (Return on Capital Employed)	3.1%	3.3%	3.6%	3.4%	5.3%

Reinvestment – During 2021/22, we invested 6.02% of property value in property acquisition, refurbishment, and component replacement, which is lower than the 11.8% target driven by the focus on delivery of routine repair and compliance work programmes over the course of the year. The Development team has been strengthened during the year and progress has been strong in developing a robust forward-looking pipeline, however the number of units anticipated for delivery this year fell short of expectations. This is in part is driven by some units being delivered earlier than expected and recognised in 2020/21 and challenges of bringing units forward while the programme remained in development in a post pandemic world. This compares to our benchmark groups at 5.7% and 5.8%. We aspire to develop at a higher rate with our ambitions reflected in the new 'Corporate Strategy 2021-2026' and over the course of the forthcoming year our intention is to secure additional finance to support delivery of the development pipeline and accommodate the outcome of the recently tendered stock condition survey.

New supply delivered – We delivered 30 (12 in 2020/21) new homes in the financial year, plus 2 buybacks as part of the Hillington Square project. However, our asset base only marginally increased as the Association lost 28 properties via Right to Buy or Right to Acquire sales during the year, of which 16 were sold in the final quarter. As noted from the commentary on reinvestment our intention is to increase the supply of new homes and we continue to explore all opportunities and avenues that will move us toward this goal. The delivery of new homes reflected 0.46% of total homes owned compared to our comparator groups at 1.4% and 1.3%.

Gearing – We hold our properties at historic cost, and this is a key determinant of the Gearing ratio. This has the effect of increasing the gearing measure when compared to alternate valuation methods, which may offer a higher asset value. The Association's Gearing measure at 23.6% (26.55% 2020/21) is higher than 2020/21 owing to a higher cash balance at the year-end and reflects significant potential for increased borrowing to deliver future investment. Despite our asset valuation, we compare favourably to our benchmarks at 47.2% and 43.9%.

EBITDA-MRI Interest cover – 449% (558% 2020/21) for the year 2021/22. Our benchmarks for interest cover are 151% and 183%. This is a strong interest cover performance and is heavily influenced by our relatively low level of debt and interest costs. Future borrowing on a standard commercial agreement would typically be looking for interest cover well below our current and projected performance, which again indicates the potential for increased borrowing and investment.

Social Housing cost per unit – compares favourably at £3,674/unit (£2,861/unit in 2020/21) for 2021/22 verses benchmark numbers of £4,150/unit and £3,730/unit, despite being an increase for the Association year on year, reflecting the increase in revenue spend focussed on delivering recruitment, repairs and compliance works. While our overall number is comparable to the benchmark, we have incurred significant investment in our current housing over the course of the last year and anticipate the reallocation of resources over the next financial year as work evolves to deliver the Target Operating Model.

Operating margin for social housing and overall was 10.9% and 13.1% respectively for 2021/22 (21.4% and 23.2% respectively for 2019/20). Our benchmarks at 28.3% and 22.3.1% social and 26.3% and 23.9% overall are significantly higher than the Association. This reflects higher average weekly rents per home in the benchmark groups and lower operating cost base than the Association. The Association currently operates at a higher base level as it seeks to strengthen the organisational structure in support of delivery of the Corporate Strategy 2021-2026 and with its focus on maximising delivery of non-capitalised works such as compliance, health and safety, project works, emergency, and urgent repairs.

Return on Capital Employed (ROCE) – The Association delivered a return on capital of 3.6% (5.3% 2020/21) for 2021/22. This compares favourably to our benchmarks at 3.1% and 3.3%.

It is notable that actual performance across all performance indicators for the 'weighted average global accounts' which represents the whole benchmarking group as well as the performance indicators for the peer group have moved adversely compared to 2020/21, suggesting the impact of the pandemic, focus on compliance and responsive repairs and team recruitment continues to be felt across the sector.

Value for Money – Annual Delivery Plan Objectives:

In addition to the Core Metrics, the Association targeted several Value for Money objectives as part of the 2021/22 Annual Delivery Plan. The table below shares the actions set and our progress against them:

Corporate Strategy – Playing our part in creating a balanced, local housing market:			
Value for Money Action	**Value for Money Gain**	**2021/22 Expected Outcome**	**2021/22 Actual Outcome**
Deliver Affordable Homes Programme 2016-21 (Rented units) at Chapnall Road, Church Bank and Lynn Road Gayton in line with contractual commitments	Development of new social homes enhances social value and positively impacts the Corporate Plan	21 additional affordable rental homes completed	14 Units at Chapnall Road + 9 units at Church Bank delivered YTD March
Deliver Affordable Homes Programme 2016-21 (LCHO) at Chapnall Road, Church Bank and Lynn Road Gayton in line with contractual commitments	Development of new social homes enhances social value and positively impacts the Corporate Plan	2 units generating £12k of income	1st Tranche Units sold X6 realising net sales receipts of £223k
Partner of Choice - Deliver S106 units in line with contractual arrangements	Development of new social homes enhances social value and positively impacts the Corporate Plan	24 units delivered	7 units delivered YTD
Disposals - identify properties for disposal that are not suitable for letting	Income to be ringfenced to develop more suitable/better value homes	Dispose of 10 properties at £60k per property	Delivery due 2022/23
LCHO units unsold > 6 months	Capital receipts more timely, more attractive offer, increased satisfaction	Reduced lead times to <3 months	As of 31 March, no LCHO units remained unsold for more than 6 months. Target of 3 months remains for 2022/23
Satisfaction with New Homes	Good satisfaction scores support quality homes delivered for right price	95% satisfaction	100%
Tenancy Sustainment	Reduce evictions by at least 10%	Sustaining tenancies reduces costs associated with managing void properties and improves customer satisfaction by ensuring our homes are made available to our local community as soon as practicably possible.	1 eviction 2021/22

Corporate Strategy – A great place to work:			
Value for Money Action	**Value for Money Gain**	**2021/22 Expected Outcome**	**2021/22 Actual Outcome**
To fully utilise training budget for 2021/22	Fully utilise £150k in the training and development of staff	Investment encourages growth and feeling valued which in turn rewards the business with greater levels of engagement.	£88k spent YTD vs Budget expectations of £150k YTD

Corporate Strategy – Providing excellent customer service:

Value for Money Action	Value for Money Gain	2021/22 Expected Outcome	2021/22 Actual Outcome
Welfare Reform and Income Management - Meet and/or exceed arrears target of 3.5%	Targets to be met or exceeded	Close control also enables early intervention with tenants should rent payments become an issue	At 2.21% gross rent arrears as a percentage of rent due is within target.
Voids - Meet and/or exceed void loss performance target	Void Loss reduced to £7k per week to exceed target	Ensure income is maximised and our homes are provided to people in need.	Void Loss currently £11,928/week Increase in standard void property numbers in January and February.
Strengthen teams to bring in-house and reduce costs	£200k reduction in costs	Strengthen the team, increase productivity, utilise in-house skills and knowledge to make for a more efficient and effective service more rewarding experience	£200k efficiencies delivered

Corporate Strategy – Addressing the Climate Challenge:

Value for Money Action	Value for Money Gain	2021/22 Expected Outcome	2021/22 Actual Outcome
Anglian Water - water saving devices. Monitoring being undertaken by AW, working with tenants experiencing high costs and prepared to share data with AW	Roll out of kits to 600 properties as part of a pilot scheme, followed by all stock if successful, £68k saving on procurement of kit + saving on tenants' bills	Operational cost saving of £68k, improved customer satisfaction.	600 water saving kits received from Anglian Water free of charge. Kits cost £11.21, saving £6,726
Energy Funding - LAD1	£250k funding secured for heating upgrades to 50 properties (£5k per property)	Reduction in tenant's fuel bills, help alleviate fuel poverty, increase satisfaction levels, reduce fuel related complaints.	Secured £125k of funding to install Quantum heating
Online Monitoring of wasted heat and electricity (connected to LAD1)	Tenants switch utility providers to ensure best tariff price	Alleviate waste and support, improved customer satisfaction owing to lower bills	
Energy Funding - LAD2	£500k funding for 100 solar panels, 50 External Wall Insulations and 30 Heating upgrades for Non-Traditional Properties	Reduce tenant's fuel bills and alleviate fuel poverty, increase satisfaction levels	Set to receive £107k of funding to undertaken activities including air source, solar panels, and insulation
Communal Boiler Project to 'design out' wasted heat	£10k funding across 4 sites	Reduce tenant's fuel bills and alleviate fuel poverty, increase satisfaction levels	Remains in implementation stage
Implementation of smart meters	Implementation of smart meters across all communal areas	Reduce tenant's fuel bills and alleviate fuel poverty, increase satisfaction levels	Installations completed and savings being calculated
Cavity Wall Insulation	1200 properties identified as needing investment in Cavity Wall Insulation	Reduce tenant's fuel bills and alleviate fuel poverty, increase satisfaction levels, reduce operational running costs	£1.3m funding expected to be secured to refill cavities
Anglia Growth Hub - staff to support delivery of carbon neutral	Funding for one member of staff @£50k	Improved efficiency in delivering carbon neutral agenda and accessing external funding	Remains in progress
Anglia Growth Hub - Data Analytics	£4k funding	Funding to cover energy data analytics project which is key to securing grant bids	Remains in progress

Value for Money - Looking Ahead:

A minimum of £0.2m is targeted for delivery across all services for 2022/23, increasing to £1m in 2023/24 and +£0.5m per annum thereafter. Our forward-looking targets have been set following a review of the Association's historic financial performance, 2022/23 budget and the May 2022 Business Plan verses the benchmarked figures contained within the HQN Global Accounts.

Risk

The Board is responsible for setting the strategic direction of the business and ensuring that we have an appropriate, prudent, and robust business planning, risk, and control framework in support thereof.

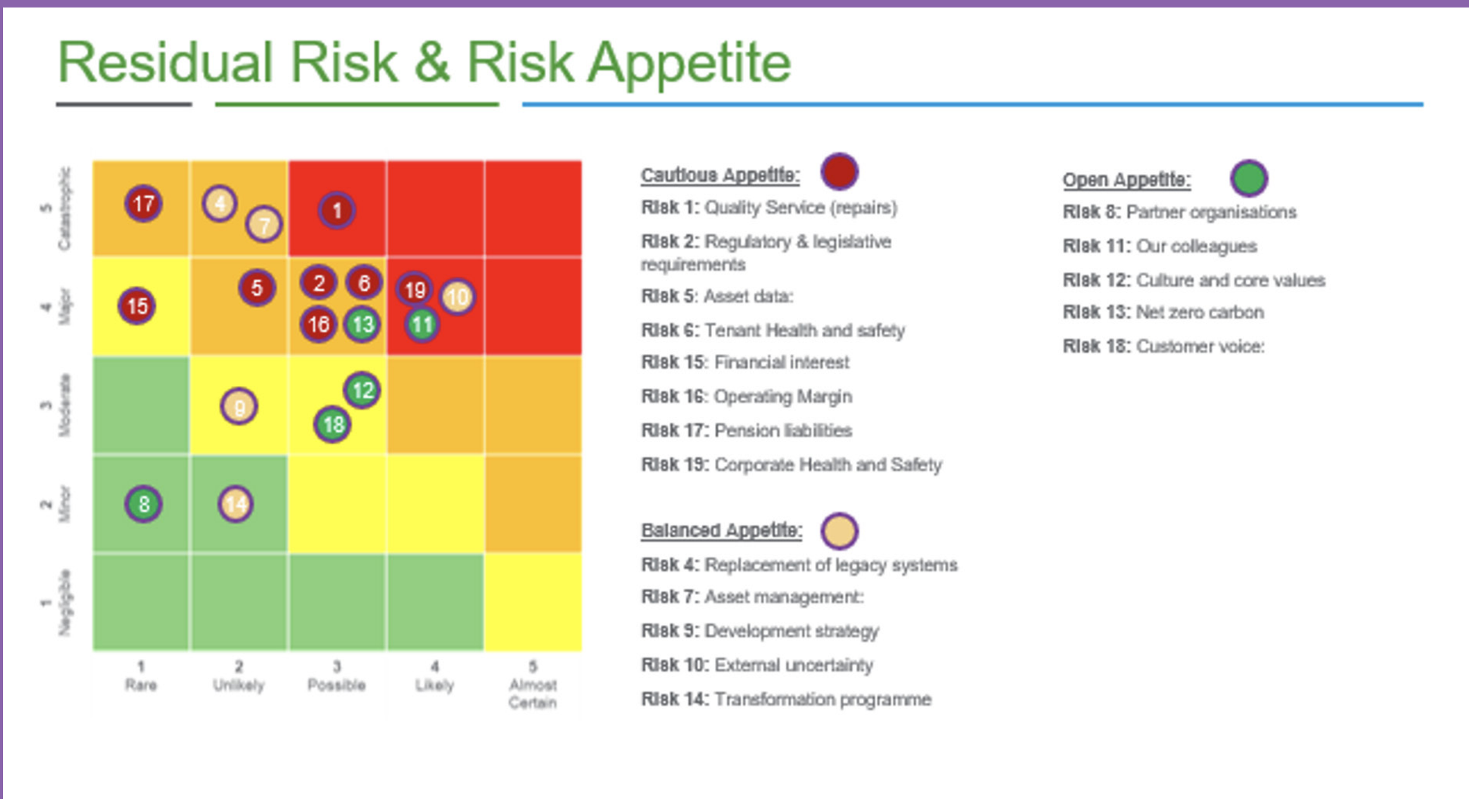
The identification of risks and mitigations enables Board to consider the impact of each risk on delivery of the strategy, services and business priorities and identify the most appropriate action to take to enable continued service delivery.

There is significant value in the effective management of risk, in that it:

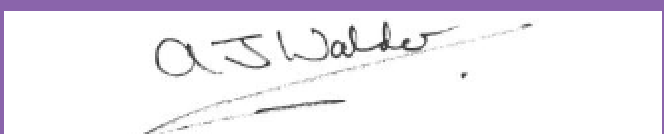
- Informs business decisions
- Enables a more effective use of precious resources
- Enhances strategic and business planning and
- Strengthens contingency planning and protects the Association in all that we do

Over the course of 2021/22 the Association has developed a new corporate risk register which details 18 key risks currently faced by the Association, the controls that exist for each risk and further actions required, to ensure the Risk Management Framework continues to meet the requirements of the business.

The risk register identifies the risks we expect to encounter as we deliver our strategy and Board appetite for those risks in the context of our operating environment.



Risks are reported to Audit and Risk Committee and Board on a quarterly basis.



Andy Walder

Board Chairman

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FREEBRIDGE COMMUNITY HOUSING LIMITED

Opinion

We have audited the financial statements of Freebridge Community Housing Limited (the 'Association') for the year ended 31 March 2022 which comprise Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Reserves, the 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

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

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 are independent of the 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that Board 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 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 other information comprises the information included in the Report and Financial Statements, other than the financial statements and our auditor's report thereon. The Board are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, 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 during 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 in relation to which the Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

- the Association has not kept proper books of account; or
- a satisfactory system of control over transactions has not been maintained; or
- the financial statements are not in agreement with the books of account; 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 Board of Management Responsibilities set out on page 2, 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 determines 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 is responsible for assessing 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 directors either intend to liquidate 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 the financial statements.

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. Based on our understanding of the Association, and its sector, we identified that the principal risks of non-compliance with laws and regulations related to employment and health and safety regulations and Regulator of Social Housing requirements, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, such as the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

We evaluated Board and management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to capitalisation of development expenditure and works to existing properties, and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

Discussing with the Board and management their policies and procedures regarding compliance with laws and regulations;

Communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and

Considering the risk of acts by the Association which were contrary to applicable laws and regulations, including fraud.

Our audit procedures in relation to fraud included but were not limited to:

Making enquiries of the Board and management on whether they had knowledge of any actual, suspected, or alleged fraud.

Gaining an understanding of the internal controls established to mitigate risks related to fraud;

Discussing amongst the engagement team the risks of fraud; and

Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

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 the audit report

This report is made solely to the Association's members as a body in accordance with Part 7 of the Co-operative and Community Benefit Societies Act 2014 and Chapter 4 of Part 2 of the Housing and Regeneration Act 2008. 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 Association's members as a body for our audit work, for this report, or for the opinions we have formed.

Mazars LLP

Chartered Accountants and Statutory Auditor

1st Floor

2 Chamberlain Square

Birmingham

B3 2AX

Mazars LLP

25th July 2022

Statement of Comprehensive Income for the year ended 31 March 2022

	Note	2022 £'000	2021 £'000
Turnover			
Excluding housing property sales		**32,021**	31,170
Total Turnover	3	**32,021**	31,170
Operating expenditure	3	**(28,065)**	(23,849)
Gain on disposal of property, plant, and equipment	6	**1,094**	65
Operating surplus		**5,050**	7,386
Interest receivable	7	**7**	22
Interest and financing costs	8	**(1,486)**	(1,952)
Surplus before tax		**3,571**	5,456
Taxation	11	**-**	-
Surplus for the year		**3,571**	5,456
Actuarial (loss)/gain in respect of pension schemes	21	**5,812**	(3,332)
Total Comprehensive Income for the year		**9,383**	2,124

The accompanying notes form part of the financial statements.
The Association's results relate wholly to continuing activities.

The financial statements themselves were authorised and approved by the Board on the 25 July 2022.

A J Walder

A Walder
Chairman

A Jones
Chief Executive
(Board Member)

A Simpson
Secretary

Statement of Financial Position as at 31 March 2022

	Note	2022 £'000	2021 £'000
Fixed Assets			
Tangible fixed assets – housing properties	12	**114,971**	114,236
Other property, plant, and equipment	13	**3,578**	3,558
		118,549	117,794
Current Assets			
Inventories	14	**546**	726
Trade and other debtors	15	**793**	885
Cash and cash equivalents		**25,255**	22,164
		26,594	23,775
Creditors: amounts falling due within one year	16	**(3,941)**	(4,219)
Net Current Assets		**22,653**	19,556
Total Assets less Current Liabilities		**141,202**	137,350
Creditors: amounts falling due after more than one year	17	**(60,157)**	(60,017)
Pension scheme liability	21	**(1,661)**	(7,332)
Total Net Assets		**79,384**	70,001
Capital and Reserves			
Income and expenditure reserve		**79,384**	70,001
Total Capital and Reserves		**79,384**	70,001

The accompanying notes form part of the financial statements.
The financial statements were issued and approved by the Board on 25 July 2022

A J Walder

A Walder
Chairman

A Jones
Chief Executive
(Board Member)

A Simpson
Secretary

Freebridge Community Housing Limited
Regulator of Social Housing No. L4463
Co-operative and Community Benefit Society No. 29744R

Statement of Changes in Reserves for the year ended 31 March 2022.

Statement of Changes in Reserves	**Income and expenditure reserve £'000**
Balance as at 1 April 2020 Statement of Comprehensive Income	67,877
Total comprehensive income for the year	2,124
Balance as at 31 March 2021	70,001
Total Comprehensive income for the year	9,383
Balance at 31 March 2022	79,384

Statement of Cash Flows for the year ended 31 March 2022

	2022 £'000	2021 £'000
Net cash generated from operating activities	**8,039**	14,286
Cash flow from investing activities		
Purchase and refurbishment of tangible fixed assets	**(5,894)**	(5,215)
Proceeds from sale of tangible fixed assets - housing	**2,461**	1,671
Proceeds from sale of tangible fixed assets - other	**-**	-
Grants received	**34**	784
Interest received	**7**	22
	(3,392)	(2,738)
Cash flow from financing activities		
Interest paid	**(1,556)**	(1,952)
	(1,556)	(1,952)
Net change in cash and cash equivalents	**3,091**	9,596
Cash and cash equivalents at beginning of the year	**22,164**	12,568
Cash and cash equivalents at end of the year	**25,255**	22,164

Note 1
Cash flow from operating activities

	2022 £'000	2021 £'000
Total Comprehensive Income for the year	**9,383**	2,124
Adjustment for non-cash items:		
Depreciation of tangible fixed assets	**4,761**	4,874
Depreciation of other fixed assets	**186**	181
(Increase)/decrease in stock	**19**	(99)
Decrease/(increase) in trade and other debtors	**314**	829
Decrease/(increase) in trade and other creditors	**(233)**	1,340
Pension costs less contributions payable	**(5,671)**	3,321
Carrying amount of tangible fixed asset disposals	**(1,026)**	(214)
Profit on Sale of fixed assets	**(1,434)**	-
Capitalised development interest and administration	**191**	-
Government grants utilised in the year	-	-
Interest payable	**1,556**	1,952
Interest received	**(7)**	(22)
Cash generated from operating activities	**8,039**	14,286

Note 2

Analysis of change in debt	**At 31.3.2021 £'000**	**Cashflows £'000**	**Other Changes £'000**	**At 31.3.2022 £'000**
Cash at bank and in hand	22,164	3,091	-	25,255
Debt due after more than one year	(52,500)	-	-	(52,500)
Net debt	(30,336)	3,091	-	(27,245)

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

Legal Status

Freebridge Community Housing is registered under the Co-operative and Community Benefit Societies Act 2014 and registered with the Regulator of Social Housing as a registered provider of social housing as defined by the Homes and Communities Act 2008.

The registered address is Juniper House, Austin Street, Kings Lynn, Norfolk PE30 1DZ

Principal Accounting Policies

The principal accounting policies are summarised below. They have been applied consistently throughout the year and to the preceding year.

General Information and Basis of Accounting

The financial statements have been prepared under the historic cost convention in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council and the Accounting Direction for Private Registered Providers of Social Housing 2019. The financial statements have also been prepared to comply with the Housing SORP: 2018 Update (Statement of Recommended Practice for Registered Social Housing Providers), the Housing and Regeneration Act 2008 and the Co-operative and Community Benefit Societies Act 2014. The Association is a public benefit entity in accordance with FRS 102. The financial statements are presented in Sterling (£).

Going Concern

The Association's financial statements have been prepared on a going concern basis.

The Association's business activities, its current financial position, and factors likely to affect its future development are set out within the Strategic Report. The Association has long term debt facilities in place which provide adequate resources to finance the Association's day to day operations and development pipeline. The approved financial plan demonstrates the Association's ability to service its debt facility whilst continuing to comply with lenders covenants.

Over the course of the last financial year, the Association has navigated the Corona Virus COVID-19 pandemic, which has had a devastating impact on public health and economies across the globe.

The Association is somewhat shielded from the most obvious direct economic impacts, with strong cash reserves and access to further funding. Over the course of the year our revenues have provide robust with no material impact on the level of arrears. Our supply chain has proved consistent and our workforces resilient as a modern and protected ICT infrastructure supported flexible and remote working. A consistent cashflow, a significant part of which is driven through Public Sector channels protects us further and there has been no dependence on short term Government pandemic support measures to date.

The Board also recognises the rising rate of inflation, driven in part by increased fuel costs and the on-going conflict in Ukraine. Consequently, a review of the 2022-23 budget has been undertaken to assess the risk of inflationary pressures across business-critical areas and mitigations have been identified. These mitigations cover our exposure in full.

As part of the Annual Business Plan update the Association has undertaken stress testing of the risks most likely to affect the business on an escalating basis. The reviews reflect significant revenue disruption and cost escalation and demonstrate that the Association is robust and could withstand significant short-term disruption to working capital and continue to provide service to our customers. As a result of the additional testing, we believe we are well placed to continue to deliver our services and our wider community responsibilities and can confirm the status of Freebridge Community Housing as a going concern.

On this basis the Board has a reasonable expectation that the Association 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.

Significant Judgements and Estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for revenues and expenses during the year as well as the amounts reported for assets and liabilities at the date of the Statement of Financial Position. The following judgements, estimates and assumptions have had the most significant effect on the amounts recognised in the financial statements:

Significant Management Judgements:

1. Impairment. As part of the Association's continuous review of the performance of its assets, management identify any housing assets that have increasing void losses, are impacted by policy changes or where the decision has been taken to dispose of the properties. These factors are 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 losses.

The Association has estimated the recoverable amount of its housing properties as follows:

- Identified three cost generating units to assess impairment owing to their income being separately identifiable. The units identified are split by area; Downham Market, Hunstanton and King's Lynn
- Estimated the recoverable amount of each cash generating unit
- Calculated the carrying amount of each cash generating unit
- 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 group of assets, using appropriate construction costs and land prices and compared this to the carrying amount of each group of assets. Following the assessment of impairment, no impairment losses have been identified in the reporting period.

2. Classification of Loans as Basic. The terms of the Association's loan agreement include provision of a two-way break clause that could give rise to a payment from the lender on early redemption. The loans in question are fixed rate loans. In a prepayment scenario that results in a break gain, the loan agreement provides for the repayment of the capital at par. Any break gain payable by the lender would be in relation to future interest periods only. Management have considered the terms of the loan agreement and concluded that they do meet the definition of a basic financial instrument and are therefore held at amortised cost.

Estimation Uncertainty:

3. Useful Lives of Depreciable Assets. Management reviews its estimates of the useful lives of depreciable assets at each reporting date based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software and IT equipment and changes to the decent homes standard which may require more frequent replacement of key components. Accumulated depreciation of housing properties as of 31st March 2022 was £53.0m. The carrying amount of housing properties was £115.0m at the 31 March 2022.

Defined Benefit Obligation. The cost of defined benefit pension plans and other post-employment benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions such as standard rates of inflation, mortality, discount rates and anticipation of future salary increases. Due to the complexity of the valuation, the underlying assumptions and the long-term nature of these plans, such estimates are subject to significant uncertainty. The liability on 31st March 2022 was £1.7m. Note 21 includes details of the effects of changes in the key assumptions on this liability.

Turnover

Turnover represents rental income receivable, amortised capital grant, revenue grants from local authorities, income from the first tranche sales of shared ownership properties, other properties developed for outright sale and the invoiced value of other services of goods and/or services supplied in the year.

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 sale proceeds and properties built for sale is recognised at the point of legal completion of the sale.

Service Charges

The Association operates variable service charges on a scheme-by-scheme basis. The charges include an allowance for the surplus or deficit from prior years. Surpluses are returned to residents by a reduced charge and deficits are recovered by a higher charge. Until these are returned or recovered, they are held as creditors or debtors in the Statement of Financial Position.

Taxation

Current tax is recognised for income tax payable in respect of the taxable surplus for current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

VAT

The Association exercises it rights under the partial exemption method to recover Value Added Tax (VAT) incurred on expenditure from HM Revenue and Customs. VAT recoverable or payable is disclosed in the Statement of Financial Position. Irrecoverable VAT is accounted for in the Statement of Comprehensive Income.

All capitalised assets include VAT. VAT retained by the Association, is disclosed through the Statement of Comprehensive Income and the details are disclosed in the notes to the accounts.

Interest Payable and Receivable and Arrangement Fees

Loan interest costs are calculated using the effective interest method of the difference between the loan amount at initial recognition and the amount of maturity of the related loan. Interest is charged to income and expenditure in the year.

Financial Instruments

Financial instruments which meet the criteria of a basic financial instrument as defined in Section 11 of FRS102 are accounted for under an amortised historic cost model.

Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivables are measured initially at fair value, net of transaction costs, 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.

Stock

Stock of materials is held at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase. Work in progress and finished goods include labour and attributable overheads.

Completed properties represents the anticipated proportion of first tranche sale of shared ownership properties held at the reporting date.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short term, highly liquid investments that are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value.

Pension

The Association participates in the Norfolk County Council Pension Fund which is a defined benefit pension scheme so provides benefits based on final pensionable pay and from April 2014 average career earnings. The assets of the scheme are separate from those of the Association and are invested in independently managed funds.

For this scheme, the amounts charged to operating surplus are the costs arising from employee services rendered during the period and the cost of plan introductions, benefit changes, settlements, and curtailments. The net interest cost on the net defined benefit liability is charged to revenue and included within finance costs. Remeasurements comprising actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in other comprehensive income.

Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method. The actuarial valuations are obtained at least triennially and are updated at each Statement of Financial Position date.

The surplus/deficit of funds is disclosed in the Statement of Financial Position in accordance with FRS 102.

Pension costs are assessed in accordance with the advice of an independent qualified actuary.

The Association participates in one defined contribution scheme where the amount charged to surplus or deficit in the Statement of Comprehensive Income in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the Statement of Financial Position

Housing Properties

Housing properties are properties held for the provision of social housing or to otherwise provide social benefit. Housing properties are principally properties available for rent and are stated at cost, less accumulated depreciation, and impairment losses. Cost includes the cost of acquiring land and buildings, development costs and directly attributable administration costs.

Freehold land is not depreciated.

Housing properties under construction are stated at cost and are not depreciated. These properties are reclassified as housing properties on practical completion of construction.

Works to existing properties 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. Where a housing property comprises two or more major components with substantially different useful economic lives, each component is accounted for separately and depreciated over its individual useful economic life. Expenditure relating to subsequent replacement or renewal of components is capitalised as it is incurred.

Social Housing and Other Government Grants

Government Grants include grants receivable from the Regulator of Social Housing, local authorities, and other government organisations.

Where developments have been financed wholly or partly by social housing and other grants, the amount of the grant received is included as deferred income and recognised in Turnover and spread over the estimated useful economic life of the recognised asset structure (not land), under the accruals model.

Social Housing Grant must be recycled by the Association under certain conditions if a property is sold or if another 'relevant event' takes place. Under these circumstances the Social Housing Grant can be used for projects approved by the Regulator of Social Housing. However, Social Housing Grant may have to be re-paid if certain conditions are not met.

Government grants released on the sale of a property 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 Turnover in the Statement of Comprehensive Income.

Other grants received in respect of revenue expenditure from local authorities and other organisations are credited to the Statement of Comprehensive Income in the same period as the expenditure to which they relate.

Capitalisation of Administration and Interest Costs

Administration and Interest costs relating to development activities are capitalised only to the extent that they are incremental to the development process and directly attributable to bringing the property into its intended use.

Depreciation of Housing Properties

The Association separately identifies the major components which comprise its housing properties and charges depreciation, 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 Association depreciates the major components of its housing properties at the following annual rates:

Useful Economic Lives of Identified Components	Life (years)	Life (%)
Traditional Structure	100	1
Non-Traditional Structure	30	3.3
Roof	50	2
Rewiring	20	5
Kitchen	20	5
Bathroom / Level Access Shower	30	3.3
Heating	15	6.7
Windows	30	3.3
Doors	25	4
Biomass	20	5
Photovoltaics	20	5
Lifts	25	4
Garage Doors	25	4

Impairment

Housing properties are assessed annually for impairment indicators. Where indicators of impairment are identified an assessment for impairment is undertaken comparing the asset's carrying amount to its recoverable amount. Where the carrying amount of an asset is deemed to exceed its recoverable amount, the asset is written down to its recoverable amount, this is likely to be the value in use of the asset based on its service potential. The resulting impairment loss is recognised as operating expenditure in the Statement of Comprehensive Income. Where an asset is currently deemed not to be providing service potential to the Association, its recoverable amount is its fair value less costs to sell.

Other Tangible Fixed Assets

Other Tangible Fixed Assets are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided evenly on the cost of other tangible fixed assets to write them down to their estimated residual values over their expected useful lives.

Gains or losses arising on the disposal of other tangible fixed assets are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised as part of the surplus/deficit for the year.

The principal rates used for other assets are:

Useful Economic Life	Life (years)	Life (%)
Office Fittings & Equipment	10	10
Scheme Equipment	5 to 30	20 to 3.3
Computer Hardware	5	20
Computer Software	3	33.3
Commercial Vehicles (Not Leased)	5	20
Freehold Buildings	50	2

Low-Cost Home Ownership Properties

The costs of low-cost home ownership properties are split between current and fixed assets based on the first tranche portion. The first tranche portion is accounted for as a current asset and the sale proceeds shown in turnover. The remaining element of the shared ownership property is accounted for as a fixed asset and subsequent sales treated as a sale of fixed assets.

Low-Cost Home Ownership properties are not depreciated based on immateriality, as indicated within the Housing SORP 2018: update.

Recycling of Capital Grant (RCGF)

Where Social Housing Grant is recycled the Social Housing Grant is credited to the RCGF fund and appears as a 'Creditor' until it is used to fund the acquisition of new properties. Where recycled grant is known to be repayable it is shown as a 'Creditor within 1 Year'.

Lease Obligations

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.

Assets held under finance leases are recognised initially at the fair value of the leased asset at the inception of the lease. The corresponding liability to the lessor is included in the Statement of Financial Position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation using the effective interest method to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are deducted in measuring the surplus or deficit. Assets held under finance leases are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

Rentals payable under operating leases are charged to income and expenditure on a straight-line basis over the lease term.

Properties Held for Sale

Properties available for sale under Right to Buy are accounted for as sales of fixed assets. The surplus or deficit arising on sale is net of the clawback payable to the Borough Council of King's Lynn & West Norfolk and after deducting the carrying value of the property and related sale expenses.

Provision for Liabilities

Provisions are recognised when the Association has a present obligation (legal or constructive) because of a past event, it is probable the Association 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, considering the risks and uncertainties surrounding the obligation.

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the date of the Statement of Financial Position and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the date of the Statement of Financial Position.

Notes to the financial statements

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

	2022 Turnover	2022 Costs	2022 Operating Surplus	2021 Turnover	2021 Costs	2021 Operating Surplus
Social Housing lettings (note 3b)	**30,835**	**(27,494)**	**3,341**	29,883	(23,273)	6,610
Other social housing activities						
First tranche low cost home ownership	**509**	**(298)**	**211**	554	(321)	233
	509	**(298)**	**211**	554	(321)	233
Activities other than social housing	**677**	**(273)**	**404**	733	(255)	478
Before gain on disposal of housing properties	**32,021**	**(28,065)**	**3,956**	31,170	(23,849)	7,321
Gain on disposal of housing properties			**1,094**			65
Total			**5,050**			7,386

Notes to the financial statements

3b Particulars of Income and Expenditure from social housing lettings

	2022 General needs housing £'000	2021 General needs housing £'000
Rent receivable net of identifiable service charges	**29,715**	28,789
Service charge income	**1,049**	1,022
Amortised government grants	**71**	72
Turnover from social housing lettings	**30,835**	29,883
Management	**(5,746)**	(4,941)
Service costs	**(3,750)**	(2,995)
Abortive development costs	**(41)**	0
Demolition costs	**(6)**	(32)
Routine maintenance	**(6,155)**	(5,827)
Planned maintenance	**(1,371)**	(1,299)
Major repairs expenditure	**(5,369)**	(3,001)
Bad debts	**(105)**	(123)
Depreciation of housing properties	**(4,762)**	(4,874)
Depreciation of other fixed assets	**(189)**	(181)
Operating expenditure on social housing lettings	**(27,494)**	(23,273)
Operating surplus on social housing lettings	**3,341**	6,610
Void Losses	**511**	366

Notes to the financial statements

4. Accommodation in management and development

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

	2022 No of properties	2022 Acquisitions	2022 Disposals	2021 No of properties
Social housing				
General housing:				
- social rent	**5,655**	**17**	**(34)**	5,672
- affordable rent	**524**	**28**	**(4)**	500
Supported housing and housing for older people	**611**	**-**	**-**	611
Low cost home ownership	**45**	**3**	**(2)**	44
Total owned	**6,835**	**48**	**(40)**	6,827

5. Operating surplus

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

	2022 £'000	2021 £'000
Depreciation of housing properties	**4,762**	4,874
Depreciation of other tangible fixed assets	**189**	181
Operating lease rentals		
- Vehicles	**275**	272
- Land and Buildings	**8**	10
	283	282
Auditors' remuneration (excluding VAT)		
- Fees payable to the Association's auditors for the audit of the financial statements	**17**	17
- Fees payable to the Association's auditors for other services	**1**	1
Total audit services	**18**	18

Notes to the financial statements

6. Surplus on sale of fixed assets – housing properties

	2022	2021
	£'000	£'000
Disposal proceeds	**2,427**	1,117
Carrying value of fixed assets	**(968)**	(537)
Hillington Square disposal	**(365)**	(515)
	1,094	65

7. Interest receivable and other income

	2022	2021
	£'000	£'000
Interest receivable and similar income	**7**	22
	7	22

8. Interest and financing costs

	2022	2021
	£'000	£'000
Capitalised Development Interest	**(70)**	0
Defined benefit pension charge	**141**	91
Loans and bank overdrafts	**1,415**	1,861
	1,486	1,952

9. Employees

Average monthly number of employees expressed as full time equivalents (calculated based on a standard working week of 37hrs):

	2022	2021
	No	No
Administration	**47**	42
Property and Development	**16**	16
Housing, support and care	**58**	65
Property Services	**80**	84
	201	207

Employee costs:

	2022	2021
	£'000	£'000
Wages and salaries	**6,371**	6,223
Social security costs	**570**	548
Pension Costs: Defined Contribution scheme	**382**	378
Pension Costs: Defined Benefit scheme	**559**	585
	7,882	7,734

The defined benefit scheme cost includes £148k of deficit payments.

The full time equivalent number of staff who received remuneration (*including* directors):

	2022	2021
	No.	No.
£120,001 - £160,000	**1.00**	**1.00**
£110,001 - £120,000	**1.50**	**0.75**
£100,001 - £110,000	**0.25**	**0.25**
£90,001 - £100,000	**2.00**	**1.50**
£80,001 - £90,000	**0.25**	**1.00**
£70,001 - £80,000	**1.00**	**2.00**
£60,001 - £70,000	**3.50**	**3.00**

Notes to the financial statements

10. Board members and Executive Directors

Executive directors

The aggregate remuneration for key management personnel charged in the year is:

	2022	2021
	£'000	£'000
Basic salary	**529**	456
Interim Staff	**59**	-
Benefits in kind	**2**	2
Pension contributions	**96**	46
	686	504

The emoluments of the highest paid director, the Chief Executive, excluding pension contributions, was £133k (2021: £96k).The Chief Executive is a member of the Royal London defined contribution pension scheme. She is an ordinary member of the pension scheme and no enhanced or special terms apply. The association does not make any further contribution to an individual pension arrangement for the Chief Executive. During the year, the aggregate compensation for loss of office of key management personnel was £22k (2021:£nil)

Non-Executive Board Members

The remuneration for Non-Executive Board Members charged in the year is:

	2022				2021
	Basic remuneration £'000	**Benefits in kind £'000**	**Pension contributions £'000**	**Total £'000**	Total £'000
Andrew Walder	**11**	**-**	**-**	**11**	**11**
Marie Connell	**-**	**-**	**-**	**-**	**2**
Ian Pinches	**-**	**-**	**-**	**-**	**3**
Simon Smith	**6**	**-**	**-**	**6**	**6**
Brian Long	**2**	**-**	**-**	**2**	**5**
Pauleen Pratt	**1**	**-**	**-**	**1**	**6**
Jasmine Rigg	**6**	**-**	**-**	**6**	**6**
Marcus Hopkins	**-**	**-**	**-**	**-**	**4**
Shelley Lamprell-Josephs	**-**	**-**	**-**	**-**	**1**
Richard Spilsbury	**-**	**-**	**-**	**-**	**6**
Michael Britch (Bridgegate Homes Board)	**-**	**-**	**-**	**-**	**2**
Joanna Barrett	**5**	**-**	**-**	**5**	**5**
Andrew Hill	**5**	**-**	**-**	**5**	**1**
Donald McKenzie	**6**	**-**	**-**	**6**	**1**
Gillian Rejzl	**5**	**-**	**-**	**5**	**3**
Victoria Savage	**5**	**-**	**-**	**5**	**1**
Timothy Drew	**1**	**-**	**-**	**1**	**-**
Joanna Ward	**1**	**-**	**-**	**1**	**-**
	54	**-**	**-**	**54**	63

Notes to the financial statements

11. Tax on surplus on ordinary activities

	2022 **£'000**	2021 £'000
Current tax		
UK corporation tax on surplus for the year	-	-
Adjustments in respect of prior years	-	-
Total current tax	-	-

Notes to the financial statements

12. Fixed assets – housing properties

	Assets Under Construction £'000	Traditional Properties Held for Letting £'000	Non-Traditional Properties Held for Letting £'000	Housing Properties - Shared Ownership £'000	Total Housing Properties £'000
Cost					
At 1 April 2021	3,021	142,150	15,885	2,337	163,393
Additions	5,042	163	-	-	5,205
Works to existing properties	-	1,943	126	-	2,069
Transfers in Year	(4,056)	3,632	-	424	-
Disposals	-	(2,081)	(233)	(365)	(2,679)
At 31 March 2022	4,007	145,807	15,778	2,396	167,988
Depreciation and impairment					
At 1 April 2021	-	42,169	6,988	-	49,157
Depreciation charged in year	-	3,968	657	-	4,625
Released on disposal	-	(688)	(77)	-	(765)
At 31 March 2022	-	45,449	7,568	-	53,017
Net book value					
At 31 March 2022	4,007	100,358	8,210	2,396	114,971
At 31 March 2021	3,021	99,981	8,897	2,337	114,236

Notes to the financial statements

Fixed assets – housing properties (continued)

Expenditure on works to existing properties

	2022	2021
	£'000	£'000
Components capitalised	**2,069**	1,008
Amounts charged to income and expenditure	**7,216**	4,009

On 31st March 2022, the Association's housing properties were revalued by Savills, an independent firm of Chartered Surveyors. The valuation of the housing stock for loan security purposes has been prepared using discounted cash-flow methodology and is in accordance with the Royal Institute of Chartered Surveyors [RICS] Valuation – Professional Standards, the "RICS Red Book", effective from 6th January 2014.

The valuation of £233.971m (2021: £224.476m) takes into account regulatory `performance indicators' for Registered providers and the Rent Restructuring regime applicable from 2002 onwards.

It should be noted that future growth in both capital and rental values may not occur and values can fall as well as rise.

All properties are freehold.

Impairment

In line with the SORP 2018 update the Association has carried out an impairment assessment.

1. The Association's stock has been assessed for impairment across the following cash generating units over which the Association owns and manages stock; King's Lynn, Downham Market and Hunstanton.
2. We have estimated the recoverable amount of the cash generating units based on depreciated replacement cost.
3. We have calculated the carrying amount of the cash generating unit
4. We have compared the carrying amount to the recoverable amount

Following and as a result of the impairment assessment the Association has not recognised an impairment through the 2021/22 Statutory Accounts

Notes to the financial statements

13. Tangible Fixed Assets – Other

	Freehold property £'000	Computers and office equipment £'000	Furniture, fixtures and fittings £'000	Total £'000
Cost				
At 1 April 2021	4,017	1,227	589	5,833
Additions	0	72	137	209
At 31 March 2022	4,017	1,299	726	6,042
Depreciation				
At 1 April 2021	832	1,017	426	2,275
Charged in the year	80	77	32	189
At 31 March 2022	912	1,094	458	2,464
Net book value				
At 31 March 2022	3,105	205	268	3,578
At 31 March 2021	3,185	210	163	3,558

Notes to the financial statements

14. Stock

	2022 £'000	2021 £'000
Shared ownership properties:		
Completed properties	**144**	305
Stock of materials	**402**	421
	546	726

15. Debtors

	2022 £'000	2021 £'000
Due within one year		
Rent and service charges receivable	**748**	590
Less:		
Provision for bad and doubtful debts	**(520)**	(475)
	228	115
Other Debtors	**-**	51
Grant Receivable	**-**	200
Trade Debtors	**49**	10
Prepayments and accrued income	**516**	509
	793	885

Notes to the financial statements

16. Creditors: amounts falling due within one year

	2022 £'000	2021 £'000
Trade creditors	**350**	805
Rent and service charges received in advance	**315**	318
Deferred grant income (note 18)	**71**	72
Recycled capital grant fund (note 19)	**-**	105
Corporation tax	**-**	-
Other taxation and social security	**159**	150
Other creditors	**168**	164
Accruals and deferred income	**2,878**	2,605
	3,941	4,219

17. Creditors: amounts falling due after more than one year

	2022 £'000	2021 £'000
Debt (note 20)	**52,500**	52,500
Deferred grant income (note 18)	**7,614**	7,501
Recycled capital grant fund (note 19)	**43**	16
	60,157	60,017

Notes to the financial statements

18. Deferred grant income

	2022 £'000	2021 £'000
Balance at 1 April	**(7,573)**	(6,862)
Grant received in the year	**(227)**	(832)
Disposed in the year	**44**	48
Released to income in the year	**71**	73
At 31 March	**(7,685)**	(7,573)

	2022 £'000	2021 £'000
Amounts to be released within one year	**(71)**	(73)
Amounts to be released in more than one year	**(7,614)**	(7,500)
	(7,685)	(7,573)

19. Recycled capital grant fund

	2022 £'000	2021 £'000
At 1 April	**(121)**	(105)
Grants recycled	**(43)**	(16)
Withdrawals	**121**	-
	(43)	(121)
Repayment of grant	**-**	-
At 31 March	**(43)**	(121)
Amount of grant due for repayment	**-**	-

20. Debt analysis

Borrowings

	2022 £'000	2021 £'000
Due within one year		
	-	-
Due after more than one year		
Bank loans	**(52,500)**	(52,500)
Total loans	**(52,500)**	(52,500)

Security
Properties are charged as security in accordance with the Association's current loan agreements

Terms of repayment and interest rates

The Association has a £111m loan facility of which £72.5m is available to use. The funds available are not expected to be fully drawn until peak debt year of 2024 from which point the Association will need to start repaying its debt.

A total of £52.5m of the available facility has been drawn to date, consisting of £40m fixed rate loans and £12.5m variable rate debt.

The Association pays interest on a quarterly basis and rates currently range from 0.436% to 4.550% on its £40m of fixed debt with the balance of £12.5m subject to variable rate debt.

The association typically keeps its fixed: variable loan ratio within the optimum range of 70% +/- 10% as per Treasury Management Policy, in order to balance its exposure to inflation and interest rate rises prevalent in fixed and variable loans respectively.

Based on the lender's earliest repayment date, borrowings are repayable as follows:

	2022 £'000	2021 £'000
Within one year or on demand	**-**	-
One year or more but less than two years	**-**	-
Two years or more but less than five years	**(10,000)**	-
Five years or more	**(42,500)**	(52,500)
	(52,500)	(52,500)

Notes to the financial statements

21. Pensions

The Local Government Pension Scheme (LGPS) is a multi-employer scheme, administered by Norfolk County Council under the regulations governing the LGPS, a defined benefit scheme.

Triennial actuarial valuations of the pension scheme are performed by an independent, professionally qualified actuary using the projected unit method.

The latest formal valuation of the fund for the purpose of setting employers' actual contributions was at 31st March 2022, with the next formal valuation due at 31st March 2025.

The employer's contributions to the LGPS by the Association for the year ended 31 March 2022 were £559k (2021: £593k). The employer's contribution rate was 32.8% of pensionable pay during the year.

Principal actuarial assumptions
Financial assumptions

	31 March 2022 % per annum	31 March 2021 % per annum
Discount rate	**2.70%**	2.00%
Future salary increases	**3.90%**	3.55%
Future pension increases	**3.20%**	2.85%

Mortality assumptions
Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2021 model, an allowance for smoothing of recent mortality experience and a long term rate of improvement of 1.50% pa for women and men.

	2022 No. of years	2021 No. of Years
Retiring today:		
Males	**21.7**	21.9
Females	**24.1**	24.3
Retiring in 20 years:		
Males	**22.9**	23.2
Females	**26.0**	26.2

Pensions (continued)

Amounts recognised in surplus or deficit

	2022 £'000	2021 £'000
Current service cost	**657**	491
Amounts charged to operating costs	**657**	491

	2022 £'000	2021 £'000
Interest Income on Plan Assets	755	699
Interest Cost on Defined Benefit Obligation	(896)	(790)
Amounts (charged)/credited to other finance costs	(141)	(91)

Reconciliation of opening and closing balances of the present value of scheme liabilities

	2022 £'000	2021 £'000
Opening scheme liabilities	44,861	34,416
Current service cost	657	491
Interest cost	896	790
Remeasurements	(3,247)	9,716
Plan participants' contributions	89	95
Benefits paid	(842)	(647)
Closing scheme liabilities	42,414	44,861

Reconciliation of opening and closing balances of the fair value of plan assets

	2022 £'000	2021 £'000
Opening fair value of plan assets	37,529	30,405
Hyman Robertson July 2021 Report	363	-
Interest income	755	699
Return on plan assets (in excess of interest income)	2,299	6,384
Contributions by employer	560	593
Plan participants' contributions	89	95
Benefits paid	(842)	(647)
Closing fair value of plan assets	40,753	37,529

	2022	2021
	£'000	£'000
Net liability	**(1,661)**	(7,332)

	2022	2021
	£'000	£'000
Actual return on scheme assets	**3,054**	6,809

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

	2022	2021
	%	%
Equities	**50%**	51%
Bonds	**30%**	35%
Properties	**19%**	11%
Cash	**1%**	3%

Sensitivity analysis

Change in assumption at 31 March 2022	**Approx Increase to Employer Liability %**	**Approx Monetary Amount £'000**
0.1% decrease in Real Discount Rate	2%	849
1 year increase in member life expectancy	4%	1,697
0.1% increase in the Salary Increase Rate	0%	107
0.1% increase in the Pension Increase Rate	2%	735

Notes to the financial statements

22. Share capital

All members of the Association hold a share of £1 in the Association. The shares carry the right to vote at meetings on a basis of proportional weighting depending on class of share.
They do not carry any right to a dividend, to any redemption value or to any distribution on winding up.

	2022 No	2021 No
Number of members		
At 1 April	**207**	212
Joining during the year	**3**	8
Leaving during the year	**(20)**	(13)
At 31 March	**190**	207

23. Capital commitments

	2022 £'000	2021 £'000
Capital expenditure		
Expenditure contracted for but not provided in the accounts	**1,579**	8,335
Expenditure authorised by the board, but not contracted	**68,649**	22,294
	70,228	30,629

The above commitments will be financed primarily through borrowings, which are available for draw-down under existing loan arrangements. However, social housing grant will be utilised if it becomes available.

24. Leasing commitments

The future minimum lease payments of leases are as set out below. Leases relate to vehicles and homes.

The association's future minimum operating lease payments are as follows:

	2022 £'000	2021 £'000
Within one year	**28**	45
Between one and five years	**49**	55
Later than five years	**225**	245

Notes to the financial statements

25. Related parties

The tenant Board members rent properties from the Association under the same terms and conditions as tenants in similar properties.

There is one tenant member on the Board. The tenancy is on normal commercial terms of £97.52 per week and the member is not able to use their position to their advantage. There was no amount due to or from the tenant member at the reporting date.

26. Financial assets and liabilities

The board policy on financial instruments is explained in the Board Report as are references to financial risks.

Borrowing facilities
The Association has a £111m loan facility of which £72.5m is available to use. The funds available are not expected to be fully drawn until peak debt year of 2024 from which point the association will need to start repaying its debt.

A total of £52.5m of the facility has been drawn to date, consisting of £40m fixed rate loans and £12.5m variable debt.

The group has undrawn committed borrowing facilities. The facilities available at 31 March in respect of which all conditions precedent had been met were as follows:

	2022 **£'000**	2021 £'000
Expiring in one year or less	**-**	-
Expiring in more than one year but not more than two years	**-**	-
Expiring in more than two years	**(52,500)**	(52,500)
	(52,500)	(52,500)