

SALIX HOMES LIMITED AND ITS SUBSIDIARIES
ANNUAL ACCOUNTS FOR THE YEAR ENDING 31 MARCH 2023



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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BOARD, EXECUTIVE TEAM AND OTHER INFORMATION

The Board

Chair	Jim Battle
Vice Chair	Aisling McCourt
Other Members	Ahmed Abdulmalek Mark Beyer Greig Lees Paul Martin Khalil Rehman Pamela Welsh Paul Whitehead Margaret Bryant (resigned 31 January 2023)
Co-Optees	Charlotte Haines Jo Tripney (resigned 31 January 2023)

Audit Committee

The Audit Committee comprised of Paul Whitehead (Chair), Khalil Rehman, Pamela Welsh, Greg van Enk-Bones (Independent Committee Member) and Mark Beyer (served until 20 December 2022).

Remuneration and Governance Committee

The Remuneration and Governance Committee comprised of Mark Beyer (Chair), Jim Battle, Jo Tripney and Paul Whitehead.

Growth and Development Committee

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

Sustainability Committee

The Sustainability Committee comprised of Aisling McCourt (Chair), Mark Beyer, Margaret Bryant, Charlotte Haines, Greig Lees, Khalil Rehman and Jo Tripney.

Salix Homes Customer Committee

The Salix Homes Customer Committee comprised of Charlotte Haines (Chair), Ahmed Abdulmalek, Cynthia Alloyda, Marta Diaz, Gareth Evans, Vicki Gallagher, Karen Hamilton-Hulse, Jason Marland, Keri Muldoon, Rashidah Owoseni, Charlie Williamson and Michael Lomas (resigned).

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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 to 6 November 2022
Executive Director of Resources	Eric Tamanis	BA (Hons) ACMA	3 October 2022
Executive Director of Operations	Sian Grant	BA (Hons) PG Dip Housing	1 February 2021

Other Information

Registered Office	Diamond House 2 Peel Cross Road Salford M5 4DT
Registered Provider Number	4609
Company Secretary	Eric Tamanis
External Auditors	Beever & Struthers One Express, 1 George Leigh Street Ancoats, Manchester, M4 5DL
Internal Auditors	BDO LLP, 3 Hardman Street, Spinningfields, Manchester, M3 3AT
Principal Bankers	NatWest, Manchester City Centre Branch, 11 Spring Gardens, Manchester, M2 1FB

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 2023.

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, whose primary aim is the provision of design and construction services and Salix Living Limited, reg no 10359220, whose primary aim is the construction of domestic buildings for sale and is currently inactive.

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 and is a key delivery partner both in Salford and across Greater Manchester, building homes, delivering services and investing in communities. The principal activity of the Group is the management, maintenance and development of affordable homes.

Salix Homes prides itself in putting customers at the heart of everything that it does, whilst rethinking and modernising how services are delivered to improve residents' experience and tackle the key challenges facing communities.

As of 31 March 2023, Salix Homes owned and managed 8,095 homes across Salford, including some additional properties in neighbouring areas. The portfolio of homes includes 19 high-rise blocks, plus a wide range of medium and low-rise apartment blocks, traditional terraced homes, large housing estates and accommodation for older people. Salix Homes also manages properties on behalf of Salford City Council and private landlords under management and lease arrangements.

Salix Homes is 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 develop housing for sale, with the aim of generating returns to reinvest into core social housing business.

During the year Salix Homes has faced significant challenges. This has included the consequences of the financial market's response to global and national events, including a war in the Ukraine, major disruptions to European and international trade supplies, and political uncertainty within the UK; all within a post-Covid and Brexit period. The economic consequences included price increases, supply shortages, interest rate increases, and general procurement turmoil.

Despite this it has been another successful year and services have continued to be delivered to customers with limited disruption, whilst supporting the most vulnerable customers and working with partners to support communities and delivering much needed new homes.

In November 2022 Salix Homes maintained its Regulatory Judgement grade of G1/V2 as part of the Regulator of Social Housing's regular stability checks.

Our Strategy

Our Vision

“Helping communities to live, grow and thrive together”.

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

Trustworthy – gaining the confidence and trust of others through integrity and accountability.

Successful – constantly improving by remaining informed and working collaboratively to achieve success.

Inclusive – advocating for others whilst embracing and promoting inclusion.

Our Corporate Plan – Our Future 2023-2025

The corporate plan has been set around 3 key themes accompanied by actions and success measures:

Our Homes – Providing high quality homes for customers;

- Sustain our home quality standard whilst building a safer cleaner & greener future
- Delivering quality, diverse and affordable homes

Our Business – Fit for today and prepared for tomorrow;

- Viable efficient and well governed
- A great place to work with a high performing workforce

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

- Improve the customer experience ensuring it is future ready
- Supporting people and places to achieve their potential

Salix Homes is determined to help address the housing crisis and this has informed the thinking behind the corporate plan.

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, the corporate plan is shaped to work with the modern world.

Building safety and the customer voice are also firmly at the heart of the business focus, ensuring that customers’ safety and views are treated with the utmost importance. During 2022/23 Salix Homes continued to raise the bar on building safety issues and the new regulatory requirements for the sector.

New Homes

Salix Homes has continued to make substantial progress on the delivery of an ambitious development programme of 100 homes a year with three major developments on site during 2022/23.

The programmes on site during the financial year included the first Trafford development, Wynt View in Partington, which handed over in August 2023. This is a development of 24 one and two bed apartments for social rent.

Developments which continue include Kara Street (Neighbourhood), a collaborative scheme with Step Places. This is an ambitious transformation in the Seedley/Langworthy area of Salford, providing 91 new environmentally sustainable homes for a broad mix of tenures including homes for shared ownership.

The Greenhaus development on Chapel Street Salford continued to progress during 2022/23. This scheme 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. The 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.

Progress is being made with the development of the contemporary older persons housing offer, including the designs for the organisation's Arrow Street development, and collaboration with Salford City Council, and the NHS Clinical Commissioning team for the inclusion of a local health centre to be incorporated into the scheme. More widely, consultation with older customers currently living in existing sheltered schemes will take place in 2023/24 to fully understand needs and expectations of these customers, which will enable the new offer to provide suitable, future proof housing for an older customer base.

Building Safety

Both the Fire Safety Act 2021 and the Building Safety Act 2022 came into force during the financial year and Salix Homes continued to work with the Government's Building Safety Team, including the new Building Safety Regulator (BSR), through participation in the Early Adopter Programme to assist in preparation for the new building safety regime.

Salix Homes has continued testing and learning the proposed legislative changes, specifically around Safety Cases, the competency framework, and the Golden Thread requirements.

The key roles and responsibilities required by the Principle Accountable Person have been established, as defined in the Act, and the necessary documentation to register High-Rise Residential Buildings during 2023 has been collated and submitted. The organisation has continued a building safety culture review that will culminate in the implementation of an organisational behavioural change programme throughout 2023/24.

In 2022/23 Building A Safer Future Charter Champion Status was attained. This involved a rigorous assessment of the organisation's approach to culture, leadership, and processes to deliver an effective, compliant building safety environment. The learning opportunities identified by the assessment have been utilised to inform the ongoing behavioural change programme.

Salix Homes maintains strong compliance with property safety regulation, and servicing of homes including gas, electrical, legionella and asbestos management. Internal audits of asbestos and electrical safety management undertaken during 2022/23 provided substantial assurance.

In 2022/23, in conjunction with specialist fire engineers, Salix Homes concluded the programme of External Wall Survey (EWS1) investigations on those high-rise buildings which require them.

During 2022/23 Salix Homes continued to advocate for change across the sector both locally and nationally. The Chief Executive Officer is the building safety theme 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.

The Building Safety Regulator meets with the partners on a regular basis to provide updates, consult, and learn from members. Salix Homes has continuing membership of the Building Safety Regulators Joint Regulatory Group, the National Housing Federation National Building Safety Group and has presented at national building safety events in London. During 2022/23, the Director of Building Safety was appointed to the Building Safety Regulators Building Advisory Committee.

Streamlined Energy and Carbon Reporting (SECR) 2022/23

During the year ending April 2023, Salix Homes' Board approved its first sustainability strategy and action plan. This defines the path for Salix Homes to become a carbon neutral organisation by 2038.

During 2022/23, Salix Homes reduced its carbon emissions by 133 tonnes in comparison to the previous year, above the 5% per year reduction target set out in the sustainability strategy. Additionally, electricity consumption across the organisation has reduced by 7,768kwh across the year which covers its offices and site of operations, and from energy used within communal spaces of high and low-rise flats. As a social housing provider most of Salix Homes emissions result from its housing stock and is committed to ensuring that by 2030 none of the homes it provides are below Energy Performance Certificate (EPC) C.

In 2022/23, through the completion of a mixed programme of energy efficiency improvements (boilers and insulation), 629 properties moved from an EPC of D or below, to a rating of C or above. At the end of the financial year, 13.56 percent of Salix Homes stock was below EPC C and a programme has been developed to ensure 100% of properties meet EPC C ratings by 2030.

Salix Homes was successful in 2022/23 in securing Social Housing Decarbonisation Funding amounting to £4.5m to assist with the decarbonisation of 226 properties. This funding will enable Salix Homes to make considerable progress towards its goal of reducing the carbon footprint of its social housing, while also improving the comfort and energy efficiency for customers.

In addition, annual boiler and insulation programmes continue to improve properties with low energy efficiency.

Employees

Salix Homes' colleagues are at the heart of making things happen and it is recognised that colleagues need to be engaged, equipped and empowered to perform their roles.

During 2022/23 Salix Homes has continued with the delivery of the people services strategy which is based on four key themes linked to the organisational vision.

Attraction and Retention

Salix Homes continues to experience the impact of 'The Great Resignation' and in 2022/23 a new market supplement policy was introduced which has successfully supported the attraction and retention of colleagues.

Level 1 Disability Confident Scheme accreditation has been achieved and the accreditation process to be recognised by the Greater Manchester Employment Charter at membership level commenced in 2023. It is hoped that these accreditations will signal to prospective employees that Salix Homes is an inclusive and fair employer.

People Development

A new 'Request for Study Policy' and has been launched which has promoted apprentice opportunities, resulting in better utilisation of the apprentice levy and improved learning experiences for colleagues.

The re-instatement of face-to-face training has included a renewed approach to onboarding and induction, including a property tour allowing new starters to better understand the homes and communities Salix Homes manage.

New areas of training in 2022/23 have included raising awareness in relation to damp, mould and disrepair, equality impact assessments and unconscious bias training. Salix Homes also commissioned resilience training for front-line services who are finding an increasing number of conversations with customers more challenging.

Leadership, Engagement and Wellbeing

Following consultation with colleagues and customers, in July 2023 Salix Homes implemented the 'Our Future Together' plan, including a more defined approach to hybrid working and a review of the organisational structure to promote a better response to the many challenges that the sector is facing.

The Inclusion Group remains pro-active and have produced a number of short videos, known as diversity diaries, in which colleagues share their experiences of difference to promote appreciation and understanding. The group has also been instrumental in the development and introduction of a new menopause policy and associated guidance and establishment of a Menopause Support Group.

Service Excellence

During 2022/23 Salix Homes reviewed its values and competencies, considering the Chartered Institute Housing professional standards, current values and competencies and the customer charter as key drivers. These were extensively consulted on and approached to embed the values and competencies have been piloted head of a formal launch.

Governance Arrangements

Board and Committees

Board membership is detailed on page 3.

The Board of Salix Homes 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 strategic direction and monitors compliance with its values and performance targets within a clearly defined framework of delegation and systems of control.

During 2022/23, the Board was supported by five sub-committees and two subsidiary boards. The Salix Homes Customer Committee are in place to scrutinise 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 oversight of SHDL including the investment in the joint venture, Hive Homes Limited, with nine other providers across Greater Manchester.

During 2022/23, the Board formally met on six occasions and held two formal Strategy Days. Additional "teatime" learning sessions were also held to provide additional opportunities for increasing member knowledge and awareness for key areas of the business, including financial and treasury management, building safety and governance/regulation.

The Board currently consists of 10 non-executive members (including one co-optee). All Board Members are appointed following application, skills assessment and interview. During 2022/23 one member and one co-optee retired from office.

All Board members have completed a thorough induction process and are subject to an annual appraisal. The skills and knowledge of members includes the areas of finance, risk, strategic management, organisational development, equality, diversity and inclusion, and development. A number of members have direct lived experience of social housing, helping to ensure that the Board is in a strong position to make informed and appropriate decisions for the organisation which always consider the impact on customers and their best interests in a challenging operating environment.

The Board regularly reviews its composition, aiming to ensure that this reflects the communities it serves. In terms of other key protected characteristics, for those members who have provided information:

70% of Board Members are male, 30% are female;
50% of Board Members are under the age of 50;
Two thirds of Board members are White British;
10% of Board members have declared a disability; and
10% of Board members identify as LGBTQ+.

Board members are very supportive of the organisation which is reflected through good attendance (average attendance of 88% at Board meetings during 2022/23). High levels of attendance are also recorded at the committee meetings and in various Task and Finish Groups and "teatime" training and awareness sessions.

Operational management is delegated to the Executive Team (detailed on page 4) who meet weekly and are in attendance at Board and Committee Meetings. The Executive Team have

no financial interest in Salix Homes. None of the Executive team sit on the Board of Salix Homes.

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

Whilst Salix Homes is compliant with the 2020 NHF Code of Governance, the tenure of the Chair of the Board, Chair of Audit and Chair of Growth & Development has been extended beyond six years by the Board as part of their agreed succession plan with a clear and agreed plan in place for their replacement.

Governance Structure

Salix Homes had five committees to 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 matters of internal control. It also has oversight responsibility for procurement and Value for Money, ICT, data protection, fraud and incident response planning. The Audit Committee considers the financial statements and recommends their approval to the Board. During 2022/23, the Audit Committee met five times.

The Growth and Development Committee has oversight responsibility for growth, development, building safety and property investment. 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 2022/23, the Growth and Development Committee met four 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 2022/23, the Remuneration and Governance Committee met four 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 five times during 2022/23 and held two Away Days.

During the year a Sustainability Committee was established to provide additional oversight, focus through the development and implementation of the organisation's sustainability strategy and action plan. The Sustainability Committee met twice during 2022/23, however the terms of reference of this committee have now merged within other committee groups.

Post Covid, the Board and Committees have worked flexibly to ensure that they make maximum use of their time, with provision for in person, virtual and hybrid meetings being offered to members. This ensures that the Board and its committees are able to continue to effectively discharge their duties.

Subsidiary Companies

The Salix Homes Group also includes two wholly owned, private limited subsidiary companies; Salix Homes Developments Limited (SHDL) and Salix Living Limited (currently inactive).

The activities of each subsidiary are overseen by a Board of Directors. 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. The Board of Salix Homes maintains overall oversight of the activities of the subsidiaries, whose purpose is to conduct activities on behalf of the parent.

An Intra-Group Agreement (IGA) and Service Level Agreements are in place to confirm the roles and responsibilities of the parent and subsidiaries within the Group. SHDL has formally adopted the NHF Code of Governance 2020, with key responsibilities of the Code being picked up by the parent under the terms of the IGA. SHDL has not recorded any areas of non-compliance against the Code.

During 2022/23 and in line with the expectations of the Code of Governance, an external Governance review of the governance arrangements at Salix Homes concluded that the structure and governance arrangements were effective. In line with the findings of the review, the Growth & Development and Sustainability Committee will be merged into the Assets & Sustainability Committee during 2023/24.

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

The Board approved the adoption of the 2020 NHF Code of Governance in March 2021 and reviews its compliance against the Code annually. The Board confirms that Salix Homes is fully compliant with the 2020 Code of Governance.

The Board also confirms full compliance with the RSH Regulatory Standards, including the Governance and Financial Viability Standard. A review against the RSH's Regulatory Standards is considered by the Board on an annual basis. During 2022/23, Salix Homes established processes and systems to ensure compliance with the new Tenant Satisfaction Measures Standard.

In line with the expectations of the Code, Salix Homes commissioned an external review of its governance structures and arrangements during 2022/23. The review concluded that "the approach to governance at Salix Homes is effective and found no evidence of non-compliance in respect of the Regulator of Social Housing (RSH)'s Governance and Financial Viability Standard or the NHF Code of Governance 2020."

Salix Homes Customer Committee and customer voice

Salix Homes has a Customer Committee of 11 customers, 2 who work alongside the Board to ensure the organisation is compliant with the Consumer Standards. Furthermore, the committee work in partnership with existing engaged customers through monitoring and scrutiny, where appropriate, to provide assurance to the wider customer base, the Board, and the Regulator of Social Housing.

The customer committee have influenced and shaped a number of reviews and services including a review of frontline services which lead to 'Our Future Together' change proposals, a review of Salix Homes' values and competencies to embed a strong culture within the organisation, the Asset Management Strategy on how Salix Homes manages and maintains customer's homes, and the Wellbeing Strategy reviewing what is important to customers.

In addition to the Customer Committee, Salix Homes has around 94 engaged customers signed up to the pool who carry out scrutiny work commissioned by the customer committee during the year. In 2022/23 the Committee have commissioned two pieces of scrutiny:

- Approach to supporting customers through an ASB case; and
- Approach to managing empty properties

During 2022/23 Salix Homes set up and recruited to three customer panels to sit under the Customer Committee. The panels are all chaired by a member of the customer committee and report back to the customer committee. The panels are:

- Apartment Living Forum
- Complaints Oversight Group
- Procurement Panel

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, bringing in additional external expertise where required. This includes comprehensive health and safety policies, procedures, risk assessments, audit scrutiny, training and advice.

Financial Overview

The Group financial statements report an operating surplus of £7.2m (2022: £6.2m)

Before the accounting treatment to reflect the actuarial pension adjustment, an operating surplus of £5.9m in 2022/23 (2022: £5.4m) would have been reported.

The statements record a surplus after taxation of £4.6m (2022: £3.4m).

Group turnover of £38.9m has decreased by £1.5m in the year and operating costs of £34.9m have decreased by £2.2m, this is mainly as a result of outright sales from development in 2021/22. Turnover has increased as expected due to the rent increase and income generated from new development for a full year.

Social housing turnover increased by £1.7m in 2022/23. The 4.1% increase in rental income generated £1.3m in the year and £0.6m additional rent was generated by the full year contribution from the Artifex and Beechfarm developments. This increase was partly offset by lost rental income on Right to Buy and Right to Acquire sales.

Non-social turnover of £2.6m decreased by £3.3m year to year (2022: £5.9m). This was mainly as a result of outright sales income of £3.6m in 2021/22. The non-social income excluding outright sales increased by £0.3m which was mainly due to the increase in the portfolio of properties managed for others.

There were no development sales during 2022/23 but 59 units were sold via Right to Buy and Right to Acquire generating £4.4m turnover and £3.2m surplus.

The statement of financial position records a provision of £47.2m which is offset by a corresponding amount in debtors, this represents the remaining seven-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 works are eligible for the reclaiming of VAT through the VAT shelter that has been approved by HMRC. Salix Homes reached its maximum share in March 2020/21 and continues to report the arrangement.

The Greater Manchester Pension Fund (GMPF) end of year pension report has seen the pension deficit of £3.2m turning into a positive position of £19.6m. This is based on the latest assumptions and is mainly as a result of the increase in interest rates. This is based on the position reported by the Greater Manchester Pension Fund's actuaries. Following discussions with advisors and auditors the pension fund remeasurement of £24m has been adjusted to a zero-asset ceiling position.

The net actuarial gain during the year was reported at £4.5m (2022: gain £10.0m) reflecting the impact of accounting for retirement benefits in accordance with Financial Reporting Standard 102 Retirement Benefits (FRS 102).

Gift aid payments of £146k (2022: £133k) were received by Salix Homes during the year from its subsidiary SHDL.

Treasury Management

Effective treasury management is essential to increasing financial capacity and resilience. In 2022/23 Salix Homes commenced a refinancing exercise to address liquidity and interest rate risk. The refinancing completed during July 2023, with the existing debt being replaced with a restated £120m facility.

Of this £120m facility, £60m has been drawn and fixed for 15 years and £20m for 10 years. The remainder, where drawn, is subject to variable rate.

On 31 March 2023, Salix Homes had total loan facilities of £110m of which £79.8m had been drawn (2022: £68.5m). 99.8% of the Group's housing properties were charged as loan security (2022: 99.8%).

As of 31 March 2023, the weighted average interest rate was 3.1% (2022: 3.01%)

The RSH's requirements identify that 18 months' capital liquidity should be available. This requirement has been met throughout 2022/23, and Salix Homes has sufficient facilities available to meet all known financial business plan requirements.

At the year end, Salix Homes Limited held cash balances totalling £2.2m (2022: £2.4m) of which £2.1m (2022: £2.4m) was held in an overnight deposit account at an annual interest rate of 1% (2022: 0.10%).

The reserves of the Group on 31 March 2023 totalled £92.9m (2022: £83.7m). The financial business plan generates surpluses in 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 on 31 March 2023 are at a level that is appropriate for the business.

Procurement, Value for Money & Performance

Procurement

During 2022/23, Salix Homes introduced a new procurement team to lead on and embed all procurement activities. Alongside the new team, a 3-year procurement strategy has been developed providing a clear and consistent procurement framework to ensure that the organisation achieves the most economic, efficient, effective, sustainable and compliant procurement activities whilst incorporating the latest government procurement legislation.

The key objectives of the procurement team are:

Deliver Value for Money – to make sure Salix Homes maximises the value of every pound spent;

Best-in-class – upskilling the capabilities across the business and within the procurement team, having robust and consistent processes;

Governance – to comply with all procurement legislation, internal rules and standards; and

Visibility – to embed procurement and supplier performance reporting, ensuring delivery of the strategy and the benefits achieved through all procurement and supplier activities.

During 2022/23, the procurement team have been working to develop capabilities across the business and set the foundations for future procurement exercises – using a “Procurement Toolkit”. This has been supported by building up a robust contractor database. Governance controls are in place, including contractor management and the introduction of best-in-class procurement practices.

Salix Homes has all the procurement foundations in place and will continually improve the management and controls of contractual relationships.

Procurement remains central to the achievement of value for money and is aligned to the corporate plan. In doing so Salix Homes is involving the Customer Committee to expand resident involvement in the procurement process.

Value for Money

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

As part of the refreshed corporate plan “Our Future” Salix Homes are reviewing and aligning VFM and procurement strategies to ensure they support services, particularly in the current climate. The current VFM framework contains 4 key principles:

- Providing a high-quality service to customers and colleagues (VfM1);
- Optimising income and financial return on assets (VfM2);
- Improving the quality of life of customers and those who live in its communities (VfM3); and
- Increasing the efficiency in the delivery of services and use of resources (Vfm4)

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The framework combines VfM metrics set by the Regulator of Social Housing (RSH) and key operational indicators. Performance is monitored against the framework to assist in assessing the achievement of VfM objectives.

During the year it is estimated that approximately £847,000 of cashable savings were achieved by implementing VfM efficiencies, with an additional £378,000 savings generated through cost avoidance.

Salix Homes uses the PAVE asset evaluation tool to calculate the return on asset investment; this is a net present value (NPV) based asset grading system which classifies properties as red, amber or green (RAG rating), based on stock condition, neighbourhood and other performance and financial data. This helps inform asset related strategies with a view to improving performance across all properties. These results have supported a review of the older persons housing offer.

Salix Homes is committed to improving social returns in communities both directly by supporting customers into employment, training and apprenticeships and by working with suppliers as part of the procurement process, and through involvement in the Greater Manchester Housing Providers (GMHP) social value projects.

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 peer performance.

The table below shows actual performance for 2022/23 compared to budget and also compares 2021/22 performance compared to peers and business plan targets for the next 3 years.

The metrics for ease of reference are:

1 = Reinvestment % – investment in properties (existing stock and new supply) as a percentage of the net book value of total properties held;

2A = New supply (Social housing units) % – the number of newly constructed social housing properties (either developed or acquired) as a proportion of total social housing properties owned;

2B = New supply (Non-social housing units) % – the number of newly constructed non-social housing properties (either developed or acquired) as a proportion of total social and non-social properties owned;

3 = Gearing % – assesses how much assets are made up of debt. It is calculated by debt (net of cash) as a proportion of the net book value of total properties held;

4 = EBITDA MRI Interest Cover % – an indicator of liquidity and investment capacity. It is an acronym for earnings before interest, tax, depreciation and amortisation including major repair improvement and is measured against interest costs. This is an indicator of operating surplus in comparison to interest payable;

5 = Headline social housing cost per unit £ – as defined by the regulator this is a calculation of the total social housing costs in the year divided by the total number of social housing units;

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6A = Operating margin (social housing lettings) % – profitability of social activities;

6B = Operating margin (overall) % – profitability overall of operations (before interest and tax);

7 = Return on capital employed – compares operating surplus to total assets less current liabilities and can be used to assess the efficient investment of capital.

VFM Metrics;	Actual 2021/22	Peer Group 2021/22	Actual 2022/23	Target 2022/23	Target 2023/24	Target 2024/25	Target 2025/26
1 – Reinvestment %	9.7%	10.8%	12.4%	17.2%	11.9%	11.8%	10.3%
2A – New supply (Social housing units) %	1.71%	1.10%	0.00%	0.57%	0.87%	2.32%	0.00%
2B – New supply (Non-social housing units) %	0.24%	0.02%	0.01%	0.36%	0.31%	0.00%	0.00%
3 – Gearing %	37%	41%	40%	43%	43%	44%	42%
4 – EBITDA MRI Interest Cover %	23%	112%	114%	114%	-13%	25%	62%
5 – Headline social housing cost per unit £	£4,310	£3,948	£4,083	£4,059	£4,988	£5,092	£4,956
6A – Operating margin (Social housing lettings) %	11.60%	18.60%	12.38%	14.88%	13.18%	19.04%	20.66%
6B – Operating margin (Overall) %	8.09%	15.70%	10.28%	12.18%	10.65%	17.45%	19.03%
7 – Return on capital employed %	2.68%	4.00%	2.95%	3.60%	3.89%	4.72%	5.02%

The comparator peer group of 10 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 continue to reflect the journey of Salix Homes since transfer and the continued commitment to provide quality homes and services. Salix Homes continues to provide significant financial investment into existing properties to maintain the Decent Homes standard and to ensure customers’ homes provide the highest level of safety.

In order to demonstrate the impact of this, the projected metrics for 2023/24 to 2025/26, 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

The metric for reinvestment reflects continued investment into properties to ensure the maintenance of 100% decency and safe homes. In 2022/23 the development programme continued with three schemes on-site during the year however performance was below target in 22/23 due to slippage on development activity due to economic conditions.

The targets moving forward reflect the lower level of investment in existing stock required, given that all homes are fully decent, but remains higher than the peer average in earlier years due to investment in high-rise blocks and ongoing development of new homes.

Metric 2A – % new supply delivered (social)

The metric relating to new social housing units shows performance below the peer group average and internal target. This performance was due to slippage on development activity due to economic conditions. Future performance highlights development aspirations and continued commitment to provide much needed affordable homes in Salford and Greater Manchester.

Metric 2B - % new supply delivered (non-social)

This trend is in line with 2A and relates to the completion of properties for outright sale, this metric also includes property acquisitions through the buy-back of former RTB sales. The extra supply in this area will continue to support charitable aims and objectives through cross subsidy.

Metric 3 – Gearing

In 2022/23 gearing was 40% which was below budget due to development works which have been delayed to 2023/24. These delays resulted in lower loan drawdowns than predicted so the closing loan balance was below expectations. This metric is in line with the peer group.

Metric 4 - % EBITDA – MRI

Following stock transfer and the investment in properties to meet the Decent Homes Standard the EBITDA-MRI is improving towards peer levels and is reporting a positive position of 114% in 22/23. This reduces to a negative position in 23/24 due to higher inflation and a one-off loan arrangement fee write off following loan refinancing.

This metric improves in future years but remains below peer comparatives due to the levels of investment required on high rise building safety and EPC works to achieve reduced carbon levels.

Metric 5 – Headline social housing cost per unit

There is a reduction in the headline costs per unit in the year in comparison to the prior year, this is due to lower levels of planned investments.

The forward look is increasing due to high inflation levels and reinvestment.

Metric 6A and 6B – Operating margin (social housing lettings and overall)

This metric has improved in 2022/23 due to the reduction in costs as per the financial strategy and additional savings achieved on bad debts. The forward look is showing an increase as a result of budgeted efficiencies.

Metric 7 Return on capital employed

The development programme has resulted in an increase in this metric with three schemes on site during the year. Performance is forecast to improve in future years. Although homes are 100% decent there is a long-term debtor within the accounts to reflect the remaining seven years of the VAT shelter agreement with the Council and as this starts to reduce in future years, the liabilities and the measure increase.

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Performance

The tables below show operational performance during the year compared to previous year and target indicators.

Indicator	VFM	21-22 Performance	22-23 Target	22-23 Performance	Status
% of customers satisfied with their overall repair service	High Quality Service	90.00%	90.00%	90.3%	
% of customers satisfied with their most recent transaction	High Quality Service	87.28%	90.00%	87.68%	
% of environmental services rated as excellent	Improving quality of life	90.80%	90.00%	96.00%	
% of customers satisfied with the outcome of their ASB complaint	Improving quality of life	63.16%	85.00%	80.00%	
% of customers satisfied with how their ASB complaint was handled	Improving quality of life	n/a	90.00%	80.00%	
% of repairs completed in a single visit	Efficiency in services and use of resources	91.96%	92.00%	95.50%	
% of repairs appointment kept	Efficiency in services and use of resources	99.57%	99.00%	99.20%	
% of emergency repairs completed within timescale	High Quality Service	100%	100%	100%	
% of properties that meet the Decent Homes standard	Optimising income and financial return	100%	100%	100%	
% of customer service officers with satisfactory call quality	High Quality Service	93.90%	90.00%	100%	
% of self-service transactions	Efficiency in services and use of resources	81.73%	83.00%	84.26%	
% of digital transactions via MySalix	Efficiency in services and use of resources	17.00%	17.00%	17.00%	

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Indicator	VFM	21-22 Performance	22-23 Target	22-23 Performance	Status
Average annual days lost per employee due to sickness absence	Efficiency in services and use of resources	8.7 days	8.6 days	10.4 days	
Average managed re-let time	Efficiency in services and use of resources	20.12 days	20 days	42.54 days	
% general needs properties currently tenanted	Efficiency in services and use of resources	99.65%	99.50%	99.40%	
% of sheltered properties currently tenanted	Efficiency in services and use of resources	96.88%	98.30%	99%	
Average cost of a void property	Efficiency in services and use of resources	£3,486	£3,537	£3,386	
Average cost of a void property (Including capital costs)	Efficiency in services and use of resources	£4,125	£4,115	£3,809	
Average void rent loss	Efficiency in services and use of resources	0.50%	0.60%	0.84%	
Rent arrears of current tenants as a percentage of rent due	Efficiency in services and use of resources	1.34%	1.90%	1.54%	
Current and former rent and service charge collection rate (exc. arrears brought forward)	Optimising income and financial return	99.85%	99.08%	98.56%	
Universal credit current and former collection rate (exc. arrears brought forward)	Optimising income and financial return	99.73%	95.68%	98.52%	
Number of properties newly built acquired or in development by 2023	Optimising income and financial return	103	100 by year end	0	

	Performance at or above expected level
	Performance slightly below expected level
	Performance below expected level

Performance in 2022/23 has been challenging, with some indicators finishing the year at below expected performance levels.

In relation to those areas where performance is below expected, for example regarding ASB complaint handling and outcomes, days lost to sickness absence, re-let times and void losses, and rent arrears, actions are ongoing to review these areas and outcomes are reported monthly to the Senior Management Team and quarterly to the Board.

The collection of the new Tenant Satisfaction Measures (TSMs) commenced in April 2023. In line with the TSM requirements, the Tenant perception measures will be captured on a monthly basis with 550 phone surveys to be collected during 2023/24. The 'operational measures' will also be captured and reported to SMT and Board. These will be submitted to the RSH at the end of 2023/24 in line with their requirements.

Risk Management

Salix Homes has an established Risk Management Framework which is aligned to business activities and supports the achievement of corporate objectives and the Financial Plan. The Board has overall responsibility for risk management at Salix Homes although this is supported by the Audit Committee. The Audit Committee and Senior Management Team have maintained their programme of risk identification and review throughout the year. Risks are considered at all levels across the business and all decisions taken by the Board or Committees consider relevant risks.

The Risk Management Framework is in place to identify, evaluate and manage the significant risks faced by the Group, arising from corporate priorities and wider risks facing the sector and the economic operating environment. The past years have been unprecedented in terms of risk. 2022/23 continued to present a challenging risk environment for all organisations, including Salix Homes, with several risks materialising including rising inflation, a cost-of-living crisis, increasing energy prices and a rent cap. The Board and Audit Committee are kept up to date on the implications of the changing environment to the business, its customers and colleagues.

During 2022/23 the risks identified as highest priority were identified as relating to:

- Achieving Net zero carbon;
- Development programme delivery including sales;
- Changes in the external environment;
- Rent collection / arrears;
- Cost of borrowing versus business plan assumptions;
- Asset management;
- Repairs and maintenance service;
- Efficiency including procurement;
- Tenancy Sustainment incorporating safeguarding; and
- Security of business data and confidential information

The key risks are reviewed six monthly, or more frequently by exception by the Board, and controls are in place to mitigate risks. The Audit Committee review the strategic risk register in detail each quarter and gains assurance that risks are being appropriately managed. External assurance is received annually in relation to the risk register and risk management activities via an independent consultant, Hargreaves Risk and Strategy.

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,

and financial viability and a higher-level appetite for risk in development, innovation and use of technology.

Risk appetite and risk-based stress testing is an integral part of the financial planning process to understand how change impacts on financial viability. This is considered alongside identified mitigations.

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 is provided with assurance that key risks are being managed in line with the risk management framework every quarter. Annually, the Audit Committee reviews the effectiveness of the internal control system.

The Senior Management Team are responsible for the identification and evaluation of key risks 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 at least every 6 months and more frequently if the risk profile changes. An annual review of the sector risk profile as published by the Regulator of Social Housing (RSH) compared to the risks identified by Salix Homes is reported to and discussed by the Board. 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 the Senior Management team (monthly) and the Board (quarterly). 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, provide 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, Salix Homes can

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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 (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 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 has been one reported actual fraud during the period relating to tenancy fraud.

The Board have reviewed the effectiveness of the system of internal control, including risk management, for the year to 31 March 2023, 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 (2022: £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 the financial statements are signed. In particular, assurance is provided by the Group's latest Business Plan including sensitivity analyses and stress testing based upon a range of singular and multi-variate scenarios (approved by Board May 2023).

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

BOARD'S RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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 Homes 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 Beever & Struthers as external auditors will be put to the Annual General Meeting.

Annual General Meeting

The Annual General Meeting will be held on 26th September 2023.

The Strategic Report and Report of the Board was approved by the Board on 5th September 2023 and signed on its behalf by:



Jim Battle
Chair

REPORT OF THE INDEPENDENT AUDITORS

Opinion

We have audited the financial statements of Salix Homes Limited (the Association) and its subsidiaries (the Group) for the year ended 31 March 2023 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 2023 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 2022.

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 24, 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 website 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 2022, 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.
- 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 members of the Association, as a body, 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 and the members as a body, for our audit work, for this report, or for the opinions we have formed.

Beever and Struthers

Signed by

Beever and Struthers
Statutory Auditor
One Express
1 George Leigh Street
Manchester
M4 5DL

Date: 26 September 2023

SALIX HOMES LIMITED AND ITS SUBSIDIARIES
ANNUAL ACCOUNTS FOR THE YEAR ENDING 31 MARCH 2023

STATEMENT OF COMPREHENSIVE INCOME

		Group 2023 £'000	Group 2022 £'000	Association 2023 £'000	Association 2022 £'000
	NOTE				
Turnover	3	38,917	40,465	39,063	40,598
Gain on Disposals	3	3,152	2,902	3,152	2,902
Operating Costs	3	<u>(34,918)</u>	<u>(37,191)</u>	<u>(34,918)</u>	<u>(37,179)</u>
Operating Surplus		7,151	6,176	7,297	6,321
Interest receivable	8	3	-	44	17
Interest and financing costs	9	<u>(2,761)</u>	<u>(2,584)</u>	<u>(2,761)</u>	<u>(2,583)</u>
Surplus for the year before tax		4,393	3,593	4,580	3,755
Taxation	10	<u>205</u>	<u>(205)</u>	<u>205</u>	<u>(205)</u>
Surplus for the year after tax		4,598	3,388	4,785	3,550
Actuarial gain of pension scheme	12	<u>4,523</u>	<u>10,033</u>	<u>4,523</u>	<u>10,033</u>
Total comprehensive income for the year		<u>9,121</u>	<u>13,421</u>	<u>9,308</u>	<u>13,583</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 financial statements on pages 30 to 64 were approved and authorised for issue by the Board on 5th September 2023 and were signed on its behalf by



Chair
Jim Battle



Chair Audit Committee
Paul Whitehead



Secretary
Eric Tamanis

SALIX HOMES LIMITED AND ITS SUBSIDIARIES
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STATEMENT OF FINANCIAL POSITION

	NOTE	Group 2023 £'000	Group 2022 £'000	Association 2023 £'000	Association 2022 £'000
Fixed Assets					
Housing Properties	13	194,614	177,191	195,130	177,749
Other fixed Assets	14	846	1,285	846	1,285
Investment	15	573	428	-	-
Debtors due in more than one year	16	37,264	46,637	37,836	47,066
Current Assets					
Debtors due within one year	16	13,441	10,883	13,429	10,941
Stock & work in progress	17	3,161	2,432	3,255	2,432
Cash and cash equivalents	18	2,231	2,641	2,211	2,435
		<u>18,833</u>	<u>15,955</u>	<u>18,895</u>	<u>15,808</u>
Creditors due within one year	19	<u>(9,911)</u>	<u>(11,329)</u>	<u>(9,956)</u>	<u>(11,393)</u>
Net Current Assets		8,922	4,626	8,939	4,415
Total Assets less Current Liabilities		242,219	230,167	242,751	230,515
Creditors due in more than one year	22	(102,182)	(89,713)	(102,182)	(89,713)
Provisions for Liabilities and Charges					
Provision for other liabilities	25	(47,175)	(53,493)	(47,175)	(53,493)
Pension asset/(liability)	12	0	(3,222)	0	(3,222)
		<u>(47,175)</u>	<u>(56,715)</u>	<u>(47,175)</u>	<u>(56,715)</u>
Total Net Assets		92,862	83,741	93,394	84,086
Reserves					
Non-equity share capital	26	-	-	-	-
Income and expenditure reserves		92,862	83,741	93,394	84,086
Total Reserves		92,862	83,741	93,394	84,086

The financial statements on pages 30 to 64 were approved and authorised for issue by the Board on 5th September 2023 and were signed on its behalf by



Chair
Jim Battle



Chair Audit Committee
Paul
Whitehead



Secretary
Eric
Tamanis

SALIX HOMES LIMITED AND ITS SUBSIDIARIES
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STATEMENT OF CHANGES IN RESERVES

	Group 2023 Income and expenditure reserve £'000	Group 2022 Income and expenditure reserve £'000	Association 2023 Income and expenditure reserve £'000	Association 2022 Income and expenditure reserve £'000
Cost				
Balance at start of year	83,741	70,319	84,086	70,503
Surplus for the year	4,598	3,388	4,785	3,550
Other comprehensive income for the year	4,523	10,033	4,523	10,033
Balance on 31 March	92,862	83,741	93,394	84,086

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

SALIX HOMES LIMITED AND ITS SUBSIDIARIES
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STATEMENT OF CASH FLOWS

	Group	Group	Assoc	Assoc
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Net cash generated from operating activities (see Note 30)	9,762	11,304	9,996	11,469
Cashflow from investing activities				
Purchase of tangible fixed assets	(24,355)	(17,453)	(24,589)	(17,839)
Proceeds from sale of tangible fixed assets	4,317	3,889	4,317	3,862
Sale of Land	-	1,188	-	1,188
Outright Sales	-	3,634	-	3,634
Investment in GMJV	(222)	(582)	(222)	(582)
Gift Aid	-	-	146	133
Ethical Lettings Expenditure	(39)	(294)	(39)	(294)
Grants received	1,847	10,058	1,847	10,058
Interest received	3	-	44	17
Corporation Tax Paid	(205)	(22)	(205)	(22)
Cashflow from financing activities				
Interest paid and loan fees	(2,768)	(2,484)	(2,769)	(2,483)
New secured loans	18,000	3,250	18,000	3,250
Loan Repayments	(6,750)	(10,250)	(6,750)	(10,250)
Net change in cash and cash equivalents	(410)	2,238	(224)	2,141
Cash and cash equivalents at beginning of the year	2,641	404	2,435	294
Cash and cash equivalents at end of the year	2,231	2,641	2,211	2,435

NOTES TO THE ACCOUNTS

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 2022.

The accounts are prepared for the year ending 31 March 2023.

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 34.

c Going Concern

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

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

d Judgements and key sources of estimation uncertainty

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 is made in line with 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

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 2023 there has been six preserved right to buy disposals and a scheme change of use. The grant liability of £0.634m 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:

Component	UEL (years)
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 (including 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 gain/(loss) on disposals.

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 Schemes (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. For the year ending March 2023 no refunds or reductions in contributions have been received, or can be expected to be received, and so management's judgement is to adopt the requirements of FRS 102 (para 28.22) and recognise a balance of nil for the pension asset/liability. 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.

SALIX HOMES LIMITED AND ITS SUBSIDIARIES
ANNUAL ACCOUNTS FOR THE YEAR ENDING 31 MARCH 2023

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

Change in assumptions at the 31 March 2023	Approximate % increase to Defined Benefit Obligation	Approximate monetary amounts (£'000)
0.1% decrease in Real Discount Rate	2%	829
1 year increase in member life expectancy	4%	1,383
0.1% increase in salary increase rate	0%	114
0.1% increase in the Pension increase rate (CPI)	2%	727

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 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 can significantly influence the value of the liability recorded and annual defined benefit expense.

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.

Turnover does not include receipts generated from right to buy sales nor from sales of non-social housing assets. Net sales proceeds from right to buy sales and non-social housing assets sales are disclosed within the Income and Expenditure Account as surplus on sale of housing properties.

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.

SALIX HOMES LIMITED AND ITS SUBSIDIARIES
ANNUAL ACCOUNTS FOR THE YEAR ENDING 31 MARCH 2023

- 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.
- 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 all 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 2023

3 - TURNOVER, OPERATING COSTS AND OPERATING SURPLUS

<u>Group</u>	Note	2023			
		Turnover	Operating Costs	Gain on Disposals	Operating Surplus
		£'000	£'000	£'000	£'000
Social Housing Lettings	4	36,273	(31,781)	-	4,491
Other Social Housing					
Development Services		-	(70)		(70)
Profit on sale of OFA		24	(8)		16
Gain on disposals		-	-	3,152	3,152
Non-Social					
Other		719	(1,202)		(482)
Communal Heating		216	(301)		(85)
Managed for others		688	(689)		(1)
Roof Space Income		111	(23)		88
Private Sector Owned		167	(40)		128
Private Sector Leasing		720	(805)		(85)
		<u>38,917</u>	<u>(34,918)</u>	<u>3,152</u>	<u>7,151</u>

SALIX HOMES LIMITED AND ITS SUBSIDIARIES
ANNUAL ACCOUNTS FOR THE YEAR ENDING 31 MARCH 2023

3 - TURNOVER, OPERATING COSTS AND OPERATING SURPLUS

<u>Group</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		-	(619)		(619)
Valuation write off		-	(301)		(301)
Gain on disposals		-	-	2,902	2,902
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)		1,087
Roof Space Income		105	(75)		30
Private Sector Leasing		<u>931</u>	<u>(925)</u>		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 2023

3 - TURNOVER, OPERATING COSTS AND OPERATING SURPLUS

<u>Association</u>	Note	2023			
		Turnover	Operating Costs	Gain on Disposals	Operating Surplus
		£'000	£'000	£'000	£'000
Social Housing Lettings	4	36,273	(31,781)		4,491
Other Social Housing					
Development Services		-	(70)		(70)
Profit on sale of OFA		24	(8)		16
Gain on disposals				3,152	3,152
Gift Aid Receivable		146	-		146
Non-Social Housing Activities:					
Other		719	(1,202)		(482)
Communal Heating		216	(301)		(85)
Managed for others		688	(689)		(1)
Roof space income		111	(23)		88
Private Sector Owned		167	(40)		128
Private Sector Leasing		<u>720</u>	<u>(805)</u>		<u>(85)</u>
		<u>39,063</u>	<u>(34,918)</u>	<u>3,152</u>	<u>7,297</u>

SALIX HOMES LIMITED AND ITS SUBSIDIARIES
ANNUAL ACCOUNTS FOR THE YEAR ENDING 31 MARCH 2023

<u>Association</u>	Note	2022		
		Turnover	Operating Costs	Operating Surplus
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
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)	1,087
Roof space income		105	(75)	30
Private Sector Leasing		<u>931</u>	<u>(925)</u>	<u>6</u>
		<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 2023

4 INCOME AND EXPENDITURE FROM SOCIAL HOUSING

Group & Association

	General Needs Housing £'000	Sheltered Housing £'000	IMR	2023 Total £'000	2022 Total £'000
Income from Social Housing Lettings					
Rent Receivable	31,267	1,065	998	33,330	31,740
Service Charge Income	1,838	194	-	2,032	1,899
Amortised Grant	246	-	68	314	257
Government Grant taken to Income	320	-	-	320	309
Charges for Support Services	1	68	-	69	62
Other Income	206	1	2	208	271
Total Income from Social Lettings	<u>33,877</u>	<u>1,328</u>	<u>1,068</u>	<u>36,273</u>	<u>34,538</u>
Expenditure on Social Housing Lettings					
Management	10,520	179	(9)	10,690	11,734
Service Charge costs	3,883	402	90	4,375	2,821
Routine Maintenance	9,191	303	17	9,511	8,661
Planned Maintenance	1,815	47	12	1,874	2,387
Major Works Maintenance	260	2	-	262	238
Rent Loss from Bad Debts	147	(1)	1	147	298
Depreciation of housing properties	4,436	99	226	4,762	4,327
Component Disposals	154	-	-	154	59
Other Costs	7	-	-	7	6
Total Expenditure on Social Housing Lettings	<u>30,412</u>	<u>1,031</u>	<u>338</u>	<u>31,781</u>	<u>30,531</u>
Operating Surplus on Social Housing Lettings	<u>3,465</u>	<u>296</u>	<u>730</u>	<u>4,491</u>	<u>4,007</u>
Void Losses	<u>257</u>	<u>30</u>	<u>14</u>	<u>301</u>	<u>177</u>

SALIX HOMES LIMITED AND ITS SUBSIDIARIES
ANNUAL ACCOUNTS FOR THE YEAR ENDING 31 MARCH 2023

Group & Association

5 STAFF NUMBERS & COSTS

	2023	2022
Average Number Employed	No	No
Executive Directors	3	3
Office, estate & operative staff	203	201
Maintenance	43	45
Caretakers and cleaners	<u>43</u>	<u>42</u>
	<u>292</u>	<u>291</u>
Part-time	21	20
Full-time	271	271
Total	<u>292</u>	<u>291</u>
Full time equivalents	<u>283</u>	<u>283</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	2023	2022
	£'000	£'000
Salaries	9,669	8,926
Social Security Costs	1,007	871
Other Pension Costs	<u>2,400</u>	<u>2,712</u>
	<u>13,076</u>	<u>12,508</u>

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

	No	No
£60,000 - £70,000		
£70,000 - £80,000	4	5
£80,000 - £90,000		
£90,000 - £100,000		
£100,000 - £110,000	2	2
£120,000 - £130,000		
£130,000 - £140,000		
£140,000 - £150,000	1	1
Total	7	8

SALIX HOMES LIMITED AND ITS SUBSIDIARIES
ANNUAL ACCOUNTS FOR THE YEAR ENDING 31 MARCH 2023

Group & Association

6 DIRECTORS REMUNERATION	2023	2022
	£'000	£'000
The aggregate amount of emoluments payable or receivable by executive Directors and former executive directors	<u>433</u>	<u>419</u>
The aggregate amount of emoluments payable to Board of Management	<u>124</u>	<u>118</u>
The emoluments by member is as follows, rounded to the nearest £'000:		
Ahmed Abdulmalek	5	3
Aisling McCourt	7	6
Charlotte Haines	7	7
Charlotte Williamson	5	0
Cynthia Alloyoa	5	5
Darren Quirk	0	3
Gareth Evans	5	0
Greg Van Enk-Bones	5	5
Greig Lees	7	6
James Battle (New Chair)	9	9
Jason Marland	5	5
Jo Tripney	4	3
John Cockerham	0	3
Karen Hamilton - Hulse	5	5
Keri Lee Muldoon	5	5
Khalil Rehman	5	5
Margaret Bryant	4	6
Mark Beyer	7	7
Marta Diaz	5	5
Michael Lomas	2	5
Pamela Welsh	5	5
Paul Martin	5	3
Paul Whitehead	7	7
Rashida Owoseni	5	5
Victoria Gallagher	5	5
	<u>124</u>	<u>118</u>
The emoluments (excluding pension contributions) of the highest paid Director (the Chief Executive) were:	<u>145</u>	<u>145</u>
Total expenses reimbursed to the Board of Management	<u>0</u>	<u>0</u>

6a DIRECTORS REMUNERATION

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 (2022: £28,416) 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.

SALIX HOMES LIMITED AND ITS SUBSIDIARIES
ANNUAL ACCOUNTS FOR THE YEAR ENDING 31 MARCH 2023

Group and Association

7 SURPLUS ON SALE OF HOUSING PROPERTIES

	Group	Group	Association	Association
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Disposal Proceeds	4,354	3,889	4,354	3,889
Carrying value of asset	(945)	(914)	(945)	(914)
Repayment of Grant	(238)	(46)	(238)	(46)
Other costs associated with sale	(19)	(27)	(19)	(27)
	3,152	2,902	3,152	2,902

8 INTEREST RECEIVABLE

	Group	Group	Association	Association
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Finance income from bank deposit	3	-	3	-
Intra Group Interest receivable	-	-	41	17
	3	0	44	17

9 INTEREST AND FINANCING COSTS

	Group	Group	Association	Association
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Finance costs on secured housing loans	2,491	2,207	2,491	2,207
Non-utilisation fees	272	154	272	154
Amortisation of loan fees	160	141	160	141
Other associated fees	18	51	18	50
Finance costs on pension actuarial gains	105	251	105	251
	3,046	2,804	3,046	2,803
Less: interest capitalised on housing properties under construction	285	220	285	220
	2,761	2,584	2,761	2,583

During 2023 Capitalised interest was charged at 3.1%, (2022: capitalisation rate = 2.88%).

SALIX HOMES LIMITED AND ITS SUBSIDIARIES
ANNUAL ACCOUNTS FOR THE YEAR ENDING 31 MARCH 2023

10 TAXATION

Salix Homes has charitable status and therefore it is exempt from 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. The taxation shown below relates to non-social activities classed as non-charitable trading activities.

10a Taxation for the current year is nil	Group 2023	Group 2022	Association 2023	Association 2022
	£000	£000	£000	£000
Current Tax:				
UK Corporation Tax charge for the year	-	205	-	205
Under/(over) provision in previous years	(205)	-	(205)	-
Tax on surplus on ordinary activities	(205)	205	(205)	205
(b) Factors affecting tax charge for the period				
Surplus on ordinary activities before tax	4,393	3,593	4,580	3,755
Surplus on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2022:19%)	835	713	870	713
Effects of:				
Surplus relating to charitable activities	(849)	(508)	(887)	(508)
Items not allowable for tax purposes	-	-	-	-
Increase/(decrease) in losses/utilisation of charges on income	15	-	17	-
Adjustment in respect of prior years	(205)	-	(205)	-
Tax on profit on ordinary activities	(205)	205	(205)	205

SALIX HOMES LIMITED AND ITS SUBSIDIARIES
ANNUAL ACCOUNTS FOR THE YEAR ENDING 31 MARCH 2023

	Group 2023	Group 2022	Association 2023	Association 2022
	£000	£000	£000	£000
11 Surplus on ordinary activities				
The surplus on ordinary activities is stated after charging:				
Depreciation - Housing Properties	4,762	4,327	4,762	4,327
Depreciation - Component Disposals	154	59	154	59
Depreciation - Impairment	-	-	-	-
Depreciation - Other Fixed Assets	673	862	673	862
Amounts due in respect of operating leases:-				
- Land & Buildings	650	849	650	849
- Other	370	354	370	354
Auditor's remuneration:-				
- in their capacity as auditors	23	21	21	19
- other than as auditors	4	10	4	10

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 2023 were £1,355,045, of which employer's contributions totalled £998,043 and employees' contributions totalled £357,002. 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 2022 updated to 31 March 2023 by a qualified independent actuary.

	2023	2022
Rate of increase for pensions in payment / inflation	3.0%	3.2%
Rate of increase in salaries	3.8%	3.9%
Discount rate for scheme liabilities	4.8%	2.8%

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

	2023	2022
<i>Retiring today</i>		
Males	19.7 years	20.3 years
Females	23.5 years	23.2 years
<i>Retiring in 20 years</i>		
Males	20.9 years	21.6 years
Females	24.9 years	25.1 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

	2023	2022
	£'000	£'000
Employer service cost (net of employee contributions)	2,199	2,530
Past service cost	0	105
Total operating charge	2,199	2,635

Analysis of pension finance income / (costs)

Expected return on pension scheme assets	1,503	990
Interest on pension liabilities	(1,608)	(1,241)
Amounts charged/credited to financing costs	(105)	(251)

Movement in Assets and Obligations for the year

Pension Scheme Assets	53,963	54,239
Scheme obligations	(34,574)	(57,461)
Net Actuarial asset/(obligation) on scheme recognised	19,389	(3,222)

Movement in (deficit) / surplus during year

	2023	2022
	£'000	£'000
(Deficit)/Surplus in scheme at beginning of year	(3,222)	(11,480)
Movement in year:		
Employer service cost (net of employee contributions)	(2,199)	(2,530)
Employer contributions	1,003	1,111
Past service cost	-	(105)
Net interest/return on assets	(105)	(251)
Re-measurements	23,912	10,033
Surplus not recognised*	(19,389)	-
Surplus/(Deficit) in scheme at end of year	-	(3,222)

*The plan has a gross surplus at the reporting date of £19,389 and the Association can recognise an asset in the balance sheet to the extent that it is able to recover either through reduced contributions in the future, or through refunds from the plan. The plan surplus (asset ceiling) has been calculated by the scheme actuary to be zero and therefore the surplus of £19,389 has not been recognised in the balance sheet as a result.

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 2023 were £342,918 (2022: £275,594). made up of £205,710 employer and £137,207 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 – HOUSING PROPERTIES

	Properties Held for Letting Social	Properties Held for Letting IMR	Properties under construction Social	Properties Held for Letting Non- Social	Association 2023 Total	Group 2023 Total
	Housing £'000	Housing £'000	Housing £'000	Housing £'000	Properties £'000	Properties £'000
Cost						
At start of year	187,045	-	5,845	1,399	194,289	193,732
Addition of properties	-	-	18,271	-	18,271	18,312
Addition of components	5,476	9	-	16	5,500	5,500
Interest Capitalised	-	-	285	-	285	285
Transfer to Current Assets	-	-	(822)	-	(822)	(822)
Reclassification	(15,622)	15,610	-	12	-	-
Property Disposals	(1,043)	-	-	(4)	(1,047)	(1,047)
Component Disposals	(106)	-	-	-	(106)	(106)
Transferred on completion	188	-	(188)	-	-	-
At end of year	175,938	15,619	23,390	1,423	216,370	215,854
Less Depreciation						
At start of year	16,475	-	-	66	16,540	16,540
Charge for year	4,658	226	-	22	4,907	4,907
Reclassification	(191)	190	-	1	-	-
Property Disposals	(102)	-	-	-	(102)	(102)
Component Disposals	(103)	-	-	(3)	(106)	(106)
Impairment	0	-	-	-	-	-
At end of year	20,738	416	0	86	21,239	21,239
Net Book Value						
At start of year	170,570	-	5,845	1,333	177,749	177,191
At end of year	155,200	15,202	23,390	1,338	195,130	194,614

Additions to properties during the period include capitalised interest and finance costs of £285k (2022: £220k) and additions to components include capitalised staff costs of £479k (2022: £454k). Costs for the Salix Group are presented less than for the association as a result of consolidation accounting for the inter group activity between Salix Homes and Salix Homes Developments Limited.

13.1 EXPENDITURE ON WORKS TO EXISTING PROPERTIES IN THE YEAR:

Group & Association	2023	2022
	£'000	£'000
Components capitalised	5,500	7,317
Amounts charged to expenditure	12,941	12,607
Total expenditure on works to existing properties in the year	18,441	19,924

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14 - OFFICES AND EQUIPMENT

	Office Properties & Improvements to Leaseholds £'000	Computer Equipment £'000	Scheme Assets £'000	Furniture, Fittings and Equipment £'000	Commercial Units £'000	2023 Total £'000
Cost						
At start of year	968	2,776	49	239	277	4,309
Additions	47	81	2	112	-	242
Disposals	-	-	-	(52)	-	(52)
At end of year	1,015	2,857	51	299	277	4,499
Less Depreciation						
At start of year	709	2,123	23	166	3	3,024
Charge for year	149	461	7	52	3	672
Disposals	-	-	-	(43)	-	(43)
At end of year	858	2,584	30	175	6	3,653
Net Book Value						
At start of year	259	653	26	73	274	1,285
At end of year	157	273	21	124	271	846

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15 – 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 of 31 March 2023 were as follows:

Joint venture entity	Partner(s)	2023			2022		
		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%	573	389	10%	428	311

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.

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16 DEBTORS	Group 2023 £'000	Group 2022 £'000	Association 2023 £'000	Association 2022 £'000
Arrears of rent, service charges and other debt	2,441	2,197	2,441	2,197
Less: Provision for bad and doubtful debts	(1,172)	(1,320)	(1,172)	(1,320)
	1,269	877	1,269	877
HMRC	431	361	416	352
Prepayments	758	795	758	795
Trade debtors	129	283	129	283
Amounts due from Group undertakings	-	-	3	67
Social Housing Grant receivable	-	468	-	468
Other receivables	554	934	554	934
Prepayment of improvement contract	10,300	7,165	10,300	7,165
	13,441	10,883	13,429	10,941
Due after more than one year				
Inter Company Loan	-	-	961	739
Prepayment of Improvement Contract	36,875	46,327	36,875	46,327
Loan to Joint Venture (note 15)	389	311	-	-
	37,264	46,637	37,836	47,066
17 STOCK & WORK IN PROGRESS				
	Group 2023 £'000	Group 2022 £'000	Assoc 2023 £'000	Assoc 2022 £'000
Outright Sale & S/O properties				
At start of year	2,432	-	2,432	-
-under construction	729	2,432	823	2,432
	3,161	2,432	3,255	2,432
18 CASH AND CASH EQUIVALENTS				
	Group 2023 £'000	Group 2022 £'000	Assoc 2023 £'000	Assoc 2022 £'000
Cash at bank	2,231	2,641	2,211	2,435
	2,231	2,641	2,211	2,435

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19 CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group	Group	Association	Association
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Finance costs payable	57	49	57	49
Rent received in advance	1,835	1,867	1,835	1,867
Accruals	1,683	1,576	1,683	1,576
Amounts due to contractors	3,945	5,123	2,855	3,868
Amounts due to Group undertakings	-	-	1,136	1,408
Corporation Tax	-	205	-	205
Deferred Grant	444	317	444	317
General payables	932	1,143	931	1,143
Grant in Advance (Ethical Lettings)	191	231	191	231
HMRC	228	357	228	267
Recycled Capital Grant Fund	89	-	89	-
Trade payables	507	462	507	462
	9,911	11,329	9,956	11,393

20 DEFERRED GRANT INCOME

	Group	Group	Association	Association
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Opening Balance	21,899	14,025	21,899	14,025
- Grants received during the year				
Purchase/development of properties	1,379	8,124	1,379	8,124
Grant Cladding repayment	-	(35)	-	(35)
Grants Recycled in the year	-	168	-	168
Grant disposed in year	(31)	(127)	(31)	(127)
Released to income in year	(314)	(257)	(314)	(257)
	22,933	21,899	22,933	21,899

To be released to the statement of comprehensive income

Within one year	444	317	444	317
Greater than one year	22,488	21,582	22,488	21,582
	22,933	21,899	22,933	21,899

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21 RECYCLED CAPITAL GRANT FUND

	Group	Group	Association	Association
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Opening Balance	102	224	102	224
Proceeds utilised	-	(168)	-	(168)
Proceeds recycled	238	46	238	46
Notional finance costs charged	4	0	4	0
Closing Balance	344	102	344	102
Due in less than one year	89	-	89	-
Due in greater than one year	255	102	255	102
	344	102	344	102

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

	2023	2022
	£'000	£'000
Housing property loans	79,438	68,029
Deferred Grant (note 20)	22,488	21,582
Recycled Grant Fund (note 21)	255	102
	102,182	89,713

Housing Property Loans are repayable as follows:-

Within 5 years	79,750	68,500
Less Loan arrangement fees	312	471
	79,438	68,029

	2023	2022
	£'000	£'000
Housing Loans were advanced by:-		
Banks	79,750	68,500
	79,750	68,500

As of 31 March 2023 all loans were in respect of Housing Properties.

The loan portfolio is based on the following:

Fixed Facility at fixed rate of 3.29% (incl. margin of 1.6%)	15,000	15,000
Fixed Facility at fixed rate of 3.40% (incl. margin of 1.6%)	15,000	15,000
Fixed Facility at fixed rate of 4.18% (incl. margin of 1.6%)	15,000	15,000
Fixed Facility at fixed rate of 1.7995% (incl. margin of 1.6%)	10,000	10,000
Revolving Facility at variable rate plus 1.6% margin	3,000	1,750
Revolving Facility at variable rate plus 0.85% margin	10,000	-
Fixed Term Facility at variable rate plus 1.6% margin	11,750	11,750
	79,750	68,500

Total facilities undrawn on 31st March 2023 were £30.2m (2021: £41.5m)

Loan Facility Undrawn

Term	23,250	23,250
Revolving facility	17,000	18,250
	40,250	41,500

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23a ANALYSIS OF CHANGES IN LONG TERM FINANCING DURING THE YEAR

	2023	2022	2023	2022
	Group		Association	
	Housing Loans		Housing Loans	
	£'000	£'000	£'000	£'000
Balance at start of year	68,500	75,500	68,500	75,500
Shares issued	-	-	-	-
Shares surrendered	-	-	-	-
Changes in financing within one year	-	-	-	-
Cash inflow from financing	18,000	3,250	18,000	3,250
Loan repayments	(6,750)	(10,250)	(6,750)	(10,250)
Balance at end of year	79,750	68,500	79,750	68,500

23b RECONCILIATION OF NET CASHFLOW TO MOVEMENT IN NET DEBT

<u>Group & Association</u>	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Opening Cash on 1 April	2,641	404	2,435	294
Increase/(Decrease) in cash in the period	(410)	2,237	(224)	2,141
Closing Cash	2,231	2,641	2,211	2,435
Repayment of loans	6,750	10,250	6,750	10,250
Loans received	(18,000)	(3,250)	(18,000)	(3,250)
Changes in net debt	(11,661)	9,238	(11,474)	9,140
Net debt on 1 April	(65,859)	(75,096)	(66,065)	(75,206)
Net debt on 31 March	(77,520)	(65,859)	(77,539)	(66,065)

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24 OPERATING LEASES

As of 31 March 2023 Salix Homes Group had total commitments under non-cancellable operating leases as set out below:

	2023	2022
	£'000	£'000
Land & Buildings		
<i>Lease period ending:</i>		
within 1 year	514	616
2-5 years	1,610	1,732
5 + years	408	21
	2,532	2,369
Other Operating Leases		
within 1 year	262	377
2-5 years	63	327
5 + years	-	-
	325	704

25 PROVISIONS

	2023	2022
	£'000	£'000
Opening balance	53,493	56,383
Utilised	(6,318)	(2,890)
	47,175	53,493

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 debtor disclosed in note 16.

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26 NON-EQUITY SHARE CAPITAL	Group 2023	Group 2022	Association 2023	Association 2022
Shares of £1 each Issued and Fully Paid	£	£	£	£
At beginning of year	10	10	10	10
Issued during the year	0	2	-	2
Surrendered during the year	(1)	(2)	(1)	(2)
At end of year	9	10	9	10

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.

27 GRANT AND FINANCIAL ASSISTANCE	Group 2023 £'000	Group 2022 £'000	Association 2023 £'000	Association 2022 £'000
Total accumulated government grant and financial assistance received or receivable	13,570	13,261	13,570	13,261
Recognised as income in statement of Comprehensive income	320	309	320	309
Held as deferred capital grant	-	-	-	-
	13,890	13,570	13,890	13,570

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28 REVENUE & CAPITAL COMMITMENTS

	Group 2023 £'000	Group 2022 £'000	Association 2023 £'000	Association 2022 £'000
a) Revenue & Capital expenditure that has been contracted for but not provided for in the financial statements	20,084	36,111	20,361	36,370
Proposed method of financing:-				
Cashflow	7,445	2,676	7,722	2,935
Grant	2,220	4,957	2,220	4,957
Property Sales	10,419	7,492	10,419	7,492
Agreed Loans	-	20,986	-	20,986
	<u>20,084</u>	<u>36,111</u>	<u>20,361</u>	<u>36,370</u>
b) Capital expenditure that has been authorised by the Board of Management but not contracted for	15,489	17,183	15,489	17,383
Proposed method of financing:-				
Cashflow	3,525	6,136	3,525	6,337
Property Sales	-	2,859	-	2,859
Grant	1,849	2,133	1,849	2,133
Agreed Loans	10,115	6,055	10,115	6,055
	<u>15,489</u>	<u>17,183</u>	<u>15,489</u>	<u>17,383</u>

29 CONTINGENT LIABILITY

As of 31 March 2023 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 six property disposals and a scheme change of use trigger which has resulted in £0.634m being recycled leaving a balance of £9.188m.

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NOTE 30 - CASHFLOW FROM OPERATING ACTIVITIES

	Group 2023 £'000	Group 2022 £'000	Assoc 2023 £'000	Assoc 2022 £'000
Surplus for the year	4,598	3,388	4,785	3,550
Adjustments for non-cash items:				
Depreciation of tangible fixed assets	5,589	5,248	5,589	5,248
Decrease/(increase) in trade and other debtors	129	1,344	131	1,336
(Decrease)/increase in trade and other creditors	(465)	1,841	(379)	1,871
Amortised government grants	(314)	(257)	(314)	(257)
Corporation tax	-	205	-	205
Pension cost less contributions payable	1,196	1,419	1,196	1,419
Riverside EUV-SH adjustment	-	301	-	301
Carrying amount of tangible fixed asset disposals	945	914	945	914
Cost of properties for outright sale	-	2,547	-	2,547
Adjustments for investing or financial activities				
Ethical Lettings	-	(294)	-	(294)
Government grants utilised in year	(320)	(414)	(320)	(414)
Proceeds from the sale of tangible fixed assets	(4,354)	(3,889)	(4,354)	(3,889)
Proceeds from the sale of outright sales	-	(3,634)	-	(3,634)
Interest and financing costs	2,761	2,584	2,761	2,583
Interest received	(3)	(0)	(44)	(17)
	9,762	11,304	9,996	11,469

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31 ACCOMMODATION OWNED & MANAGED

	2023	2022
Social housing accommodation in management		
Social rent	7,304	7,364
Affordable Rent	11	11
Housing for Older Persons (HOPS)	297	297
Keyworker	26	26
Intermediate Market rent (Rent to Buy)	108	108
Temporary Accommodation	14	14
Total Units	7,760	7,820

Social housing managed by others

Social rent	116	115
Total Units	116	115

Non-social housing accommodation in management

Asylum Seekers	9	9
Other	13	12
Managed for others	197	164
Leaseholders	512	487
Total Units	731	672

Units in Development	0	1
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Non-residential in management

Shops	35	36
Office	1	0
Garages	165	165

Social Units in Ownership

Social Housing Accommodation	7,760	7,820
Tenant Management Organisation (TMO)	70	70
Temporary Accommodation managed by others	46	45
	7,876	7,935

The social housing owned units movement is as follows:

Reason for movement	No's	No's
Development of newbuild properties	0	28
Development of newbuild help to buy properties	0	108
Preserved right to buy sales	-59	-64
Acquisition of properties	0	1
Conversion of properties	0	5
Total movement in year	-59	78

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32 LEGISLATIVE PROVISIONS

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

33 GROUP UNDERTAKINGS

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

	2023	2022
	£'000	£'000
Amounts contracted for with Salix Homes Developments Limited	7,782	7,540
Amounts charged to Salix Homes Developments Limited for management and administration	245	128
Amounts charged for interest payable	41	17

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.

34 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 co-opted 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 co-opted Board Member to their advantage. Rent & services charged to tenant board members was £4,943 (2022: £2,085). There are no arrears to report on the tenancy at the reporting period end 31st March 2023 (2022: Nil).

No other transactions took place with Directors.

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

	2023	2022
	£'000	£'000
Athena Greater Manchester	8	-
Derive (Salford CC)	457	230
Foundation for the future	5	-
Greater Manchester Combined Authority	(33)	-
MSV Housing	2	-
One Manchester	(15)	(23)
Salford City Council	1,740	1,060
Unite Union	3	3
University of Salford	1	-
	<hr/> 2,168	<hr/> 1,270