Onward

Annual Report and Accounts 2023-24

Our Corporate Plan sets out how we will enable people to be their best, in homes they love, and places they are proud of. Over the last twelve months we have made great progress to make this vision a reality for our customers.

During this financial year, we have continued to face pressure as we balance a challenging economic environment with the pressing need to invest in existing homes and build new ones. In response, we have delivered efficiencies across our organisation. This prudent approach has enabled us to remain resilient and deliver for our customers, despite ongoing pressures.

Our holistic approach to tenancy sustainability has enabled us to support our customers through the cost of living crisis and income collection has remained solid.

This year, we were delighted to maintain our G1 rating following an in-depth assessment by the Regulator of Social Housing. Along with our retained A1 credit rating from Moody's this reflects the strong position of the business and the stable foundation that we have in place to deliver for our customers.

Over the past twelve months, we have continued to focus on the things we know matter most to our customers: improving their homes and services. Despite a challenging external environment, we have spent £77.2 million in improvements and repairs to our existing homes and £31.6 million on upgrades such as new windows, doors, kitchens and bathrooms.

We have also committed to a significant retrofit programme that will make customers' homes warmer, more comfortable and easier to run. In the last twelve months, we have started to deliver energy efficiency upgrades to 128 homes across Greater Manchester, Merseyside and Lancashire, investing a total of £5.2 million.

In response to the external pressures, we have also delivered improvements to key services to give us extra resources and capacity and enable us to be more efficient.

Financial pressures will persist as we balance a capped rental income with the continued need to invest in improvements to our homes and neighbourhoods. Against this background, we will continue to manage our finances carefully so that we can provide more and better homes and invest in improved services for customers.

Tim Johnston,
Board Chair

Bronwen Rapley,
Chief Executive

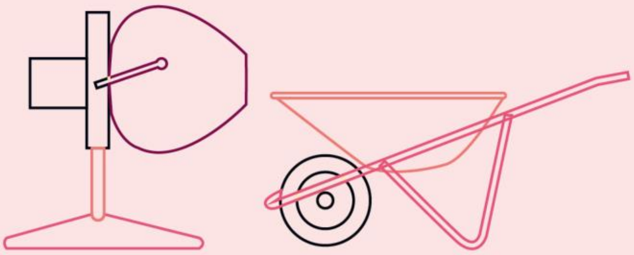
Delivering our Corporate Plan.

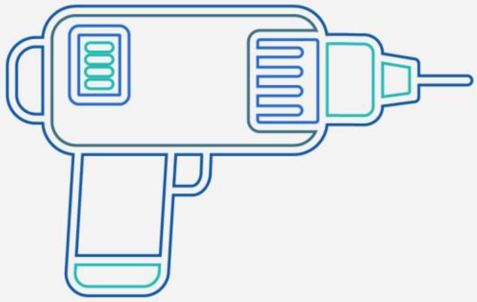
Our Corporate Plan is called The Onward Difference and sets out what we will do in the future to improve customer experiences, improve existing homes and build new ones. We will do this by providing homes people love, in places they are proud of and by working with partners to go beyond housing and invent new ways to do more.

In the next few pages, we will set out what the work we have done this year to deliver against the Corporate Plan for our customers.

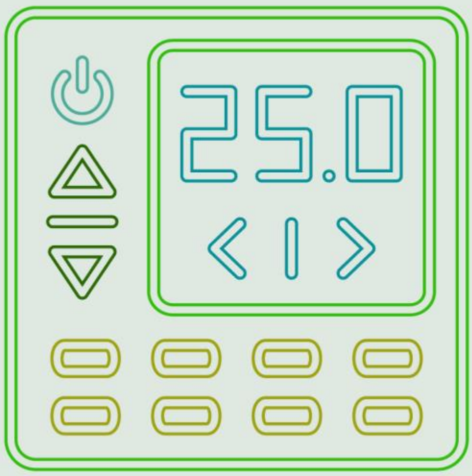
Our highlights from the last 12 months:

Building **329** new homes across the North West, helping more people to find a place to call home.

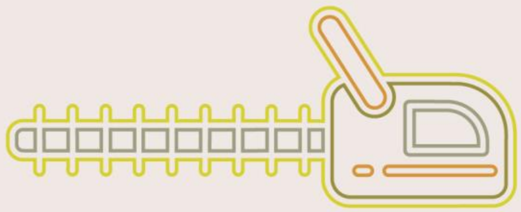




Investing a total of **£77.2 million** million in improvements and repairs to customers' homes.



Investing **£5.2 million** in energy efficiency upgrades to customers' homes to make them warmer and easier to run.



Bringing key services inhouse, enabling us to be more efficient and flexible for our customers.

A1

G1/V2

Retaining our top A1 credit rating and G1/V2 governance ratings, giving us a strong foundation to deliver for customers.

Awarding **£99,990** to **61** community organisations that are making a difference in our neighbourhoods.

Making The Onward Difference

Our Corporate Plan sets out how we will make The Onward Difference. It has five key themes that will enable us to improve our homes, neighbourhoods and deliver better customer experiences in the future. In this section, we take a look at some examples of how we have made the Corporate Plan a reality for customers and colleagues over the last twelve months.

ENABLING

Helping people take control of their lives and neighbourhoods.

Building more homes.

Over the last twelve months, we have built 329 new homes across the North West, enabling even more local people to put down roots in their communities.

In Greater Manchester, we have handed over the keys to 15 new homes for shared ownership at The Alders, Hattersley. Elsewhere in Hattersley, we're are moving forward with 91 extra care apartments and 46 new affordable homes. Over in Merseyside, we are now applying the finishing touches at Ferry Court, which will offer 28 new apartments for social rent. In Lancashire, we are also progressing with 127 new affordable homes at Clayton-le-Moors in Hyndburn.

In the last twelve months, we have also started to build a further 470 new homes.

Enabling customers to fulfil their aspirations

Our dedicated 1st Call Team enables thousands of customers every year to fulfil their aspirations through financial, housing, digital support and access to volunteering, employment, and training opportunities. In the last twelve months, we have worked with 4,288 local people across Hyndburn, Hattersley and Preston and delivered projects such as one-to-one coaching and work and skills initiatives.

Through the Onward Community Fund, we have awarded £99,990 to 61 local organisations that are making a positive impact in their communities, ranging from training programmes to open up employment opportunities for local people through to health and wellbeing support.

ENVIRONMENT

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

This year, we have progressed with delivering major energy efficiency improvements to customers' homes. In July 2023, we completed retrofit works to 132 bungalows in our Murdishaw neighbourhood and invested £5.2million in retrofit over the last twelve months. Since then, we have started to deliver energy efficiency improvements to more than 600 homes across Greater Manchester, Merseyside and Lancashire.

Later this year, we will be retrofitting more customers' homes as we continue our journey to reduce carbon and build a more sustainable future.

TECHNOLOGY

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

Our Corporate Plan sets out how we will use technology in different ways to make us easier to contact and improve customers' experiences of our services.

Earlier this year, we tested a new way to deliver welfare calls to customers in our sheltered schemes. Customers can now choose when they would like to get their morning calls from us and send alerts directly to their scheme manager. This is a quicker and more convenient way to communicate with us and we'll be making this available to more customers later in the year.

In March, we launched 'Operative on the Way' for customers in Lancashire. In response to customer feedback, Operative on the Way has been introduced to make it easier to contact us about repairs appointments. Customers get a text on the day of their appointment, which allows them to track their operative in real time and send a message if plans change. Following a successful launch, this has now been rolled out to customers in Greater Manchester.

LISTENING

Proper listening, real results and a human presence locally.

We have been listening to what customers have told us about key services, such as repairs and grounds maintenance. In response to customer feedback, we have made some big changes to how we deliver these services this year, which will deliver better outcomes in the future.

In March, repairs in Greater Manchester moved from external contractors to Onward Repairs, our inhouse repairs team which carries out all repairs in Lancashire. Bringing repairs inhouse gives us greater control over the service, more flexibility to deliver improvements in the future and improves communication with customers.

We have also brought all our grounds maintenance, cleaning, and waste management services inhouse with these transitioning to our Onward Environmental team. In the long-term, this means that we can protect customers from rising contractor costs and offer a more efficient service. It also means we're more visible in our neighbourhoods, can better monitor performance and respond more quickly to customer feedback.

COLLEAGUES

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

Our Corporate Plan sets out how we will give opportunities for colleague learning so that we can deliver better outcomes for our customers.

This year, we launched new customer-service training for all colleagues. This training gave colleagues an opportunity to share knowledge and experiences with a focus on getting the basics right and delivering better outcomes for customers. We will roll this out to all new starters and our contractors as we strive to continuously improve our customer service.

Colleagues also have lots of opportunities to share feedback and shape our culture through our Colleague Forum and Equity Forum, helping us to build an inclusive and welcoming workplace where everyone can give their best.

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BOARD AND ADVISORS

Members of the Board

Non-Executive Directors

Timothy Johnston (Chairman)
Rachel Barber
Dena Burgher
Wyn Dignan (resigned 30 January 2024)
Katherine Jones
Kieran Keane
Tina Kokkinos (appointed 1st February 2023)
Diana Hampson (appointed 1st March 2023)
Karl Tupling (appointed 1st February 2024)

Executive Directors

Bronwen Rapley, Chief Executive

Michael Gerrard, Executive Director (Finance) (resigned 31st October 2023)

Danielle James, Executive Director (Finance) (appointed 1 April 2024)

Alexander Livingstone, Executive Director (Property)

Matthew Saye, Executive Director (Operations)

Company Secretary

Catherine Farrington (resigned 16th February 2024)

Sara Byrne (appointed 16th February 2024)

Principal Banker

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

Principal Solicitors

Devonshires Solicitors LLP

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

Towers & Hamlins LLP

55 Princess Street, Manchester M2 4EW

External Auditor

BDO LLP

3 Hardman Street, Spinningfields, Manchester, M3 3AT

Internal Auditor

Beever and Struthers LLP

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

STRATEGIC REPORT

Introduction

The Board presents its strategic report, containing the operating and financial review and value for money report, for the year ended 31 March 2024.

Overview and background

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

Our Strategy

Our focus continues to be to adapt and evolve the business so that we continue to deliver our Corporate Plan that we have called the 'Onward Difference'.

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

We have defined the following strategic objectives to support delivery of the Onward Difference:

1. Be the social landlord of choice
2. Improve the experience for those living in our communities and neighbourhoods
3. Grow where we can deliver a better service and make a positive difference.

These are supported by two enabling objectives:

1. Build an Onward environment and culture
2. Be well governed and make the best use of resources.

As an organisation we have embedded our values which underpin our vision;

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

Legal structure

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

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

Onward Homes Limited

A wholly owned subsidiary of Onward Group and is the largest and only charitable subsidiary in the Group owning around 30,000 social and affordable homes. Onward Homes delivers the majority of services to customers. Onward Homes holds an interest in joint venture S4B Limited which delivers the PFI contract for Manchester City Council in the Brunswick area of the city. Onward Homes delivers the housing management contract.

Atrium City Living Limited

A wholly owned subsidiary of Onward Homes Limited. Atrium holds an investment with the Greater Manchester Joint Venture (GMJV). In 2022/23 Atrium held an investment in CRDP LLP – a joint venture with Seddon Construction to build homes in Goosnargh, Preston. This joint venture concluded in March 2023 with the final homes being completed and sold.

Onward Build Limited

A wholly owned subsidiary of Onward Homes and is a development company which delivers development services to Onward Homes as well as building and units for outright sale. Onward Build has been selected to deliver the Group's flagship development schemes at Basford East and Helsby. These schemes will deliver over 350 new homes for affordable rent, shared ownership and market sale

Legal structure (continued)

Onward Pension Trustee Limited

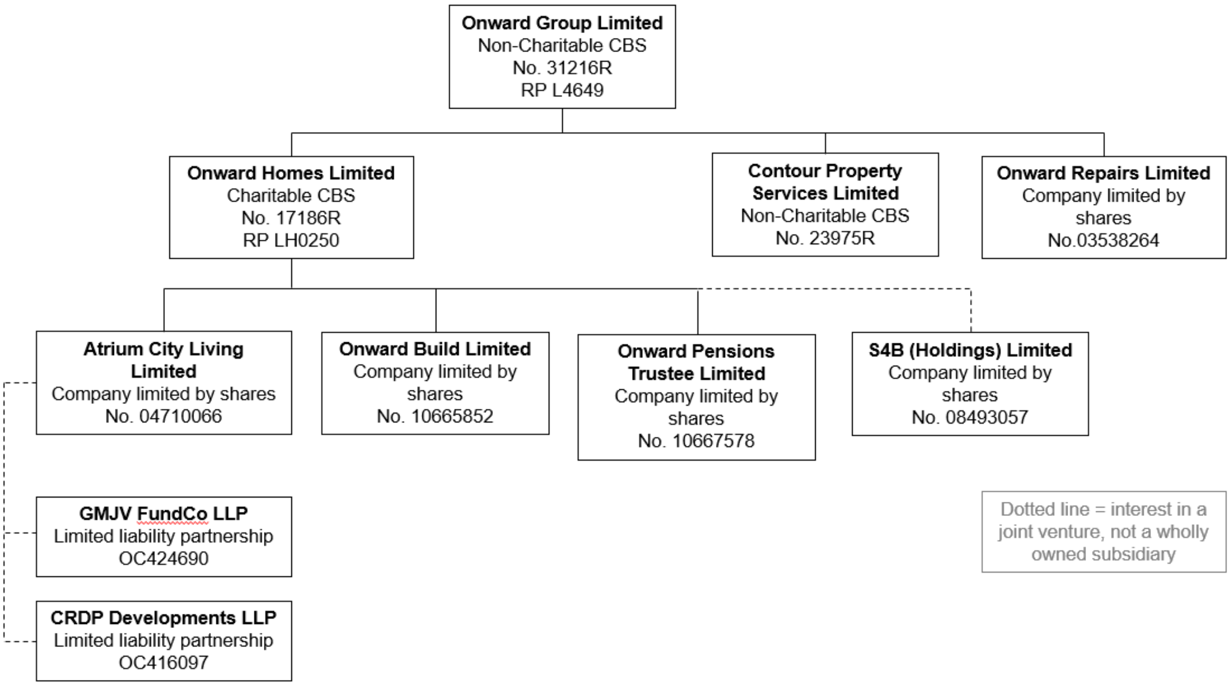
A wholly owned subsidiary of Onward Homes Limited and is Trustee of the Onward Pension Plan. Its purpose is to provide the professional trustee services on behalf of Onward Homes Limited for the Onward Pension Plan scheme. This company is now dormant.

Contour Property Services

A wholly owned subsidiary of Onward Group and provides management services to 4,067 leasehold and freehold homeowners.

Onward Repairs Limited

A wholly owned subsidiary of Onward Group and provides repairs services to Onward Homes' properties in the Lancashire region.



The Group is governed by a common Board which acts as the Board for Onward Group and Onward Homes. It has responsibility for Group oversight and ensuring consistency of strategy, service and compliance.

Financial review

The Group is reporting a surplus before tax for the year of £11.6m (2023: £10.7m). Whilst underlying trading is strong, this has been a challenging year for the Group most notably due a range of inflationary pressures. Rent increases during the financial year were capped in line with government policy at 7%. During the period, the Group has been subject to price increases exceeding this level, and as such has absorbed much of these additional costs. This has put some pressure on the operating surplus in 2024.

The net surplus is 6.1% as a percentage of turnover (2023 negative 6.2%). The total comprehensive profit was £9.8m (2023: £8.7m).

Total turnover increased from £171.9m to £190.4m, an increase of 10.7% following the application of a 7% rent increase set by the government, increased sales proceeds on first tranche sales as well as the handover of new homes developed for affordable rent.

The Group ended the year with cash and short-term investments of £26.1m (2023: £66.0m). The decreased cash position is due increased development spend, netted off by an increase in subsequent sales.
These resources will continue to be used to fund the Group's objectives over the coming years.

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

Lender covenants are based on Onward Homes only as all external financing sits within the Association. Based on the tightest lender covenant interest cover (which measures the extent to which the surplus covers interest payments) is 370% in 2024 (2023: 440%). Gearing (which measures the level of indebtedness using the value for money metrics definition) has changed during the year to 25.0% (2023: 27.4%). These ratios remain comfortably within the levels permitted by funders' loan agreements and contribute to the Moodys' A1 rating.

As part of producing the business plan the Group undertakes robust sensitivity and stress testing to understand the impact on covenants and other key financial metrics. The analysis shows that should any emergencies arise the Association has significant control over its expenditure to respond and mitigate any risk of a breach.

Finance metrics	2024/25	2025/26	2026/27	2027/28	2028/29
Reinvestment %	11.90%	11.90%	8.90%	8.60%	9.00%
Gearing %	28.00%	31.50%	32.60%	35.00%	37.00%
EBITDA only Interest Cover Ratio	337.00%	358.00%	369.00%	341.00%	305.00%
Operating Margin % SHL Only	16.40%	17.70%	20.80%	22.50%	22.30%
Operating Margin % Overall	13.90%	16.40%	21.60%	24.90%	23.70%
ROCE %	1.90%	2.30%	2.90%	3.10%	3.10%

A five-year summary of the Group's past financial performance is shown below. Turnover has grown reflecting the rent increase whilst the cost increase has been more pronounced reflecting the cost of operations. Our overall social housing cost per unit has increased from £4,704 per unit to £5,195 per unit mainly due to increased routine maintenance spend.

STRATEGIC REPORT (continued)

Financial review (continued)

Statement Of Comprehensive Income	2024 £m	2023 £m	2022 £m	2021 £m	2020 £m
Turnover	190.4	171.9	159.8	156.1	155.8
Operating Costs & Cost Of Sales	(166.6)	(152.7)	(138.3)	(128.4)	(127.4)
Loss on disposal of investment properties	(0.0)	-			
Gain on Disposal of Housing Property Assets	1.2	0.6	(0.1)	(0.4)	3.0
Operating Surplus	25.0	19.8	21.5	27.3	31.4
Share of profit/(loss) in joint venture	0.0	0.3	0.1	(0.1)	(0.0)
Interest Receivable	4.5	3.9	2.7	2.7	2.7
Interest Payable	(17.1)	(12.9)	(47.3)	(12.4)	(14.7)
(Loss)/Surplus on Disposal of Assets	(0.8)	-	0.2	3.1	(0.5)
Taxation	-	(0.4)	0.2	0.4	(0.2)
Surplus for the year after Tax	11.6	10.7	(22.5)	21.0	18.7
Other Comprehensive Income	(1.7)	(2.1)	8.9	(18.0)	18.7
Total Comprehensive Income for the Year	9.8	8.6	(13.6)	3.0	37.4

Statement of Financial Position	2024 £m	2023 £m	2022 £m	2021 £m	2020 £m
Housing Properties net of Depreciation	1,236.03	1,151.61	1,103.6	1,085.2	1,071.2
Other Fixed Assets, Investments & Long Term Debtors	47.002	45.159	34.1	36.8	35.9
Net Current Assets	41.242	73.8	101.9	166.5	12.3
Total Assets Less Current Liabilities	1,324.3	1,270.6	1,239.7	1,288.5	1,119.4
Loans Due After 1 Year	362.65	371.8	378.0	426.9	271.5
Other Long Term Liabilities	552.9	497.2	467.5	442.0	446.1
Pension Liability	12.861	15.6	16.8	28.6	13.6
Revenue Reserves	395.858	386	377.4	391.0	388.1
Long Term Liabilities & Reserves	1,324.3	1,270.6	1,239.7	1,288.5	1,119.4

Financial Ratios	2024	2023	2022	2021	2020
Operating Margin (Overall)**	12.5%	11.2%	13.5%	17.7%	18.3%
Net Margin*	6.1%	6.2%	8.5%	13.5%	12.0%
Return on Net Assets (RONA)*	0.9%	0.8%	1.1%	1.6%	1.7%
Return on Capital Employed (ROCE)	1.9%	1.6%	1.7%	2.1%	2.8%
EBITDA-MRI*	53.0%	61.6%	166.0%	263.0%	212.0%
Interest Cover*	1.7	1.8	2.2	2.4	2.3
Gearing	28.0%	27.1%	30.8%	23.7%	23.2%
Headline Social Cost Per Unit £'000	5,195.1	4,704.2	4,049.6	3,568.2	3,504.0
Net Debt Per Unit	11,570.1	10,501.9	11,546.9	8,903.5	8,642.2

*In 2022 the loan breakage costs of £36.1m are excluded from all ratios as this is a one-off cost to Onward in line with loan covenants

**Operating Margin (Overall) in RSH VfM metric table excludes gain on fixed assets (housing properties)

***Interest cover in the table above is based on the Onward Group consolidated position. The Onward Homes only position for 2024 was 2.2x (2023: 2.1x).

Operating review

Overview

The Group's annual performance has remained relatively stable despite the challenges of increased demand and costs for services such as repairs, and damp and mould coupled with increasing costs due to economic and regulatory factors. The cost of living also continues to be a challenge for our customers and there has been continued focus on controlling spend and maximising income in areas that are within Onwards control.

To meet these challenges, Onward's corporate plan looks to improve services to customers, improve efficiency by leveraging technology and implementing new ways of working and delivery models through an Evolution program. This program incorporates the in-sourcing of both our environmental services across Onward and of the repair service across Greater Manchester as well as focussing on running our business well and ensuring we have the most efficient operating model.

Our environmental services were brought in-house through a phased approach over the year. This resulted in some increased cost in 2023/24 to exit contracts and set up the service for success in the future, however, bringing the service in-house allows us to have more control over the customer offering allowing for standardisation of service and the associated efficiencies in doing so. We also started transferring our repairs service in Greater Manchester to an in-house delivery model in April 2024 and saw some upfront investment costs incurred in 2023/24 for this.

In 2023/24, Onward saw an increased volume of cases of disrepair and an associated increase in legal costs. Onward is proactively managing cases early to improve the service provided to customers, whilst also attempting to prevent cases escalating resulting in higher average cost per case.

The Financial Income and Inclusion team has been restructured to create a Customer Accounts and Advice team to better deliver to the needs and challenges our customers face and subsequently arrears have been successfully managed and have remained consistent with 2022/23 levels despite the cost-of-living challenges faced by the Group's tenants and leaseholders.

Onward also continues to invest in its development programme and in maintaining and improving its existing homes which will directly benefit our customers. We are also actively managing our stock through a portfolio management project which reviews properties that require investment to understand the most appropriate action and potentially provide funds to use in our future development plans where appropriate through strategic disposal.

Performance

The Board provides the following details in relation to its key housing management and maintenance performance. These reflect the subset of the indicators that the Executive Team and Board review to ensure the group is achieving its objectives and strategies.

Voids/Relets

Measure	2024	2023	2022	2021	2020
Void Loss %	2.70%	2.26%	1.85%	2.36%	1.89%
Average re-let (days)	75.5	48.5	63.2	59.6	48.6

One of the Group's key performance indicators is the amount of money lost when properties become void and days empty when properties cannot be immediately re-let to tenants in need of homes. The Group aims to re-let properties as soon as possible after the previous resident leaves. However, sometimes this may not be possible because the property may require redecoration, refurbishment or improvements.

For the year ending March 2024 we have seen higher void levels when compared to the previous year accompanied by higher average re-let days. Void loss remains an area of focus for the Board.

We continue to assess the performance of all property assets using the Savills Asset Performance Evaluation model. For long term voids we appraise whether to reinvest to bring the property back into use or to dispose of the unit.

Operating review (continued)

Voids/Relets (continued)

Where possible we bring properties back into use and those that are no longer appropriate for social lets are sold to raise funds to reinvest in new homes. As a result, this year we disposed of 25 empty properties (2022/23: 23 disposals). The impact of this strategy for long term voids means that the average time to let remains high.

The portfolio management strategy of selling non-viable properties will continue as the costs of improvement works are considered to ensure that this is the best course of action.

Income collection and arrears

Measure	2024	2023	2022	2021	2020
Rent Collection %	97.4%	99.2%	99.8%	100.3%	99.3%
Arrears - current residents %	5.2%	5.1%	5.0%	5.6%	5.7%
Arrears - former residents %	1.6%	1.6%	1.5%	1.5%	1.5%
Arrears - Total %	6.8%	6.7%	6.5%	7.1%	7.2%

Rent collected and the volume of arrears is a key indicator of our ability to deliver core business. Our overall rent collection performance has reduced to 97.4% (2023: 99.2%) and arrears have increased slightly in the year as our customers are continuing to face financial challenges. The new restructured Customer Accounts and Advice team use the Rent Sense tool to target arrears cases and additional automation has been introduced with Caseload Manager to support the collection process.

Repairs

By monitoring how much a repair costs and how many visits are conducted per property, we can learn from our results and adapt our processes. This will lower the number of return visits, ensuring our repair service is as efficient as possible, reducing wastage and improving the service to the customer. The average number of responsive repairs per property was 3.46 (2023: 3.17) at a cost of £784 per property (2023: £613) and over the course of the year, 77.4% (2023: 83.7%) of responsive repairs were completed in the target time (target 90.0%).It is expected that the in-sourcing of the repairs service across the Lancashire and Greater Manchester regions will address this with the focus on 'First Time Fix' giving greater control over costs and service delivery.

Measure	2024	2023	2022	2021	2020
Ave no. repairs per property	3.46	3.17	2.69	3.30	3.40
Repairs cost per property	£784	£613	£613	£480	£417

Development and reinvestment

Our investment commitment of £3.0m (£0.8m equity and £2.2m debt) in Hive Homes, which is a joint venture between ten Greater Manchester housing associations and the Greater Manchester Combined Authority, will deliver over 600 affordable homes for sale in Greater Manchester.

Onward are committed to building 5,000 new homes by 2030 and are on track to deliver. We remain committed to ensuring that we retain sufficient capacity to invest in new homes and our business plan supports this.

Onward Build is now in the process of developing 350 mixed tenure development schemes at sites in Basford and Helsby. Both schemes were paused during 2023/24 following the main contractor going into administration but the Helsby scheme has now secured a new lead contractor and the scheme returned on site in May 2024. The Basford scheme is still currently paused pending the procurement of a new lead contractor. In the 2022/23, an impairment of £3.5m was recognised due to the main contractor issues. The Helsby scheme has since been reappraised based on the newly agreed contractor costs and updated market valuation and no further indications of impairment have been identified. The Basford scheme is still in the early stages of reprocuring a main contractor and no action has yet been agreed. As such no further impairment has been recognised at this stage.

Investing in and maintaining the standard of our existing homes remains our priority. Our Homes Standard will ensure that our customers' homes now, and in the future, will be maintained and improved to the standard they would expect. In 2023/24 we invested £31.6m in new windows, kitchens, bathrooms, heating, re-roofing, windows and doors (2023: £29.4m).

Risk and uncertainty

An effective risk management framework supports the delivery of The Onward Difference and the objectives we have defined to support the delivery of our vision. Our risk management framework is an established methodology that supports the identification, assessment, management and reporting of the risks facing our organisation.

The Board has overall responsibility for risk management and for setting our risk appetite (the amount of risk we are willing to take to achieve our objectives). Board receives regular reports on the risks facing our business and considers risk at each meeting to ensure they have a comprehensive understanding of current and emerging risks.

Board reviews our risk appetite each year to ensure that it reflects our organisation, our priorities and the challenges in our external environment. This is particularly important given the uncertainty in our operating environment and the increased economic uncertainty which has impacted on our customers, our business and the partners we work with.

The Audit and Risk Committee is responsible for the oversight of our risk management framework and for monitoring the effectiveness of our internal controls. Committee reports to Board at each meeting to ensure that Board has the assurance required with respect to our risk management, internal control and governance processes.

Internal Audit

Internal audit provides independent assurance with regards to the management of risk and operation of controls. During the year we worked with our internal audit partner, Beever and Struthers, to establish an internal audit programme aligned to our strategic risk register to provide assurance with regards to internal control systems and processes and the management of risks.

Key Risks

The Board has identified the following key risks that it considers a potential threat to the achievement of our strategic objectives. These have been considered in line with the Sector Risk Profile produced by the Regulator of Social Housing, the introduction of revised Consumer Standards and the environment in which we are operating:

Risk	Mitigation
<u>Business Plan Capacity</u> Onward is financially robust, however, there is a risk that we cannot deliver our business plan and corporate plan due to macro-economic pressures combined with the increasing regulatory burden on the sector as we continue to support our customers, deliver our promises, maintain our development programme and respond to legislative changes.	We stress test our business plan using a range of scenarios on a regular basis to support our planning and decision making. The Board has set Golden Rules to ensure we remain financially resilient; these are reviewed regularly to ensure they remain relevant and are effective in holding us to account for our financial performance.
<u>Property Condition (Damp and Mould, Disrepair)</u> Onward has a number of older properties within our portfolio which increases our risk in this area.	We have established a robust process to respond to reports of damp, mould and condensation. The process is embedded within our business, and we are regularly reviewing and refining these processes to ensure we keep our customers safe in their homes. In addition, we are extending the reach of our 'in-house' repairs service which will mean that going forward we will be able to respond to issues more promptly.

Risk and uncertainty (continued)

Risk	Mitigation
Quality of Service to Customers Providing a consistent quality service to our customers that considers equality and vulnerability and meets the requirements of the revised consumer standards is important to us. This is difficult to achieve in the current environment with increasing demand and external pressures.	We monitor the service we deliver to our customers using a range of performance indicators which are reported to management and Board each month. Areas of underperformance are discussed in detail and action plans established where needed. We regularly ask our customers how they think we are performing and review our service delivery as needed. In response to concerns raised by our customers we are extending the reach of our 'in-house' repairs service which will allow us to improve service delivery. We recognise the importance of a good quality repairs service to our customers. In addition, we have bought our Grounds Maintenance and Cleaning services 'in-house' which is already making a difference to the quality of service provided to our customers.
Evolution and Change Businesses regularly need to reassess their operations to ensure they reflect the environment in which they operate and external challenges. We are on an evolution journey implementing a number of key initiatives to ensure that we can improve service to our customers.	We have procured a new housing management system and are on a journey to implementation which will see a new system introduced in 2025/26, allied to this we are reviewing service delivery to bring a number of key services 'in-house' to ensure we can directly influence service delivery in the key areas of repairs and grounds maintenance recognising the importance of these areas for our customers.
Complex and Volatile Political and Economic Environment The environment in which we operate remains challenging on a scale never before seen in our sector, the pace and scale of legislative change allied to fiscal challenges, high demand from our customers, media focus and a change in government increases the risk inherent in our decision making.	We keep a watching brief on the challenges we face and regularly horizon scan for emerging risks.
Data Quality Housing Providers hold large volumes of data about our properties and our customers, there is a risk that data quality is not sufficient to meet the needs of our business and achieve our responsibilities with respect to knowing our customer, knowing our properties and supporting the delivery of service.	We have a data project in place which is working to ensure the accuracy of the data we hold about our customers and our properties, this will ensure that we transfer high quality data into our new housing management system and also that we are able to meet the requirements of the revised Consumer Standards. Using our data to improve services to customers relies on the accuracy of our data.
Reputation Media interest in the condition of customer homes, focus on damp and mould, complaints and the introduction of the Tenant Satisfaction Measures in addition to the cost-of-living crisis increases the risk that the reputation of the sector and individual organisations is compromised.	We work hard to 'get the basics right' and we have in place a high-quality complaints service that complies with the Housing Ombudsman's Compliant Handling Code, we have a specialist team responding to reports of damp and mould, and we have reviewed the delivery of our repairs service, to ensure that we have greater control over the service received by our customers. We continue to work hard to maintain the trust of our customers.

Risk and uncertainty (continued)

Risk	Mitigation
Borrowing Capacity The financial impact of development, fire remediation works, the green agenda, the cost of living crisis allied to legal and regulatory requirements relating to stock condition creates pressure on our funding plans.	We regularly review our cashflow and spending plans and work with treasury advisors to ensure our financing supports the delivery of our business plan
Development Programme Our development aspirations support the delivery of the corporate plan and wider placemaking aspirations as a result not delivering on these due to market or supplier issues would impact delivery of our business plan and wider objectives. We have been successful to date despite the challenging external environment which has seen significant price increases and increasing counterparty risks.	We assess each development using a range of financial measures and ensure the quality of our development partners.
Significant Cyber Security Incident The risk of a cyber-attack which results in data and systems being compromised and impacts on the ability to deliver services and results in the loss of personal and business data is ever present in our operating environment.	We have introduced market leading controls to manage cyber risks and constantly monitor the threat environment. We recognise that this environment is complex and fast changing and we work with an external specialist organisation to ensure we can keep pace with this increasingly challenging risk area.
Failure to engage with customers at a strategic level Failure to evidence that we involve our customers in strategic decisions, that we listen to their views and that we use the information we hold about them to plan service delivery both strategically and on a day to day basis is a risk facing all housing providers as we seek to work with our customers to respond to their service needs and respond to the revised Consumer Regulations.	We have robust customer engagement mechanisms that are embedded within our business that provide customers with a range of opportunities to engage with us. In addition, we have a regular programme of engagement between the Board and our customers to allow our customers to influence the Board. In addition, our revised committee structure sees customers attend our Customer Committee to share their experience and challenge our performance and strategies in key areas that matter to them.

Treasury objectives and strategy

The Group's treasury activities are managed in line with Group's Treasury Management Policy and Treasury Strategy, both of which are reviewed annually. Both the Policy and Strategy are approved by the Treasury & Finance Committee and Board. The Treasury Strategy and Policy were last approved by the Treasury & Finance Committee in May 2024 and considers the following risks:

- Liquidity risk
- Counterparty credit risk
- Interest rate risk
- Legal and regulatory risk
- Operational risk

Treasury objectives and strategy (continued)

The Group regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities focuses on the risk implications for the Group.

It also acknowledges that effective treasury management supports the achievement of Group's objectives. It is therefore committed to the principles of achieving best value in treasury management, and to employing suitable performance measurement techniques, within the context of effective risk management.

The Treasury Policy stipulates that liquidity must be at least 18 months per the Boards golden rule. This must be supported by a 24 month forecast as a basis for effective treasury planning. Forecasts from the financial plan approved in June 2024 show that undrawn loan facilities are sufficient to finance group activities until 2028. Negotiations with lenders are underway to renew revolving credit facilities (RCFs) by Spring 2025 as per the approved Treasury Strategy.

During the 2023/24 financial year the Bank of England base rate rose from 4.25% in April 2023 to 5.25% in March 2024. The cost of funding has therefore remained consistently high throughout the 2023/24 financial year. The Group has successfully mitigated most of this impact by having a significant proportion of fixed rate debt. The Treasury Policy stipulates that fixed and floating rate loan exposures must be managed within the following limits:

Debt type	Minimum	Maximum
Fixed Rate	**60%**	90%
Floating Rate	**10%**	40%

As at 31st March 2024 80.2% (2023:79.4%) of borrowing was fixed via a combination of fixed rate bank loans and fixed rate private placement funding. Banking and bond interest has remained fairly consistent year on year at £13.26m (2023: £11.33m) due to there being no requirement to draw additional debt in financial year 2023/24.

As at 31st March 2024, the Group has borrowing facilities of £865.9m (2023: £662.1m) of which £380.9m has been drawn down (2023: £387.1m). The available facility includes £400m (2023: £190m) of revolving facilities of which were all were undrawn as at 31st March 2024. In September 2023 additional revolving credit facilities (RCFs) of £210m were procured. This is to support the future development programme and the wider liquidity position. Of the £210m only £35m is secured. The cash balance as at 31st March 2024 was £20.7m. As per the golden rules set by Board, the Group cash position should not fall below £10.0m.

The Group is financed by a combination of retained reserves, long-term debt facilities and project-specific grants to part-fund the acquisition and development of new homes. The Group has the financial capacity to repay its debt in accordance with the repayment profile of its debt facilities.

Compliance with lender financial covenants is monitored continuously. This is reported to the Treasury & Finance Committee on a quarterly basis. The report for March 2024 confirmed that the Group was compliant with all loan covenants, and that the approved financial plan demonstrates ongoing compliance with covenants and golden rules.

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

Loan agreements allow up to 8% of on-lending across the entities within the Group. The on-lending percentage compares the total value of the on-lending against the historic cost of housing properties excluding properties under construction. The Board have set a golden rule for on-lending at 6.8% as an early warning indicator. As at 31 March 2024 on-lending was 3.97%. This allows for a an additional £42.0m of on-lending vs the golden rule. In FY23/24 there were no breaches of loan covenant or treasury policy golden rules.

Corporate governance

The Group Board is responsible for the leadership of our business, for setting our strategy, monitoring the delivery of the strategy, holding Executive Directors responsible for the performance of the organisation and ensuring that adequate levels of resource are available to deliver our strategy.

The Board has delegated day-to-day management to a group of Executive Directors. The Executive Team is led by the Chief Executive and has responsibility for making decisions in relation to strategic issues and other issues with group-wide implications, overseeing regulation and monitoring financial viability. The Executive Team meets on a regular basis and recommends policy and strategy decisions to the Board.

During 2023/24 the Board held 8 formal meetings and 2 strategy days attendance of members was as follows;

Board Member	Attendance
Tim Johnson (Chair)	100%
Tina Kokkinos (appointed 1 February 2023)	100%
Katherine Jones	100%
Kieran Keane	100%
Karl Tupling (Observer appointed 1 February 2024)	100%
Wyn Dignan (resigned 30 January 2024)	100%
Rachel Barber	100%
Dena Burgher	100%
Diana Hampson (appointed 1 March 2023)	88%
Bronwen Rapley	88%
Mike Gerrard (resigned 31 October 2023)	100%
Alexander Livingstone	100%
Matthew Saye	100%

Board Committees

We operate the following committees to support the Board, each committee has responsibility delegated by the Board which is detailed in their terms of reference.

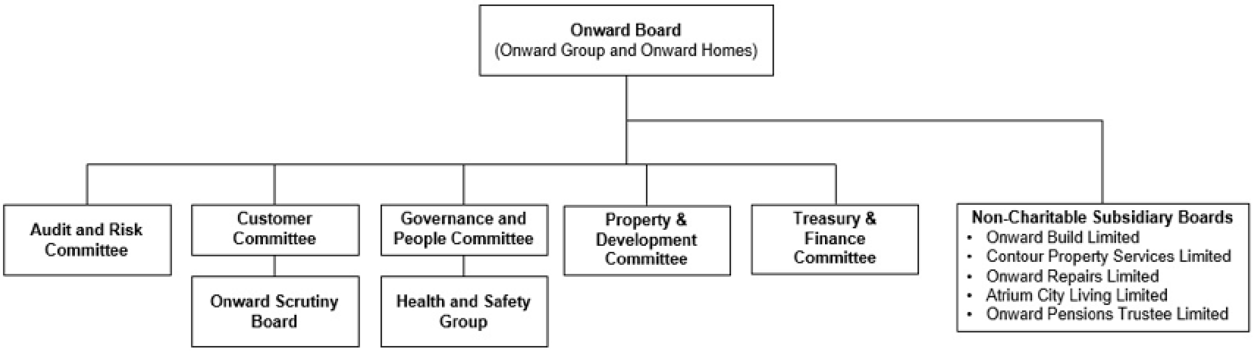
- Audit and Risk - oversight of audit and risk matters for the Group.
- Treasury & Finance – oversight and scrutiny of Group finance, performance and treasury strategy.
- Property & Development - oversight of portfolio management, landlord compliance and the development programme with some delegations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

The Committees report to Board at each meeting and the minutes of committee meetings are available to the whole Board.

The Board also sets up and agrees terms of reference for task and finish groups where there are areas of work which need additional scrutiny for a finite period. The Pensions Task and Finish Group was established in 2020 and its work concluded during 2023 having completed the bulk transfer of the defined benefit pension scheme from the Social Housing Pension Scheme to the Onward Pension Plan.

Corporate governance (continued)

Committee Structure



Committee Membership as at 31 March 2024

Board Member	Attendance
Treasury and Finance Committee	Tina Kokkinos (Chair) Tim Johnson Katherine Jones Kieran Keane
Audit and Risk Committee	Kieran Keane (Chair) Diana Hampson Rachel Barber
Governance and People Committee	Katherine Jones (Chair) Dena Burgher Tina Kokkinos
Property and Development Committee	Dena Burgher (Chair) Diana Hampson Karl Tupling
Customer Committee	Rachel Barber (Chair) Katherine Jones Karl Tupling

The Board regularly reviews committee membership as part of our succession arrangements to ensure a balance of skills and experience. In addition, each Board member, including the Chair receives a formal annual appraisal.

Diversity and Inclusion
Board members are appointed on merit based on their skills and experience with the skills matrix and business strategy informing the skills balance required on the Board with the objective being to establish a Board with a diverse mix of skills, experience and attributes to support the delivery of our Corporate Plan.

Corporate governance (continued)

The diversity of the Board at the 31 March 2024 was as follows;

Diversity Strand	Board Composition
Gender	5 male 7 female
Ethnicity	11 British 1 British of Caribbean Descent

The Board is committed to diversity and continues to support the Insight Programme enabling people from under represented groups to shadow our Board meetings in preparation for their attaining a Board position.

Compliance with Regulatory Standards

Each year we assess compliance with the Regulator of Social Housings Regulatory Standards, comprising the economic standards (governance and financial viability, rent and value for money standards) and consumer standards (tenancy involvement and empowerment, home, tenancy and neighbourhood and community standard)

Board is able to confirm that Onward is fully compliant with the Regulatory Standards, including the Governance and Financial Viability Standard.

In addition, we are well prepared for compliance with the revised consumer standards that come into force on the 1 April 2024.

The new Tenant Satisfaction Measures (TSMs) return, with survey data and management information has been collected in line with the technical guidance. External validation of our methodology and approach has been provided independently.

Compliance with the Code of Governance

The Board has adopted the National Housing Federation Code of Governance 2020 and is committed to upholding the Code of Practice for Board Members. The Board meets frequently to determine policy and to monitor the performance of the group.

The Board has considered compliance with the Code and has confirmed compliance during 2023/24.

In October 2023, following an in depth assessment the Regulator of Social Housing confirmed our G1 grading. The report issued by the Regulator confirmed that the regulator has assurance that Onward Group Limited continues to comply with the financial viability elements of the Governance and Financial Viability Standard

In addition, the report confirmed that the regulator's assessment of Onward's compliance with the governance elements of the Governance and Financial Viability Standard remains unchanged. (from the previous G1 grading) Based on the evidence gained from the IDA, the regulator has assurance that Onward's governance arrangements enable it to adequately control the organisation and to continue meeting its objectives.

Value for money (VFM)

Strategy and Approach

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

Our Strategic Objectives

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

Value for money (VFM) (continued)

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

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

Governance of VFM

The Board approve the VFM strategy and review progress in meeting delivering VFM objectives. This is integral to the annual budget and 30-year business plan developed with the Treasury and Finance Committee and approved by the Board The Executive and Senior Leadership Team oversee the operational delivery of the annual budget and 30-year business plan.

VFM metrics and benchmarking

Benchmarking is important to any business as it provides key comparators with similar organisations, enabling understanding of strengths and weaknesses, and underpinning an evidence-based approach to resource allocation, cost reduction and target setting. The Group's operating costs and key financial indicators are benchmarked annually using a variety of sources including HouseMark. This comparison enables us to better understand how well the business aligns with our goals and where we have more work to do. Financial metrics determined by the Executive Team are reviewed on a quarterly basis and shared with the Board.

In April 2008, a value for money standard was introduced by the Regulator, along with a sector-wide set of metrics which enables direct comparison between housing providers. These metrics form part of our key performance indicators below.

Social Housing Provider	Reinvestment	New Supply (Social)	Gearing	EBITDA MRI Interest Cover	Headline Social Housing Cost per unit	Operating Margin (SHL)	Operating Margin (Overall)	ROCE
Onward Quartile vs Peer Group	3rd	4th	1st	3rd	3rd	3rd	3rd	4th
Peer Group Average	**9.6%**	**1.3%**	**43.5%**	**80.6%**	**4,563**	**16.4%**	**13.5%**	**2.7%**
Accent Group	10.0%	1.1%	41.9%	203.9%	£3,904	25.2%	24.6%	3.3%
Believe Housing	16.1%	0.6%	48.7%	(79.5%)	£4,371	14.3%	13.7%	4.2%
Bolton At Home	14.7%	1.4%	22.7%	(57.8%)	£4,818	10.0%	3.8%	2.5%
Gentoo Group	5.3%	0.2%	46.1%	90.1%	£4,038	18.4%	14.3%	2.6%
Home Group	6.0%	1.4%	42.2%	97.5%	£6,153	17.8%	10.7%	2.5%
Incommunities	11.1%	0.4%	61.8%	12.6%	£4,535	3.9%	5.3%	2.7%
Karbon Homes	11.6%	1.7%	39.6%	180.3%	£3,974	29.2%	25.4%	4.0%
Onward Homes	**7.6%**	**0.9%**	**27.1%**	**52.1%**	**£4,627**	**14.5%**	**9.8%**	**1.4%**
Stonewater	9.4%	3.1%	54.1%	106.3%	£3,997	23.2%	21.6%	2.6%
Thirteen Group	8.1%	1.2%	23.0%	226.5%	£4,010	24.8%	18.5%	3.2%
Together Housing Association	9.7%	0.9%	47.3%	19.5%	£4,676	14.6%	12.7%	2.6%
Together Housing Group	9.6%	0.9%	52.2%	8.3%	£5,064	14.3%	7.9%	2.3%
Torus Group	13.3%	1.7%	39.4%	192.2%	£4,043	16.6%	15.9%	2.9%
WDH	6.2%	1.1%	39.5%	123.6%	£4,103	12.9%	11.5%	2.2%
WHG	11.6%	1.2%	56.3%	140.3%	£4,055	24.7%	24.1%	4.8%
Yorkshire Housing	7.6%	2.5%	53.5%	112.4%	£4,507	14.0%	15.2%	2.5%
Your Housing Group	5.8%	1.2%	44.8%	(58.0%)	£6,701	1.1%	(5.6%)	(0.4%)

Value for money (VFM) (continued)

Metric 1 – Reinvestment

This measures our investment in new and existing homes as a percentage of the total value of properties held.

	2022/23	2022/23	2022/23	2023/24	2023/24	2024/25
	Actual	Peer Group Average	Quartile v Peer Group	Target	Actual	Target
Reinvestment	7.60%	9.60%	3rd	9.90%	10.70%	11.90%

Onward ranks in the third quartile for reinvestment versus its peer group mainly due to the considered pacing of the development programme given the challenging economic and political landscape faced by Onward and the wider sector over the last two years. Our reinvestment rates are expected to increase in-line with the business plan as we scale up our development programme leading up to 2030 and we are committed to delivering 5,000 new homes by 2030, including 2,100 through the current Strategic Partnership arrangement with Homes England.

During 2023/24 Onward invested £31.6m in existing homes (2022/23: £29.4m) and committed to a significant retrofit programme that will make customers' homes warmer, more comfortable and cheaper to run.

The table below shows the projected reinvestment rates over the next 5 years.

	2025/26	2026/27	2027/28	2028/29	2029/30
Reinvestment	11.90%	11.90%	8.90%	8.60%	9.00%

Metric 2 – New supply – social housing

This metric shows new housing supply delivered as a percentage of our total homes.

	2022/23	2022/23	2022/23	2023/24	2023/24	2024/25
	Actual	Peer Group Average	Quartile v Peer Group	Target	Actual	Target
New supply - social housing	0.90%	1.30%	4th	1.00%	1.00%	1.20%

We delivered 308 new social housing units 2022/23, 329 during 2023/24 and we are on track to deliver a further 383 in 2024/25. Although this is in line with our target, it is below the peer group average as we have deliberately slowed our development programme over the last 2 years amidst high interest rates, political uncertainty and rising construction costs. This strategy allows us to retain sufficient capacity to invest in new homes and retrofit projects in the future. Our 30-year business plan assumes a scaling up of the programme over the period to 2030 and we aim to deliver 5,000 units by 2030.

The most recent projections for social housing supply as outlined in our business plan is presented below. The projected new supply of social housing units over the next 5 years is more akin to the peer group average.

	2025/26	2026/27	2027/28	2028/29	2029/30
New supply - social housing	1.20%	1.90%	2.30%	1.50%	0.90%

Value for money (VFM) (continued)

Metric 3 – Gearing

This metric assesses how much of the adjusted assets are made up of debt and the degree of dependence on debt finance.

	2022/23	2022/23	2022/23	2023/24	2023/24	2024/25
	Actual	Peer Group Average	Quartile v Peer Group	Target	Actual	Target
Gearing	27.10%	43.50%	1st	22.30%	25.80%	28.00%

Onward remains first quartile in its peer group for maintaining low levels of gearing. Our comparatively low debt levels mean that we have good financial capacity to fund our ambitious development programme and maintain our existing homes to a high standard. Gearing is expected to rise over the next 5 years as we further invest in our development programme whilst ensuring we remain comfortably below lender covenant requirements and Board golden rules.

Our gearing ratio projections as per the business plan are shown below:

	2025/26	2026/27	2027/28	2028/29	2029/30
Gearing	28.00%	31.50%	32.60%	35.00%	37.00%

Metric 4 – EBITDA (MRI)

The EBITDA MRI interest cover measure is a key indicator for liquidity and investment capacity.

	2022/23	2022/23	2022/23	2023/24	2023/24	2024/25
	Actual	Peer Group Average	Quartile v Peer Group	Target	Actual	Target
EBITDA (MRI)	52.10%	80.60%	3rd	69.70%	89.50%	46.90%

At 89.5%, Onward's EBITDA MRI metric is significantly improved on the prior year (52.1%) but behind the peer group average in 2022/23 (80.6%). This reflects the following:

- 14.3% of our properties were built before 1920, contrasting with a 1.9% benchmark median which leads to increased spending on component replacement, disrepair, repair and issues like damp and mould. **We are proactively managing cases of disrepair early to improve the service provided to customers, whilst also attempting to prevent cases escalating to prevent higher than average costs per case.**
- Enabled by the flexibility of our banking covenants, we are undertaking extensive investment in our asset base to drive growth and efficiency in the future. Our development and stock condition programmes is partially-funded by debt which has driven higher interest costs. **A higher proportion of new and refurbished homes will reduce average repairs costs and drive operational gearing.**
- We are investing in our Evolution Programme to drive improved customer outcomes and financial efficiency. Evolution is based on the in-sourcing of key services across the group and the optimisation of digital assets and technology, the up-front investment required in these initiatives reduces our EBITDA in the short-term. **In-sourcing of these services will eliminate the payment of third-party margins and enable us to exercise greater control over services to our customers. Embedding technology within the way we work will drive efficiency across all areas of our operations – bringing the cost of our services in line with our peer group.**

Value for money (VFM) (continued)

Metric 5 – Headline social housing cost per unit

The headline social housing cost per unit includes management costs, routine maintenance costs, planned maintenance costs, capitalised repairs, charges for support services and other social housing costs. These costs are then divided by the number of units owned or managed.

	2022/23	2022/23	2022/23	2023/24	2023/24	2024/25
	Actual	Peer Group Average	Quartile v Peer Group	Target	Actual	Target
Headline social housing cost per unit	£4,627	£4,563	3rd	£5,232	£5,144	£5,732

Onward's headline social housing cost per unit is above the peer group average at £4,657. However, as noted above, our additional challenge is that we have a relatively high proportion of older stock (14.3% of our stock was built before 1920, contrasting with a 1.9% benchmark median) which increases our repairs and capital investment costs. During 2023/24, upfront one-off costs associated with the in-sourcing of our repairs function, through our Evolution program, were also incurred with this service being bought in house to gain greater control of the service offering to customers and to reduce the cost implications of using external contractors.

Onward also has a higher proportion of supported housing stock than most of our peers. 19.5% of our stock is either supported housing or housing for older people, compared to our benchmark median of 7.5%. Due to the more vulnerable nature of these customers Onward provide additional services such as lifeline facilities and wrap around care to ensure they feel safe and supported in their own homes. This in turn increases the cost per unit and increases the average headline social housing cost.

Metric 6 & 7 – Operating margin (social housing & overall)

Operating margin shows the profitability of operating assets before exceptional expenses are taken into account.

	2022/23	2022/23	2022/23	2023/24	2023/24	2024/25
	Actual	Peer Group Average	Quartile v Peer Group	Target	Actual	Target
Operating margin - social housing	14.50%	16.40%	3rd	12.70%	13.50%	16.40%
Operating margin - overall	9.80%	13.50%	3rd	14.00%	11.20%	12.10%

It has been a challenging two years for Onward and we have faced unprecedented demand for repairs, disrepair and the requirement for expenditure on our stock. Onward is adopting a forward-thinking strategy, utilising our financial capacity to invest wisely today to increase future operating margins. We are consciously investing in our homes, workforce and technology to create long-term savings and a better service to customers. These projects, which form part of our Evolution program, are projected to save Onward over £5m a year by 2029 and are expected to bring us in line with our target and peer group.

In 2022/23 we exited the SHPs pension scheme which over the last 2 years has cost Onward £2.2m (including professional fees) (2023:£0.7m, 2024:£1.5m). This gives Onward more control over pension investments and funding strategy which will result in savings in the future.

Value for money (VFM) (continued)

Metric 8 – Return on Capital Employed (ROCE)

ROCE is a measurement showing how effectively capital resources are being used by comparing the operating surplus to total asset values.

	2022/23	2022/23	2022/23	2023/24	2023/24	2024/25
	Actual	Peer Group Average	Quartile v Peer Group	Target	Actual	Target
Return on capital employed (ROCE)	1.40%	2.70%	4th	2.10%	1.80%	1.90%

Whilst our performance at 1.4% is below the peer group average of 2.7%, this was expected due to the investment Onward has made in our Evolution program. This program is projected to enhance our performance metrics in forthcoming years aligning us with our peer groups through identified savings programs, efficient portfolio management and additional rental income from our development program.

Our ROCE projections as per the business plan are shown below:

	2025/26	2026/27	2027/28	2028/29	2029/30
Return on capital employed (ROCE)	1.90%	2.30%	2.90%	3.10%	3.10%

Strategic report

The strategic report including the operating and financial review was approved by the Board on 4th September 2024 and signed on its behalf by:

Sara. E. Byrne

Sara Byrne
Company Secretary
Renaissance Court, 2 Christie Way, Didsbury, Manchester M21 7QY

DIRECTOR’S REPORT

The Board presents the Onward Group Limited Annual Report (the ‘Annual Report’) and the audited financial statements for the year ended 31 March 2024.

Principal activities

Onward Group Limited is the ultimate holding company within a group structure, Onward, (the “Group”). Details of members of the Group are given in note 1 of these financial statements.

Onward Group Limited is responsible for establishing the Group’s overall policies and strategies, for monitoring compliance with Group objectives and performance against Group targets, within a clearly defined framework of delegation and system of control.

The Group’s principal activity is the provision of general needs, sheltered and supported housing accommodation at affordable rents to those in housing need and providing low-cost home ownership. It is also engaged in improving the social, economic and environmental challenges facing the neighbourhoods in which it operates.

These objectives are carried out for the public benefit as set out in the financial statements. The Board considers legal advice and Charity Commission guidance when determining the activities that the Group undertakes to deliver these objectives.

Board members and Executive Directors

The current Board members and Executive Directors of the Group (and others who served during the period) are set out on page 2. Onward Group has a unitary board with both Non-executive and Executive Directors appointed as Board members.

The Board members are drawn from a wide background bringing together professional, commercial and other experiences. Board members are remunerated for their services to the Group and are permitted to claim expenses incurred in the performance of their duties. Details of Board remuneration are set out in note 8 to the financial statements.

Executive directors’ remuneration

The remuneration of the Executive Directors is reviewed by the Governance and People Committee, who make recommendations to be considered and determined by the Board.

Service contracts

Non-executive Directors have a contract for services which set out terms and obligations for their appointment.
The Executive Directors are employed on the same terms as other employees and their notice period is three months.

Pensions

The Executive Directors are able to participate in the Social Housing Pension Schemes on the same terms as all other eligible staff and the group contributes to the schemes on behalf of its employees. Non-executive Directors are not eligible to participate in any Group pension scheme.

Other benefits

The Executive Directors are only entitled to benefits available to all colleagues including a health cash plan. Full details of executive remuneration are set out in note 8 to the financial statements.

Statement of compliance

The Board report and financial statements have been prepared in accordance with applicable reporting standards and legislation.

Health and safety

Health and safety is an integral part of the proper management of all the undertakings over which the Group has control. The Group promotes safe practices and continuous improvement through a Health and Safety Group, and regional health and safety forums on which all parts of the Group are represented. Onward Group is committed to ensuring:

- The health, safety and welfare of all our customers, leaseholders, staff, contractors and third parties involved in the operations of the Group
- The safety of the general public who use or have access to premises or sites under its control
- The way in which it operates contributes to the wellbeing of the community at large.

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

Donations

The Group made charitable donations totalling £1,500 in the year. £500 to Homeless International and £1,000 to Liverpool Six Community Centre (2023: £500 to Homeless International). No political donations were made during the year.

Employee involvement

The Board recognises that its employees are its greatest asset and that it cannot achieve its aims and objectives without their involvement and contribution and commitment.

We communicate and consult with colleagues through the following groups;

- The Colleague Forum which includes representation from throughout our business and considers key employee related policies, pay and benefits and is the formal body for communication between our colleagues, the Executive Team and Board.
- The Colleague Equity Forum which includes representation from across our business and ensures that are focussed on inclusion, that we embrace diversity and ensure equality for our colleagues.

In addition, we have a number of communication channels supporting these formal groups including regular briefings, a colleague conference and an organisation wide intranet.

We are committed to developing a culture where equality and diversity is embedded and integral to what we do. We actively encourage our colleagues to bring their whole selves to work and we have a Diversity and Inclusion Strategy which aims to achieve an inclusive culture that respects and values differences and eliminates discrimination.

Corporate social responsibility

Our corporate plan defines the commitment we have made as a socially responsible organisation. We act as enablers, supporting people and communities to fulfil their aspirations and potential by giving them choice, control and responsibility. We want to be a great landlord and we also recognise the importance that good quality housing can have on peoples lives and where they live.

As an organisation we work in partnership with customers, local government, public services and private business. Doing more together, by sharing knowledge, coordinating resources and focusing on what will give our customers the best outcome.

The difference we make we have called 'The Onward Difference' and our colleagues are committed to delivering this every day to our customers.

We have articulated our social impact aspirations in a strategy that will ensure that everyone who works at Onward prioritises making or supporting positive social change as an integral part of their work. We want this approach to harness untapped talent and creativity in the communities we serve and to transform the relationship we have with customers, colleagues and partners.

DIRECTOR'S REPORT (continued)

Corporate social responsibility (continued)

We are on a journey to deliver this aspiration and to date we have made a number of key changes within our organisation to deliver the strategy.

Disclosure of information to auditor

So far as each of the Board members is aware, at the time this report is approved:

- There is no relevant information which the Group's auditor is unaware; and
- The Board has taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

Board members' responsibilities

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

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

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

- Select suitable accounting policies and then apply them consistently
- Make judgements and accounting estimates that are reasonable and prudent
- State whether applicable UK Accounting Standards and the Statement of Recommended Practice: Accounting by registered social housing providers 2019 have been followed, subject to any material departures disclosed and explained in the financial statements and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business

The Board members are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board is responsible for ensuring that the report of the board is prepared in accordance with the Statement of Recommended Practice: Accounting by registered social housing providers 2019.

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

Statement of internal control

The Board acknowledges its ultimate responsibility for ensuring that the Group has in place a sound system of internal control and risk management and for the review of the effectiveness of that system during the year.

The Audit and Risk Committee is responsible for monitoring this system and reporting on its effectiveness to the Board.

Internal controls are designed to identify and manage, rather than eliminate, risks which may prevent an organisation from achieving its objectives.

The system of internal control is designed to manage risk and give reasonable rather than absolute assurance with respect to:

- The achievement of key business objectives and expected outcomes
- The preparation and reliability of financial and performance information used within the organisation and for publication
- The maintenance of proper accounting and management records
- The safeguarding of assets against unauthorised use or disposal.

DIRECTOR'S REPORT (continued)

Statement of internal control (continued)

Our internal control and assurance arrangements comprise;

- A risk management framework which is embedded throughout our business and is regularly reviewed by management and Board. As part of this the Board has articulated the risk appetite of the organisation and regularly reviews this to ensure it remains relevant.
- A governance structure with clear delegation of authority from the Board, detailed within the Scheme of Delegation.
- A policy framework that aligns with our corporate objectives and provides a framework for our business to operate.
- A performance management framework that considers performance against a range of KPIs that are reported throughout the governance and management structure.
- Independent assurance arrangements, provided by our internal and external auditors in addition to a range of independent specialist assurance providers with reports to Board and Committee.
- Financial Controls that comprise detailed budget setting and performance monitoring, stress testing of our business plan and robust golden rules that are regularly reviewed by the Board.
- Resilience planning, we have established detailed winter planning arrangements to ensure we can respond to increased demand and the challenge of bad weather in addition to business continuity arrangements and disaster recovery plans.
- A meaningful customer engagement process that allows Onward to get the views of our customers on issues that matter to them and to triangulate their opinions with what we know from our performance management process.
- An increasing focus on data accuracy so we can be assured that the information we report is accurate and a sound basis for decision making.

Internal Audit

Internal controls are subject to regular independent review by Beever and Struthers our internal audit partners who provide assurance on the operation of the control framework and the management of risk. The internal audit plan was approved by the Audit and Risk Committee and the plan is regularly reviewed during the year to ensure it continues to reflect our risk environment.
The Audit and Risk Committee oversees the work of the internal auditor and is responsible for monitoring that actions identified as a result of internal audit findings and ensuring that they are implemented in a timely fashion.

External Audit

The work of the external auditors BDO LLP provides additional independent assurance over the adequacy of the internal control environment. The Group receives a management letter from the external auditor which details any internal control weaknesses identified during the year end audit. The Board itself, and through the activities of the Audit and Risk Committee, has reviewed the outcome of external audit work for 2023/24 and the external audit management letter.

Fraud

Onward has a zero tolerance approach to fraud and has a number of policies in place to support fraud prevention. In addition, fraud risk registers are maintained, and the controls tested to ensure controls established to prevent and detect fraud are operating effectively.

Information with respect to frauds is reported to the Audit and Risk Committee. The Board is responsible for reporting material fraud to the Regulator of Social Housing, no frauds have occurred during the year.
The Board has also established a Speak Up Policy which has been launched to the business and encourages colleagues to report any concerns or wrongdoings. Standards of conduct required from colleagues are detailed in the Code of Conduct.

Conclusion

The Board has considered the effectiveness of the system of internal control in place in the year ended 31 March 2024. The Board considers that governance, risk management and internal control arrangements are operating effectively.

Going concern

The Group’s business activities, its current financial position, total net assets of £395.8m; (2023: £386.0m) and factors likely to affect its future development are set out within the Strategic Report. The Group has in place long-term debt facilities of £865.9m (2023: £662.1m), of which £485.0m is undrawn (2023: £275.0m) and cash and cash equivalents of £26.1m (2022: £66.0m). The available cash and funding is adequate to finance committed reinvestment and development programmes, along with the Group’s day to day operations. The Group’s long-term business plan shows that it can service its debt facilities whilst continuing to comply with lenders’ covenants.

This has been a challenging period for The Group, which partly relates to an increased volume of cases of disrepair and associated legal costs. Rent increases during the financial year were capped in line with government policy, with increases being capped at 7%. During the period, the Group has been subject to price increases exceeding this level, and as such has absorbed much of these additional costs. This has put pressure on the operating surplus in 2024.

A 30-year business plan is produced annually to model future activity of the Group as well as to test for strategic resilience as a result of changes in the economic and political environment. The Group has modelled several scenarios using multiple variants to test the resilience of the business plan. The Board is confident that the Group can meet the requirements of any loan covenants and can put in place measures, if necessary, to address any unforeseen challenges if required. The Group has sufficient cash and undrawn facilities to cope with this impact.

Given the strength of the balance sheet and availability and liquidity of undrawn loan facilities the Board believes that, while uncertainty exists, this does not pose a material uncertainty that would cast doubt on the Group’s ability to continue as a going concern. The Board, therefore, consider it appropriate for the accounts to be prepared on a going concern basis.

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

Independent auditor

BDO LLP were appointed as auditors in the year. A resolution to appoint the Group’s auditor will be proposed at a forthcoming Board Meeting. BDO LLP have indicated their willingness to continue in office should a resolution concerning their reappointment be agreed by the Board.

The Directors’ Report, including the financial statements, was approved by the Board on 4th September 2024 and signed on its behalf by:

Sara Bryne
Company Secretary
Renaissance Court, 2 Christie Way, Didsbury, Manchester M21 7QY

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ONWARD GROUP LIMITED

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Association's affairs as at 31 March 2024 and of the Group's surplus and the Association's deficit for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

We have audited the financial statements of Onward Group Limited ("the Association") and its subsidiaries ("the Group") for the year ended 31 March 2024 which comprise the Group and Association statement of comprehensive income, Group and Association statement of changes in equity, Group and association statement of financial position, Group statement of cashflows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

Independence

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Board's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Board's assessment of the Group and the Parent Association's ability to continue to adopt the going concern basis of accounting included:

- Assessment of the internal forecasting process to confirm the projections are prepared by appropriate personnel that are aware of the detailed figures in the forecast but also have an understanding of the entity's market, strategy and profile of the customer base, and the potential impact that uncertain wider economic factors might have on these projections.
- Obtaining and assessing the availability of financing facilities, including the nature of facilities, repayment terms and financial covenants. We considered management's financial covenant compliance calculations and concluded on the consistency of such calculations with the ratios stated in the relevant lender agreements.
- Consideration of the forecasts prepared by management and challenge of the key assumptions based on our knowledge of the business. As referred to in basis of preparation note, management have modelled reasonably possible downside scenarios to incorporate the expected impact of economic factors noted above. We have considered the appropriateness of the downside scenarios in respect of the economic factors noted above and challenged management to confirm that they have suitably addressed the inputs, which are most susceptible to change, including those in respect of revenue, margins and cost savings.
- We challenged management on the suitability of the mitigating actions identified by management in their assessment and the quantum and period ascribed to these mitigating actions and whether such actions could be sustained without breaching banking covenants. We challenged the assumptions used and mitigating actions included within the various scenarios and reviewed the stress test calculations.
- We considered the adequacy of the disclosures in the financial statements against the requirements of the accounting standards and consistency of the disclosure against the forecasts and stress test scenario.

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

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

Overview

Coverage	*100% (2023: 100%) of Group result before tax* *100% (2023: 100%) of Group revenue* *100% (2023: 100%) of Group total assets*

Key audit matters		**2024**	**2023**
	Impairment of fixed asset housing properties	X	X
Materiality	*Group financial statements as a whole* £21m (2023: £1.9m) based on 1.5% of total assets (2023: 7% of operating surplus as defined by the covenants).		

An overview of the scope of our audit
Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Board that may have represented a risk of material misstatement.
A full scope statutory audit was carried out for each subsidiary of the group. Audit work on all components was performed by BDO UK both for the purposes of reporting on the individual financial statements and for group/consolidation purposes.

We identified one component which, in our view required an audit of its complete financial information due to its size or risk characteristics and was therefore considered to be a significant component.

Onward Homes Limited was identified as the only significant component due to its risk characteristics and size in comparison to the Group.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter		**How the scope of our audit addressed the key audit matter**
Impairment of fixed asset housing properties Note 2, 7 & 14 cover the relevant accounting policy and disclosures	Onward Group Limited Directors must assess at each reporting date whether there is any indicator of impairment of its housing properties. Where an indicator of impairment exists, the Directors must perform an impairment assessment which involves determining the level at which an impairment is to be assessed (i.e. the asset or cash-generating unit), estimating the recoverable amount of the asset or cash-generating unit, calculating the carrying amount of the asset or cash-generating unit and comparing the carrying amount to the recoverable amount to determine if an impairment loss has occurred. For social housing property this usually involves taking into account the specific impairment accounting requirements of the Housing SORP. In the year, no impairment loss was recognised in respect of housing properties. Given the level of judgement involved in determining the level at which the assessment takes place and the estimation involved in calculating the recoverable amount of the asset or cash-generating unit, we consider this to be a key audit matter.	We have obtained management's impairment review paper for the current financial period. We have assessed and challenged management's impairment indicators review to establish whether it was performed in line with the group accounting policy, the relevant accounting standard and the Housing SORP. We have performed procedures to further assess if impairment indicators have arisen. These procedures included; - Review of costs to complete of assets under construction to supporting information to ensure that this is accurately recorded. - We have engaged with the development team and reviewed minutes of meetings to ensure that the costs to complete are moving in line with the planned costs to complete. - Review of the voids report and that there are no schemes with significant void levels and therefore gives rise to an indicator of impairment. **Key observations:** Based on the evidence obtained we did not identify any exceptions.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Group financial statements		Parent Association financial statements	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Financial Statement materiality				
Materiality	20,650	2,369	43	157
Basis for determining materiality	1.5% of total assets (2023: 7% of adjusting operating surplus as defined by the covenants).		2% (2023:2%) of total assets. The decrease arises as result of an decrease in total assets in comparison with the prior period. Total assets is the key driver for the stakeholders.	
Performance materiality	14,455	1,658	30	110
Basis for determining performance materiality	70% (2023: 70%)			
Specific materiality				
Specific materiality	3,136	N/A	N/A	N/A
Basis for determining specific materiality	1.65% of revenue	N/A	N/A	N/A
Specific performance materiality	2,195	N/A	N/A	N/A
Basis for determining specific performance materiality	70% of materiality	N/A	N/A	N/A

Rationale for the materiality benchmark applied

The materiality benchmark in the previous year was adjusted operating surplus. We have reflected on our approach to materiality and concluded that for housing associations key stakeholders are primarily focused on the value of the stable, rented asset portfolio, as their debt is secured on these assets. Total assets is therefore considered to be the appropriate benchmark for determining overall materiality. However, we also determined that for other classes of transactions and balances in income and expenditure recognised within the statement of comprehensive income that are used in covenant calculations and sector benchmarking metrics, as well as other financial statement areas such as property for sale stock and rent arrears that are subject to greater scrutiny by key stakeholders, a misstatement of less than materiality for the financial statements as a whole could influence the economic decisions of the users of the financial statements. As a result, we applied a specific materiality calculated using Revenue as the benchmark to these balances and transactions. Revenue is considered to be a more stable metric to use for this purpose than adjusted operating surplus and is also more transparent and more easily understood by the users of the financial statements.

We have determined that 70% of materiality is an appropriate basis for performance materiality based on our previous experience of the audit and factors such as the low levels of misstatements previously identified partially offset by some areas of the financial statements subject to significant estimation uncertainty.

Component materiality

For the purposes of our Group audit opinion, we set materiality for each significant component of the Group, apart from the Parent Association whose materiality is set out above, based on a percentage of between 1.8% and 2.5% (2023: 1.8% and 2.5%) of individual entity financial result as result of performing a full scope audit on the components. Component materiality ranged from £31k to £19,824k (2023: £7k to £2,264k). In the audit of each component, we further applied performance materiality levels of 70% (2023: 70%) of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit & Risk Committee that we would report to them all individual audit differences in excess of £826k (2023:94k) in relation to financial statement materiality and £125k in relation to specific materiality (2023:N/A). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Responsibilities of the board

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Non-compliance with laws and regulations

Based on:

- Our understanding of the Group and the industry in which it operates;
- Discussion with management and those charged with governance, legal counsel, internal audit as well as audit and risk committee;
- Obtaining and understanding of the Group's policies and procedures regarding compliance with laws and regulations;
- Review of Financial Conduct Authority Regulatory Permissions; and
- Our knowledge of the laws and regulations specific to the sector

we considered the significant laws and regulations to be FRS 102, Co-Operative and Community Benefit Societies Act 2014, Direction for Private Registered Providers of Social Housing 2022, Financial Services and Markets Act 2000 (FSMA) and UK tax legislation.

The Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be the health and safety legislation, Employment Equity Act, data protection & Financial Conduct Authority Regulatory Permissions.

Our procedures in respect of the above included:

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

Fraud

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

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

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

Our procedures in respect of the above included:

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

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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

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

Use of our report

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

DocuSigned by:

BDO LLP

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BDO LLP
Statutory Auditor
Manchester, UK

09 September 2024

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

Statement of Comprehensive Income
for the year ended 31 March 2024

		Group		Association	
		2024	2023	**2024**	2023
	Notes	**£'000**	£'000	**£'000**	£'000
Turnover	3	**190,382**	171,929	**5,211**	5,425
Cost of sales	3	**(10,377)**	(7,216)	**-**	-
Operating costs	3	**(156,227)**	(145,490)	**(5,371)**	(5,581)
Gain on disposal of housing properties	3 and 6	**1,197**	551	**-**	-
Operating surplus		**24,975**	19,774	**(160)**	(156)
Share of operating gain in Joint Venture		**47**	258	**-**	-
Loss on disposal of other tangible fixed assets	10	**(753)**	(46)	**-**	-
Loss on disposal of investment properties	16	**(42)**	-	**-**	-
Interest receivable and similar income	11	**4,493**	3,916	**66**	18
Interest payable and similar charges	12	**(17,133)**	(12,856)	**-**	-
Surplus/(deficit) on ordinary activities before taxation		**11,587**	11,046	**(94)**	(138)
Taxation on surplus on ordinary activities	13	**-**	(363)	**-**	-
Surplus/(deficit) for the year after taxation		**11,587**	10,683	**(94)**	(138)
Other comprehensive income					
Actuarial (loss) in respect of pension schemes	30	**(1,745)**	(2,069)	**-**	-
Other comprehensive (loss) for the year		**(1,745)**	(2,069)	**-**	-
Total comprehensive income/(loss) for the year		**9,842**	8,614	**(94)**	(138)

The accompanying notes form part of these financial statements.

Historical cost surpluses and deficits are the same as those shown in the statement of comprehensive income.

The financial statements were approved by the Board on 4th September 2024 and signed on its behalf by:

……………………….	………………………….	…………………………….
Tim Johnston	Danielle James	Sara Bryne
Chair	Director	Company Secretary

Group Statement of Changes in Equity

	Non-equity share capital £'000	Revenue reserves £'000	Total reserves £'000
Balance at 31 March 2022	-	377,391	**377,391**
Total comprehensive income for the period			
Surplus for the year	-	10,683	**10,683**
Other comprehensive income Actuarial loss in respect of pension schemes	-	(2,069)	**(2,069)**
Balance at 31 March 2023	-	386,005	**386,005**
Total comprehensive income for the period			
Surplus for the year	-	11,587	**11,587**
Other comprehensive income Actuarial loss in respect of pension schemes	-	(1,745)	**(1,745)**
Balance at 31 March 2024	**-**	**395,847**	**395,847**

The accompanying notes form part of these financial statements.

Association Statement of Changes in Equity

	Non-equity share capital £'000	Revenue reserves £'000	Total reserves £'000
Balance at 31 March 2022	-	(2,780)	**(2,780)**
Total comprehensive income for the period			
Deficit for the year	-	(138)	**(138)**
Other comprehensive income Actuarial gain in respect of pension schemes	-	-	**-**
Balance at 31 March 2023	-	(2,918)	**(2,918)**
Total comprehensive income for the period			
Deficit for the year	-	(94)	**(94)**
Other comprehensive income Actuarial gain in respect of pension schemes	-	-	**-**
Balance at 31 March 2024	**-**	**(3,012)**	**(3,012)**

Statement of Financial Position
as at 31 March 2024

	Notes	Group 2024 £'000	Group 2023 £'000	Association 2024 £'000	Association 2023 £'000
Tangible fixed assets					
Housing properties	14	**1,236,030**	1,151,613	**-**	-
Investments including properties	15	**23,178**	20,395	**-**	-
Other tangible fixed assets	17	**23,824**	24,764	**699**	729
		1,283,032	1,196,772	**699**	729
Debtors due after one year	18	**24**	24	**-**	-
Current assets					
Properties for sale and work in progress	19	**46,185**	36,344	**-**	-
Debtors due within one year	20	**21,320**	17,648	**1,518**	2,389
Investments	21	**50**	50	**-**	-
Cash and cash equivalents		**26,123**	66,036	**330**	4,990
		93,678	120,078	**1,848**	7,379
Creditors: amounts falling due within one year	22	**(52,447)**	(46,250)	**(4,890)**	(10,327)
Net current assets/(liabilities)		**41,231**	73,828	**(3,042)**	(2,948)
Total assets less current liabilities		**1,324,287**	1,270,624	**(2,343)**	(2,219)
Creditors: amounts falling due after one year	23	**(913,466)**	(867,879)	**(669)**	(699)
Provisions for liabilities and charges	29	**(2,113)**	(1,113)	**-**	-
Pension liabilities	30	**(12,861)**	(15,627)	**-**	-
		(928,440)	(884,619)	**(669)**	(699)
Total net assets/(liabilities)		**395,847**	386,005	**(3,012)**	(2,918)
Capital and reserves					
Non-equity share capital	31	**-**	-	**-**	-
Revenue reserves		**395,847**	386,005	**(3,012)**	(2,918)
Total capital and reserves		**395,847**	386,005	**(3,012)**	(2,918)

The accompanying notes form part of these financial statements.

The financial statements were approved by the Board on 4th September 2024 and signed on its behalf by:

………………………… Tim Johnson, Chair

………………………… Dani James, Director

………………………… Sara Bryne, Company Secretary

Group Statement of Cash Flows
for the year ending 31 March 2024

	Notes	2024 £'000	2023 £'000
Net cash generated from operating activities		**50,283**	88,729
Cashflow from investing activities	36		
Purchase and construction of tangible fixed assets		**(123,115)**	(84,540)
Purchase of other tangible fixed assets	17	**(1,804)**	(655)
Grants received		**65,891**	40,690
Grant paid	25	**-**	(48)
Grants transferred to other HAs	25	**(5,020)**	(3,577)
Homebuy loans redeemed	26	**99**	-
Loan to Joint Venture Activity	15	**(1,300)**	(505)
Purchase/construction of investment property	15	**(970)**	(15)
Interest received	11	**619**	807
Net cash from investing activities		**(65,600)**	(47,843)
Cash flow from financing activities			
Interest paid	12	**(17,133)**	(12,399)
Debt issue costs incurred		**(1,235)**	-
Repayment of loans		**(13,228)**	(7,135)
New loans		**7,000**	-
Net cash from financing activities		**(24,596)**	(19,534)
Net change in cash and cash equivalents		**(39,913)**	21,352

Reconciliation of cashflow and cash equivalents

Cash and cash equivalents at start of year	**66,036**	44,684
(Decrease)/increase in cash in the year	**(39,913)**	21,352
Cash and cash equivalents at end of year	**26,123**	66,036

NOTES TO THE FINANCIAL STATEMENTS

1. Legal status

Onward Group Limited (the "Association") is registered under the Housing Act 1996 with the Regulator of Social Housing in England, as a Registered Provider of social housing with registration number of L4649. The registered office is Renaissance Court, 2 Christie Way, Didsbury, Manchester M21 7QY.

The Association is a non-charitable Registered Society under the Cooperative and Community Benefit Societies Act 2014. It is registered with the Financial Conduct Authority, registration number of 31216R. The Association is a public benefit entity.

Onward (the "Group") comprises the following entities. Onward Group Limited is the ultimate parent undertaking of the Group.

Organisation	Status	Principal Activity
Onward Group Limited	Registered Society	HARP*
Atrium City Living Limited	Private Limited Company (by shares)	Commercial property services
Contour Property Services Limited	Registered Society	Management Services
Onward Repairs Limited	Private Company Limited by Guarantee	Direct Labour Organisation
Onward Build Limited	Private Limited Company (by shares)	Development company
Onward Homes Limited	Registered Society	HARP*
Onward Pensions Trustee Limited	Private Limited Company (by shares)	Pension funding

* HARP – Housing Association Registered Provider

2. Accounting policies

a) Basis of accounting

The financial statements of the Group are prepared in accordance with Financial Reporting Standard 102 – the applicable financial reporting standard in the UK and Republic of Ireland (FRS 102) and the Statement of Recommended Practice: Accounting by Registered Social Housing Providers Update 2018 and comply with the Accounting Direction for Private Registered Providers of Social Housing 2019.

The financial statements are presented in sterling (£) and have been rounded to the nearest £1,000.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- The requirements of Section 7 Statement of Cash Flows;
- The requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- The requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- The requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- The requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Onward Group Limited as at 31 March 2024.

2. Accounting policies (continued)

b) Measurement convention

The financial statements are prepared on the historical cost basis except where fair value accounting is required for investment properties.

c) Going concern

The Group's business activities, its current financial position, net current assets of £395.6.0m; (2023: £386.0m) and factors likely to affect its future development are set out within the Strategic Report. The Group has in place long-term debt facilities of £865.9m (2023: £662.1m), of which £485.0m is undrawn (2023: £275.0m) and cash and cash equivalents of £26.1m (2022: £66.0m). The available cash and funding is adequate to finance committed reinvestment and development programmes, along with the Group's day to day operations. The Group's long-term business plan shows that it can service its debt facilities whilst continuing to comply with lenders' covenants.

This has been a challenging period for The Group, most notably due to the impact of a range of other inflationary pressures. Rent increases during the financial year were capped in line with government policy at 7%. During the period, The Group has been subject to price increases exceeding this level, and as such has absorbed much of these additional costs. This has put pressure on the operating surplus in 2024.

A 30-year business plan is produced annually to model future activity of the Group as well as to test for strategic resilience as a result of changes in the economic and political environment. The Group has modelled several scenarios using multiple variants to test the resilience of the business plan. The Board is confident that the Group can meet the requirements of any loan covenants and can put in place measures, if necessary, to address any unforeseen challenges if required. The Group has sufficient cash and undrawn facilities to cope with this impact.

Given the strength of the balance sheet and availability and liquidity of undrawn loan facilities the Board believes that, while uncertainty exists, this does not pose a material uncertainty that would cast doubt on the Group's ability to continue as a going concern. The Board, therefore, consider it appropriate for the accounts to be prepared on a going concern basis.

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

d) Judgement and estimates

Establishing the useful economic lives ("UEL") of components; The UEL of each component of our social benefit housing properties are reviewed at each reporting date and compared to actual performance to ensure the assumed lives remain appropriate. A review each year seeks to ensure that the UELs remaining terms and component splits are applied consistently. The professional opinion of the Assets team is sought based on their knowledge and experience.

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

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

2. Accounting policies (continued)

d) Judgement and estimates (continued)

Establishing the useful economic lives (”UEL”) of Other Fixed Assets; As with components, the UELs are estimated based on sector norms and actual performance. We do not believe that the UELs for the components need changing and therefore remain the same.

Investment property valuations; The Group reviews its properties’ classification and where properties do not meet the criteria for social benefit these have been identified and classified as investment properties. These non-financial assets have been valued at fair value.

The valuation is based on either third-party valuation reports or an update to those reported based on market conditions. The valuation is most sensitive to assumptions on rental growth and the discount rate applied to those cash flows. Onward relies on the assumptions and estimates applied by the valuer in accordance with the RICS red book valuation standards in determining the market valuation.

Impairment; In line with the impairment policy Onward undertake a review of its assets taking into account void levels, strategic reviews of certain asset types and development programme to ascertain if any impairment is required. Full analysis and rationale will be provided to support any impairment decision, where appropriate.

For Onward the particular areas considered were:

- Assets under construction, including Section 106 purchases;
- Completed development schemes;
- Assets/group of assets being considered under strategic reviews, such as sheltered schemes, geographical areas identified as needed operational change;
- Void analysis of units which shows high voids and/or hard to let units
- De-conversions where strategic decisions have been made to reclassify units to improve ability to let.
- Development schemes with cost overruns due to challenging economic conditions and increased cost of staffing and materials.
- The Preston blocks and the level of strategic voids held ahead of further regeneration plans.
- The rise in borrowing costs causing an increase in the cost to build.
- Contractor viability risk.

Basic financial instruments: Onward Group has various borrowings, all of which have been assessed and categorised as basic. The assessment of certain loans and interest rates fixes as basic financial instruments require judgement. The Group does not undertake any stand-alone hedging and does not deal in derivatives.

Bonds have been classed as a “basic financial instrument” as they meet the criteria under Section 11.9 of FRS 102.

Management have considered how bond and loan discount on issue should be dealt with in the financial statements and determined that these should be written off over the life of bond (31 years) using the effective interest rate method.

Management have considered how bond and loan issue costs should be dealt with in the financial statements and determined that these should be written off over the life of the respective instruments in equal annual instalments.

2. Accounting policies (continued)

d) Judgement and estimates (continued)

Defined benefit obligations; the cost of defined benefit pension plans and other post-employment benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases.

Due to the complexity of the valuation, the Group relies on the expert input of actuaries and accepts the estimations they use as reasonable.

Pension valuations will be affected by the impact of events on the stock markets, other asset valuations and changes to discount rates.

Leases; Categorising leases into finance leases or operating leases requires judgement. Management assess whether significant risk and rewards of ownership have transferred to the Group as lessor before determining categorisation. Management will assess each lease to determine where risk lies and report on this accordingly in the accounts.

Bad debt; A bad debt provision is held in the accounts to counter the risk of failure to recover current and former tenants rent and service charge arrears. A judgement is made based on the age of the debt whether it is likely to be recovered, despite actions by the neighbourhood teams. Therefore, based on previous practice and knowledge of debt recovery a provision is estimated. The policy also takes into account current year considerations, credit risk rates and any other condition that is present in the current period that was not present in the historic period.

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

Atrium City Living Limited has an investment in the Greater Manchester JV; Hive Homes (£3.0m), It is part of 10 other investors and therefore the accounting will be as a minority shareholder.

Business plan: Assumptions and factors considered in preparing and testing the business plan are within the tolerance levels previously shared with the Board. The plans are robust and resilient for the duration of the thirty years. The scenarios which show the different outcomes have all been thoroughly tested and shared demonstrating long term financial viability of Group.

Capitalisation of salaries: Within the capital cost of property, a proportion of development and investment team staff time has been included to recognise the time spent in managing and delivering the development and investment programmes. This cost is incurred as a result of the programmes and hence agreed to be capitalised. This has been continually reviewed throughout the year with changes made to reflect the current workloads and roles across the development and investment teams.

e) Basic financial instruments

Financial instruments which meet the criteria of a basic financial instrument as defined in Section 11 of FRS 102 are accounted for under an amortised historic cost model. These include bank loans, bonds and similar debt instruments.

Bonds are classed as a "basic financial liability" as they meet the criteria for "basic financial instruments" under Section 11.9 of FRS 102. They are initially recognised at the transaction price, including any discount on issue and transaction costs, and subsequently measured at amortised cost using the effective interest method. Coupons payable are also classed as "basic financial liabilities" and are recognised on the basis of the effective interest method, and are included in the finance costs, with any discount on issue and transaction costs being written off over the life of the bond.

The Group does not have any financial instruments which fall into the non-basic financial instrument category. The Group does not undertake any hedging activities and does not deal in derivatives.

2. Accounting policies (continued)

e) Basic financial instruments (continued)

Tenant arrears, trade and other debtors

Tenant arrears, trade and other debtors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Trade and other creditors

Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

f) Turnover

Group turnover represents rental and service charge income receivable (net of void losses), fees receivable, proceeds from first tranche sales of low-cost home ownership, from properties developed for open market sales and amortisation of Social Housing Grant (SHG) under the accrual model.

Rental income is recognised on the execution of tenancy agreements and covers rent charged up to and including 31 March. Proceeds on sales are recognised on practical completions. Other income is recognised as receivable on the delivery of services provided.

Association turnover represents income received for services provided to Group companies and income generated by the May Logan Centre. Turnover is recognised as receivable on the delivery of Group services provided.

g) Expenses

Cost of sales

Cost of sales represents the costs including capitalised interest and direct overheads incurred in the development of the properties, and marketing, and other incidental costs incurred in the sale of the properties.

Operating leases

Payments (excluding costs for services and insurance) made under operating leases are recognised in the statement of comprehensive income on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred.

2. Accounting policies (continued)

h) Interest

Interest payable and similar charges include interest payable and finance charges on liabilities recognised in the statement of comprehensive income using the effective interest method and unwinding of the discount on provisions. Borrowing costs that are directly attributable to the acquisition, construction or production of housing properties that take a substantial time to be prepared for use are capitalised as part of the cost of that asset.

Other interest receivable and similar income includes interest receivable on funds invested.

i) Taxation

The Group comprises charitable and non charitable entities. Where activities may fall within the scope of the relevant tax regulations and may be subject to tax liability the entity provides for this where appropriate on the basis of amounts expected to be paid to the tax authorities.

The tax charge for the year is based on the profit for the year end and includes current tax on any taxable profits for the year and deferred taxation. Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated. Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. If and when all conditions for retaining tax allowances for the cost of a fixed asset have been met, the deferred tax is reversed.

Deferred tax is calculated using the tax rates and laws that that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

j) Value added tax

The Group is VAT registered but a large proportion of its income, rent, is exempt from VAT giving rise to a partial exemption calculation. Therefore, the financial statements includes VAT to the extent that it is suffered by the Group and not recoverable from HM Revenue and Customs. The balance of VAT payable or recoverable at the year-end is included as a current liability or asset.

k) Tangible fixed assets - housing properties

Tangible fixed assets – housing properties are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the cost of acquiring land and buildings, directly attributable development costs, interest at the average cost of borrowing for the development period, and expenditure incurred in respect of improvements which comprise the modernisation and extension of existing properties.

Shared ownership properties are split between current assets and fixed assets based on percentage of equity retained, less any provisions needed for impairment or depreciation. The first tranche proportion is classified as current asset and related sales proceeds included in turnover. The remaining element is classified as fixed asset and included in housing properties at cost, less any provisions needed for depreciation or impairment.

The capital cost of property includes a proportion of development and investment team staff time to recognise the time spent in managing and delivering the development and investment programmes. This cost is incurred as a result of the programmes and hence capitalised.

2. Accounting policies (continued)

k) Tangible fixed assets - housing properties (continued)

Depreciation

Depreciation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of each component part of housing properties. Freehold land is not depreciated. The estimated useful lives of assets which are separately identified are as follows:

Housing structure	100 years
Boundary walls and car hard-standings	50 years
Roofs	50 years
Windows	30 years
Electrical installation	30 years
Bathrooms	30 years
Fascia	40 years
External doors	30 years
Boilers	15 years
Air source heat pumps	15 years
Heating systems	30 years
Kitchens	20 years
External Wall insulation	30 years
Adaptations	15 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the Group expects to consume an asset's future economic benefits.

Non-component works to existing properties

The amount of expenditure incurred which relates to an improvement, which is defined as an increase in the net rental stream or the life of a property, has been capitalised. Expenditure incurred on other major repairs, cyclical and day-to-day repairs to housing properties is charged to the statement of comprehensive income in the period in which it is incurred.

Interest capitalised

Interest on borrowings is capitalised to housing properties within Onward Homes during the course of construction up to the date of completion of each scheme.

Interest on borrowing costs within Onward Build is capitalised against properties held for sale and work in progress due to the design and build nature of the entity. Once the properties reach golden brick stage the assets will be sold to Onward Homes on an arm's length basis.

The interest capitalised is either on borrowings specifically taken to finance a scheme or on net borrowings to the extent that they are deemed to be financing a scheme. This treatment applies irrespective of the original purpose for which the loan was raised.

Interest has been capitalised at an average rate that reflects the weighted average effective interest rate on the entity's borrowings required to finance housing property developments.

l) Social Housing Grant

Social Housing Grant (SHG) is initially recognised at fair value as a long term liability, specifically as deferred grant income and released through the statement of comprehensive income as turnover income over the life of the structure of housing properties in accordance with the accrual method applicable to social landlords accounting for housing properties at cost.

Accounting policies (continued)

m) Social Housing Grant (cont'd)

On disposal of properties, all associated SHG is transferred to the Recycled Capital Grant Fund (RCGF) until the grant is recycled or repaid to reflect the existing obligation under the social housing grant funding regime.

Where individual components are disposed of and this does not create a relevant event for recycling purposes, any grant which has been allocated to the component is released to income and expenditure. Upon disposal of the associated property, the group is required to recycle these proceeds and recognise them as a liability.

n) Other grants

These include grants from local authorities and other organisations. Grants in respect of revenue expenditure are credited to the statement of comprehensive income in the same period as the expenditure to which they relate. Other grants which are received in advance of expenditure are included as a liability. Grants received from other organisations are accounted for in accordance with the performance method.

o) Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are recognised initially at cost. Investment properties whose fair value can be measured reliably without undue cost or effort are held at fair value. Any gains or losses arising from changes in the fair value are recognised in the statement of comprehensive income in the period that they arise. Rental income from investment property is accounted for as described in the turnover accounting policy.

p) Shared equity investments

Investments in shared equity arrangements are stated at cost as concessionary loans. They are subsequently updated to reflect any impairment loss which would be recognised in the statement of comprehensive income and any accrued interest payable or receivable. At the present time there is no interest charge and the loans are repayable at the time the property is disposed of by the owner. Security is in the form of a second legal charge over the property.

q) Investment in joint ventures

Investments in joint ventures are stated at cost less any accumulated impairment losses.

Any distributions received from the investment will be recognised as income without regard to whether the distributions are from accumulated profits of the jointly controlled entity arising before or after the date of acquisition.

r) Properties held for sale and work in progress

Shared ownership first tranche sales and property under construction are valued at the lower of cost and estimated selling price less cost to complete and sell. Cost comprises materials, direct labour and direct development overheads. Estimated sales price is stated after allowing for all further costs of completion and disposal.

s) Impairment of housing properties

A financial asset not carried at fair value through the statement of comprehensive income is assessed at each reporting date to determine whether there is objective evidence that it is impaired.

A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

2. Accounting policies (continued)

s) Impairment of housing properties (continued)

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its fair value less cost to sell and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the group would receive for the asset if it were to be sold at the reporting date.

Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in the statement of comprehensive income.

When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the statement of comprehensive income.

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

t) Housing property sales

Completed properties and properties under construction for open market sales are recognised at the lower of cost and net realisable value. Cost comprises materials, direct labour and direct development overheads. Interest incurred is also capitalised during the course of obtaining planning and throughout the work in progress up to the point of practical completion of the development scheme.

Assessing net realisable value requires use of estimation techniques. In making this assessment, management considers publicly available information and internal forecasts on future sales activity. Net realisable value is based on estimated sales price after allowing for all further costs of completion and disposal.

Properties sold through customers exercising their preserved right to buy or right to acquire, proceeds from the first tranche sales of shared ownership properties, subsequent tranche sales and properties sold that were developed or acquired for outright sale are included within turnover as part of normal operating activities.

u) Intangible assets

Intangible assets relate to the initial procurement of new software to support business transactions and processing. Amortisation is provided on a straight line basis on the cost of intangible fixed assets to write them down to their estimated residual values over their expected useful lives. The principal annual rate used for other assets is as follows.

Computer software	3 years

v) Other tangible fixed assets

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

2. Accounting policies (continued)

v) Other tangible fixed assets (continued)

Depreciation is provided on a straight line basis on the cost of other tangible fixed assets to write them down to their estimated residual values over their expected useful lives. No depreciation is provided on freehold land. The principal annual rates used for other assets are as follows:

Office premises	50 years
Office improvements	10 years
Furniture, fixtures and fittings	5 years
Motor vehicles	4 years
Computers and office equipment	3 years
Scheme equipment	Over expected life of component

During the year the ‘computer and office equipment component’ was expanded to include all IT hardware including laptops, iPads and mobile phones. The UEL of these types of assets is commensurate with 3 years as detailed above.

w) Bad debt provisions

A bad debt provision is held against the risk of failure to recover current and former tenant rent and service charge arrears. The provision is calculated as at 31 March and any adjustment required is written off orback through the statement of comprehensive income.

The provision is calculated in line with the following aged debt:

• Current arrears aged 1-8 weeks	10%
• Current arrears aged 9-16 weeks	50%
• Current arrears aged 17-32 weeks	75%
• Current arrears aged 33+ weeks	90%
• Former arrears	100%
• Other debts (accounts receivable)	Case by case basis

w) Property managed by agents

Where the Group carries the financial risk on property managed by agents, all the income and expenditure arising from the property is included in the statement of comprehensive income.

Where the agency carries the financial risk, the statement of comprehensive income includes only that income and expenditure which relates solely to the Group.

x) Provisions

A provision is recognised in the statement of financial position when the group has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

The Group provides for public liability claims based on known cases and is measured at estimated cost of claim. It also provides for annual leave accrued by employees as a result of services rendered in the current period, and which employees are entitled to carry forward and use within the next 12 months. The liability is measured at actual salary costs payable for the period.

y) Employee benefits

Defined contribution plans and other long term employee benefits

A defined contribution plan is a post-employment benefit plan under which the group pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts.

2. Accounting policies (continued)

y) Employee benefits (continued)

Obligations for contributions to defined contribution pension plans are recognised as an expense in the statement of comprehensive income in the periods during which services are rendered by employees.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The group's net obligation in respect of defined benefit plans and other long term employee benefits is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted. The group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate as determined at the beginning of the annual period to the net defined benefit liability (asset) taking account of changes arising as a result of contributions and benefit payments.

The discount rate is the yield at the statement of financial position date on AA credit rated bonds denominated in the currency of and having maturity dates approximating to the terms of the group's obligations. A valuation is performed annually by a qualified actuary using the projected unit credit method. The group recognises net defined benefit plan assets to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

Changes in the net defined benefit liability arising from employee service rendered during the period, net interest on net defined benefit liability, and the cost of plan introductions, benefit changes, curtailments and settlements during the period are recognised in the statement of comprehensive income.

Re-measurement of the net defined benefit liability/asset is also recognised in the statement of comprehensive income.

The Group participates in two defined benefit plans as set out below:

- LGPS schemes –Greater Manchester Pension Fund
- Onward Pension Scheme – Onward Homes Limited

Termination benefits

Termination benefits are recognised as an expense when the group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

Termination benefits for voluntary redundancies are recognised as an expense if the group has made an offer of voluntary redundancy, it is probably that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than twelve months after the reporting date, then they are discounted to their present value.

z) Basis of consolidation

The Group accounts consolidate the accounts of the Association and all it's subsidiaries at 31st March as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

3. Turnover, cost of sales, operating costs and operating surplus

	Group							
	2024				2023			
	Turnover	Cost of sales	Operating costs	Operating surplus	Turnover	Cost of sales	Operating costs	Operating surplus
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Social housing lettings								
General needs accommodation	**122,476**	**-**	**(109,042)**	**13,434**	113,345	-	(96,106)	17,239
Older persons housing	**25,902**	**-**	**(18,221)**	**7,681**	21,313	-	(18,950)	2,363
Supported housing	**17,767**	**-**	**(14,113)**	**3,654**	13,323	-	(12,525)	798
Low cost home ownership	**3,771**	**-**	**(3,170)**	**601**	3,308	-	(2,854)	454
	169,916	**-**	**(144,546)**	**25,370**	151,289	-	(130,435)	20,854
Other social housing activities								
Regeneration and development	**1,297**	**-**	**(4,054)**	**(2,757)**	2,104	-	(3,881)	(1,777)
Management services	**1,398**	**-**	**-**	**1,398**	1,340	-	-	1,340
Estate services	**-**	**-**	**(773)**	**(773)**	-	-	(389)	(389)
Shared Ownership first tranche sales	**11,187**	**(10,377)**	**-**	**810**	8,510	(7,216)	-	1,294
Other	**-**	**-**	**(298)**	**(298)**	-	-	(302)	(302)
	13,882	**(10,377)**	**(5,125)**	**(1,620)**	11,954	(7,216)	(4,572)	166
Total social housing activities	**183,798**	**(10,377)**	**(149,671)**	**23,750**	163,243	(7,216)	(135,007)	21,020
Non-social housing activities								
Market rent	**1,296**	**-**	**(378)**	**918**	1,089	-	(573)	516
Revaluation of investment properties	**553**	**-**	**-**	**553**	2,620	-	-	2,620
Commercial	**1,227**	**-**	**(1,434)**	**(207)**	1,509	-	(2,092)	(583)
Management Services	**1,941**	**-**	**(2,619)**	**(678)**	2,025	-	(2,546)	(521)
Leaseholders	**1,371**	**-**	**(701)**	**670**	1,157	-	(235)	922
Impairment of assets under construction	**-**	**-**	**-**	**-**	-	-	(3,553)	(3,553)
Other	**196**	**-**	**(1,424)**	**(1,228)**	286	-	(1,484)	(1,198)
Total non-social housing activities	**6,584**	**-**	**(6,556)**	**28**	8,686	-	(10,483)	(1,797)
Total	**190,382**	**(10,377)**	**(156,227)**	**23,778**	171,929	(7,216)	(145,490)	19,223
Gain on disposal of housing properties (note 6)	**1,197**	**-**	**-**	**1,197**	551	-	-	551
Total	**191,579**	**(10,377)**	**(156,227)**	**24,975**	172,480	(7,216)	(145,490)	19,774

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

	Association							
	2024				2023			
	Turnover	Cost of sales	Operating costs	Operating surplus	Turnover	Cost of sales	Operating costs	Operating surplus
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Social housing lettings	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-
Other social housing activities	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-
Gain/(loss) on disposal of housing properties	-	-	-	-	-	-	-	-
Total social housing activities	-	-	-	-	-	-	-	-
Non-social housing activities								
Management services	**5,052**	-	**(4,645)**	**407**	5,158	-	(4,710)	448
Other	**159**	-	**(726)**	**(567)**	267	-	(871)	(604)
Total non-social housing activities	**5,211**	-	**(5,371)**	**(160)**	5,425	-	(5,581)	(156)
Total	**5,211**	-	**(5,371)**	**(160)**	5,425	-	(5,581)	(156)

4. Income and expenditure from social housing lettings

	Group					
	General needs accommodation	**Older persons housing**	**Supported housing**	**Low cost home ownership**	**Total 2024**	Total 2023
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	£'000
Income						
Rents receivable net of voids	111,136	16,786	10,571	2,946	**141,439**	131,286
Service charge income	6,153	8,505	6,635	558	**21,851**	13,316
Amortised government grants	4,883	600	559	246	**6,288**	6,226
Supporting people grants	-	1	-	1	**2**	34
Other income from social housing	304	10	2	20	**336**	427
Turnover from social housing lettings	**122,476**	**25,902**	**17,767**	**3,771**	**169,916**	151,289
Expenditure						
Management	(23,014)	(4,275)	(3,256)	(1,424)	**(31,969)**	(30,301)
Service charge costs	(10,461)	(5,503)	(4,488)	(465)	**(20,917)**	(18,497)
Routine maintenance	(38,300)	(3,590)	(2,339)	(361)	**(44,590)**	(36,753)
Planned maintenance	(16,503)	(2,282)	(2,152)	(217)	**(21,154)**	(20,601)
Major repairs expenditure	(1,155)	(90)	(58)	(21)	**(1,324)**	(1,252)
Rent losses from bad debts	(903)	(222)	(180)	(7)	**(1,312)**	(456)
Depreciation of housing properties	(18,678)	(2,259)	(1,587)	(503)	**(23,027)**	(22,419)
Housing impairment charge (note 14)	-	-	-	-	**-**	-
Other costs	(28)	-	(53)	(172)	**(253)**	(156)
Expenditure on social housing lettings	**(109,042)**	**(18,221)**	**(14,113)**	**(3,170)**	**(144,546)**	(130,435)
Operating surplus on social housing lettings	**13,434**	**7,681**	**3,654**	**601**	**25,370**	20,854
Void losses	**(1,621)**	**(512)**	**(2,185)**	**-**	**(4,318)**	(3,109)

5. Accommodation owned, managed and under development

	2024 Number	2023 Number
The number of properties in ownership at the year-end were:		
General needs accommodation (social rent)	**20,262**	20,265
General needs accommodation (affordable rent)	**2,396**	2,237
Older persons housing	**3,886**	3,874
Supported housing	**1,648**	1,663
Low-cost home ownership	**1,408**	1,308
	29,600	29,347
The number of properties in ownership but managed by others at the year-end were:		
General needs accommodation (social rent)	**2**	2
Supported housing	**291**	337
Total homes owned	**29,893**	29,686
Accommodation managed by other bodies	**(293)**	(339)
Accommodation managed for other bodies / owner occupiers	**795**	917
Leasehold	**4,889**	5,064
Total homes managed	**35,284**	35,328

Non-social housing in ownership and management at the year-end:		
Market rent	**169**	156
	169	156

The number of properties under development at the year-end were:		
General needs accommodation	**856**	684
Rent to buy home ownership	**422**	59
Open market sales	**102**	103
Supported housing	**91**	91
Low-cost home ownership	**535**	427
	2,006	1,364

6. Disposal of housing properties

	2024 £'000	2023 £'000
Disposal proceeds from property sales	6,876	6,653
Proceeds from land sales	1	14
Total proceeds	**6,877**	6,667
Carrying value of fixed assets from property sales	(2,449)	(3,513)
Costs on disposal	(3,231)	(2,603)
Gain on disposal of housing properties	**1,197**	551

	2024 Number	2023 Number
Analysis of housing property sales		
Preserved Right to Buy sales	24	20
Right to Acquire	13	15
Shared ownership staircasing	15	36
Other sales	32	19
	84	90

7. Operating surplus

	Group		Association	
Operating surplus is stated after charging:	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Depreciation of housing properties (note 14)	23,160	22,488	-	-
Depreciation of other fixed assets (note 17)	1,166	962	30	30
Impairment of housing properties	-	-	-	-
(Gain) on disposal of housing properties (note 6)	(1,197)	(551)	-	-
Loss on disposal of other tangible fixed assets (note 10)	753	46	-	-
Loss on disposal of investment properties (note 16)	42	-	-	-
Amortisation of government grant (note 25)	(6,432)	(6,379)	(30)	(30)
Revaluation of investment properties (note 15)	(553)	(2,620)	-	-
Operating lease receipts (note 28)	(959)	(857)	-	-
Operating lease payments (note 28)	1,800	801	-	-
Auditor's remuneration (excluding VAT): In their capacity as auditors	165	153	1	1
Other services	12	-	-	-

Audit fees and fees to the auditors for other services were paid by Onward Group Limited in the year and recharged via group charges to all subsidiaries.

8. Board members

The Directors including Executive Directors are as listed on page 2.	Group	
	2024 £'000	2023 £'000
The aggregate emoluments paid to or receivable by non-Executive Directors and former Non-executive Directors	163	145
The aggregate emoluments paid to or receivable by Executive Directors and former Executive Directors (including pension contributions and benefits in kind)	844	773
The aggregate amount of pension contributions in respect of services as Directors	122	106
The aggregate compensation paid to or receivable by Executive Directors or past Directors in respect of loss of office (whether by retirement or otherwise)	-	-
The emoluments paid to the highest paid Director (excluding pension contributions but including benefits in kind)	228	212
Pension contributions for the highest paid Director	22	21

The Chief Executive is the highest paid member of the Executive Team and is paid through Onward Homes Limited. Her total emoluments including employer pension contributions equated to £250k (2023: £233k) made up of salary £206k (2023: £191k), pension £22k (2023: £21k) and salary sacrifice £22k (2023: £21k).

The Chief Executive is an ordinary member of the defined contribution Onward Pension Plan (OPP). No enhanced or special terms apply to her membership, and she has no other pension arrangement to which the group contributes.

The emoluments (including pension contributions and benefits in kind) or fees paid to Non-executive Directors on the Board were as follows:

	Group	
	2024 £'000	2023 £'000
R Barber	19	19
W Dignan	16	19
K Keane	19	16
P High	-	14
M Verrier	-	15
D Burgher	19	16
T Johnston	33	30
K Jones	16	16
T Kokkinos	19	3
D Hampson	15	1
K Tupling	16	-

9. Employee information

	Group		Association	
	2024 Number	2023 Number	**2024 Number**	2023 Number
Average number of employees (including Executive Directors) expressed as full time equivalents (based on an average of 35 hours per week)	**970**	913	-	-

	Group		Association	
	2024 £'000	2023 £'000	**2024 £'000**	2023 £'000
Staff costs (for the above persons)				
Wages and salaries	33,100	29,851	-	-
Social security costs	3,251	3,056	-	-
Other pension costs	4,029	3,606	-	-
Severance payments	513	91	-	-
	40,893	36,604	-	-

A number of the staff detailed above are employed on joint contracts to provide services for member organisations. Salary costs in respect of these services are included in administration recharges to member organisations.

The aggregate number of full time equivalent staff (based on an average of 35 hours) whose remuneration (including salaries, benefits in kind, pension contributions paid by the employer and any termination payments) exceeded £60,000 were as follows:

	Group	
Remuneration between	**2024 £'000**	2023 £'000
£60,000 and £69,999	**26**	13
£70,000 and £79,999	**13**	18
£80,000 and £89,999	**10**	9
£90,000 and £99,999	**7**	4
£100,000 and £109,999	**-**	3
£110,000 and £119,999	**3**	5
£120,000 and £129,999	**4**	1
£130,000 and £139,999	**2**	1
£140,000 and £149,999	**1**	1
£150,000 and £159,999	**3**	1
£170,000 and £179,999	**-**	-
£180,000 and £189,999	**-**	1
£200,000 and £209,999	**1**	-
£230,000 and £239,999	**-**	1
£240,000 and £249,999	**-**	-
£250,000 and £259,999	**1**	-

10. Disposal of other tangible fixed assets

	Group 2024 £'000	Group 2023 £'000	Association 2024 £'000	Association 2023 £'000
Disposal proceeds from other fixed assets – vehicles	7	-	-	-
Disposal proceeds from other fixed assets – land and buildings	818	-	-	-
Carrying value of other fixed assets	(1,578)	(46)	-	-
(Loss) on disposal of other fixed assets	(753)	(46)	-	-

11. Interest receivable and similar income

	Group 2024 £'000	Group 2023 £'000	Association 2024 £'000	Association 2023 £'000
Bank and building society interest	619	290	66	18
Interest income on net defined benefit plan assets (note 38)	3,589	3,209	-	-
Joint venture loan interest	285	417	-	-
Other interest and dividends	-	-	-	-
	4,493	3,916	-	-

12. Interest payable and similar charges

	Group 2024 £'000	Group 2023 £'000	Association 2024 £'000	Association 2023 £'000
Interest payable on bank and building society loans	7,383	5,458	-	-
Interest payable on bond	5,875	5,872	-	-
Amortised bond arrangement fee	49	(9)	-	-
Bond admin fee	17	21		
Interest payable on other loans	-	-	-	-
Amortised loan arrangement fees	544	(121)	-	-
Loan administration fees	78	130	-	-
Loan security costs	159	49	-	-
Non utilisation fees	1,251	832	-	-
Interest expense on net defined benefit liabilities	4,290	3,640	-	-
	19,646	15,872	-	
Capitalised interest	(2,513)	(3,016)	-	-
	17,133	**12,856**	-	-

Interest has been capitalised at 4.0% (2023: 4.0%) per annum.

During 22/23 bond and loan arrangement fees of £64k and £323k respectively were capitalised in year that related to the 21/22 financial year.

13. Taxation

	Group		Association	
	2024 £'000	2023 £'000	**2024 £'000**	2023 £'000
UK corporation tax				
Current tax charge for the year	**-**	-	**-**	-
Adjustment in respect of previous years	**-**	-	**-**	-
	-	-	**-**	-
Deferred tax				
Origination and reversal of timing differences	**-**	208	**-**	-
Adjustments in respect of previous years	**-**	155	**-**	-
Effect of tax change on opening balance	**-**	-	**-**	-
	-	363	**-**	-
Total tax on surplus on ordinary activities	**-**	363	**-**	-

All amounts of taxation are recognised in the statement of comprehensive income.

Factors affecting the tax charge for the period

The current rate of tax for the year is the same as the standard rate of corporation tax in the UK of 25% (2023:19%). The differences are explained below:

	Group		Association	
	2024 £'000	2023 £'000	**2024 £'000**	2023 £'000
Surplus on ordinary activities before taxation	**11,587**	15,034	**(94)**	(138)
Current tax at standard corporation tax rate	**2,897**	2,856	**(7)**	(26)
Effects of tax free income due to charitable activities	**(3,094)**	(3,233)	**-**	-
Fixed asset differences	**7**	(27)	**8**	(27)
Expenses not deductible for tax purposes	**1**	2	**-**	1
Group relief surrender / claim for no payment	**-**	-	**-**	-
Income not taxable for tax purposes	**(8)**	(101)	**(8)**	-
Adjustments in respect of prior periods	**-**	-	**-**	-
Loss carry back	**-**	-	**-**	-
Tax rate differences on deferred tax	**-**	(92)	**-**	-
Deferred tax not recognised	**197**	803	**7**	52
Chargeable gains/(losses)	**-**	-	**-**	-
Tax impact on exceptional items*	**-**	-	**-**	-
Adjustments in respect of prior periods – deferred tax	**-**	155	**-**	-
Total tax on charge on surplus on ordinary activities	**-**	363	**-**	-

As of 1 April 2023, the main rate of corporation tax in the UK was 25% (2023: 19%).

13. Taxation (continued)

	Group		Association	
	2024 £'000	2023 £'000	**2024 £'000**	2023 £'000
Net tax (asset)/liability at start of the year	**188**	(551)	**-**	-
Prior year adjustment	**-**	-	**-**	-
Difference between accumulated depreciation and capital allowances	**-**	-	**-**	-
Deferred tax charges in statement of comprehensive income	**-**	363	**-**	-
Unused tax losses	**-**	-	**-**	-
Net tax (asset)/liability at end of the year	**188**	188	**-**	-

In addition to the deferred tax asset above, the Group has additional unrecognised gross tax losses of £9,239,360 (2023: £7,022,000) in respect of losses carried forward, short term timing differences and accelerated capital allowances. In addition to the deferred tax asset above, the Group has an unrecognised deferred tax asset of £2,309,840 (2023: £1,755,000) in respect of losses carried forward, short term timing differences and accelerated capital allowances.

14. Housing properties

	Social housing properties held for letting £'000	Social housing properties under construction £'000	Completed low-cost home ownership properties £'000	Low-cost home ownership properties under construction £'000	Total £'000
Cost					
At 1 April 2023	1,353,940	42,934	64,604	14,541	1,476,019
Additions	32,585	59,786	-	31,735	124,106
Capitalised interest	-	1,513	-	1,000	2,513
Disposals	(2,664)	-	(493)	-	(3,157)
Component Write Offs	(6,995)	-	-	-	(6,995)
Transfer from/(to) stock	-	-	-	(13,221)	(13,221)
Transfer to abortive works	-	-	-	(101)	(101)
Transfer to Investments	(1,144)	-	-	-	(1,144)
Transfer on completion	29,342	(29,342)	11,958	(11,958)	-
At 31 March 2024	**1,405,064**	**74,891**	**76,069**	**21,996**	**1,578,020**
Depreciation					
At 1 April 2023	(315,488)	-	(4,471)	-	(319,959)
Charge for the year	(22,694)	-	(466)	-	(23,160)
Disposals	688	-	57	-	745
Component write-offs	4,587	-	-	-	4,587
Transfer to Investments	244	-	-	-	244
At 31 March 2024	**(332,663)**	**-**	**(4,880)**	**-**	**(337,543)**
Impairment					
At 1 April 2023	(3,671)	(285)	-	(491)	(4,447)
Charge for the year	(286)	285	(490)	491	-
Transferred to completed	-	-	-	-	-
At 31 March 2024	**(3,957)**	**-**	**(490)**	**-**	**(4,447)**
Net Book Value					
At 1 April 2023	1,034,781	42,649	60,133	14,050	1,151,613
At 31 March 2024	**1,068,444**	**74,891**	**70,699**	**21,996**	**1,236,030**
Freehold	877,907	74,891	70,593	21,996	**1,045,387**
Long-leasehold	190,537	-	106	-	**190,643**
At 31 March 2024	**1,068,444**	**78,891**	**70,699**	**21,996**	**1,236,030**

Additions to housing properties in the year included improvement works to existing properties of £32,585,000 (2023: £29,471,000) and capitalised interest of £2,513,000 (2023: £1,991,000) at an average rate of 4.0% (2023: 4.0%). Expenditure on works to existing properties charged to the statement of comprehensive income totalled £65,744,000 (2023: £57,354,000).

15. Investments including properties

	Group					Association	
	Joint venture investment	Joint venture share profit/(loss)	Investment properties	Shared equity investments	Total	Shares in subsidiary undertaking	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2023	961	226	18,818	390	20,395	-	-
Purchase of investment properties	-	-	970	-	**970**	-	-
Transfer from housing properties	-	-	900	-	**900**	-	-
Disposals	-	-	(714)	-	**(714)**	-	-
Investment in JV	1,300	-	-	-	**1,300**	-	-
JV profit released	-	(226)	-	-	**(226)**	-	-
Revaluation	-	-	553	-	**553**	-	-
At 31 March 2024	**2,261**	**-**	**20,527**	**390**	**23,178**	**-**	**-**

The investment in year of £1,300,000 relates to additional equity in the Greater Manchester Joint Venture (GMJV)(Hive). No operating profit (2023: £258,000) has also been recognised in the accounts for GMJV.

Full valuations of existing properties were carried out in March 2024 by an external valuer, Thomson Associates, Chartered Surveyors in accordance with the RICS Appraisal and Valuation Manual. Their report indicated that the market value of investment property was £20.4 million, representing an increase in value of £0.55m

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

	Group	
	2024 £'000	2023 £'000
Historic costs	12,150	20,316
Accumulated depreciation	(2,171)	(1,928)
	9,979	18,388

15. Investments including properties (Continued)

The Group comprises the following entities, all registered in England:

Organisation	Status	Registration number	Principal activity	Share capital held £
Onward Group Limited	Registered Society	31216R	HARP	N/A
Atrium City Living Limited	Private Limited Company (by shares)	4710066	Commercial property services	50,001
Contour Property Services Limited	Registered Society	23975R	Management services	1
Onward Repairs Limited	Private Company Limited by Guarantee	3538264	Direct Labour Organisation	1
Onward Build Limited	Private Limited Company (by shares)	10665852	Development company	100
Onward Homes Limited	Registered Society	17186R	HARP*	1
Onward Pensions Trustee Limited	Private Limited Company (by shares)	10667578	Pension funding	100

Onward Group Limited is the ultimate parent undertaking

* HARP – Housing Association Registered Provider

16. Disposal of investment properties

	2024 £'000	2023 £'000
Carrying value of investment properties	(713)	-
Associated cost to sell	(2)	-
Sales proceeds	673	-
Loss on disposal	**(42)**	-

17. Other tangible fixed assets

	Group			
	Freehold land and buildings £'000	Scheme equipment £'000	Vehicles, fixtures and equipment £'000	Total £'000
Cost				
At 1 April 2023	27,955	4,331	1,475	33,761
Additions	612	557	635	1,804
Disposals	(2,058)	-	(19)	(2,077)
At 31 March 2024	**26,509**	**4,888**	**2,091**	**33,488**
Depreciation				
At 1 April 2023	(5,934)	(1,698)	(1,365)	(8,997)
Charge for the year	(707)	(366)	(93)	(1,166)
Disposals	480	-	19	499
At 31 March 2024	**(6,161)**	**(2,064)**	**(1,439)**	**(9,664)**
Net book value				
At 1 April 2023	22,021	2,633	110	24,764
At 31 March 2024	**20,348**	**2,824**	**652**	**23,824**

	Association	
	Freehold land and buildings £'000	Total £'000
Cost		
At 1 April 2023	1,519	1,519
Additions	-	-
Disposals	-	-
At 31 March 2024	**1,519**	**1,519**
Depreciation		
At 1 April 2023	(790)	(790)
Charge for the year	(30)	(30)
Disposals	**-**	**-**
At 31 March 2024	**(820)**	**(820)**
Net book value		
At 1 April 2023	729	729
At 31 March 2024	**699**	**699**

18. Debtors: amounts falling due after one year

	Group		Association	
	2024 £'000	2023 £'000	**2024 £'000**	2023 £'000
Other debtors	24	24	-	-
	24	24	-	-

19. Properties for sale and work in progress

	Group	
	2024 £'000	2023 £'000
Properties under construction – low-cost home ownership	**9,200**	6,102
Properties under construction – outright sales	**-**	603
Completed properties – low-cost home ownership	**2,170**	1,518
Developments under construction	**33,875**	27,617
Assets for disposal	**455**	455
Stock and components	**485**	49
	46,185	36,344

20. Debtors: amounts falling due within one year

	Group		Association	
	2024 £'000	2023 £'000	**2024 £'000**	2023 £'000
Rent and service charge arrears	**13,447**	11,309	**-**	-
Bad debt provision	**(6,729)**	(5,225)	**-**	-
	6,718	6,084	**-**	-
Trade debtors	**1,560**	1,315	**209**	136
Social Housing Grant and other grant receivable	**2,114**	514	**-**	-
Amounts owed by related parties (note 32)	**-**	-	**53**	1,074
Amounts owed by leaseholders	**957**	713	**-**	-
Loans to joint venture	**2,255**	1,970	**-**	-
Prepayments and sundry debtors	**6,281**	3,796	**1,252**	943
Other taxation and social security	**1,246**	5	**4**	-
Cash in transit	**-**	3,062	**-**	236
Deferred tax	**189**	189	**-**	-
	21,320	17,648	**1,518**	2,389

For rent and service charge arrears, no adjustment is required for those debts on a repayment schedule.

Amounts owed by related parties are interest free and due on demand.

21. Investments

	Group		Association	
	2024 £'000	2023 £'000	**2024 £'000**	2023 £'000
Investments in Credit Unions	50	50	-	-
	50	50	-	-

In 2014/15 OHL invested £50k in 50,000 £1 non-deferring interest-bearing shares in both Central Liverpool Credit Union (25,000 shares) Ltd and in Halton Credit Union Limited (25,000 shares).

22. Creditors: amounts falling due within one year

	Group		Association	
	2024 £'000	2023 £'000	**2024 £'000**	2023 £'000
Bank and building society loans (note 24)	**6,522**	4,301	**-**	-
Other loans (note 24)	**2,441**	1,920	**-**	-
Bond discount (note 24)	**(244)**	-	**-**	-
Bond issue costs	**(50)**	(50)	**-**	-
Issue costs (note 24)	**(332)**	(176)	**-**	-
	8,337	5,995	**-**	-
Trade creditors	**2,470**	5,680	**118**	636
Capital creditors and retentions	**369**	805	**-**	-
Rent and service charges received in advance	**5,800**	5,663	**-**	-
Other taxation and social security	**1,031**	1,055	**-**	565
Deferred Government Grant (note 25)	**5,798**	5,666	**30**	30
Recycled capital grant fund (note 26)	**209**	-	**-**	-
Accruals and deferred income	**28,053**	20,854	**521**	652
Other creditors	**380**	531	**-**	-
Amounts owed to related parties (note 32)	**-**	-	**4,221**	8,444
Corporation tax	**-**	1	**-**	-
	52,447	46,250	**4,890**	10,327

23. Creditors: amounts falling due after one year

	Group		Association	
	2024 £'000	2023 £'000	**2024 £'000**	2023 £'000
Bank and building society loans (note 24)	**91,387**	97,908	**-**	-
Other loans (note 24)	**15,541**	17,989	**-**	-
Bond (note 24)	**265,000**	265,000	**-**	-
Bond discount (note 24)	**(6,819)**	(7,307)	**-**	-
Bond issue costs (note 24)	**(1,390)**	(1,439)	**-**	-
Loan Issue costs (note 24)	**(1,069)**	(346)	**-**	-
	362,650	371,805	**-**	-
Capital creditors and retentions	**3,310**	1,884	**-**	-
Amounts owed to leaseholders	**9,338**	10,652	**-**	-
Deferred Government Grant (note 25)	**534,507**	480,720	**669**	699
Recycled Capital Grant Fund (note 26)	**3,661**	2,818	**-**	-
	913,466	867,879	**669**	699

24. Debt analysis

	Group	
	2024 £'000	2023 £'000
Bank and Building Society loans	**97,909**	102,209
Other loans	**17,982**	19,908
Bond	**265,000**	265,000
Bond Discount	**(7,063)**	(7,307)
Bond issue costs	**(1,440)**	(1,489)
Issue costs	**(1,401)**	(521)
	370,987	377,800

All bank, building society and other loans are secured by charges either on the Association's housing properties or on the rental streams arising from properties. Loans are repayable in instalments with final dates up to 2038. The bond is repayable in one instalment due in 2053. As at 31 March 2024 interest rates chargeable varied from 4.26% to 11.67%.

	Group	
	2024 £'000	2023 £'000
Gross debt is repayable in instalments as follows:		
Within one year	**8,963**	6,221
Between one and two years	**11,297**	8,969
Between two and five years	**54,534**	44,691
After five years	**306,097**	327,237
	380,891	387,118

24. Debt analysis (continued)

	Group		
	Properties under charge	**Amount drawn £'000**	Valuation of units £'000
Loan charges	13,777	711,702	380,890

Bond analysis

	Principal amount of the Issued Bond £'000	Discount on Issue £'000	**Bond Issue costs £'000**	Amount due to bondholders £'000
At 31 March 2023	265,000	(7,307)	(1,489)	256,204
Amortisation of discount on issue and Bond issue costs during year	-	244	50	294
At 31 March 2024	265,000	(7,063)	(1,439)	256,498

On 25th March 2021, the Association issued a 32 year £350m bond ("Bond") at a re-offer yield of 2.215%. The initial offer to the market was for a principal amount of £215m (the "Principal Amount", the issued Bond) with a principal amount of £135m of bonds retained for later issue (the "Retained Bond"). A £50m tranche of the retained bonds were sold on 2nd February 2022. £2.9m of the proceeds were drawn down in February 2022 with the remaining proceeds drawn in June 2022.

A coupon rate of 2.125% meant that the initial issued bond was priced at 97.945% (the "bond issue Price"), equivalent to a discount on issue of £4.4m (2.055%). The net funds received were £210.6m (£97.945 per £100.00 issued). The £50m tranche of retained bonds were issued at a price of 93.42%, a discount of £3.3m. £2.9m was received in February 2022 with net funds outstanding of £43.8m.

In arranging the original issuance and retain bond, the Association incurred issue costs of £1.4m, of which £0.3m were incurred in 21/22.

The discount on issue and the bond issue costs will be amortised over the term of the bond. Interest is payable by the Association to the bondholders at a rate of 2.125% six monthly in arrears on the principal amount, starting in September 2021. The principal amount is due for repayment on 25th March 2053.

25. Deferred Capital Grant (Financial Assistance)

The total accumulated government grant and financial assistance received or receivable at 31 March:	Group 2024 £'000	Group 2023 £'000	Association 2024 £'000	Association 2023 £'000
Held as deferred capital grant at start of the year	486,386	460,144	729	760
Grant received in the year	67,195	38,988	-	-
Grants in advance	197	156	-	-
Disposals	(1,214)	(1,531)	-	-
Repaid	-	(48)	-	-
Grant transferred to other housing association	(5,020)	(3,577)	-	-
Recognised in the Statement of Comprehensive Income in the year - Income	(807)	(1,367)	-	-
Recognised in the Statement of Comprehensive Income in the year	(6,432)	(6,379)	(30)	(31)
At end of the year	540,305	486,386	699	729
Due within one year	5,798	5,666	30	30
Due after one year	534,507	480,720	669	699
	540,305	486,386	699	729

Amounts recognised in the statement of comprehensive income of £6,432,000 includes non-social housing grant of £144,000. Only the social housing grant of £6,288,000 is recognised in note 4.

26. Recycled Capital Grant Fund

	Group 2024 £'000	Group 2023 £'000
At start of the year	**2,818**	2,688
Grants recycled	**1,456**	1,860
Homebuy loans redeemed	**99**	-
Grant released to the SOCI	**-**	-
Interest	**3**	2
Recycled to new build development	**(506)**	(1,732)
At end of the year	**3,870**	2,818
Due within one year	**209**	-
Due after one year	**3,661**	2,818
	3,870	2,818
Amount three years or older where repayment may be required	**-**	-

27. Financial instruments

	Group 2024 £'000	Group 2023 £'000
Financial assets measured at amortised cost:		
Trade receivables (note 20)	**1,560**	1,326
Other receivables (note 18 & 20)	**19,784**	16,357
Cash and cash equivalents	**26,123**	66,036
Total financial assets	**50,587**	83,719

	Group 2024 £'000	Group 2023 £'000
Financial liabilities measured at amortised cost:		
Loan payable (note 24)	**380,891**	382,817
Trade creditors (note 22)	**1,410**	5,680
Other creditors	**583,612**	521,344
Total financial liabilities	**965,913**	909,841

The organisation's policy on treasury management, capital structures, cash flow and liquidity are set out on page 11 in the Strategic Report.

The organisation's financial liabilities are sterling denominated. The interest rate profile of the organisation's financial liabilities (loans and finance leases) at 31st March was:	Group 2024 £'000	Group 2023 £'000
Floating rate	**75,408**	79,710
Fixed rate	**305,482**	307,408
	380,890	387,118

28. Obligations under operating leases

The Group leases out some of its land and buildings to other organisations. Receipts are accounted for in the month in which they are receivable. The future minimum lease receipts under non-cancellable operating leases are as follows:

	Group Land and buildings 2024 £'000	Group Land and buildings 2023 £'000
Leases expiring:		
Within one year	**927**	512
In the second to fifth years	**3,509**	1,788
In more than five years	**2,850**	2,011
At end of the year	**7,286**	4,311

During the year £959,000 was recognised as income in the statement of comprehensive income in respect of operating leases receivable (2023: £857,000).

28. Obligations under operating leases (continued)

The Group holds some of its office equipment on operating leases and contract hires some of its motor vehicles. Payments are accounted for in the month in which they fall due. The future minimum lease payments under non-cancellable operating leases are as follows.

	Group			
	Vehicles and equipment		Land and buildings	
	2024 £'000	2023 £'000	**2024 £'000**	2023 £'000
Leases expiring:				
Within one year	**1,227**	227	**757**	754
In the second to fifth years	**2,063**	102	**2,541**	3,294
In more than five years	**-**	-	**1,042**	1,043
At end of the year	**3,290**	329	**4,340**	5,091

During the year £1,800,000 was recognised as an expense in the statement of comprehensive income in respect of operating leases (2023: £801,000).

29. Provisions for liabilities

	Group		Association	
	2024 £'000	2023 £'000	**2024 £'000**	2023 £'000
At start of the year	**1,113**	1,279	**-**	-
Transfer into public liability claim provision	**1,193**	209	**-**	-
Transfer out of public liability claim provision	**(193)**	(375)	-	-
At end of the year	**2,113**	1,113	-	-

30. Pension liabilities

	Group		Association	
	2024 £'000	2023 £'000	**2024 £'000**	2023 £'000
At start of the year	**15,624**	16,825	**-**	-
Net interest on pension liabilities	**701**	430	**-**	-
Transfers to reserves (actuarial gain in period)	**1,745**	2,069	**-**	-
Contributions in period	**(4,735)**	(3,851)	**-**	-
Administration expenses	**236**	65	**-**	-
Current service costs in the period	**48**	86	**-**	-
Settlement gain	**(758)**	-	**-**	-
At end of the year	**12,861**	15,624	-	-

The pension liabilities for the Association are included in the consolidated pension disclosures in note 38.

This note shows the summary position of the combined OPP and LGPS schemes which the Group participates in.

31. Non-equity share capital

	Association 2024 £	Association 2023 £
Shares of £1 each fully paid and issued:		
At start of the year	**8**	6
Shares issued in the year	**1**	4
Cancelled during the year	**(1)**	(2)
At end of the year	**8**	8

The Association's shares are not transferable or redeemable. Payments of dividends or other benefits are forbidden by the Association's rules and by the Housing Association Acts.

32. Transactions with related parties

During the year the parent company, Onward Group Limited, transacted with its subsidiary undertakings as set out below. There are no guarantees given over and above the normal trading terms set out in the intra-group agreement. There is no provision required for uncollectible balances and no bad debt expense is required.

	Association 2024 £'000	Association 2023 £'000
Recharge by subsidiary		
Onward Homes Limited (regulated)	**4,236**	4,217
Onward Repairs Limited (non-regulated)	**60**	96
Contour Property Services (non-regulated)	**86**	112
Atrium City Living (non-regulated)	**4**	2
Onward Build (non-regulated)	**1**	55
	4,387	4,482

	Association 2024 £'000	Association 2023 £'000
Recharge by service		
Management services	**4,387**	4,482
	4,387	4,482

Management services are non-salary related corporate recharges which include IT costs, human resources, finance costs, marketing, and communication costs etc.

The Association received charges from:	Association 2024 £'000	Association 2023 £'000
Recharge from subsidiary		
Onward Homes Limited	**550**	542
	550	542

32. Transactions with related parties (continued)

Debtors falling due within one year (note 20)	Association 2024 £'000	Association 2023 £'000
Onward Repairs Limited (non-regulated)	**2**	351
Contour Property Services Limited (non-regulated)	**50**	588
Onward Build (non-regulated)	**-**	10
Atrium City Living Limited (non- regulated)	**1**	1
	53	796

Creditors: amounts falling due within one year (note 22)	Association 2024 £'000	Association 2023 £'000
Onward Homes Limited (regulated)	**4,221**	8,319
	4,221	8,319

All transactions with related parties are provided and received at cost and are apportioned in accordance with an agreed group recharge methodology. The recharge methodology recharges costs mainly on the basis of time, headcount or service usage. Transactions with Atrium, Contour Property Services and Onward Repairs (non-regulated) are based on a cost recovery basis.

During the year there were no tenant board members in Onward Group Limited.

33. Capital commitments

	Group 2024 £'000	Group 2023 £'000
Capital expenditure contracted for but not provided for in the financial statements general balance	**190,359**	143,148
Capital expenditure authorised by the Board but not yet contracted for general balance	**109,877**	97,554

Capital expenditure commitments are funded through grant funding (Homes England Affordable Homes Programme) and recycled grant, £63,459,750 and cash from approved loan agreements and retained surpluses, £236,776,355.

34. Impairment

Under FRS102 the Group is required to perform impairment tests on its housing stock so that properties are not shown at an amount exceeding their recoverable amount. At the year-end the impairment review was carried out and the Board has reviewed the results and where appropriate made adjustments. In total the Group approved impairment provisions of £nil (2023: £ 3,533,000).

35. Analysis of changes in net debt

	At 1 April 2023 £'000	Cash Flows £'000	Other non cash changes £'000	At 31 March 2024 £'000
Cash and cash equivalents				
Cash	66,036	(39,913)	-	26,123
Bank loans	(101,975)	5,536	(356)	(96,795)
Other loans	(19,621)	1,927	-	(17,694)
Bond liabilities	(256,204)	-	(294)	(256,498)
Total	**(311,764)**	**(32,450)**	**(650)**	**(344,864)**

36. Cash flows generated from operating activities

	Notes	Group 2024 £'000	Group 2023 £'000
Surplus for the year		**11,587**	10,683
Adjustments for non-cash items:			
Depreciation of tangible fixed assets (Housing properties and other)	14 & 17	**24,326**	23,451
Impairment and stock write off	19	**-**	3,533
Surplus on sale of fixed asset housing properties	6	**402**	505
Proceeds from sale of fixed asset housing properties	6	**8,375**	6,667
Amortisation of deferred Government Grant	25	**(6,432)**	(6,379)
Government grant recognised in income in year	25	**(807)**	(1,367)
Movement in stock	14 & 19	**3,380**	(276)
Movement in trade and other debtors		**(2,037)**	43,558
Movement in trade and other creditors		**2,626**	5,766
Movement in provisions	29	**1,001**	(166)
Pension costs less contributions payable	30	**(3,750)**	(3,271)
Interest receivable	11	**(904)**	(707)
Interest payable	12	**12,843**	9,216
Change in value of investment property	15	**(553)**	(2,620)
Corporation tax expense		**-**	362
Share of joint venture loss/(profit)	15	**226**	(226)
Cash from operations		**50,283**	88,729
Taxation paid	13	**-**	-
Net cash generated from operating activities		**50,283**	88,729

37. Contingent liabilities

The association had no contingent liabilities at 31st March 2024 (2023: £nil).

38. Pension costs

Summary

	Group 2024				
	SHPS £'000	OPP £'000	GMPF £'000	MPF £'000	Total £'000
At start of the year	16,184	0	(572)	12	15,624
Bulk transfer SHPS to OPP	(14,847)	14,847	0	0	0
Settlement Gain	(758)	0	0	0	(758)
Net interest on pension liabilities	189	517	(5)	0	701
Transfers to reserves (actuarial gain in period)	169	1,731	(155)	0	1,745
Contributions in period	(953)	(3,747)	(35)	0	(4,735)
Administration expenses	16	220	0	0	236
Current service costs in the period	0	0	48	0	48
At end of the year	**0**	**13,568**	**(719)**	**12**	**12,861**

The company participated in the Social Housing Pension Scheme (the Scheme), a multi-employer scheme which provides benefits to some 500 non-associated employers. The Scheme is a defined benefit scheme in the UK.

On 1 July 2023, Onward transferred its share of assets and liabilities in the Social Housing Pension Scheme (SHPS) multi-employer scheme to a defined benefit scheme sponsored by Onward, the Onward Pension Plan (OPP). There are no participating employers outside of the Onward Group.

Benefits in the OPP for transferring members are identical to SHPS. Onward closed the defined benefit section in SHPS on31 March 2016 and only operates a defined contribution scheme for future benefit contributions, the Onward Defined Contribution Pension Scheme run by Aviva.

The OPP is a trust-based defined benefit pension scheme. The Trustee is responsible for running the OPP in accordance with it's trust Deed and Rules, which sets out their powers. The Trustee of the OPP is required to act in the best interests of the beneficiaries of the OPP.

The OPP is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The Trustee is required to carry out an actuarial valuation every three years. The first formal actuarial valuation of the OPP is ongoing, being performed by the Scheme Actuary for the Trustee as at 30 June 2023.

The OPP's interim Schedule of Contributions states that Onward will pay deficit contributions of £5m per annum less any expenses paid directly by Onward.

The OPP will pay any remaining administration expenses and all levies, including the PPF levy.

38. Pension costs (continued)

a) The Social Housing Pension Scheme

	Group		Association	
Assumptions	**2024**	**2023**	**2024**	**2023**
Inflation	-	2.80%	-	-
Rate of discount on scheme	-	4.90%	-	-
Rate of salary increase	-	3.80%	-	-
Rate of increase of pensions	-	3.80%	-	-
Life expectancy male non-pensioner	-	22.2	-	-
Life expectancy female non-pensioner	-	24.9	-	-
Life expectancy male pensioner	-	21	-	-
Life expectancy female pensioner	-	23.4	-	-

The fair value of the schemes' assets at 31 March 2024, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the scheme's liabilities, which are derived from cash flow projections over long periods and are thus inherently uncertain, were:

	Group		Association	
	2024	**2023**	**2024**	**2023**
	£'000	£'000	**£'000**	£'000
Fair value of assets	-	72,871	-	-
Present value of liabilities	-	(89,055)	-	-
Deficit in the scheme	-	(16,184)	-	-

38. Pension costs (continued)

a) The Social Housing Pension Scheme (continued)

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

	Group		Association	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Market value				
Global Equity	-	1,360	-	-
Absolute Return	-	788	-	-
Distressed Opportunities	-	2,206	-	-
Credit Relative Value	-	2,750	-	-
Alternative Risk Premia	-	135	-	-
Emerging Markets Debt	-	391	-	-
Risk Sharing	-	5,365	-	-
Insurance-Linked Securities	-	1,840	-	-
Property	-	3,137	-	-
Infrastructure	-	8,323	-	-
Private Debt	-	3,243	-	-
Opportunistic Illiquid Credit	-	3,117	-	-
High yield	-	255	-	-
Opportunistic credit	-	5	-	-
Cash	-	525	-	-
Liquid Credit	-	1	-	-
Long Lease Property	-	2,199	-	-
Secured Income	-	3,345	-	-
Liability Driven Investment	-	33,560	-	-
Currency Hedging	-	140	-	-
Net Current Assets	-	186	-	-
Total	-	72,871	-	-

	Group		Association	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Analysis of the amount charged to operating surplus				
Current service cost	-	-	-	-
Past service cost / (gain)	-	-	-	-
Total operating charge	-	-	-	-

38. Pension costs (continued)

a) The Social Housing Pension Scheme (continued)

	Group		Association	
	2024	2023	2024	2023
Analysis of the amount credited to other finance income	£'000	£'000	£'000	£'000
Expected return on pension assets	**878**	3,131	-	-
Interest on pension liabilities	**(1,067)**	(3,533)	-	-
Net Return	**(189)**	(402)	-	-

	Group		Association	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Movement in (deficit) during the year				
Deficit in schemes at the start of the year	**(16,184)**	(16,261)	-	-
Contributions	**953**	3,807	-	-
Return on assets excluding interest income	**(5,312)**	3,131	-	-
Interest income/(cost)	**(189)**	(3,533)	-	-
Administration expenses	**(16)**	(65)	-	-
Actuarial gain/(loss) in SCI	**5,143**	(3,263)	-	-
Discharge of orphan and retained liabilities in SHPS	**758**	-	-	-
Scheme bulk transfer to OPP	**14,847**	-	-	-
Deficit in scheme at end of the year	**-**	(16,184)	-	-

	Group		Association	
	2024	2023	2024	2023
Amount recognised in the Statement of Comprehensive Income	£'000	£'000	£'000	£'000
Actual return less expected return on pension scheme assets	**(5,312)**	(42,572)	-	-
Experienced gains/(losses) arising on the scheme liabilities.	**5,418**	997	-	-
Change in assumptions underlying the present value of scheme liabilities	**(275)**	38,312	-	-
Actuarial (loss) recognised in SCI	**(169)**	(3,263)	-	-

38. Pension costs (continued)

a) The Social Housing Pension Scheme (continued)

	Group		Association	
	2024	2023	2024	2023
History of experienced surpluses and deficits	£'000	£'000	£'000	£'000
Difference between actual and expected returns on assets	**(5,312)**	(42,572)	-	-
% of scheme assets	**(6.2%)**	(58.4%)	-	-
Experienced (losses)/gains on liabilities	**5,418**	977	-	-
% of scheme liabilities	**6.7%**	1.1%	-	-
Total amount recognised in SCI	**(275)**	(3,263)	-	-
% of scheme liabilities	**(0.3%)**	(3.7%)	-	-

	Group		Association	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Reconciliation of assets				
Initial recognition of multi-employer defined benefit	**72,871**	112,313	-	-
Employer contributions	**953**	3,807	-	-
Benefits paid	**(680)**	(3,808)	-	-
Administration expenses	**(16)**	-	-	-
Interest Income	**878**	-	-	-
Expected return on plan assets	**(5,312)**	3,131	-	-
Remeasurement of assets	**-**	(42,572)	-	-
Discharge orphan & retained liabilities left in SHPS	**(3,133)**	-	-	-
Assets bulk transfer to OPP	**(65,561)**	-	-	-
Assets at end of year	-	72,871	-	-

	Group		Association	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Reconciliation of liabilities				
Initial recognition of multi-employer defined benefit	**89,055**	128,574	-	-
Interest cost	**1,067**	3,533	-	-
Benefits paid	**(680)**	(3,808)	-	-
Actuarial (gain) / loss	**(5,143)**	(39,309)	-	-
Administration expenses	**-**	65	-	-
Discharge orphan & retained liabilities left in SHPS	**(3,891)**	-	-	-
Defined benefit obligation bulk transfer to OPP	**(80,408)**	-	-	-
Benefit obligation at end of year	-	89,055	-	-

38. Pension costs (continued)

b) Onward Pension Plan

	Group		Association	
Assumptions	**2024**	**2023**	**2024**	**2023**
Inflation	2.80%	-	-	-
Rate of discount on scheme	5.00%	-	-	-
Rate of salary increase	3.80%	-	-	-
Rate of increase of pensions	2.80%	-	-	-
Life expectancy male non-pensioner	21.8	-	-	-
Life expectancy female non-pensioner	24.6	-	-	-
Life expectancy male pensioner	20.6	-	-	-
Life expectancy female pensioner	23.2	-	-	-

The OPP's membership data as at 30 June 2023 has been valued using assumptions as at 31 March 2024 by a qualified independent actuary.

The fair value of the schemes' assets at 31 March 2024, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the scheme's liabilities, which are derived from cash flow projections over long periods and are thus inherently uncertain, were:

	Group		Association	
	2024	**2023**	**2024**	**2023**
	£'000	£'000	**£'000**	£'000
Fair value of assets	**72,298**	-	-	-
Present value of liabilities	**(85,866)**	-	-	-
Deficit in the scheme	**(13,568)**	-	-	-

38. Pension costs (continued)

b) Onward Pension Plan (continued)

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

	Group		Association	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Market value				
Insurance-Linked Securities	**343**	-	**-**	**-**
Property	**581**	-	**-**	**-**
Cash	**1,386**	-	**-**	**-**
Gilts	**37,031**	-	**-**	**-**
Equity Options	**5,704**	-	**-**	**-**
Gilt Swaps	**578**	-	**-**	**-**
Inflation Swaps	**(226)**	-	**-**	**-**
Interest Rate Swaps	**658**	-	**-**	**-**
Liquidity Fund	**6,534**	-	**-**	**-**
Strategic Income	**5**	-	**-**	**-**
Credit Fund	**19,704**	-	**-**	**-**
Total	**72,298**	-	**-**	-

	Group		Association	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Analysis of the amount charged to operating surplus				
Current service cost	**-**	-	**-**	**-**
Past service cost / (gain)	**-**	-	**-**	-
Total operating charge	**-**	-	**-**	-

	Group		Association	
	2024	2023	2024	2023
Analysis of the amount credited to other finance income	£'000	£'000	£'000	£'000
Expected return on pension assets	**2,628**	-	**-**	**-**
Interest on pension liabilities	**(3,145)**	-	**-**	-
Net Return	**(517)**	-	**-**	-

38. Pension costs (continued)

b) Onward Pension Plan (continued)

	Group		Association	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Movement in (deficit) during the year				
Deficit in schemes at the start of the year	**-**	-	**-**	**-**
Bulk transfer of scheme deficit from SHPS	**(14,847)**	-	**-**	**-**
Contributions	**3,747**	-	**-**	**-**
Return on assets excluding interest income	**2,135**	-	**-**	**-**
Interest income/(cost)	**(517)**	-	**-**	**-**
Administration expenses	**(220)**	-	**-**	**-**
Actuarial gain/(loss) in SCI	**(3,866)**	-	**-**	-
Deficit in scheme at end of the year	**(13,568)**	-	**-**	-

	Group		Association	
	2024	2023	2024	2023
Amount recognised in the Statement of Comprehensive Income	£'000	£'000	£'000	£'000
Actual return less expected return on pension scheme assets	**2,135**	-	**-**	**-**
Experienced gains/(losses) arising on the scheme liabilities.	**(2,119)**	-	**-**	**-**
Change in assumptions underlying the present value of scheme liabilities	**(1,747)**	-	**-**	-
Actuarial (loss) recognised in SCI	**(1,731)**	-	**-**	-

The liabilities are compared, at the relevant accounting date, with the Scheme's total assets to calculate the company's net deficit or surplus.

	Group		Association	
	2024	2023	2024	2023
History of experienced surpluses and deficits	£'000	£'000	£'000	£'000
Difference between actual and expected returns on assets	**2,135**	-	**-**	**-**
% of scheme assets	**2.5%**	-	**-**	**-**
Experienced (losses)/gains on liabilities	**(2,119)**	-	**-**	**-**
% of scheme liabilities	**(2.5)**	-	**-**	**-**
Total amount recognised in SCI	**(1,747)**	-	**-**	**-**
% of scheme liabilities	**(2.0%)**	-	**-**	-

38. Pension costs (continued)

b) Onward Pension Plan (continued)

	Group		Association	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Reconciliation of assets				
Initial recognition of multi-employer defined benefit	-	-	-	-
Assets bulk transfer from SHPS	65,561	-	-	-
Employer contributions	3,747	-	-	-
Benefits paid	(1,553)	-	-	-
Administration expenses	(220)	-	-	-
Interest Income	2,628	-	-	-
Expected return on plan assets	2,135	-	-	-
Assets at end of year	72,298	-	-	-

	Group		Association	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Reconciliation of liabilities				
Initial recognition of multi-employer defined benefit	-	-	-	-
Defined benefit obligation bulk transfer from SHPS	80,408	-	-	-
Interest cost	3,145	-	-	-
Benefits paid	(1,553)	-	-	-
Actuarial (gain) / loss	3,866	-	-	-
Benefit obligation at end of year	85,866	-	-	-

c) TPT Retirement solutions – The Growth Plan

The Growth Plan is a scheme that members of Onward Homes Ltd (who pay normal contributions to SHPS) have paid Additional Voluntary Contributions (AVCs) to. The Growth Plan has an associated debt resulting in Onward paying deficit contributions. These payments are treated as an expense and charged through the Statement of Comprehensive Income. Deficit contributions are expected to cease in January 2025.

Due to Onward exiting SHPS during the year, this also means the Growth Plan has too been exited. As such, there was no activity during 2023/24 relating to TPT.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

38. Pension costs (continued)

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

A full actuarial valuation for the scheme was carried out at 30 September 2020. This valuation showed assets of £800.3m, (2017, £794.9m) liabilities of £831.9m (2017, £926.4) and a deficit of £31.6m (2017, £131.5m). To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

From 1 April 2022 to 31 January 2025:	£3,312,000 pa	(payable monthly)

Unless a concession has been agreed with the Trustee the term to 31 January 2025 applies.

Note that the scheme's previous valuation was carried out with an effective date of 30 September 2017. This valuation showed assets of £794.9m, liabilities of £926.4m and a deficit of £131.5m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

From 1 April 2019 to 30 September 2025:	£11,243,000 pa	(payable monthly and increasing by 3% each 1st April)

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the Series 1 and Series 2 scheme liabilities.

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

Present value of provision

	31 March 2024 £	31 March 2023 £	31 March 2022 £
Present value of provision	-	3,565	5,592

Reconciliation of opening and closing provisions

	2024 £	2023 £
Provision at start of period	-	**5,592**
Unwinding of the discount factor (interest expense)	-	**105**
Deficit contribution paid	-	**(2,037)**
Remeasurement – impact of any change in assumptions	-	**(95)**
Remeasurement – amendments to the contribution schedule	-	-
Provision at end of period	-	**3,565**

38. Pension costs (continued)

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

Income and expenditure impact

	2024 £	2023 £
Interest expense	-	105
Remeasurement – impact of any change in assumptions	-	(95)
Remeasurement – amendments to the contribution schedule	-	-
Contributions paid in respect of future service*	-	-
Costs recognised in income and expenditure account	-	-

*includes defined contribution schemes and future service contributions (i.e. excluding any deficit reduction payments) to defined benefit schemes which are treated as defined contribution schemes. To be completed by the company.

Assumptions

	31 March 2024 % pa	31 March 2023 % pa	31 March 2022 % pa
Rate of discount	-	5.52	2.35

d) Local Government Pension Scheme

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

Assumptions	2024	2023
Inflation	2.75%	2.8%
Rate of discount on scheme	4.85%	4.75%
Rate of salary increase	3.55%	3.75%
Rate of increase of pensions	2.75%	2.95%
Life expectancy male non-pensioner	21.9	22.0
Life expectancy female non-pensioner	25.6	25.8
Life expectancy male pensioner	20.1	20.2
Life expectancy female pensioner	23.3	23.5
Mortality assumptions (normal health)		
Basis	Vita curves CMI 2021 model	Vita curves CMI 2021 model
Non-retired members	CMI 2021 model, with a 10% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long term rate of improvement of 1.5% p.a..	CMI 2021 model, with a 0% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long term rate of improvement of 1.5% p.a.
Retired members	CMI 2021 model, with a 10% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long term rate of improvement of 1.5% p.a.	CMI 2021 model, with a 0% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long term rate of improvement of 1.5% p.a.

38. Pension costs (continued)

d) Local Government Pension Scheme (continued)

The major assumptions used in this valuation for Merseyside Pension Fund is as follows. As of 2024 there are no pensioners in the fund.

Assumptions	2024	2023
Inflation	-	2.7%
Rate of discount on scheme	-	4.9%
Rate of salary increase	-	4.2%
Rate of increase of pensions	-	2.8%
Life expectancy male non-pensioner	-	22.6
Life expectancy female non-pensioner	-	25.5
Life expectancy male pensioner	-	21.2
Life expectancy female pensioner	-	23.7
Mortality assumptions (normal health)		
Basis	-	S3PA CMI 2021
Non-retired members	-	1.5% 121% male, 107% female
Retired members	-	1.5% 117% male, 107% female

	2024 £'000	2023 £'000
Fair value of assets	**1,896**	1,725
Present value of liabilities	**(1,650)**	(1,626)
Deficit in the scheme	**246**	99

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

	2024 £'000	2023 £'000
Market value		
Equities	**1,308**	1,173
Government Bonds	**284**	259
Property	**152**	155
Cash/liquidity	**152**	138
Total	**1,896**	1,725

	2024 £'000	2023 £'000
Analysis of the amount charged to operating surplus		
Current service cost	**48**	86
Total operating charge	**48**	86

38. Pension costs (continued)

d) Local Government Pension Scheme (continued)

	2024 £'000	2023 £'000
Analysis of the amount credited to other finance income		
Expected return on pension assets	**83**	78
Interest on pension liabilities	**(78)**	(106)
Net return	**5**	(28)

	2024 £'000	2023 £'000
Movement in (deficit) during the year		
Deficit in schemes at start of the year	**560**	(562)
Movement in year:		
Current service cost	**(48)**	(86)
Contributions	**35**	42
Expected return on plan assets	**83**	78
Interest on pension liabilities	**(78)**	(106)
Settlement on exit	**-**	-
Actuarial gain / (loss) in SCI	**155**	1,194
Deficit in schemes at end of the year	**707**	560

	2024 £'000	2023 £'000
Amount recognised in the Statement of Comprehensive Income		
Actual return less expected return on pension scheme assets	**47**	(1,210)
Experienced losses arising on the scheme liabilities.	**-**	(6)
Change in assumptions underlying the present value of scheme liabilities	**108**	2,410
Actuarial gain/(loss) recognised in SCI	**155**	1,194

	2024	2023
History of experienced surpluses and deficits		
Difference between actual and expected returns on assets (£'000)	**47**	(1,210)
% of scheme assets	**2.48%**	-70.14%
Experienced (losses)/gains on liabilities (£'000)	**-**	(6)
% of scheme liabilities	**-**	-0.37%
Total amount recognised in SCI (£'000)	**155**	1,194
% of scheme liabilities	**9.39%**	73.43%

38. Pension costs (continued)

d) Local Government Pension Scheme (continued)

	2024 £'000	2023 £'000
Reconciliation of assets		
Assets at start of year	**533**	1,614
Employer contributions	**35**	42
Employee contributions	**17**	16
Benefits paid	**(11)**	(7)
Expected return on plan assets	**83**	78
Remeasurement of assets	**47**	(1,210)
Settlement on exit	**-**	-
Assets at end of year	**704**	533

	2024 £'000	2023 £'000
Reconciliation of liabilities		
Benefit obligation start of year	**(28)**	**2,175**
Operating charge	**48**	**86**
Interest cost	**78**	**106**
Employee contributions	**17**	**16**
Benefits paid	**(11)**	**(7)**
Actuarial gain/(loss)	**(108)**	**(2,404)**
Settlement on exit	**-**	**-**
Benefit obligation at end of year	**(4)**	**(28)**

39. Post Balance Sheet Events

There are no post balance sheet events to report.