

SALIX HOMES LIMITED AND ITS SUBSIDIARIES
ANNUAL ACCOUNTS FOR THE YEAR ENDING 31 MARCH 2022



Charitable Society registered under the Co-operative and Community Benefit Societies Act 2014 (FCA) - Registered Number 7051

Registered Provider of Social Housing registered with the Regulator of Social Housing – Registered Number 4609

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ASSOCIATION INFORMATION - BOARD, EXECUTIVE TEAM AND OTHER INFORMATION

The Board

Chair	Jim Battle
Vice Chair	Aisling McCourt from 30 November 2021
Other Members	Margaret Bryant Paul Whitehead Greig Lees Khalil Rehman Mark Beyer Pamela Welsh Ahmed Abdulmalek from 28 September 2021 Paul Martin from 28 September 2021 Darren Quirk to 28 September 2021 John Cockerham to 28 September 2021
Co-Optees	Charlotte Haines from 28 September 2021 Jo Tripney from 28 September 2021

Audit Committee

Paul Whitehead (Chair), Khalil Rehman, Mark Beyer, Pamela Welsh and Greg van Enk-Bones (Independent Committee Member).

Remuneration and Governance Committee

Mark Beyer (Chair), Jim Battle, Jo Tripney and Paul Whitehead.

Growth and Development Committee

Greig Lees (Chair), Aisling McCourt, Margaret Bryant and Greg van Enk-Bones (Independent Committee Member).

Salix Homes Customer Committee

Charlotte Haines (Chair), Cynthia Alloyda, Marta Diaz, Vicki Gallagher, Karen Hamilton-Hulse, Jason Marland, Keri Muldoon, Rashidah Owoseni, Charlie Williamson, Gareth Evans and Ahmed Abdulmalek (Co-optee).

Executive Team

Position	Name	Qualifications	Appointment date
Chief Executive	Sue Sutton	BA (Hons) MA (Social Enterprise)	1 January 2021
Executive Director of Resources	Sara Sharrock	ACMA	1 January 2021
Executive Director of Operations	Sian Grant	BA (Hons) PG Dip Housing	1 February 2021

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Other Information

Registered Office	Diamond House 2 Peel Cross Road Salford M5 4DT
Registered Provider Number	4609
Company Secretary	Sara Sharrock ACMA
External Auditors	Beever & Struthers St Georges House, 215-219 Chester Road Manchester, M15 4JE
Internal Auditors	BDO LLP, 3 Hardman Street, Spinningfields, Manchester, M3 3AT
Principal Bankers	NatWest, Manchester City Centre Branch, 11 Spring Gardens, Manchester, M2 1FB

Registered Numbers

Co-operative and Community Benefit Society FCA No 7051
Regulator of Social Housing No 4609

STRATEGIC REPORT AND REPORT OF THE BOARD

The Board is pleased to present its report and audited financial statements for the year ended 31 March 2022.

Legal Structure

Salix Homes Limited is a charitable registered society under the Co-operative and Community Benefit Societies Act 2014 (Registered number 7051) and is registered with the Regulator of Social Housing (RSH) (Registered number 4609) as a Registered Provider of Social Housing as defined by the Housing and Regeneration Act 2008.

Salix Homes has two wholly owned, private limited subsidiary companies which operate from the same registered address, Salix Homes Developments Limited reg no 10359332– primary aim provision of design and construction services and Salix Living Limited reg no 10359220, primary aim the construction of domestic buildings – currently dormant.

Principal Activities and review of the business

Salix Homes is a not-for-profit registered provider of social housing formed in 2015 after transfer from Salford City Council. We are a key delivery partner both in our native Salford and across Greater Manchester as a whole, building homes, transforming services and investing in communities. The principal activity of the Group is the management, maintenance and development of affordable homes.

We pride ourselves in putting our customers at the heart of what we do, whilst rethinking and modernising how services are delivered to improve residents' experience and tackle the key challenges facing our communities.

We own and manage around 8,000 homes across Salford, with some additional properties in neighbouring areas. We have a real mix of homes including 19 high-rise blocks, plus a wide range of medium and low-rise apartment blocks, traditional terraced streets, large housing estates and accommodation for older people. Salix also manages around 200 properties on behalf of Derive and private landlords under management & lease arrangements. We are a member of Hive Homes, a Joint Venture along with 9 other housing associations and the Greater Manchester Combined Authority (GMCA). The purpose of Hive Homes is to deliver housing for sale, with the aim of generating returns to reinvest into the housing association's core social housing business. Three sites have been acquired with the majority of homes on one site either sold or reserved, negotiations and planning are progressing well across other sites.

Despite significant challenges during the year from the ongoing Covid 19 pandemic, Brexit continuing to affect supply of materials and availability of labour, escalating inflation and the impacts of the invasion of Ukraine and increasing day to day cost of living for our customers and colleagues, we have had another successful year. We have maintained service delivery to customers with limited disruption, whilst supporting our most vulnerable customers and working with our partners to support our communities, we have also delivered much needed new homes. Our colleagues have worked tirelessly during the changing environments, including the Great Resignation and the significant impact this has had on some of our teams, in colleague turnover and difficulty recruiting to posts, which is an industry wide issue and not unique to the housing sector. Despite this our colleagues have ensured our ongoing operations and we continue to support our colleagues in these new ways of working. The majority of colleagues are still working from home although many are returning to the office to get together with colleagues for improved collaboration and wellbeing.

We launched our ambitious Build Back Better operating model in June 2021, which enabled the business to support the Social Housing white Paper, the Building Safety Act and lessons learned from the Covid pandemic by reorganising how we work to ensure that we are able to deliver future priorities, apply learning from our experiences of working during the pandemic to help inform our thinking and

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ensure our tenants have a voice and that we are accountable for our services and performance. Recognising that our financial strength is key to achieving our Corporate Vision and the challenges we face as a sector and organisation moving forwards, particularly as a relatively new stock transfer organisation we launched our Financial Strategy in 2021 with an emphasis on improving our financial strength, building resilience and creating headroom within the business plan, to support this we strengthened our support service functions including a focus on procurement and Value for Money.

A key element of our Build Back Better operating model was the development and introduction of our 'Gateway Support Model', recognising that Salix Homes does not operate in a vacuum and that partnership working is key to addressing the stark inequalities brought into sharp focus both during and after the pandemic. Working with our partners, in 2021/22 we strengthened and refocused our approach to skills and work and local support to small business. Activities included, one to one support for local people to find employment; apprenticeship placements through our major contractors; pre employment support and accredited training programmes.

In addition, our frontline housing management teams made an unprecedented number of referrals to external agencies to support customers with complex needs to access the right support to enable them to both sustain their tenancy and increase their mental and physical wellbeing.

External agency	Number of referrals 2021/22	External agency	Number of referrals 2021/22
Adult social care	79	Household Support Fund	5
Salford Assist/ Household support fund	60	The Bridge	5
Children's social care	52	Helping Hands	3
Mental health services	51	Supported tenancies	3
Salford Housing Options Service	46	DWP	2
Welfare rights	25	Baby Bank	2
GMP	18	Salford Autism	2
NHS/GP	13	SIDASS	2
Social services	17	SCC Neighbourhood team	1
Occupational Health	8	Ageis	1
Victim Support	8	Community Connector	1
Probation	7	Rainbow Haven	1
DAAT/ Achieve	7	Freedom from torture	1
CAB	7	Illegal money lending team	1
Welfare rights	6	Total	429

Customer led scrutiny and involvement

In 2021/22 we reviewed and refreshed our customer engagement framework to help ensure the customer voice is at the heart of everything we do.

Salix Homes has a Customer Committee with ten members. Nine of these are customers plus one Board member - who has been co-opted onto the Committee to strengthen links across these elements of the governance structure. The Committee has been fully operational since September 2020. The Customer Committee have continued to build on their success in the first year and remain centric to our organisation.

Salix Homes Customer Committee work alongside the Board to ensure the organisation is compliant with the consumer regulatory standards. The committee works in partnership with existing engaged customers to provide assurance, through monitoring and scrutiny, where appropriate, to provide assurance to the wider customer base, the Board and the Regulator.

During 2021/22 the customer committee have shaped Salix Homes services, including our Wellbeing Strategy and the wellbeing consultation plan, our equality, diversity and inclusion strategy and carried out a review of how we measure customer satisfaction. The customer committee has also represented Salix Homes at the NHF Tenants Climate Jury

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Salix has a scrutiny pool of customers which is used for one off pieces of scrutiny that have been commissioned by Salix Homes Customer Committee on a task and finish basis.

Salix Homes Customer Committee has commissioned two pieces of scrutiny during 2021/22. The first focussed on how we communicated with customers during the repairs process and the second looked at the support and communication we provide to customers who have reported anti-social behaviour.

The recommendations from scrutiny have been approved and reported to Board and are monitored by the customer committee. Further work is now being done to deliver the recommendations.

Salix Homes has continued to develop its customer engagement framework. We have developed three panels which sit under the customer committee. These panels are.

- Complaints oversight group – the purpose of this group monitors our approach to complaints including learning from complaints and ensure we continually improve the complaints process.
- Procurement Panel – the role of this panel is to help Salix Homes shape the procurement and VFM strategies to ensure the customer voice is embedded in both procurement and value for money.
- Highrise Living Forum – the role of this group is to support the anticipated changes in the relationship between Salix Homes and its residents living in apartments arising from the Building Safety Act and the Social Housing White paper. The forum will also ensure monitor and recommend service improvements for customers living in apartments.

The current customer engagement framework is shown below



Engagement with our Community Connectors was also reviewed during 2021/22. Connectors work with a dedicated officer to ensure their local community has a voice and work together to address estate issues.

In addition, despite the challenges brought about by the pandemic, Salix Homes continued to support community based projects during 2021/22. In total 34 community projects were supported through our Springboard Grant to the sum of £35k. The projects spanned all age groups with activities ranging from supporting local residents to access health and wellbeing activities, local environmental improvements and volunteering opportunities. Further details can be found in our Annual Report.

Also in 2021 we launched a new customer Charter 'Our Promise to You' which sets out our commitment to delivering excellent service to our customers.



After collecting several awards in 2021 for our ground breaking Salix Homes Customer Committee and Best Digital Transformation we were delighted to be recognised at the Northern Housing Awards for the Best Approach to Building Safety in recognition of our efforts to champion building safety across the sector and the Regeneration Scheme of the Year for our Poets development in Swinton a project that has transformed a historic part of Salford. There was also a win for ground-breaking initiative, the Social Housing Tenants Climate Jury, which Salix Homes was a part of.

In November 2021 Salix Homes Limited maintained its Regulatory Judgement grade of G1/V2 as part of the Regulator of Social Housing's regular stability checks. We are pleased that the Regulator confirmed we meet the highest regulatory standard for Governance and the viability assessment reflects our journey as a relatively recent stock transfer organisation.

Despite the challenging environment operating performance during the year has been strong, demand for rented homes has continued and despite the impact on cost of living Right to Buy sales have increased. We have seen some good results in performance indicators in spite of the financial, welfare and employment impact of Covid on our communities, the ever increasing pressures being felt with escalating inflation and an increase in Universal Credit claims as nearly 30% of our customers claim this benefit.

Our Strategy

Our Vision - "Helping communities to live, grow and thrive together" enables us to focus, ensuring everything we do as an organisation is for the benefit of our communities, customers and their homes.

Our Values - drive the attitudes and behaviours of our people in everything we do.

Be Bold - Creative and future-focused; our people challenge the norm improving ourselves, the organisation and others.

Be Successful - We're strong and committed to excellence because we know it provides the best possible value for our customers.

Be Active - We do not stand by, we make things happen proactively working with our people, communities and partners.

Be Inclusive - Honest to the core and respectful of others; our people live and breathe Salix Homes, providing the best service in the best way for the individual.

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Our Corporate Plan – Our Future 2020-2023

Our corporate plan is set around 3 key themes accompanied by actions and measures for how we will succeed.:

Our Homes – Providing high quality homes for our customers:

Our Business – Fit for today and prepared for tomorrow:

Our Services – Delivering first class services to support people and places:

A combination of global challenges, changes in consumer behaviour and our determination to help tackle the housing crisis have informed our thinking behind our 3-year corporate plan, Our Future. From the development of a carbon-neutral plan and tailored, data-informed services for customers; to creating new homes whether by building them or repurposing empty buildings, our plan is shaped to work with the modern world. [Salix Homes Corporate Plan](#)

Our resolve to place building safety and the customer voice at the heart of the business, ensures our customers' safety and views are treated with the utmost importance, as we continue to raise the bar of safety for the sector.

Whilst we come to terms with the impact of Covid, Brexit and the escalating cost of living and the inequalities this has magnified, our plan has put a renewed focus on how we build back better and support our communities to renew and thrive, we have developed a suite of indicators in each area to demonstrate our success.

Area	We will	Achieve
Our Homes	Sustain our home quality standard whilst building a safer & greener future	Maintain Salix Homes Property Standard
		Maintain 100% home safety compliance
		Develop a carbon neutral strategy to become carbon neutral by 2038
	Delivering quality, diverse and affordable homes	Develop a contemporary standard of homes for older people
		Increase the number of affordable homes
	Be an influential partner in developing innovative solutions to tackle the housing crisis	
Our Business	Viable, efficient and well governed	Optimise our operating performance to enhance financial strength
		Ensure a strong and influential customer voice through our new customer engagement arrangements
		Develop and implement a Data Strategy that supports how we deliver customer services
	A great place to work with a high performing workforce	Review colleague communication and engagement channels to transform internal collaboration
		Invest in our people through the delivery of comprehensive training, including our accredited Leadership Programme
		Introduce a new more modern employee offer
Our Services	Improve the customer experience ensuring it is future ready	Optimise our service delivery model ensuring the right type of service is provided at the right time
		Deliver services that meet customers' needs and expectations and maximise data informed customer satisfaction
		Deliver services that provide a consistent coherent and integrated customer journey regardless of contact channel
	Supporting people and places to achieve their potential	Develop our social value framework to maximise positive impact of our investment
		Develop a plan to prioritise and tailor support to our most vulnerable customers
		Introduce a programme of place making to promote sustainable communities

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New Homes

We have made good progress on the delivery of our ambitious development programme of 100 homes a year with 2 major developments completing during 2021/22. We handed over the remaining properties at the Beechfarm regeneration scheme which delivered 120 new homes for social rent and 40 homes for outright sale. The completion of this £22m scheme will be the final element of Salix Homes commitment within the transfer agreement to address the historical subsidence issues faced by many homes within the estate.

We also completed our first affordable Rent to Buy development, the Artifex, a new build block of 108 apartments in Salford, and launched our marketing brand Willo Homes.

Our future developments include Neighbourhood - working with our partners Step Places this is an ambitious transformation in Langworthy / Seedley providing 157 new environmentally sustainable homes for a broad mix of tenures, 91 properties being developed by Salix Homes for a range of affordable tenures including our first ever homes for shared ownership.

We started on site with our Greenhaus development on Chapel Street Salford, which is at the centre of the Salford Crescent Masterplan being delivered by the English Cities Fund – a joint venture between Muse Developments, Legal & General Property, and Homes England. This development is one of the first and largest Passivhaus certified apartment schemes in the UK to date and will provide 96 homes for social rent and affordable Rent to Buy.

Work is progressing with our development of 24 x 2 bed apartments for social rent in Partington, Trafford, and the review of our Older Persons offer.

Building Safety

In 2021/22, as part of our overall *Build Back Better* programme we formalised our approach to building safety through the introduction of a Building Safety Directorate. We now have a dedicated director, who reports directly to the CEO. The team comprises of building safety managers, general compliance managers and a team of property safety officers. We continued to work with the Government's Building Safety Team, including the new Building Safety Regulator (BSR), through 2021/22 by participation in the Early Adopter Programme to support the early implementation of both the Fire Safety Act 2021 and the Building Safety Act 2022 regulations. We have been testing and learning the proposed legislative changes, specifically around Safety Cases, the competency framework, and the Golden Thread requirements. We have commenced an organisational building safety culture review programme; the BSR is considering using our partnership working methods adopted during the project to remediate cladding on Canon Hussey & Arthur Milward Court, as an example of the culture change required within the sector.

In 2021 we have applied to attain the 'Building A Safer Future Charter Champion Status' and are currently awaiting the outcome of the assessment. Any learning points will be used to inform our ongoing culture change programme.

We continue to work with the Salix Homes Customer Committee in developing specific resident engagement strategies for our buildings in scope and have recently appointed a Building Safety Customer Liaison Officer to work both with customers and across the business to develop building specific strategies and engagement plans.

We continue with the regulatory safety compliance and servicing of our homes including gas, electrical legionella and asbestos management, attaining good assurance ratings from BDO audits undertaken in 2021.

In 2021 we completed our cladding remediation programme and commenced External Wall Survey (EWS1) investigations on those high-rise buildings which require them, initial reports on completed surveys indicate B1 ratings meaning no further safety works are required to the external walls or the building. The process of undertaking EWS1 is time consuming, and we are awaiting the reports for the remaining high-rise buildings.

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Finally, during 2021/22 we continued to advocate for change across the sector. Our CEO is the building safety team lead for the Greater Manchester Housing Partnership. The partnership works collaboratively to develop customer focused building safety initiatives through sharing and learning from good practice and developing joint initiatives to drive consistency across the sector i.e. competency framework for building safety/compliance officers. The Building Safety Regulator attends on a regular basis to provide updates, to consult and learn from members.

Streamlined Energy and Carbon Reporting (SECR) 2021/22

Our approach to sustainability and carbon touches our impact on the environment through our business operations and how the energy efficiency of our customer's homes impacts them, especially regarding fuel poverty. Our developing sustainability strategy seeks to improve both through a planned programme of measured interventions.

To develop a greater insight into our operational carbon emissions and those within our housing stock we have engaged:

- The Monarch Partnership to produce a detailed and accurate SECR return
- Anthesis consulting to complete a wider carbon footprint for the organisation
- Savills to complete an energy efficiency of its housing stock

Salix Homes SECR in-scope areas and Future Priorities

For the purposes of SECR reporting Salix is following current best practise by using:

- Greenhouse Gas Protocol Corporate Standard (2015 revised version)
- Defra's 'Environmental Reporting Guidelines: Including Streamlined Energy and Carbon Reporting' requirements (March 2019).
- Using the DEFRA 2020 carbon conversion factors.

Our in-scope reporting for SECR include our operational offices and associated business travel. No mandatory reporting has been excluded. However, for the purposes of developing a carbon reduction strategy these SECR boundaries have limited value. For example, Salix's SECR boundaries do not consider emissions in its supply chain or its housing stock both of which are critical if Salix is to become carbon neutral.

We have engaged Anthesis to complete an all systems review of emissions to enable us to develop more representative and meaningful energy and carbon metrics which are beyond the reporting requirements of the SECR regulations. This together with Savills assessment of our stock will provide the data which will underpin future plans and policies.

During 22/23 we will launch our sustainability strategy which will be pivotal in prioritising actions which will deliver our Corporate Plan. It will be data led and is likely to include:

- Targeted approach to reducing the carbon impact of our business operations.
- Greater understanding of the emissions associated with our supply chain.
- Focus on our stock and improvements to meet minimum energy efficiency standards (MEES) of EPC C by 2030. As of March 2022, Salix homes has 1500 properties below EPC C and will require improvement to meet the MEES, this cost is included within our business plan.
- Align Salix activities with carbon reduction pathways to support local and national carbon targets.
- A commitment to continuous improvement and reporting of performance.

A greater focus will be given to our Environmental, Social and Governance (ESG) ambitions. We will bring together various existing reporting strands into a single standardised approach to ESG reporting which recognises the increasing importance of ESG issues to both Salix and its funding partners. It will allow the measurement and monitoring of performance of key aspects of the business and ensure that senior management are sighted on ESG issues.

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SECR scope and data.

The SECR report includes all mandatory areas of reporting including scope 1 and 2 emissions for normal business operations such as the use of gas and electricity in the business centres plus the direct use of fuel for fleet and business mileage. They have been reported using a location methodology which reports the units of energy consumed rather than the source of energy.

To comply with SECR, organisations need to detail their company emissions as a ratio against at least one other quantifiable factor related to business activities: turnover, number of full-time employees, or production volume. Because of the nature of its core housing activities Salix has chosen turnover.

The mandatory reporting values can be found below.

SERC 2021 REPORT	Year end 20-21	Year end 21-22	Reduction
Tonnes of carbon equivalent (tCO ₂ e) emitted	2,410	2107	13%
kWh consumed	12,056, 551	10,944,468	9%
Intensity Ratio tCO ₂ e/£m	57.38	52.07	10%

Because the business premises are leased, emission reduction from our operational bases may be limited in the short to medium term though opportunities to reduce carbon will be explored with our landlord. The current EPC rating for Diamond House is a C which is above that found in similar properties.

Without direct investment into alternative sources of low carbon heat, the emissions associated with heat are likely to remain, however, emissions from electricity will reduce as the electricity grid itself becomes low carbon and the benefits of a flexible workforce continue. A strategy for the replacement of the current petrol and diesel fleet with electric vehicles is being developed.

Salix also reported the following activities were undertaken in the reporting period.

- The installation of 375 new combination gas boilers replacing older less efficient models.
- 15 installations of highly efficient electric heating systems.
- 333 installations of measures designed to improve the energy efficiency of the building fabric
- Since April 2021, the number of properties below EPC C has been reduced by 193 which has reduced the carbon emissions associated with our stock by 73 tonnes.

To support carbon reduction targets and as part of our sustainability strategy we will develop targeted sustainable energy action plans covering specific time periods identifying a range of interventions for each scope which will ensure that carbon neutrality is delivered in a measured, costed, and achievable fashion.

Our Colleagues

Salix Homes' colleagues are at the heart of making things happen and we aim to ensure our colleagues are engaged, equipped and empowered to perform their roles.

In 2021/22 our colleagues continued to deliver services and support customers and each other in a difficult and ever changing environment, including continued working through the COVID pandemic and its implications.

Recognising colleagues as our most valuable asset we have continued to invest in their learning, development and wellbeing in line with the four key themes within our People Services Strategy, linked to our organisational vision.

Live - Attraction and Retention

The UK has experienced the impact of 'The Great Resignation' this has led to employers in all sectors struggling to both retain and recruit staff, we have not been exempt from these challenges across most of our service areas. In response in consultation with colleagues and Trade Union partners we have completed a number of organisational reviews as part of our Build Back Better plans to realign our

resources which are now better placed to respond to current and future needs of the organisation, updated and promoted our colleague benefits package, explored new recruitment channels and introduced a 'Market Supplements Policy' which enables us to be more reactive to the market, and achieved collective bargaining on a new Trade Pay Policy for colleagues within Trade roles within our Repairs and Maintenance Service. Our gender pay gap analysis has identified that unlike many other organisations women are paid comparatively more than men within our organisation, the mean gender pay gap being -£2.33 per hour (-14.98%). The new Trade Policy is expected to contribute to the narrowing of this gap.

Grow - People Development

We engaged 6 individuals on the governments Kickstart Scheme, which created new temporary jobs for 16 to 24-year-olds on Universal Credit and at risk of long-term unemployment, two have since gained permanent employment at Salix Homes, with others accessing employment in alternative organisations following the experience and support we have provided.

Procurement has been a key priority for the organisation and to support this a procurement development programme was delivered to the wider leadership team to support colleagues in their roles in delivering excellent efficient services. Further we continued to deliver our management 360-degree feedback programme, which has informed personal development plans.

We continue to support engaged customer development and new courses have been designed and approved by the National College for Further Education, enabling them to confidently participate.

Thrive - Leadership, Engagement and Wellbeing

We held our first ever Inclusion Month in October 2021, to raise awareness of the different types of protected characteristics. We also used this opportunity to promote our new Inclusion Strategy, which affirms our commitment to equality, diversity and inclusion this is supported by a new position of Inclusion Partner and a newly established colleague Inclusion Group who have received 'allyship' training to support them in their role.

We also established a Digital Inclusion Group to ensure clear communications are in place in relation to ICT developments.

Due to the lifting of restrictions, we were pleased to be able to hold our employee conference in person in March 22 which was a great success and a fantastic opportunity for existing and new colleagues to meet in person. We sought feedback from colleagues at this event on the action plan for our Inclusion Group, a proposed new set of values and competencies and 'The Big Check In' an opportunity to provide more general feedback. We also hold monthly question and answer sessions for all colleagues with our Exec Team and our latest colleague satisfaction levels are at 87%.

We have seen an increase in sickness absence from an average of 5.5 days in 20/21 to 8.7 days in 21/22, this does not include covid related absence. The 5.5 days in 20/21 was unusually low. We appreciate that these have been challenging periods for our colleagues and have continued our action to promote mental health support. We continue to focus on employee wellbeing, and our mental health first aiders have promoted the service they offer by sharing personal stories of overcoming challenges we have also promoted the use of our counselling services, and noticed more colleagues accessing these, particularly in the final quarter of 21/22. We are also piloting a new occupational health service to provide colleagues with a more responsive service when they need it.

Together – Service Excellence

During 21/22 we have undertaken a number of organisational reviews to ensure that our teams are better placed to respond to current and future needs, both within our Operational and Resources Directorates working closely with our recognised trade unions.

We have increased and improved our internal communications to ensure that key messages are being effectively communicated. These sessions also provide an opportunity for colleagues to ask questions which enables us to understand and respond to matters that are important to them. This has supported us to maintain positive colleague experiences.

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We have also consulted with members of our leadership team on learning and development to inform future plans and approaches, recognising that there are new priorities post pandemic and new opportunities to return to face to face training.

We continue to capitalise on our ICT investments working with teams and third-party suppliers to develop software to improve the effectiveness and efficiency of our processes and our customer digital offer MySalix. We have reviewed our cyber security and continue to carry out penetration testing to assess our ICT environment to understand and improve resilience to a cyber-attack; the results have been positive. We have also taken steps to improve ICT governance through the development of a new ICT policy framework.

Governance Arrangements

Board and Committees

Board membership is detailed on page 3.

The Salix Homes Board is responsible for the strategic direction of the organisation and ensuring the achievement of the organisation's vision and the objectives set out in the Corporate Plan. To do this, the Board establishes the organisation's overall policy and strategy and monitors compliance with its values and performance targets within a clearly defined framework of delegation and system of control.

Our Board is supported by four sub committees and two subsidiary boards. The Salix Homes Customer Committee are in place to scrutinise our services and work hand-in-hand with the Board to ensure ongoing compliance with the Consumer Standards and ensure that the customer voice is being heard at the highest level. The Board also has regular oversight of SHDL including the investment in our joint venture with nine other providers across Greater Manchester, Hive Homes Ltd.

During 2021/22, the Board met on seven occasions and held two formal Strategic Away Days and six "teatime" learning sessions to discuss the strategic direction of the organisation and key business risks.

The Board currently consists of 12 non-executive members (including two co-optees), all appointed following application, skills assessment and interview. 2021/22 saw two members retire and four new members (including the two co-optees) take up their positions on the Board.

All Board members have completed a thorough induction process and are subject to an annual appraisal. The skills and knowledge of our members includes the areas of finance; risk; strategic management; equality, diversity and inclusion; and community regeneration, alongside a number of our members having direct lived experience of living in social housing helps to ensure that the Board is in a strong position to make informed and appropriate decisions for the organisation in the challenging environment we are working in.

The Board regularly reviews its composition, aiming to ensure that this reflects the communities it serves. The gender mix of 58% male and 42% female broadly reflects the profile for the areas covered by Salix Homes. The Board also has a good coverage of age groups, with 42% of members being under 40 years old; and just under 20% representing the age groups of 60 and over. In terms of other key protected characteristics:

- Two thirds of our Board members are White British;
- 16.7% of our Board members have declared a disability.
- 16.7% of our Board members identify as LGBTQ+.

Board members are very supportive of the organisation – which is reflected through good attendance (ave. 87% attendance at Board meetings during 2021/22), with high levels of attendance also recorded at the committee meetings, member involvement in various Task and Finish Groups and regular attendance at "teatime" training and awareness sessions.

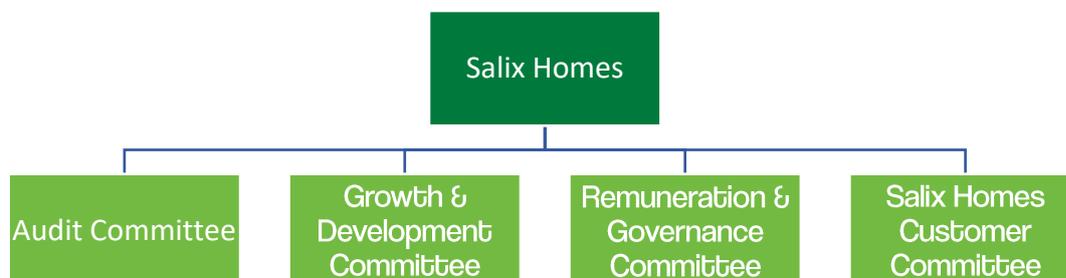
Operational management is delegated to the Executive Team (detailed on page 4) who meet weekly and attend Board and Committee Meetings. The Executive Team have no financial interest in Salix Homes.

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Salix Homes has insurance policies that indemnify Board members and the Executive Team and Officers against liability when acting on its behalf.

Governance Structure

Salix Homes currently has four committees who support the Board, as shown below. The membership of these Committees is detailed on page 3.



The Audit Committee addresses internal and external audit issues and advises the Board on risk management policies and internal control matters. It also has oversight responsibility for procurement and Value for Money. The Audit Committee considers the financial statements and recommends their approval to the Board. During 2021/22, the Audit Committee met five times.

The Growth and Development Committee has oversight responsibility for growth, development, property investment and the carbon agenda. It monitors the performance of such activities and reviews proposals to create a pipeline of potential development schemes, advising the Board accordingly, whilst taking due account of related risks. During 2021/22, the Growth and Development Committee met six times.

The Remuneration and Governance Committee has oversight of governance matters. It also advises the Board on succession planning, non-executive member remuneration, the appointment of the Chief Executive and Executive Directors, and colleague remuneration taking independent advice and using consultants as necessary. During 2021/22, the Remuneration and Governance Committee met five times.

The Salix Homes Customer Committee (SHCC) ensures the Regulator of Social Housing's Consumer Standards are being met and that agreed local service standards are being adhered to, utilising independent internal audit and scrutiny reviews as necessary to provide assurance. The Committee met seven times in 2021/22 and held two Away Days.

The Board and Committees have continued to respond flexibly to the ongoing impact of Covid-19 – making use of both in person and virtual meetings to continue essential/ planned activities.

Subsidiary Companies

Salix Homes has two wholly owned, private limited subsidiary companies, Salix Homes Developments Limited and Salix Living Limited.

Each subsidiary has a Board of Directors, chosen for their specific area of expertise. From a regulatory point of view, the subsidiaries are not regulated by the Regulator of Social Housing but are constituted under the Companies Act 2006.

Compliance with Regulatory Standards, the Code of Governance and all relevant law

The Board approved the adoption of the 2020 Code of Governance in March 2021 and in August 2022 were presented with a review of compliance with the Code. The Board confirms that Salix is fully compliant with the 2020 Code of Governance.

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The Board confirms full compliance with the RSH Regulatory Standards, including the Governance and Financial Viability Standard. A review against the RSH's Regulatory Framework was presented to Board in August 2022.

The Board confirms compliance with all relevant law applicable during 2021/22.

Health and safety

The Board is aware of its responsibilities on all matters relating to health and safety. The Group has a dedicated internal Health and Safety Team which oversees health and safety management across all colleague functions, and a dedicated building safety directorate that looks after all building safety and compliance, with additional external expertise where required. This includes comprehensive health and safety policies, procedures, risk assessments, audit scrutiny, training and advice, and Covid safe operating plans were in place throughout the pandemic.

Financial Overview

The financial statements report an operating surplus of £6.2m (£7.6m 20/21) this includes the surplus on sale of housing properties of £2.9m (£1.9m 20/21).

Before the accounting treatment to reflect the actuarial pension service cost adjustment, an operating surplus of £7.7m in 2021/22 (£8.3m 20/21) would have been reported.

The net surplus is reported as £3.4m (£5.6m 20/21).

The social housing surplus is £1.7m less year to year of which the increase in FRS pension service costs account for £0.8m. We delivered savings in management and service costs following the implementation of our build back better program of £0.3m, which were offset in 2022 by the additional costs of £0.4m in agency resource and recruitment fees following impacts of the great resignation, other fixed asset depreciation driven by the investment in infrastructure accounts for a further £0.2m increase. The reduction in non-social housing activity also impacted management allocations accounting for a £0.2m increase year to year and our development team capitalisation rates were lower as the team focused on sales and lettings activity alongside development in year accounting for £0.1m. Maintenance costs have increased by £0.2m driven by costs relating to fire safety in undertaking external wall surveys, building upon our commitment to fire safety.

Salix Homes other Social Housing surplus has reduced by £0.5m year to year. 65 units were sold via right to buy and acquire generating £3.9m turnover and £2.9m surplus which is £0.9m higher than 20/21. This has been offset by a reduction in the VAT shelter income of £0.6m as it reached the maximum cap in 20/21, a £0.3m adjustment to assets at our Riverside development which was recorded at EUV-SH and now aligns to historical cost aligned to the rest of the housing asset valuations and a £0.6m reduction in surplus relates to abortive costs at our Arrow Street development. Following board review the Arrow Street the scheme is currently on pause whilst we build our understanding of the impact of wider economic influences on the business plan. We will look to review as a clearer picture emerges as we move throughout the year. As a result of this decision, costs related to planning approval of the original extra care scheme that had been capitalised have been written off in the 2022 accounts.

The non-social housing operating surplus has increased by £0.8m. Development sales overall contributed £3.6m in turnover which resulted in a £1.1m surplus in year primarily from Beechfarm development which is £0.8m higher year to year. This generated a £0.2m tax liability.

Interest and Financing costs have increased by £0.5m of which £0.2m relates to FRS financing costs in pension actuarial gains. Capitalised interest was £0.3m less year to year. 20/21 capitalised interest costs were higher as a result of the scale of the development activity.

The statement of financial position records a provision of £53m which is offset by a corresponding amount in debtors, this represents the remaining eight-year provision for future improvement work as part of a fifteen-year period of work agreed with Salford Council as part of the March 2015 stock transfer agreement. These are the works eligible for the reclaiming of VAT through the VAT shelter that has

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been approved by HMRC. As noted above Salix reached its maximum share in March 20/21 and continues to report the arrangement.

The GMPF end of year pension report has seen a substantial decrease of £8.2m in the pension deficit from £11.5m to £3.2m which was driven by a £6.4m increase in scheme assets and a £1.8m reduction in scheme obligations, this is based on the position reported by the Greater Manchester Pension Fund's actuaries.

The actuarial gain element of the GMPF pension scheme recognised in comprehensive income in year was £10m (loss £8m 20/21) reflecting the impact of accounting for retirement benefits in accordance with Financial Reporting Standard 102 Retirement Benefits ('FRS 102'). After these adjustments the total comprehensive income for the year was £13.4m (£2.4m 20/21).

The costs to service the GMPF pension scheme recognised in the operating surplus increased to £1.5m (20/21 £0.7m) with an additional £0.3m in interest (20/21 £0.1m).

Gift aid payment of £133k (£87k 20/21) was received by Salix Homes during the year from its subsidiary SHDL.

Treasury management

Strong treasury management is critical to increasing our financial capacity and resilience. In 2021/22 following a tender exercise Salix Homes appointed Savills as treasury management and business planning advisors. We introduced an updated Treasury Management Policy and an annual Treasury Management Strategy, based on the financial business plan approved by the Board. During the year Salix Homes completed the transition of its existing loans from LIBOR to SONIA, secured an additional £10m funding and updated our loan covenants from LSVT style to a more commercial basis. The Board reviews treasury performance at each meeting, including a review of compliance with financial covenants, loan drawdowns, interest rate management and liquidity projections. At 31st of March 2022, Salix complied with all financial covenants.

At 31 March 2022, Salix Homes had total loan facilities of £110m of which £68.5m has been drawn (£75.5m 20/21), 99.8% of the Group's housing properties were charged as loan security (20/21: 99.9%).

The Group manages the risk of fluctuations in interest rate through a mixture of variable and fixed rate debt. As at 31 March 2022 the Group had 80% fixed rate debt (72.3% 20/21) with maturity dates of March 2025. The treasury management strategy approved in July 2021 specifies that a level of hedged debt at around 70% be maintained. Fixed rate loans are on an embedded basis and the Group has no standalone derivatives.

As at 31 March 2022, the weighted average interest rate was 3.01% (3.47% 20/21)

The RSH's requirements identify that 18 months' capital liquidity should be available. This requirement has been met or exceeded throughout 2021/22. Salix Homes has sufficient facilities available to meet all known financial business plan requirements for the period up to March 2025, we are currently developing a strategy to refinance during 2022/23.

At the year end, Salix Homes held cash balances totalling £2.435m (20/21: £404km) of which £2.425m (20/21: £394km) was held in an overnight deposit account at an annual interest rate of 0.10% (20/21 0.01%).

The reserves of the group at 31 March 2022 totalled £84m (20/21: £70.0m). The financial business plan results in surpluses each year which are re-invested in existing homes, communities, services and planned new developments with some provision for contingencies. The Board is satisfied that the reserves at 31 March 2022 are at a level that is appropriate for the business.

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Value for Money

Salix Homes is committed to ensuring Value for Money (VfM) in the delivery of our services which underpins our corporate priorities to provide high quality homes and first-class services to support people and places.

As part of our new corporate plan “Our Future” we have developed new VFM and Procurement strategies to support our services particularly in the current climate. Our VFM framework contains 4 key principles:

1. Providing a high-quality service to our customers and colleagues
2. Optimising our income and financial return on our assets
3. Improving the quality of life of our customers and those who live in our communities
4. Increasing the efficiency in the delivery of our services and use of resources

The framework combines VfM metrics set by the Regulator of Social Housing (RSH) and Key Operational indicators, we also set targets to improve how we deliver services to ensure they are effective and deliver real efficiencies where possible. We closely monitor and report how we perform against the framework to assist in assessing how we are providing VfM in achieving our objectives.

Procurement remains central to the achievement of value for money and we have strengthened our procurement team during the year to ensure that we are generating maximum benefit from the resources we have available; this is particularly important in the current economic climate. We also work with our Customer Committee Procurement Panel to expand resident involvement in our procurement processes building on the recommendations in the social housing white paper.

As we transition from a stock transfer organisation, we have developed our financial strategy to focus on our costs and performance over the next 3 years. A key priority is to improve our financial strength building resilience and creating headroom within the business plan to ensure we have choices to address the challenges of the economic downturn, and possible further austerity, supporting our tenants and investing in our existing homes whilst continuing to meet for building safety standards and planning for carbon reduction and energy efficiency in our existing and new stock and to increase the number of affordable homes. We have started this journey by reviewing how we deliver and support our services as part of our Build Back Better (BBB) programme, which was implemented in May 2021, and have embedded targeted savings within our 30-year plan. We use benchmarking results to gain a deeper understanding of our costs and inform priority areas for review in order to improve our cost per unit.

The following VFM efficiencies were achieved during the year.

Project Description	Start Date	End Date	Savings Per Annum	Savings Contract Life
BBB colleague and related costs - operations	May-21	Ongoing	£364k	£405kpa
Diamond House Rent	Apr-21	Mar-27	£170k	£345k
Responsive Repairs- Subcontractors	Jun-22	May-24	£168k	£337k
Air conditioning servicing & repair	Apr-21	Mar-23	£35k	£70k
CO Alarms	Mar-22	Mar-22	£19k	£19k
Domestic Gas Servicing	Mar-22	Feb-27	£10k	£50k
Communal Utilities - Gas & Electric	Apr-22	Oct-22	£12k	£12k
Lone Working Devices	Jan-22	Dec-24	£10k	£30k
Office Cleaning Contract	Jun-21	May-23	£5k	£10k
Northgate - Housing Management IT	Apr-21	Mar-26	£3k	£3k
Treasury & Business Planning Services	Apr-21	Mar-24	£1k	£5k
Cashable Savings			£847k	£1,389k

Repairs IT system	Apr-22	Mar-23	£1.5k	£1.5k
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Communal Utilities - Gas & Electric	Apr-22	Mar-23	£226k	£226k
Domestic Gas Servicing	Mar-22	Feb-27	£150k	£751k
Cost Avoidance			£378k	£979k

The latest approved Business Plan includes VFM efficiencies of £3.7m mainly generated via service improvements and procurement and £3.4m in maximising social rent at relet (many rents are below target rent levels) and full recovery of service charges.

In line with our Financial Strategy we will monitor and report on performance, against our VFM targets and how this impacts on our cost per unit & operating margin ensuring compliance with the Regulator of Social Housing's (RSH) VFM Standard.

We utilise the PAVE asset evaluation tool to calculate the return on our asset investment, this is a net present value (NPV) based asset grading system which classifies our properties as red, amber or green (RAG rating), based on stock condition, neighbourhood, energy performance (EPC) and other performance and financial data. This helps inform our decisions, with a view to improving performance across all our properties. These results have supported a review of our older persons housing offer which is now an action in our corporate plan.

We are committed to improving social returns in our communities both directly by supporting our tenants into employment, training and apprenticeship opportunities and by working with our suppliers as part of our procurement process and through our involvement in the Greater Manchester Housing Providers (GMHP) social value projects and have launched our wellbeing strategy during 2021/22 which supports our commitment to our homes, customers and communities. Please see our website publications for our social impact report.

Value for Money Metrics

The RSH value for money standard and code of practice outlines seven key financial metrics to be measured and reported against each year along with comparisons against our peer's performance. The table below shows our performance for 2021/22 compared to last year's performance compared to our peers, and our business plan targets for the next 5 years.

	Actual 2020/21	Peer Group 2020/21	Target 2021/22	Actual 2021/22	Target 2022/23	Target 2023/24	Target 2024/25	Target 2025/26	Target 2026/27
Metric 1 - % reinvestment	15.18%	9.03%	11.65%	9.75%	17.15%	10.25%	3.84%	4.34%	4.51%
Metric 2A – % new supply delivered (social)	0.70%	0.79%	3.36%	1.71%	0.57%	3.65%	0.05%	0.00%	0.00%
Metric 2B - % new supply delivered (non-social)	0.19%	0.00%	0.25%	0.24%	0.36%	0.00%	0.00%	0.00%	0.00%
Metric 3 – Gearing	44%	40%	43%	37%	43%	42%	40%	38%	35%
Metric 4 - % EBITDA – MRI	29%	279%	14%	23%	114%	138%	121%	109%	120%
Metric 5 – Headline social housing cost per unit	£4,418	£3,510	£4,334	£4,310	£4,059	£4,171	£4,260	£4,622	£4,782
Metric 6A and 6B – Operating margin (social housing lettings and overall)	16.75%	21.19%	14.21%	11.60%	14.88%	16.73%	20.36%	20.99%	21.73%
	13.53%	17.88%	13.84%	8.09%	12.18%	16.76%	20.60%	20.52%	21.54%
Metric 7 Return on capital employed	3.36%	4.46%	4.06%	2.68%	3.60%	4.30%	4.92%	5.01%	5.36%

The comparator peer group of 11 housing associations has been selected from more recent stock transfer organisations, also taking account of stock numbers and location to reflect similar social demographics.

Overall, the metrics very much reflect the journey of Salix Homes from the completion of the offer document promises in March 2020 and our continued commitment to provide significant financial

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investment into existing properties to maintain Decent Homes and to ensure our properties meet the highest level of safety for our customers. In order to demonstrate the impact of this, the projected metrics for 2022/23 to 2026/27, taken from the latest financial business plan, have been included to show a longer-term comparison. The following paragraphs consider the performance against each metric.

Metric 1 - % reinvestment - investment in properties (existing stock and new supply) as a percentage of the net book value of total properties held.

The metric for reinvestment reflects our continued investment in our properties to ensure we maintain 100% decency and safe homes. In 2021/22 we completed two major development projects, Beechfarm and our first affordable Rent to Buy development, the Artifex, as referred to in more detail on page 10. We delivered £7.3m of works to our existing properties to meet the Decent Homes programme, spend was behind target due to site delays, and issues with material and labour supply. This is the primary reason why the reinvestment percentage is higher than the peer group average. The targets moving forward reflect the lower level of investment required looking ahead, given that all homes are now fully decent, but remains higher than the peer average in earlier years due to investment in our high-rise blocks and ongoing development of new homes.

Metric 2A – % new supply delivered (social) as a proportion of total social properties owned.

The metric relating to new social housing units shows we are performing above the peer group average. This highlights our development aspirations and our continued commitment to provide much needed affordable homes in Salford and Greater Manchester.

Metric 2B - % new supply delivered (non-social) as a proportion of total social properties owned.

This trend is in line with 2A and relates to the completion of properties for outright sale, this metric also includes our private sector letting (PSL) arm and property acquisitions. The extra supply in this area will continue to support our charitable aims and objectives through cross subsidy.

Metric 3 – Gearing, debt as a proportion of the net book value of total properties held.

In 2021/22 gearing at 37% is below budget due to delayed investment and therefore lower loan drawdowns. It is difficult to draw comparisons to the peer average, but our results are well within the covenant limits expected of traditional loan covenants.

Metric 4 - % EBITDA – MRI, earnings before interest, tax, depreciation and amortisation including major repair improvement measured against interest costs. This is an indicator of our operating surplus in comparison to interest paid.

Following stock transfer and investment in properties to meet the Decent Homes Standard our EBITDA-MRI is improving towards our peers and is reporting a positive position of 23%, this is slightly down from 29% in 2020/21 due to one off write offs. From 2022/23 we move to a traditional funders covenant of 110%, it is worth noting that the RSH calculation of EBITDA MRI is different to our Funders covenant calculation.

Metric 5 – Headline social housing cost per unit

We are reporting a reduction in our headline costs per unit in the year due to lower levels of planned investments, and forecast reduction in costs from 2022/23 as we continue to review costs in line with our financial strategy and move to operating in line with more traditional housing associations with a cost of £4,059 per unit moving towards the peer average.

Metric 6A and 6B – Operating margin (profitability of social housing activities and overall).

This metric has reduced in 2021/22 due to higher management and maintenance costs. FRS pension service costs also increased by £1m. During the year we experienced the great resignation which impacted colleague turnover and pay costs, in addition our maintenance costs increased due to investment in external wall surveys further embedding our commitment to building safety. We developed a task and finish financial strategy group focused on understanding and benchmarking our costs and reviewing our action plan for the year.

Metric 7 Return on capital employed, operating surplus to total assets less current liabilities.

The reduced investment in assets has led to a slight under performance v target. This is due to delayed development spend and planned reduced investment works during the year as we review schemes in light of our fabric first approach. Performance is forecast to improve in future years. Although homes

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are 100% decent there is a long-term debtor within the accounts to reflect the remaining 8 years of the VAT shelter agreement with the Council and as this starts to reduce in future years, the liabilities and the measure increase.

In addition to the above metrics, we have implemented additional improvements to ensure we continually provide value for money and the best services within available resources. some examples of these and which principle they link to are:

- V1 – Supported 568 customers in 2021/22 with switching to Universal Credit now totalling 2,932 customers
- V1 - We have reviewed our approach to complaints and introduced a new approach to learning from the complaint we receive. This will ensure that our services become more efficient and effective.
- V2 - Reduced our cost of customer service centre by £138,000 in 21/22. This was achieved through a reduction in call centre operatives and significantly increasing our push to digital services. As a result we also significantly increased the number of transactions through MySalix, increasing digital transaction to 17% of all transactions in 21/22 from 0.5% in 20/21. The average cost to serve per transaction fell from £4.29 in 20/21 to £3.84 in 21/22.
- V2 – continued use of our asset evaluation model that demonstrates the net present value of our property assets, this was reported to Board at its away day in February 2022 and supported the ongoing review of our sheltered accommodation and our longer term aims for our housing offer for older people.
- V2 - Carried out a review of our voids service which led to a £679k reduction in subcontractor costs and changes in working practices that has made the service more efficient and effective, some of the savings were reinvested in supporting disrepair claims management and damp and mould awareness.
- V2 - Carried out a review of our responsive repairs service. This has led to a number of changes to working practices and changes to how our repairs management and reporting software is used to make the service more efficient and effective. The review has also led to a business case for a restructure of Asset Management and Customer service teams to create a greater focus on property and further reduce over reliance on subcontractors. The impact on CPU of this review will start to be felt in 22/23.
- V3 - Started to develop our approach to decarbonisation both for our business and for housing stock and recruited a Sustainability Manager
- V3 - Implemented the 'Salix Gateway' model aimed at improving our partnership working with and referral pathways to other organisations to ensure our customers are able to access the support they need to maintain their tenancies and improve their wellbeing.
- V3 – We launched our wellbeing strategy and have carried out a consultation with our customers to determine the areas that have the biggest influence on improving their wellbeing. Going forward, this will help us focus our resources to where they have the greatest impact.
- V4 - Implemented build back better including changes to how we delivered our frontline housing management services to customers to ensure services are more effective and more customers focussed.

Operational Performance and Compliance 2021/22

Our performance is monitored and reported weekly and monthly to SMT and to ever Board meeting. The tables below show our operational performance during the year compared to previous year and target indicators, including commentary on our areas for improvement.

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Indicator	VFM Principle	20-21 Actual	21-22 Target	21-22 Actual	On Target	Trend
% of customers satisfied with their most recent transaction	1	88.6%	85%	87.3%		
% of customers satisfied with their overall repair service	1	87.3%	87%	90%		
% of customers satisfied with the outcome of their ASB complaint	3	100%	95%	63%		
% of employees who are happy working for Salix Homes	1	82% *	90%	86%		
% of environmental services rated as excellent	3	73.7%	75%	90.8%		
% of repairs completed in a single visit	4	91.8%	90%	91.9%		
% of repairs appointment kept	4	99.4%	99%	99.6%		
% of emergency repairs completed within timescale	1	100%	100%	100%		
% of properties that meet the Decent Homes standard	2	100%	100%	100%		
% of customer service officers with Satisfactory or above call quality monitoring score.	1	New Measure	90%	93.9%		
Average annual days lost per employee due to sickness absence	4	5.1 days	6 days	8.7 days		
Average managed re-let time (inc major voids)	4	New measure	17 days	20.1 days*		
% general needs properties currently tenanted	4	99.6%	99.5%	99.7%		
% of sheltered properties currently tenanted	4	99%	98.3%	96.9%		
Rent arrears of current tenants as a percentage of rent due	2	1.62%	1.62%	1.34%		
Current and former rent and service charge collection rate (exc. arrears brought forward)	2	99.61%	99.61%	99.85%		
Universal credit current and former collection rate (exc. arrears brought forward)	2	98.46%	95.68%	99.73%		
% of self-service transactions	4	80.8%	74%	81.7%		
% of digital transactions via MySalix	4	New	14%	17%		
Number of properties newly built acquired or in development by 2020	2	115	100	103		
Current Salix Homes regulatory status	All	G1V2	G1V2	G1V2		
Average cost of a void property	4	New	£4,312	£3,486		
Average cost of a void property (Including capital costs)	4	New	£5,238	£4,125		
Average void rent loss	2	0.64%	0.60%	0.50%		

* last measured in 2019/20

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	Performance at or above expected level		Performance improving
	Performance slightly below expected level		Performance maintained
	Performance below expected level		Performance deteriorating
	Data not available for trend		

Our performance overall is strong, but we always strive to improve. There are 5 measures where we have missed target, the table below details these indicators and what we are doing to improve going forwards.

Indicator	How we will improve	2022/23 Target
% Of customers satisfied with the outcome of their ASB complaint	Performance is based on the results of 19 surveys of which 12 customers were satisfied. Customers said that they were satisfied with the way we handled their ASB complaint but were not satisfied with an outcome that is outside our control. To address the low response rate, we have made changes to how we carry out the satisfaction surveys moving to a hybrid approach of phone calls and text messages. We have also introduced a new measure to differentiate between satisfaction with how we handled an ASB complaint and satisfaction with the outcome of the complaint.	85%
% Of employees who are happy working for Salix Homes	This year we received 161 responses (54% response rate), of which 138 colleagues (86%) are satisfied working for Salix Homes. This is the highest score that we have reported at Salix to date. Notably only 7% of respondents said they were 'Unsatisfied' with Salix as their employer. We shared the survey results with colleagues and asked for volunteers to join an Inclusion group. This group held their first meeting in December 2021 and consulted with colleagues at the Colleague Event in March 22 to understand priorities in this area to inform their action plan for the year.	87%
Average annual days lost per employee due to sickness absence	The main reasons for absence are stress and mental health related issues. We continue to work with managers and colleagues supporting them at the various stages of the Absence Procedures. This includes offering early interventions such as Mental Health 1st Aiders, OHU referrals, counselling, and Health shield. We are also assessing any key trends in reasons for absences and targeting these with focussed initiatives such as resilience training and coping mechanisms.	8.6 days
Average managed re-let time	A rise in the number of tenancy terminations for a variety of reasons including relinquished properties, deceased customer, moves to residential care and management moves, shows performance below target Also an increase in the number of void properties requiring significant works to bring them to a lettable standard has impacted, this can be attributed mainly to no access during Covid and tenant damage / property being left in poor condition. The team are prioritising essential work to combat the increase in relet times and pre terminations visits to identify any condition issues ahead of properties becoming void.	20 days*
% of sheltered properties currently tenanted	This year has seen a reduction in previous performance due to more properties becoming vacant and needing more work to bring them to a lettable standard as detailed above in the average managed re-let time commentary.	98.3%

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Salix Homes Compliance Measures March 2022

Area of compliance	Target	Actual	On target
Gas Safety Checks	100%	100%	
Fire Risk Assessments	100%	100%	
Electrical Condition Reports (10 years)"	100%	99.84%	
Communal Asbestos Surveys	100%	100%	
Legionella Water Treatment	100%	100%	
LOLER - passenger lifts	100%	100%	
Home Safety Visits	75%	14%	

Our customers are at the heart of all that we do and ensuring their safety is a top priority. At March 22 18 properties fell outside of the 10 year electrical compliance timeframe and we are working with Salford CC to gain access to these properties. We are also transitioning to 5 year electrical condition reports although this is not a legal requirement. We paused our home safety visits on our high rise properties due to Covid, these recommenced in January 2022 and the number of visits, whilst below the annual target is as expected for the 3 month period. All other areas were 100% compliant.

Risk Management

Salix has an established risk management framework which is aligned to our business activities and supports the achievement of our corporate objectives and financial business plan. The Board, Audit Committee and Senior Management Team has maintained its programme of risk identification and review throughout the year. Risks are considered at all level across the business and all decisions taken by the Board or Committees consider relevant risks.

Our risk management framework (approved by Board in March 2022) is in place to identify, evaluate and manage the significant risks faced by the Group, arising from our corporate priorities, wider Sector Risks and the economic operating environment. The Coronavirus Pandemic, escalating inflation and cost of living increases, Brexit and the war in Ukraine has impacted a number of our key risks during the year, along with providing opportunities in continuing to develop new ways of working and our use of technology to deliver services more effectively. Board and Audit Committee have been regularly updated on the impacts to the business, customers and colleagues.

The Board have an approved risk appetite statement, which currently identifies areas where it has a lower appetite for risk such as health & safety, data protection / cyber risk, safeguarding, financial viability and a higher level appetite for risk in innovation and use of technology, strategic partnership working. Risk appetite indicators are monitored and reported to Board via our performance reporting framework.

Our key risks are reviewed at least ½ yearly by Board including changes to risk profile, and controls in place to mitigate risks. Audit Committee review the strategic risk register in detail each quarter and gains assurance that risks are being appropriately managed.

Risk appetite and risk-based stress testing is an integral part of our financial planning process to understand how change impacts on financial viability, this is considered alongside identified mitigations. The most significant risks currently facing the organisation, are shown in the table below,

Risk area	Key risk factors	Mitigations
Net zero carbon	-significant cash investment to retrofit – uncertainty of grant -additional cost to newbuild -impact on business plan -cost of heating for residents. -considered investment decisions linked to new technology	-Property portfolio net carbon assessment March 21 presented to Board. -Strategy to be developed 2022/23 -Business Plan includes costs to reach EPC C by 2030 -Financial plans stress tested with estimated costs of meeting net zero carbon 2038 and 2050 -Installed ground source heat pumps and insulation/cladding to high rise buildings

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ANNUAL ACCOUNTS FOR THE YEAR ENDING 31 MARCH 2022

Development programme delivery - including sales	<ul style="list-style-type: none"> -projects delayed due to Covid/Brexit - availability of material & labour -Unstable market / Increasing costs affecting scheme viability -fewer contractors and pressures on financial viability -increasing competition for land and grant funding from other associations, for-profit providers and LA's - reducing s.106 opportunities. - erosion of development capacity by the need to invest in fire safety remediation and achieving net zero carbon 	<ul style="list-style-type: none"> -Updated business plan and further stress testing to reflect delays and potential changes to sales market. -Individual scheme appraisal reported to approved by Board Growth and Development Committee scrutinise development plans. -Monthly monitoring and Project and Investment Group meetings -Key contractors financial positions monitored
Rent collection /arrears	<ul style="list-style-type: none"> -Roll out of UC -impact of cost of living increases with high energy bills on top of the annual rental increase 	<ul style="list-style-type: none"> -Income team trained to support customers with UC claims/ advice. Employment and training support. Signposting to key partners. -Early warning system to identify payment trends. -regular performance monitoring -stress test range of scenarios - internal cost of living group set up
Changes in the external environment	<ul style="list-style-type: none"> -Economic and political risks – escalating inflation, and impact of war in Ukraine -fallout from Brexit and emerging from Covid pandemic Compliance with Regulatory Standards -Social Housing White Paper/Regulation Bill -Building / Fire Safety Acts 	<ul style="list-style-type: none"> -Monitoring & report to Board on national policy and external environment, monitor impact, on costs, customers, availability of goods, working with contractors and suppliers. -Updated, stress test & multivariate scenarios tested on business plan, reviewed mitigation strategies. -Commissioned a piece of work to assess the impact of the current economic environment on our customers i.e., inflation, energy costs, interest rates etc..
Repairs and maintenance service upper quartile and efficient	<ul style="list-style-type: none"> -high service cost area -increasing costs due to external environment and use of sub-contractors -higher repair costs due to Covid/lower access -Media campaign raising awareness of poor property conditions 	<ul style="list-style-type: none"> -review in year – void works less reliance on external contractor and reduced cost, -further review underway to ensure efficient service provision -Dedicated disrepair team -Customer satisfaction is good -channel shift to digital repairs reporting -improved performance reporting.
Coronavirus	<ul style="list-style-type: none"> -Keeping employees and residents safe and supported. -delivery of services -financial impact -changing support requirements of tenants such as mental health issues and determining the true scope of repairs issues not reported during restrictions. 	<ul style="list-style-type: none"> -Appropriate planning to mitigate the effects of the virus on the delivery of key business services during the year -Board, colleagues and customers are updated regularly -majority of colleague's home/agile working. -adopted business as usual approach
Fraud including cyber security / attack	<ul style="list-style-type: none"> -risk of financial loss -risk of cyber attack -Risk of unauthorised access to data/systems 	<ul style="list-style-type: none"> -Segregation of duties Recruitment controls -robust policies & procedures -Enhanced penetration testing -Multi Factor Authentication, malware, anti-virus implemented. -Additional audit of remote processing. -data protection awareness and training for colleagues.

SALIX HOMES LIMITED AND ITS SUBSIDIARIES
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		-Robust cyber response insurance policy in place
Asset Management	-appropriate investment to – meet changing legislation (e.g. decent homes) -ongoing compliance – key H&S areas -increased cost/unplanned works -Increased costs building/fire safety/carbon neutral	-Dedicated investment team -Business Plan includes stock condition survey investment programme -Use of Asset Performance Evaluation model to identify poorly performing stock - Regular monitoring and reporting of property KPI Dashboard to SMT and Board - New asset management strategy 22/23
Building Safety	-non-compliance with building and safety fire safety legislation -potential increased media attention and scrutiny from the public and residents	- Established dedicated building safety team -part of the DLUHC’s Early Adopter Scheme and testing/learning from the government’s implementation plan proposals and new ways of working in complex buildings. -New safety standards for contractors & mandatory occurrence reporting -Working with HSE and DLUHC to prepare the organisation for both the new fire and building safety regime, and the fire safety act. -CEO is chair of GMHP building safety group -Building a Safer Future (BSF) audit with the BFS Charter organisation took place in 2021/22. -Resources included in the 30-year Business Plan based on current DLUHC proposals. -Customer Committee in place to represent the customer voice. -Progressing to promote culture change both within the organisation and to external contractors
Efficiency including procurement	-budgeted efficiency targets not met	-Regular management accounts and performance reporting & benchmarking -Financial Strategy and action plan in place -New VFM and procurement strategies -New strategic procurement manager focus on procurement practice / process -Procurement training for colleagues -Salix VFM self-assessment published annually.

Internal Controls Assurance

The Board has ultimate responsibility for establishing and maintaining an effective system of internal control and risk management framework for the Group that is appropriate to the various business environments in which it operates, and for annually reviewing its effectiveness.

The system of internal control is designed to manage rather than eliminate risk that key business objectives and expected outcomes will not be achieved, and provide reasonable but not absolute assurance against material misstatement or loss.

The Board has adopted a risk-based approach to internal controls, which is embedded within the day-to-day management and governance process and the wider control environment. This approach includes the regular evaluation of the risks that the Group may be exposed to.

The Audit Committee is responsible for monitoring this system and are provided with assurance that key risks are being managed in line with the risk management framework every quarter. Annually, the Audit Committee reviews and reports to Board on the effectiveness of the internal control system.

The Senior Management Team are responsible for the identification and evaluation of key risks

SALIX HOMES LIMITED AND ITS SUBSIDIARIES
ANNUAL ACCOUNTS FOR THE YEAR ENDING 31 MARCH 2022

applicable to their areas of business and working closely with operational managers in the design and operation of suitable internal controls.

The Board reviews the strategic risks and associated controls as part of this framework at least every 6 months and more frequently if the risk profile changes. An annual review of the Regulators Sector Risk Profile compared to Salix risks is reported to Board along with a gap analysis. The process for identifying, evaluating, and managing risk has been aligned to best practice and this is verified as part of an independent annual review of risk management arrangements via external risk consultants.

Key performance indicators (KPIs), both financial and non-financial, are reported to management and the Board. These KPIs are used to inform discussions at Executive Team meetings and are used to help drive improvements to the internal control framework.

Financial control is exercised through the setting of detailed budgets each year which feed into the annual financial business planning process, coupled with regular, detailed monitoring reports.

Salix Homes has a comprehensive programme of internal audits which is discussed and approved by Audit Committee on an annual basis in line with new and emerging risks and delivered by an outsourced internal audit partner. Agreed recommendations for improvements are implemented by management and progress on recommendations is monitored by the Audit Committee and reviewed by the internal audit partner.

The internal auditors report directly to each meeting of the Audit Committee and annually express an opinion on the control systems in place within Salix Homes, to give the Committee assurance on the design and operation, of risk management, controls, and governance arrangements. Based on the work undertaken by BDO during the year we can confirm that risk management, control and governance arrangements were operating with sufficient effectiveness to provide assurance that the related risk management, control and governance objectives were achieved for the period under review.

The work of the external auditor partner Beevers and Struthers provides independent assurance over the adequacy of the internal control. The external auditor's management letter, which is required to report any material weaknesses in internal controls identified during their audit work, has been received and reviewed by board and Audit committee and there were no such weaknesses identified.

The Audit Committee on behalf of the Board, has conducted its annual review of the effectiveness of the system of internal control. The Board has approved policies and frameworks in place to support the systems of internal control.

The Board has a zero-tolerance to fraud, through its Anti-fraud Policy, and in addition to the normal checks and balances to prevent fraud the employee code of conduct clearly sets out responsibilities and standards of conduct. A whistleblowing policy is also in place and employees are encouraged to report any wrongdoing they become aware of. Information with respect to frauds and losses frauds reported or uncovered are recorded in the fraud register and reported to the Audit Committee at each meeting. There have been no reported actual frauds during the period.

The Board have reviewed the effectiveness of the system of internal control, including risk management, for the year to 31 March 2022, and up to the date of signing these financial statements, based on the assurances provided by the key elements of the system of internal control, opinions of internal audit and external audit, and other assurance sources it has not identified any weaknesses which have resulted in material misstatement or loss which would require disclosure in the financial statements.

Donations

There have been no political donations during the year (2021/22: £nil).

Going Concern

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

SALIX HOMES LIMITED AND ITS SUBSIDIARIES
ANNUAL ACCOUNTS FOR THE YEAR ENDING 31 MARCH 2022

the financial statements are signed. In particular, assurance is provided by the Group's latest Business Plan including sensitivity analyses and stress testing (approved by Board March 2022).

Therefore, the Board has adopted the going concern basis as set out in note 2 of the financial statements.

Statement of Board responsibilities

The Board is responsible for preparing this report and the financial statements in accordance with applicable law and regulations. Co-operative and Community Benefit Society law requires the Board to prepare financial statements for each financial year. Under those regulations the Board has elected to prepare the financial statements in accordance with UK Accounting Standards.

The financial statements are required by law to give a true and fair view of the state of affairs of the Group and Association and of the income and expenditure of the Group and Association for that period. In preparing these financial statements, the Board is required to:

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

The Board is responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the Group and Association and enable them to ensure that its financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. The Board has general responsibility for taking such steps as are reasonably open to safeguard the assets of the Group and Association and to prevent and detect fraud and other irregularities.

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

Disclosure of information to the auditors

Insofar as each of the Board members is aware, at the date of preparing this report

- there is no relevant information needed by the Group and Association's auditors in connection with preparing their report of which they are unaware, and
- Board members have taken all steps that they ought to have taken as a Board member in order to make themselves aware of any relevant information needed by Group and Association's auditors in connection with preparing their report and to establish that the auditors are aware of that information.

Statement of Compliance

The form and content of this strategic report and Report of the Board has been prepared in accordance with the Statement of Recommended Practice for registered social housing providers 2018.

External Auditors

A resolution to re-appoint Beaver & Struthers as external auditors will be put to the Annual General Meeting.

SALIX HOMES LIMITED AND ITS SUBSIDIARIES
ANNUAL ACCOUNTS FOR THE YEAR ENDING 31 MARCH 2022

Annual General Meeting

The Annual General Meeting will be held on 27th September 2022.

The Strategic Report and Report of the Board was approved by the Board on 9 August 2022 and signed on its behalf by:

A handwritten signature in black ink that reads "Jim Battle". The signature is written in a cursive style with a large initial "J".

Jim Battle - Chair

Independent Auditor's Report to the Members of Salix Homes Limited

Opinion

We have audited the financial statements of Salix Homes Limited (the Association) and its subsidiaries (the Group) for the year ended 31 March 2022 which comprise the Consolidated and Association Statement of Comprehensive Income, Consolidated and Association Statement of Financial Position, Consolidated Statement of Reserves, Association Statement of Reserves, Consolidated Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies in note 2. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the Strategic Report, other than the financial statements and our auditor's report thereon. The Board is responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Co-operative and Community Benefit Societies Act 2014 or the Housing and Regeneration Act 2008 requires us to report to you if, in our opinion:

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

Responsibilities of the Board

As explained more fully in the Statement of Board's Responsibilities set out on page 27, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the Group's 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 intends to liquidate the Group or the Association or to cease operations, or has 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.

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

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

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

In identifying and addressing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We obtained an understanding of laws, regulations and guidance that affect the Group and Association, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws, regulations and guidance that we identified included the Co-operative and Community Benefit Societies Act 2014, the Statement of Recommended Practice for registered housing providers: Housing SORP 2018, the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2019, tax legislation, health and safety legislation, and employment legislation.
- We enquired of the Board and reviewed correspondence and Board meeting minutes for evidence of non-compliance with relevant laws and regulations. We also reviewed controls the Board have in place, where necessary, to ensure compliance.
- We gained an understanding of the controls that the Board have in place to prevent and detect fraud. We enquired of the Board about any incidences of fraud that had taken place during the accounting period.
- The risk of fraud and non-compliance with laws and regulations was discussed within the audit team and tests were planned and performed to address these risks. We identified the potential for fraud in the following areas: laws related to the construction and provision of social housing recognising the regulated nature of the Group's activities.

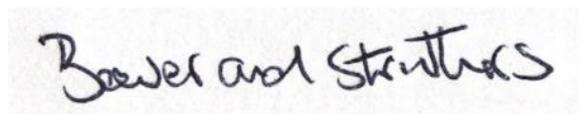
SALIX HOMES LIMITED AND ITS SUBSIDIARIES
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- We reviewed financial statements disclosures and supporting documentation to assess compliance with relevant laws and regulations discussed above.
- We enquired of the Board about actual and potential litigation and claims.
- We performed analytical procedures to identify any unusual or unexpected relationships that might indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud due to management override of internal controls we tested the appropriateness of journal entries and assessed whether the judgements made in making accounting estimates were indicative of a potential bias.

Due to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing fraud or non-compliance with laws and regulations and cannot be expected to detect all fraud and non-compliance with laws and regulations.

Use of our report

This report is made solely to the Association, in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014 and Section 128 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the Association those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association for our audit work, for this report, or for the opinions we have formed.



Beever and Struthers
Richard Graham
Statutory Auditor
St George's House
215-219 Chester Road
Manchester
M15 4JE

Date: 13 September 2022

SALIX HOMES LIMITED AND ITS SUBSIDIARIES
ANNUAL ACCOUNTS FOR THE YEAR ENDING 31 MARCH 2022

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDING 31 MARCH 2022**

		Group 2022 £'000	Group 2021 £'000	Association 2022 £'000	Association 2021 £'000
	NOTE				
Turnover	3	40,465	42,150	40,598	42,237
Gain/(Loss) on Disposals	3	2,902	1,920	2,902	1,920
Operating Costs	3	<u>(37,191)</u>	<u>(36,446)</u>	<u>(37,179)</u>	<u>(36,471)</u>
Operating Surplus		6,176	7,623	6,321	7,685
Interest receivable	8	-	7	17	7
Interest and financing costs	9	<u>(2,584)</u>	<u>(2,028)</u>	<u>(2,583)</u>	<u>(2,023)</u>
Surplus for the year before tax		3,593	5,602	3,755	5,670
Taxation	10	<u>(205)</u>	<u>(22)</u>	<u>(205)</u>	<u>(22)</u>
Surplus for the year after tax	11	3,388	5,580	3,550	5,648
Actuarial (loss)/gain in respect of pension schemes	12	<u>10,033</u>	<u>(7,972)</u>	<u>10,033</u>	<u>(7,972)</u>
Total comprehensive income for the year		<u>13,421</u>	<u>(2,392)</u>	<u>13,583</u>	<u>(2,324)</u>

The turnover and operating surplus are derived from continuing operations. The notes form an integral part of these accounts.

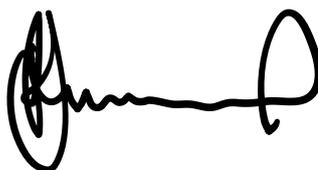
There are no recognised surpluses or deficits other than the surplus for the year as stated above.

The accompanying notes form an integral part of these financial statements

The financial statements on pages 33 to 66 were approved and authorised for issue by the Board on 9th August 2022 and were signed on its behalf by



Chair
Jim Battle



Chair Audit
Committee
Paul Whitehead



Company
Secretary
Sara Sharrock

SALIX HOMES LIMITED AND ITS SUBSIDIARIES
ANNUAL ACCOUNTS FOR THE YEAR ENDING 31 MARCH 2022

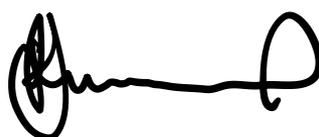
STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDING 31 MARCH 2022

	NOTE	Group 2022 £'000	Group 2021 £'000	Association 2022 £'000	Association 2021 £'000
Property, Plant & Equipment					
Tangible Assets - Housing Property	13	177,191	170,776	177,749	171,115
Tangible Assets - Other	15	1,285	1,637	1,285	1,637
Investment	16	428	196	-	-
Debtors due > 1 year	17	46,638	53,056	47,066	53,112
Current Assets					
Stock & work in progress	14	2,432	471	2,432	471
Trade receivables	17	10,883	10,481	10,941	10,472
Cash and cash equivalents	18	<u>2,641</u>	<u>404</u>	<u>2,435</u>	<u>294</u>
		15,955	11,357	15,807	11,237
Creditors due < 1 year	19	<u>(11,329)</u>	<u>(9,962)</u>	<u>(11,393)</u>	<u>(9,856)</u>
Net Current Assets		4,626	1,394	4,415	1,381
Total Assets less Current Liabilities		230,168	227,059	230,515	227,244
Creditors due > 1 year	22	(89,713)	(88,877)	(89,713)	<u>(88,877)</u>
Provisions for Liabilities and Charges					
Provision for other liabilities	25	(53,493)	(56,383)	(53,493)	(56,383)
Pension liability	12	<u>(3,222)</u>	<u>(11,480)</u>	<u>(3,222)</u>	<u>(11,480)</u>
		(56,715)	(67,863)	(56,715)	(67,863)
Total Net Assets		<u>83,741</u>	<u>70,320</u>	<u>84,086</u>	<u>70,503</u>
Reserves					
Non-equity share capital	26	-	-	-	-
Income and expenditure reserves		83,741	70,320	84,086	70,503
Total Reserves		<u>83,741</u>	<u>70,320</u>	<u>84,086</u>	<u>70,503</u>

The financial statements on pages 33 to 66 were approved and authorised for issue by the Board on 9th August 2022 and were signed on its behalf by



Chair – Jim Battle



Chair Audit Committee
Paul Whitehead



Company
Secretary
Sara Sharrock

SALIX HOMES LIMITED AND ITS SUBSIDIARIES
ANNUAL ACCOUNTS FOR THE YEAR ENDING 31 MARCH 2022

STATEMENT OF RESERVES FOR THE YEAR ENDING 31 MARCH 2022

	Group 2022 Income and expenditure reserve £'000	Group 2021 Income and expenditure reserve £'000	Association 2022 Income and expenditure reserve £'000	Association 2021 Income and expenditure reserve £'000
Cost				
Balance at start of year	70,319	72,712	70,503	72,828
Surplus from Statement of Comprehensive income	3,389	5,580	3,549	5,648
(Deficit)/Surplus from Actuarial defined pension scheme	<u>10,033</u>	<u>(7,972)</u>	<u>10,033</u>	<u>(7,972)</u>
Balance at 31 March	<u>83,741</u>	<u>70,320</u>	<u>84,086</u>	<u>70,503</u>

The accompanying notes form an integral part of these financial statements.

SALIX HOMES LIMITED AND ITS SUBSIDIARIES
ANNUAL ACCOUNTS FOR THE YEAR ENDING 31 MARCH 2022

STATEMENT OF CASHFLOWS FOR THE YEAR ENDING 31 MARCH 2022

	Group 2022 £'000	Group 2021 £'000	Association 2022 £'000	Association 2021 £'000
-				
Net cash generated from operating activities (see Note 31)	11,304	8,893	11,469	8,908
Cashflow from investing activities				
Purchase of tangible fixed assets	(17,453)	(26,307)	(17,839)	(26,451)
Proceeds from sale of tangible fixed assets	3,889	3,704	3,862	3,704
Sale of Land	1,188	-	1,188	-
Outright Sales Proceeds	3,634	2,552	3,634	2,552
Investment in GMJV	(582)	(50)	(582)	(50)
Gift Aid	-	-	133	87
Ethical Lettings Grant	-	700	-	700
Ethical Lettings Expenditure	(294)	(175)	(294)	(175)
Grants received	10,058	1,557	10,058	1,557
Interest received	-	3	17	7
Corporation Tax Paid	(22)	-	(22)	-
Cashflow from financial activities				
Interest paid and loan fees	(2,484)	(2,377)	(2,483)	(2,377)
New secured loans	3,250	11,500	3,250	11,500
Loan Repayments	<u>(10,250)</u>	-	<u>(10,250)</u>	-
Net change in cash and cash equivalents	2,238	1	2,141	(38)
Cash and cash equivalents at beginning of the year	<u>404</u>	<u>403</u>	<u>294</u>	<u>333</u>
Cash and cash equivalents at end of the year	<u>2,641</u>	<u>404</u>	<u>2,435</u>	<u>294</u>

The accompanying notes form an integral part of these financial statements

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDING 31 MARCH 2022**

1 LEGAL STATUS

Salix Homes Group Limited is incorporated in England under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Homes and Communities Agency as a Private Registered Provider of Social Housing. The registered office is Diamond House, 2 Peel Cross Road, Salford, M5 4DT.

The principal activity includes the provision of affordable homes to rent, sheltered and supported accommodation for older people and homelessness services which support vulnerable people.

The group comprises the following entities:

Salix Homes Limited is the Group entity.

Salix Homes Developments Limited, a non registered subsidiary was incorporated under the Companies Act 2006. Salix Homes Developments was incorporated on 5th September 2016.

Salix Living Limited, a non registered subsidiary incorporated under the Companies Act 2006. Salix Living Limited was incorporated on 5th September 2016 but was dormant during the period of these statements.

2 PRINCIPAL ACCOUNTING POLICIES

a Basis of Accounting

The financial statements of the Group and Company have been prepared in accordance with applicable Accounting Standards in the United Kingdom including Financial Reporting Standard 102 (FRS102). The financial statements have also been prepared in compliance with the Statement of Recommended Practice for registered social housing providers: SORP 2018 and the Accounting Direction for Social Housing in England 2019.

The accounts are prepared for the year ending 31 March 2022.

Salix Homes Limited is a public benefit entity and has therefore applied the PBE prefixed sections of FRS102.

These financial statements are presented in sterling £, rounded to the nearest £1k.

b Basis of Consolidation

The consolidated financial statements incorporate the financial statements of Salix Homes Limited (parent) and its subsidiary undertakings Salix Homes Developments Limited (SHDL) and Salix Living Limited (SLL). Details of these subsidiaries are given in note 33.

c Going Concern

The financial statements have been prepared on a going concern taking into account the Directors' consideration of budgets and cash flows forecast by the Company.

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Judgements and key sources of estimation uncertainty

- d **Development expenditure** - development expenditure is capitalised in accordance with the accounting policy described in note 2g. Initial capitalisation of costs is based on management's judgement that any development scheme is confirmed, usually when Board approval has taken place incorporating access to the appropriate level of funding. In determining whether a project is likely to proceed, management monitors the development and considers if changes have occurred that result in impairment.

Categorisation of housing properties - a detailed review of the intended use of all housing properties has been undertaken. In deterring the intended use it has been considered if the asset is held for social benefit or to earn commercial rentals.

Other properties - other properties include assets such as commercial units and shops. These properties are accounted for as a fixed assets and carried at historic cost less accumulated depreciation. These are currently in at a nil value.

Tangible Fixed Assets - tangible fixed assets are depreciated over their useful lives in accordance with the policy described in note 2h.

Government Grants - Government grants are amortised over the expected life of components as described in note 2h. In relation to performance related grants these are released to the statement of comprehensive income once any relevant conditions have been met.

Impairment of Financial Assets - a review of potential impairment of housing properties is carried out on an annual basis and any impairment in an income generating unit is recognised by a charge to the statement of comprehensive income. Impairment is recognised where the carrying value of an income generating unit exceeds the higher of its net realisable value or its value in use. An income generating unit could be a single property, but it is normally a group of properties whose income and expenditure can be separately identified.

e **Turnover**

Turnover represents rental and service charge income, it also represents contract income for Housing Choice, management and other fees, and revenue based grants receivable from local authorities and from the Homes and Communities Agency. This also includes recharges to tenants in relation to repairs and court costs and includes final insurance settlement in relation to flood works.

f **Bad Debts**

A provision for bad debts in made in line with our policy and is dependent on the age of the debt.

g **Housing Fixed Assets**

Tangible Fixed Assets

Tangible fixed assets are accounted for at cost, with the transferring properties measured at fair value (i.e., EUV-SH for accounting purposes). The assets are depreciated over their useful lives.

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Tangible Fixed Assets and Depreciation

g Housing Fixed Assets (cont)

Development

Development costs of properties are capitalised where the costs are directly attributable to bringing the properties into working condition for their intended use.

Capitalisation of interest

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

- a) interest on borrowings specifically financing the development programme after deduction of related grants received in advance; or
- b) a fair amount of interest on borrowings of the association as a whole after deduction of grant received in advance to the extent that they can be deemed to be financing the development programme.

Government grants

Government grants include grants receivable from Homes England and other government organisations. Government grants received for housing properties are recognised in comprehensive income over the useful life of the housing property structure under the accruals model.

As part of the stock transfer a scheme of 101 properties were included which had been subject to government grant of £8.126m. The fair value of the obligation to repay or recycle the government grant is reflected in the fair value of the housing properties and therefore no additional value is attributed to the government grant transferred.

A further 70 properties have been acquired from other Registered Housing providers with a grant liability of £1.696m, this is reflected in the fair value of the housing properties with no additional value attributed to the government grant transferred.

Grants relating to revenue are recognised in income and expenditure over the same period as the expenditure to which they relate providing all conditions of the grant have been met.

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Tangible Fixed Assets and Depreciation

Housing Fixed Assets (cont)

Contingent Liability

If the properties with social housing grant were disposed there would be a liability to repay or recycle the grant identified above. During the period from transfer to 31st March 2022 there has been four preserved right to buy disposals and a scheme change of use. The grant liability of £0.393m was transferred to the Recycled Capital Grant Fund to be utilised accordingly, see note 21 for remaining RCGF balance.

Depreciation

Completed housing properties have been split between their land and structure costs and a specific set of major components that require periodic replacement. Land is not depreciated.

Replacement of such a component is capitalised and then depreciated over the estimated useful life of the component at the following economic lives:

<u>Component</u>	<u>UEL (years)</u>
Structure Traditional	70 to 100 years straight line
Structural Non-Traditional & High Rise	40 to 60 years straight line
Kitchens	25 years straight line
Bathrooms (inc wet rooms)	35 years straight line
Communal Improvements	15 years straight line
Electrics	40 years straight line
Heating System	30 years straight line
Hydro Pumps	10 years straight line
Boilers Communal	30 years straight line
Boilers Domestic	15 years straight line
Pitched roofs	80 years straight line
Flat Roof (High Rise)	30 years straight line
Roofline	35 years straight line
Windows	35 years straight line
External Doors	35 years straight line
Lifts	20 years straight line
CCTV & Door Entry System	15 years straight line
External Curtilage (Parking & Fencing)	20 years straight line
Cladding & Rendering for Tower Blocks	40 years straight line
Insulation (low-rise & houses)	30 years straight line
Sprinklers	40 years straight line

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

h Other Tangible Assets

Depreciation is provided on all other tangible fixed assets, at rates calculated to write off each asset evenly over its expected useful life as follows:

Office property improvements	4 years straight line
Scheme assets	3 years straight line
Environmental equipment	3 years straight line
Computer equipment	4 years straight line
Fixtures, fittings & equipment	4 years straight line
Commercial units	80 years straight line

i Disposals

The surpluses or deficits arising from disposal of properties under the preserved right to buy legislation are disclosed within SOCI operating costs.

j Operating Leases

Operating lease rentals paid are charged to the income and expenditure account on a straight-line basis over the term of the lease.

Reverse premiums and similar incentives received on leases to enter into operating lease agreements are released to the Statement of Comprehensive Income over the term of the non-cancellable lease.

k Pensions

The Association participates in 2 pension schemes

1. A Local Government Pension Scheme (LGPS), multi-employer defined benefit scheme administered by The Greater Manchester Pension Fund (GMPF). The pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and are discounted at appropriate high quality corporate bond rates. The difference between the fair value of the assets held in the group's defined benefit pension scheme and the scheme's liabilities measured on an actuarial basis using the projected unit method is recognised in the group's statement of financial position as a pension asset or liability as appropriate. The carrying value of any resulting pension scheme asset is restricted to the extent that the group is able to recover the surplus either through reduced contributions in the future or through refunds from the scheme. The net surplus or deficit is presented separately from other net assets on the Statement of Financial Position. The current service cost and costs from settlements and curtailments are charged against operating surplus. Past service costs are recognised in the current reporting period. Interest is calculated on the net defined benefit liability. Actuarial gains and losses are reported in other comprehensive income. Actuarial valuations are obtained at least triennially and are updated at each reporting date. The scheme is now closed to new entrants.
2. A defined contribution scheme operated by Aviva where contributions payable in the year are charged to the Income statement in the period to which they relate. Judgements & Estimation uncertainty in a/c policies the cost of defined benefit pension plans and other post-employment benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about rates of inflation, discount rates, future salary increases, mortality rates and future pension

SALIX HOMES LIMITED AND ITS SUBSIDIARIES
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2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

increases. Due to the complexity of the valuation, the underlying assumptions and the long-term nature of these plans, such estimates are subject to significant uncertainty and have the ability to significantly influence the value of the liability recorded and annual defined benefit expense.

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

Change in assumptions at the 31 March 2022	Approximate % increase to Defined Benefit Obligation	Approximate monetary amount (£000)
0.1% decrease in Real Discount Rate	3%	1,468
1 year increase in member life expectancy	4%	2,298
0.1% increase in the Salary Increase Rate	0%	170
0.1% increase in the Pension Increase Rate (CPI)	2%	1,287

l Cost Allocation

Employee costs and overheads have been apportioned to the various operating costs in proportion to the amount of time spent on those activities.

m Loan Arrangement Fee

Loan arrangement fees are written off evenly over the life of the related loan. Loans are stated in the balance sheet at the amount of the net proceeds after arrangement costs, with premiums and costs of issue being accounting for in accordance with FRS102 Section 11.

n Value added tax (VAT)

Salix Homes charges Value Added Tax (VAT) on some of its income and is therefore able to recover part of the VAT it incurs on expenditure. The Financial statements include VAT to the extent that it is suffered by the Company 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 debtor.

o VAT Shelter

Salix Homes has an approved VAT Shelter which commenced in March 2015 and is expected to last for 15 years from that date. As a result, expenditure incurred on the Improvement Programme under this arrangement is expected to be recovered in full, with these being distributed between Salix Homes and the Council in accordance with the terms in the transfer agreement. The Salix element has now been maximised with all sums now being paid over to the Council. The balance of VAT recoverable at the year-end will be included as a current asset in the statement of financial position.

2 **PRINCIPAL ACCOUNTING POLICIES**
(CONTINUED)

p Corporation tax

Salix Homes Limited has charitable status and therefore it is exempt from income and corporation tax on its income and gains falling within Chapter 3 Part 11 of the Corporation Tax Act 2010 or S256 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects.

However, if Salix Homes incurs any income or costs that are not considered to be charitable activities, then it will be subject to corporation tax on those costs. Taxation is charged on the surpluses of SHDL and SLL, surpluses in either whole or part are transferred to the parent by gift aid. Corporation tax payable is calculated at the rates prevailing at the balance sheet date.

q Finance costs

Finance costs are charged to the income and expenditure account in the year.

r Holiday pay accrual

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

s Provisions for Liabilities and Charges

Provisions represent Salix Homes liability to undertake the refurbishment works under the Development Agreement entered into with Salford City Council, as detailed in Note 25.

t Service Charges

Salix Homes operates variable service charges on a scheme by scheme basis in full consultation with residents. The charges will include an allowance for the surplus or deficit from the prior year, with the surplus being returned to residents by a reduced charge and a deficit being recovered by a higher charge. Until these are returned or recovered they are held as creditors or debtors in the statement of financial position.

Where periodic expenditure is required a provision may be built up over the years, in consultation with residents. Until these costs are incurred this liability is held in the statement of financial position within long term creditors.

u Financial instruments – debt

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

v Investment

The Group has approved a £3m investment into Hive Homes which is a Greater Manchester Joint Venture, there is currently no assumption made for profit share due to no schemes developed and completed as yet.

SALIX HOMES LIMITED AND ITS SUBSIDIARIES
ANNUAL ACCOUNTS FOR THE YEAR ENDING 31 MARCH 2022

3 - TURNOVER, OPERATING COSTS AND OPERATING SURPLUS

<u>Group</u>	<u>Note</u>	<u>2022</u>			
		<u>Turnover</u>	<u>Operating Costs</u>	<u>Gain/(Loss) on Disposals</u>	<u>Operating Surplus</u>
		£'000	£'000	£'000	£'000
Social Housing Lettings	4	34,538	(30,531)	-	4,007
Other Social Housing					
Services Managed for others		(13)	(12)		(25)
VAT Shelter		6	-		6
Development Services		-	(619)		(619)
Valuation write off			(301)		(301)
Gain on disposals		-	-	2,902	2,902
Gift Aid		-	-		-
Other		-	(100)		(100)
Non-Social					
Other		619	(1,363)		(744)
Communal Heating		272	(301)		(29)
Managed for others		372	(417)		(45)
Outright Sales		3,634	(2,547)		1,088
Roof Space Income		105	(75)		30
Private Sector Leasing		931	(925)		6
		<u>40,465</u>	<u>(37,191)</u>	<u>2,902</u>	<u>6,176</u>

SALIX HOMES LIMITED AND ITS SUBSIDIARIES
ANNUAL ACCOUNTS FOR THE YEAR ENDING 31 MARCH 2022

3 - TURNOVER, OPERATING COSTS AND OPERATING SURPLUS

Group	Note	2021			
		Turnover	Operating Costs	Gain/(Loss) on Disposals	Operating Surplus
		£'000	£'000	£'000	£'000
Social Housing Lettings	4	33,968	(28,280)	-	5,688
Other Social Housing					
Services Managed for others		1,651	(1,744)		(92)
VAT Shelter		620	-		620
Development Services		-	25		25
Furlough Colleagues		169	(223)		(54)
Gain on disposals		-	-	1,920	1,920
Gift Aid		-	-		-
Other		-	(28)		(28)
Non-Social					
Other		658	(1,521)		(863)
Communal Heating		261	(276)		(15)
Managed for others		279	(381)		(102)
Outright Sales		2,552	(2,307)		244
Roof Space Income		150	(88)		62
Private Sector Leasing		<u>1,842</u>	<u>(1,623)</u>		<u>219</u>
		<u>42,150</u>	<u>(36,446)</u>	<u>1,920</u>	<u>7,623</u>

SALIX HOMES LIMITED AND ITS SUBSIDIARIES
ANNUAL ACCOUNTS FOR THE YEAR ENDING 31 MARCH 2022

3 - TURNOVER, OPERATING COSTS AND OPERATING SURPLUS

<u>Association</u>	Note	2022			
		Turnover	Operating Costs	Gain on Disposals	Operating Surplus
		£'000	£'000	£'000	£'000
Social Housing Lettings	4	34,538	(30,531)		4,007
Other Social Housing					
Services Managed for others		(13)	(12)		(25)
VAT Shelter		6	-		6
Development Services		-	(607)		(607)
Valuation write off			(301)		(301)
Gain on disposals				2,902	2,902
Gift Aid Receivable		133	-		133
Other		-	(100)		(100)
Non-Social Housing Activities:					
Other		619	(1,363)		(744)
Communal Heating		272	(301)		(29)
Managed for others		372	(417)		(45)
Outright Sales		3,634	(2,547)		1,088
Roof space income		105	(75)		30
Private Sector Leasing		931	(925)		6
		<u>40,598</u>	<u>(37,179)</u>	<u>2,902</u>	<u>6,321</u>

SALIX HOMES LIMITED AND ITS SUBSIDIARIES
ANNUAL ACCOUNTS FOR THE YEAR ENDING 31 MARCH 2022

3 - TURNOVER, OPERATING COSTS AND OPERATING SURPLUS

<u>Association</u>	Note	2021			
		Turnover	Operating Costs	Gain on Disposals	Operating Surplus
Social Housing Lettings	4	33,968	(28,280)		5,688
Other Social Housing					
Services Managed for others		1,651	(1,744)		(92)
VAT Shelter		620	-		620
Development Services		-	-		-
Furlough Colleagues		169	(223)		(54)
Gain on disposals				1,920	1,920
Gift Aid Receivable		87	-		87
Other		-	(28)		(28)
Non-Social Housing Activities:					
Other		658	(1,521)		(863)
Communal Heating		261	(276)		(15)
Managed for others		279	(381)		(102)
Outright Sales		2,552	(2,307)		244
Roof space income		150	(88)		62
Private Sector Leasing		<u>1,842</u>	<u>(1,623)</u>		<u>219</u>
		<u>42,237</u>	<u>(36,471)</u>	<u>1,920</u>	<u>7,685</u>

SALIX HOMES LIMITED AND ITS SUBSIDIARIES
ANNUAL ACCOUNTS FOR THE YEAR ENDING 31 MARCH 2022

Group & Association

4 INCOME AND EXPENDITURE FROM SOCIAL HOUSING

	General Needs Housing £'000	Supported Housing £'000	2022 Total £'000	*Restate 2021 Total £'000	Prior year 2021 Total £'000
Income from Social Housing Lettings					
Rent Receivable	30,702	1,039	31,740	30,822	30,822
Service Charge Income	1,702	198	1,899	1,811	1,811
Amortised Grant	257	-	257	190	190
Government Grant taken to Income	309	-	309	336	336
Charges for Support Services	0	62	62	61	61
Other Income	269	2	271	747	747
Total Income from Social Lettings	<u>33,238</u>	<u>1,300</u>	<u>34,538</u>	<u>33,968</u>	<u>33,968</u>
Expenditure on Social Housing Lettings					
Management	11,562	172	11,734	10,176	10,901
Service Charge costs	2,509	312	2,821	2,923	1,893
Routine Maintenance	8,382	279	8,661	8,529	7,337
Planned Maintenance	2,326	62	2,387	2,166	3,135
Major Works Maintenance	238	-	238	491	1,019
Rent Loss from Bad Debts	290	8	298	157	157
Depreciation of housing properties	4,284	42	4,327	3,350	3,350
Impairment	-	-	-	376	376
Component Disposals	59	-	59	106	106
Other Costs	6	-	6	5	5
Total Expenditure on Social Housing Lettings	<u>29,656</u>	<u>876</u>	<u>30,531</u>	<u>28,280</u>	<u>28,280</u>
Operating Surplus on Social Housing Lettings	<u>3,582</u>	<u>424</u>	<u>4,007</u>	<u>5,688</u>	<u>5,688</u>
Void Losses	<u>165</u>	<u>12</u>	<u>177</u>	<u>165</u>	<u>165</u>

*Reclassification of prior year costs for management, service & repair, this was following a review of non recoverable service costs & repairs coding structure

SALIX HOMES LIMITED AND ITS SUBSIDIARIES
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Group & Association

5 STAFF NUMBERS & COSTS

	2022	2021
	No	No
Average Number Employed		
Directors & Board	3	3
Office, estate & operative staff	201	235
Maintenance	45	45
Caretakers and cleaners	<u>42</u>	40
	<u>291</u>	<u>323</u>
	-	-
Part-time	20	26
Full-time	271	297
Total	<u>291</u>	<u>323</u>
	-	-
Full time equivalents	<u>283</u>	<u>312</u>

Full time equivalents have been calculated using the normal hourly week of 36 hours or 38 hours for repair operatives.

Staff Costs for the Above	2022	2021
	£'000	£'000
Salaries	8,926	9,704
Social Security Costs	871	938
Other Pension Costs	<u>2,712</u>	<u>2,032</u>
	<u>12,508</u>	<u>12,674</u>

Higher paid employees in bands above £60,000 per annum

	No	No
£60,000 - £70,000	-	5
£70,000 - £80,000	5	-
£80,000 - £90,000	-	-
£90,000 - £100,000	-	1
£100,000 - £110,000	2	1
£120,000 - £130,000	-	-
£130,000 - £140,000	1	1
	<u>8</u>	<u>8</u>

SALIX HOMES LIMITED AND ITS SUBSIDIARIES
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Group & Association

6 DIRECTORS REMUNERATION	2022	2021
	£'000	£'000
The aggregate amount of emoluments payable or receivable by executive Directors and former executive directors	<u>419</u>	<u>420</u>
The aggregate compensation paid to or receivable by Directors (key management personnel)	-	-
	-	<u>43</u>
The aggregate amount of emoluments payable to Board of Management	<u>120</u>	<u>119</u>
The emoluments by member is as follows:		
Grainne Heselwood (Retired Chair)	-	5
James Battle (Chair)	9	8
Aisling McCourt	6	5
Greig Lees	6	5
John Cockerham	3	7
Paul Whitehead	7	7
Darren Quirk	3	5
Margaret Bryant	6	6
Khalil Rehman	5	5
Greg Van Enk-Bones	5	5
Charlotte Haines	7	5
Cynthia Alloyoa	5	5
Jason Marland	5	5
Karen Hamilton - Hulse	5	5
Keri Lee Muldoon	5	5
Maddison Stacey Wheeldon	-	3
Mark Beyer	7	6
Marta Diaz	5	5
Michael Lomas	5	5
Pamela Welsh	5	4
Rashida Owoseni	5	5
Victoria Gallagher	5	5
Paul Martin	3	-
Ahmed Abdulmalek	3	-
Joanna Tripney	3	-
	<u>120</u>	<u>119</u>
The emoluments (excluding pension contributions) of the highest paid Director (the Chief Executive) were:	<u>193</u>	<u>186</u>
Total expenses reimbursed to the Board of Management	-	<u>1</u>

SALIX HOMES LIMITED AND ITS SUBSIDIARIES
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6 DIRECTORS REMUNERATION (CONTINUED)

The Chief Executive is an ordinary member of the pension scheme as detailed in note 12. The pension scheme is a career average salary scheme funded by annual contributions by the employer and employee. No enhanced or special terms apply. There are no additional pension arrangements. A contribution by the employer of £28,416 (2021: £27,838) was paid in addition to the personal contributions of the Chief Executive.

Directors (key management personnel) are defined as members of the Board, the Chief Executive and any other person who is a member of the Senior Management Team or its equivalent.

7 SURPLUS ON SALE OF HOUSING PROPERTIES

	Group	Group	Association	Association
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Disposal Proceeds	3,889	3,704	3,889	3,704
Carrying value of asset	(914)	(1,770)	(914)	(1,770)
Repayment of Grant	(46)	-	(46)	-
Other costs associated with sale	<u>(27)</u>	<u>(14)</u>	<u>(27)</u>	<u>(14)</u>
	<u>2,902</u>	<u>1,920</u>	<u>2,902</u>	<u>1,920</u>

8 INTEREST RECEIVABLE

	Group	Group	Association	Association
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Finance income from bank deposit	-	3	-	3
Intra Group Interest receivable	-	<u>4</u>	<u>17</u>	<u>4</u>
	-	<u>7</u>	<u>17</u>	<u>7</u>

9 INTEREST AND FINANCING COSTS

	Group	Group	Association	Association
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Finance costs on secured housing loans	2,207	2,092	2,207	2,092
Non-utilisation fees	154	226	154	226
Amortisation of loan fees	141	135	141	135
Other associated fees	51	64	50	59
Finance costs on pension actuarial gains	<u>251</u>	<u>71</u>	<u>251</u>	<u>71</u>
	2,804	2,588	2,803	2,583
Less: interest capitalised on housing properties under construction	<u>220</u>	<u>560</u>	<u>220</u>	<u>560</u>
	<u>2,584</u>	<u>2,028</u>	<u>2,583</u>	<u>2,023</u>

During 2022 Capitalised interest was charged at 2.88%, (2021: capitalisation rate = 3.47%).

SALIX HOMES LIMITED AND ITS SUBSIDIARIES
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10 TAXATION

Salix Homes has charitable status and therefore it is exempt from income and corporation tax on its income and gains falling within chapter 3 Part 11 of the Corporation Tax Act 2010 or S256 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable object. The taxation shown below relates to non social activities classed as non charitable trading activities.

10a Taxation for the current year is £205k	Group 2022	Group 2021	Association 2022	Association 2021
	£000	£000	£000	£000
Current Tax				
UK corporation tax for the year	205	22	205	22
Under/Over Provision in prior year	-	-	-	-
Tax on surplus on ordinary activities	<u>205</u>	<u>22</u>	<u>205</u>	<u>22</u>
 (b) factors affecting tax charge				
Surplus on ordinary activities before tax	3,593	5,602	3,755	5,670
Surplus on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 20%)	748	1,107	713	1,077
Effects of:				
Surplus relating to charitable activities	(508)	(1,055)	(508)	(1,055)
Items not allowed for tax purposes	-	(5)	-	-
Increase/(decrease) in losses/utilisation of charges on income	(35)	(25)	-	-
Adjustment in respect of prior years	-	-	-	-
Total Tax charge	<u>205</u>	<u>22</u>	<u>205</u>	<u>22</u>
	Group 2022	Group 2021	Association 2022	Association 2021
	£000	£000	£000	£000
11 Surplus on ordinary activities	3,389	5,580	3,549	5,648
Stated after charging:-				
Depreciation - Housing Properties	4,327	3,350	4,327	3,350
Depreciation - Component Disposals	59	106	59	106
Depreciation - Impairment	-	376	-	376
Depreciation - Other Fixed Assets	862	760	862	760
Amounts due in respect of operating leases:-				
- Land & Buildings	849	1,125	849	1,125
- Other	354	377	354	377
Auditor's remuneration:-				
- in their capacity as auditors	21	21	19	19
- other than as auditors	10	7	10	7

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Group & Association

12 PENSION OBLIGATIONS:

Local Government Pension Scheme

The Organisation participates in the Greater Manchester Pension Fund, a defined benefit career average pension scheme. The assets of the scheme are invested and managed independently of the finances of the organisation. Contributions to the fund are made in accordance with valuations made by professionally qualified independent actuaries. The total contributions made for the year ended 31 March 2022 were £1,391,255.04, of which employer's contributions totalled £1,022,246.34 and employees contributions totalled £369,009.70. The agreed contribution rates for future years are 19.7% for employers and range from 5.5% to 11.4% for employees on the 100% scheme and half for the 50% members, depending on salary.

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund 31 March 2016 updated to 31 March 2022 by a qualified independent actuary.

	2022	2021
Rate of increase for pensions in payment / inflation	3.2%	2.8%
Rate of increase in salaries	3.9%	3.6%
Discount rate for scheme liabilities	2.8%	2.1%

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations at retirement age of 65 are:

	2022	2021
<i>Retiring today</i>		
Males	20.3 years	20.5 years
Females	23.2 years	23.3 years
<i>Retiring in 20 years</i>		
Males	21.6 years	21.9 years
Females	25.1 years	25.3 years

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12 PENSION OBLIGATION (CONTINUED)

Local Government Pension Scheme (continued)

Analysis of the amount charged to operating costs in the Statement of Comprehensive Income

	2022	2021
	£'000	£'000
Employer service cost (net of employee contributions)	2,530	1,870
Past service cost	<u>105</u>	<u>0</u>
Total operating charge	2,635	1,870

Analysis of pension finance income / (costs)

Expected return on pension scheme assets	990	888
Interest on pension liabilities	<u>(1,241)</u>	<u>(959)</u>

Amounts charged/credited to financing costs **(251)** **(71)**

Movement in Assets and Obligations for the year

Pension Scheme Assets	54,239	47,829
Scheme obligations	<u>(57,461)</u>	<u>(59,309)</u>

Net Actuarial (obligation)/asset on scheme recognised **(3,222)** **(11,480)**

Movement in (deficit) / surplus during year **2022** **2021**
£'000 **£'000**

Deficit in scheme at beginning of year (11,480) (2,748)
 Movement in year:

Employer service cost (net of employee contributions)	(2,530)	(1,870)
Employer contributions	1,111	1,181
Past service cost	(105)	-
Net interest/return on assets	(251)	(71)
Re-measurements	<u>10,033</u>	<u>(7,972)</u>
Deficit in scheme at end of year	(3,222)	(11,480)

12b. AVIVA PENSION SCHEME

The Aviva Pension Scheme is a defined contribution scheme and is Salix Homes' auto enrolment scheme. Contributions are based on a fixed percentage of salary. Participation as an employer in the scheme commenced on 1st April 2017. The total contributions for the year ending 31 March 2022 were £275,593.63 made up of £165,356.60 employer and £110,237.08 employee contributions. The employer contribution rates are 1.5 times the employee rates, the latter ranging between 3.2% minimum to 6% maximum.

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13- PROPERTY, PLANT AND EQUIPMENT

	Properties Held for Letting Social Housing £'000	Properties under construction Social Housing £'000	Properties Held for Letting Non- Social Housing £'000	Association 2022 Total Properties £'000	Group 2022 Total Properties £'000
Cost					
At start of year	156,891	25,698	847	183,435	183,127
Addition of properties	-	9,989	-	9,989	9,739
Addition component	7,308	-	9	7,317	7,317
Interest Capitalised	-	220	-	220	220
Reclassification	(857)	(5,290)	556	(5,591)	(5,591)
Disposals	(1,006)	-	(13)	(1,019)	(1,019)
Component Disposals	(62)	-	-	(62)	(62)
Trans on completion	<u>24,771</u>	<u>(24,771)</u>	-	-	-
At end of year	<u>187,045</u>	<u>5,845</u>	<u>1,399</u>	<u>194,289</u>	<u>193,732</u>
Less Depreciation					
At start of year	12,298	-	23	12,320	12,351
Charge for year	4,368	-	18	4,386	4,356
Reclassification	(38)	-	38	-	0
Disposals	(107)	-	-	(107)	(107)
Component Disposals	(46)	-	(13)	(59)	(59)
Impairment	-	-	-	-	-
At end of year	<u>16,475</u>	-	<u>66</u>	<u>16,540</u>	<u>16,540</u>
Net Book Value					
At start of year	144,592	25,698	825	171,115	170,776
At end of year	<u>170,570</u>	<u>5,845</u>	<u>1,334</u>	<u>177,749</u>	<u>177,191</u>

Additions to properties during the period include capitalised interest and finance costs of £0.220m (2021:£0.560m) and Additions to components include capitalised staff costs of £0.454m (2021: £0.528m). Works to existing properties totalled £19.924m for 2022 (2021:£21.451m), of which £7.317m (2021:£8.644m) was capitalised and the remainder expensed to operating costs.

13.1 - MAJOR REPAIRS EXPENDITURE ON EXISTING PROPERTIES

Group & Association	2022 £'000	2021 £'000
Capitalised major repair works	7,317	8,644
Revenue major repair works	<u>216</u>	<u>1,019</u>
	<u>7,533</u>	<u>9,663</u>

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14 - STOCK & WORK IN PROGRESS

	2022 £'000	2021 £'000
Outright Sale & S/O properties		
-under construction	<u>2,432</u>	<u>471</u>
	<u>2,432</u>	<u>471</u>

15- OFFICES AND EQUIPMENT

	Office Properties & Improvements to Leaseholds £'000	Computer Equipment £'000	Scheme Assets £'000	Furniture, Fittings and Equipment £'000	Commercial Units £'000	2022 Total £'000
Cost						
At start of year	917	2,637	23	221	-	3,798
Additions	51	139	26	18	277	511
Disposals	-	-	-	-	-	-
At end of year	<u>968</u>	<u>2,776</u>	<u>49</u>	<u>239</u>	<u>277</u>	<u>4,309</u>
Less Depreciation						
At start of year	556	1,465	21	118	-	2,160
Charge for year	153	658	2	48	3	864
Disposals	-	-	-	-	-	-
At end of year	<u>709</u>	<u>2,123</u>	<u>23</u>	<u>166</u>	<u>3</u>	<u>3,024</u>
Net Book Value						
At start of year	<u>361</u>	<u>1,172</u>	<u>2</u>	<u>103</u>	-	1,637
At end of year	<u>259</u>	<u>653</u>	<u>26</u>	<u>73</u>	<u>274</u>	<u>1,285</u>

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16 – INVESTMENTS IN JOINTLY CONTROLLED INTERESTS

In the consolidated accounts, interests in jointly controlled entities are accounted for using the equity method of accounting. Under this method an equity investment is initially recognised at the transaction price (including transaction costs).

Active trading joint ventures, all established in the UK, as at 31 March 2022 were as follows:

Joint venture entity	Partner(s)	2022			2021		
		Interest %	Equity investment £'000	Loans provided to JV £'000	Interest %	Equity investment £'000	Loans provided to JV £'000
GMJV Fundco LLP	Salix Homes Development Limited and nine other Greater Manchester Registered Providers	10%	428	311	10%	196	101

Salix Homes Development has entered into a joint venture arrangement with nine other Registered Providers to create GMJV Fundco LLP. GMJV Fundco LLP, together with the Greater Manchester Combined Authority, have invested in Hive Homes (Greater Manchester) LLP (Hive Homes) which is a delivery vehicle to build homes for outright sale. This is a financial arrangement where Salix Homes Developments will be investing up to £3m as a mix of debt and equity into Hive Homes.

SALIX HOMES LIMITED AND ITS SUBSIDIARIES
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17 TRADE RECEIVABLES	Group 2022 £'000	Group 2021 £'000	Association 2022 £'000	Association 2021 £'000
Arrears of rent, service charges and other debt	2,197	2,214	2,197	2,214
Less : Provision for bad and doubtful debts	<u>(1,320)</u>	<u>(1,089)</u>	<u>(1,320)</u>	<u>(1,089)</u>
	877	1,125	877	1,125
HMRC	361	337	352	327
Prepayments	795	624	795	624
Trade receivables	283	310	283	310
Amounts due from Group undertakings	-	7	67	7
Social Housing Grant receivable	468	2,461	468	2,461
Other receivables	934	2,190	934	2,190
Prepayment of improvement contract	<u>7,165</u>	<u>3,427</u>	<u>7,165</u>	<u>3,427</u>
	<u>10,883</u>	<u>10,481</u>	<u>10,941</u>	<u>10,472</u>
Due after more than one year				
Inter Company Loan	-	-	739	157
Prepayment of Improvement Contract	46,327	52,956	46,327	52,956
Loan to Joint Venture (note 16)	<u>311</u>	<u>101</u>	-	-
	<u>46,638</u>	<u>53,056</u>	<u>47,066</u>	<u>53,112</u>
18 CASH AND CASH EQUIVALENTS	Group 2022 £'000	Group 2021 £'000	Assoc 2022 £'000	Assoc 2021 £'000
Cash at bank	<u>2,641</u>	<u>404</u>	<u>2,435</u>	294
	<u>2,641</u>	<u>404</u>	<u>2,435</u>	<u>294</u>
19 TRADE PAYABLES - AMOUNTS FALLING DUE WITHIN ONE YEAR	Group 2022 £'000	Group 2021 £'000	Association 2022 £'000	Association 2021 £'000
Finance costs payable	49	106	49	106
Rent received in advance	1,867	1,657	1,867	1,657
Accruals	1,576	1,704	1,576	1,333
Amounts due to contractors	5,123	4,242	3,868	3,690
Amounts due to Group undertakings	-	7	1,408	965
Investment due in GMJV	-	141	-	-
Corporation Tax	205	22	205	22
Deferred Grant	317	294	317	294
General payables	1,143	782	1,143	782
Grant in Advance (Ethical Lettings)	231	525	231	525
HMRC	357	221	267	221
Recycled Capital Grant Fund	-	39	-	39
Trade payables	462	221	462	<u>221</u>
	<u>11,329</u>	<u>9,962</u>	<u>11,393</u>	<u>9,856</u>

SALIX HOMES LIMITED AND ITS SUBSIDIARIES
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20 DEFERRED GRANT INCOME

	Group	Group	Association	Association
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Opening Balance	14,025	11,213	14,025	11,213
- Grants received during the year				
Purchase/development of properties	8,124	620	8,124	620
Grant Cladding	(35)	2,260	(35)	2,260
Grants Recycled in the year	168	50	168	50
Grant disposed in year	(127)	72	(127)	72
Released to income in year	<u>(257)</u>	<u>(190)</u>	<u>(257)</u>	<u>(190)</u>
	<u>21,899</u>	<u>14,025</u>	<u>21,899</u>	<u>14,025</u>
To be released to the statement of comprehensive income				
Within one year	317	294	317	294
Greater than one year	<u>21,582</u>	<u>13,731</u>	<u>21,582</u>	<u>13,731</u>
	<u>21,899</u>	<u>14,025</u>	<u>21,899</u>	<u>14,025</u>

21 RECYCLED CAPITAL GRANT FUND

	Group	Group	Association	Association
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Opening Balance	224	274	224	274
Proceeds utilised	(168)	(50)	(168)	(50)
Proceeds recycled	46	-	46	-
Notional finance costs charged	-	-	-	-
Closing Balance	<u>102</u>	<u>224</u>	<u>102</u>	<u>224</u>
Due in less than one year	-	39	-	39
Due in greater than one year	102	185	102	185
	<u>102</u>	<u>224</u>	<u>102</u>	<u>224</u>

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22 TRADE PAYABLES - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2022	2021
	£'000	£'000
Housing property loans	68,029	74,960
Deferred Grant (note 20)	21,582	13,731
Recycled Grant Fund (note 21)	102	185
	<u>89,713</u>	<u>88,877</u>

Housing Property Loans are repayable as follows:-

Within 5 years	68,500	75,500
Less Loan arrangement fees	471	540
	<u>68,029</u>	<u>74,960</u>

	2022	2021
	£'000	£'000
Housing Loans were advanced by :-		
Banks	68,500	75,500
	<u>68,500</u>	<u>75,500</u>

As at 31 March 2022 all loans were in respect of Housing Properties.

The loan portfolio is based on the following:

Fixed Facility at fixed rate of 3.29% (inc margin of 1.6%)	15,000	15,000
Fixed Facility at fixed rate of 3.40% (inc margin of 1.6%)	15,000	15,000
Fixed Facility at fixed rate of 4.18% (inc margin of 1.6%)	15,000	15,000
Fixed Facility at fixed rate of 1.7995% (inc margin of 1.6%)	10,000	10,000
Revolving Facility at variable rate plus 1.6% margin	1,750	10,000
Fixed Term Facility at variable rate plus 1.6% margin	11,750	10,500
	<u>68,500</u>	<u>75,500</u>

Total facilities undrawn at 31st March 2022 were £41.5m (2021: £24.5m)

Loan Facility Undrawn		
Term	23,250	24,500
Revolving facility	18,250	-
	<u>41,500</u>	<u>24,500</u>

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23 ANALYSIS OF CHANGES IN LONG TERM FINANCING DURING THE YEAR

	2022	2021	2022	2021
	Group		Association	
	Housing Loans		Housing Loans	
	£'000	£'000	£'000	£'000
Balance at start of year	75,500	64,000	75,500	64,000
Shares issued	-	-	-	-
Shares surrendered	-	-	-	-
Changes in financing within one year	-	-	-	-
Cash inflow from financing	3,250	11,500	3,250	11,500
Loan repayments	(10,250)	-	(10,250)	-
Balance at end of year	<u>68,500</u>	<u>75,500</u>	<u>68,500</u>	<u>75,500</u>

23a RECONCILIATION OF NET CASHFLOW TO MOVEMENT IN NET DEBT

<u>Group & Association</u>	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Opening Cash at 1 April	404	403	294	333
Increase/(Decrease) in cash in the period	2,237	1	2,141	(39)
Closing Cash	2,641	404	2,435	294
Repayment of loans	10,250	-	10,250	-
Loans received	(3,250)	(11,500)	(3,250)	(11,500)
Changes in net debt	9,238	(11,499)	9,140	(11,539)
Net debt at 1 April	<u>(75,096)</u>	<u>(63,597)</u>	<u>(75,206)</u>	<u>(63,667)</u>
Net debt at 31 March	<u>(65,859)</u>	<u>(75,096)</u>	<u>(66,065)</u>	<u>(75,206)</u>

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24 OPERATING LEASES

As at 31 March 2022 Salix Homes Group had total commitments under non-cancellable operating leases as set out below:

		2022	2021
		£'000	£'000
Land & Buildings	<i>Lease period ending:</i>		
	within 1 year	616	577
	2-5 years	1,732	417
	5 + years	<u>21</u>	-
		<u>2,369</u>	<u>994</u>
Other Operating Leases	within 1 year	377	358
	2-5 years	327	695
	5 + years	-	-
		<u>704</u>	<u>1,052</u>

25 PROVISIONS

		2022	2021
		£'000	£'000
Balance Sheet			
Opening balance		56,383	78,589
Reforecast of Development Agreement Utilised		-	(6,926)
		<u>(2,890)</u>	<u>(15,280)</u>
		<u>53,493</u>	<u>56,383</u>

The provision for future improvement work is part of an agreement with Salford City Council to improve properties within the Salford Stock Transfer. The agreement commenced on 23rd March 2015 and is for a fifteen-year period. This provision is offset by a prepayment trade receivable disclosed in note 17.

26 NON-EQUITY SHARE CAPITAL

	Group	Group	Association	Association
	2022	2021	2022	2021
	£	£	£	£
Shares of £1 each Issued and Fully Paid				
At beginning of year	10	10	10	10
Issued during the year	2	3	2	3
Surrendered during the year	<u>(2)</u>	(3)	(2)	(3)
At end of year	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>

The shares are not transferable or redeemable. The shares provide members with the right to vote at general meetings but do not provide any rights to dividends or distributions. Each member's liability is limited to £1 on a winding up of the Company.

SALIX HOMES LIMITED AND ITS SUBSIDIARIES
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27 GRANT AND FINANCIAL ASSISTANCE

	Group 2022 £'000	Group 2021 £'000	Association 2022 £'000	Association 2021 £'000
Total accumulated government grant and financial assistance received or receivable	13,261	12,925	13,261	12,925
Recognised as income in statement of Comprehensive income	309	336	309	336
Held as deferred capital grant	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>13,570</u>	<u>13,261</u>	<u>13,570</u>	<u>13,261</u>

28 REVENUE & CAPITAL COMMITMENTS

	Group 2022 £'000	Group 2021 £'000	Association 2022 £'000	Association 2021 £'000
a) Revenue & Capital expenditure that has been contracted for but not provided for in the financial statements	<u>36,111</u>	<u>7,122</u>	<u>36,370</u>	<u>7,402</u>
Proposed method of financing:-				
Cashflow	2,676	2,048	2,935	2,096
Grant	4,957	1,812	4,957	2,044
Property Sales	7,492	3,262	7,492	3,262
Agreed Loans	<u>20,986</u>	<u>-</u>	<u>20,986</u>	<u>-</u>
	<u>36,111</u>	<u>7,122</u>	<u>36,370</u>	<u>7,402</u>
b) Capital expenditure that has been authorised by the Board of Management but not contracted for	<u>17,183</u>	<u>21,951</u>	<u>17,383</u>	<u>22,594</u>
Proposed method of financing:-				
Cashflow	6,136	-	6,337	2,927
Property Sales	2,859	7,177	2,859	7,177
Grant	2,133	7,835	2,133	7,835
Agreed Loans	6,055	6,939	6,055	4,655
	<u>17,183</u>	<u>21,951</u>	<u>17,383</u>	<u>22,594</u>

29 CONTINGENT LIABILITY

As at 31 March 2022 Salix Homes Limited has a contingent liability in respect of properties which were subject to government grant of £9.823m. The fair value of the grant is reflected in the fair value of the housing properties. If the properties with social housing grant were disposed of there would be a liability to recycle or repay the grant. To date there has been four property disposals and a scheme change of use trigger which has resulted in £0.393m being recycled leaving a balance of £9.430m.

SALIX HOMES LIMITED AND ITS SUBSIDIARIES
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30 GRANT AND FINANCIAL ASSISTANCE

	Group	Group	Association	Association
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Total accumulated government grant and financial assistance received or receivable	13,262	12,925	13,262	12,925
Recognised as income in statement of Comprehensive income	414	336	414	336
Held as deferred capital grant	-	-	-	-
	<u>13,675</u>	<u>13,262</u>	<u>13,675</u>	<u>13,262</u>

NOTE 31 - CASHFLOW FROM OPERATING ACTIVITIES

	Group	Group	Association	Association
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Surplus for the year	3,389	5,580	3,549	5,648
Adjustments for non cash items:				
Depreciation of tangible fixed assets	5,248	4,247	5,248	4,217
Impairment of tangible fixed assets	-	376	-	376
Decrease/(increase) in trade and other debtors	1,344	(342)	1,336	(397)
(Decrease)/increase in trade and other creditors	1,841	(470)	1,871	(433)
Amortised government grants	(257)	(190)	(257)	(190)
Corporation tax	205	22	205	22
Pension cost less contributions payable	1,419	689	1,419	689
Riverside EUV-SH adjustment	301	-	301	-
Carrying amount of tangible fixed asset disposals	914	1,770	914	1,770
Cost of properties for outright sale	2,547	2,307	2,547	2,307
Adjustments for investing or financial activities				
Ethical Lettings	(294)	(525)	(294)	(525)
Government grants utilised in year	(414)	(336)	(414)	(336)
Proceeds from the sale of tangible fixed assets	(3,889)	(3,704)	(3,889)	(3,704)
Proceeds from the sale of outright sales	(3,634)	(2,552)	(3,634)	(2,552)
Interest and financing costs	2,584	2,028	2,583	2,023
Interest received	-	(7)	(17)	(7)
	<u>11,304</u>	<u>8,893</u>	<u>11,469</u>	<u>8,908</u>

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32 ACCOMMODATION OWNED & MANAGED

	2022	2021
Social housing accommodation in management		
Social rent	7,364	7,266
Affordable Rent	11	11
Housing for Older Persons (HOPS)	297	297
Keyworker	26	26
Intermediate Market rent (Rent to Buy)	108	0
Temporary Accommodation	14	60
Temporary Accommodation managed for others	0	44
Total Units	<u>7,820</u>	<u>7,704</u>

Social housing managed by others

Social rent	115	197
Total Units	<u>115</u>	<u>197</u>

Non social housing accommodation in management

Asylum Seekers	9	9
Non Residential	36	34
Other	12	12
Managed for others	164	227
Leaseholders	487	460
Total Units	<u>708</u>	<u>742</u>

Units in Development

1	19
---	----

Garages

165	165
-----	-----

Social Units in Ownership

Social Housing Accommodation	7,820	7,704
Temporary Accommodation managed for others	0	-44
Tenant Management Organisation (TMO)	70	197
Temporary Accommodation managed by others	45	0
	<u>7,935</u>	<u>7,857</u>

The social housing owned units movement is as follows:

Reason for movement	No's	No's
Development of newbuild properties	28	55
Development of newbuild help to buy properties	108	0
Preserved right to buy sales	-64	-39
Demolitions	0	-31
Acquisition of properties	1	1
Conversion of properties	5	0
Total movement in year	<u>78</u>	<u>-14</u>

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Group and Association

33 LEGISLATIVE PROVISIONS

Salix Homes Limited is incorporated under the Co-operative and Community Benefit Societies Act 2014.

34 GROUP UNDERTAKINGS

The consolidated financial statements incorporate the financial statements of Salix Homes Limited (parent) and Salix Homes Developments Limited and Salix Living Limited,

	2022	2021
	£'000	£'000
Amounts contracted for with Salix Homes Developments Ltd	7,540	5,148
Amounts charged to Salix Homes Developments for management and administration	128	121
Amounts charged for interest payable	17	4

Salix Living Limited is currently dormant.

These companies are non registered entities and are incorporated under the Companies Act 2006.

These transactions are not included within Group as they are netted off on consolidation.

A parent guarantee was issued for the initial phase of Beech Farm, that has been contracted for by Salix Developments Limited, the remaining sum is £102k which is disclosed in note 28.

35 RELATED PARTIES

The Company retains a register of Directors interest. During the year there were no interests in related parties that require to be declared.

Salix Homes Limited had one board member who was a tenant, they had a tenancy agreement during the year, this was on the Company's normal terms and they could not use their position as a Board Member to their advantage. Rent & services charged to the tenant board member was £2,085 (2021: £4,481). There were no arrears on the tenancy at the reporting period end 31st March 2022 (2021: Nil). This board member resigned during the year and the tenancy ended on 29th August 2021.

No other transactions took place with Directors.

Transactions with entities in which Board directors had declared an interest are summarised below:

	2022	Restate 2021
	£'000	£'000
National Housing Federation	-	35
Salford City Council	1,060	794
Derive (Salford CC)	230	176
One Manchester	(23)	-
Unite Union	<u>3</u>	<u>3</u>
	<u>1,270</u>	<u>1,008</u>