Financial Statements

For the year ended 31 March 2022

Connexus Homes Limited

Registered Society 8376

Regulator Registration Number LH4353

Connexus

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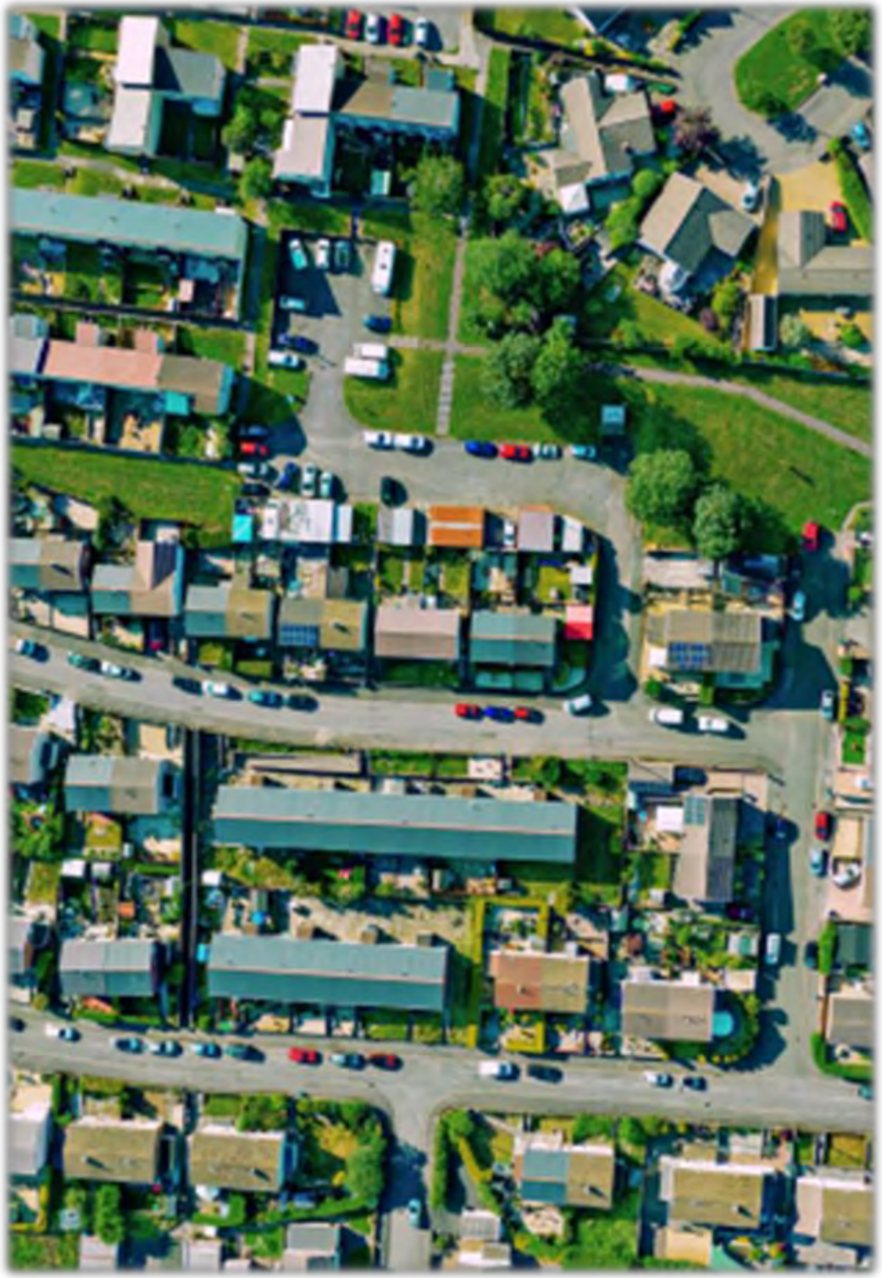


Company registration number	**8376** Registered as a Cooperative and Community Benefit Society
Financial Conduct Authority Registration number	**LH4353**
Registered office	The Gateway The Auction Yard Craven Arms Shropshire SY7 9BW
Independent Auditor	Crowe U.K. LLP 4th Floor, St James House St James' Square Cheltenham Gloucestershire GL50 3PR
Solicitor	Anthony Collins 134 Edmund Street Birmingham B3 2ES
Bankers	RBS 5th Floor 2 St Philips Place Birmingham B3 2RB

Meet Our Executive Directors

Richard Woolley (appointed April 2019)

Chief Executive

Sara Woodall (appointed January 2022)

Director of Operations

Andrew Cooke (appointed October 2019)

Director of Resources

Victoria Tomlinson (appointed June 2019)

Director of Property

Joanne Tracey (appointed January 2021)

Director of People

Nicola Griffiths (appointed March 2019)

Company Secretary

Board Members and Non-Executive Directors

The Connexus Homes Group operates a Board of Management, where the Board Members act for and on behalf of the whole Group. However, the members of the Enterprise and Development Committee also form the membership of the Board of Management of the following subsidiaries, within the Group:

Connexus Enterprise Limited

Floreat Living Limited

Rise Partnership Developments Limited

The non-executive directors of the Group who were in office during the year and up to the date of signing the financial statements are set out overleaf. The Board comprises of ten Ordinary Board Members and the Group's Chief Executive Officer.

The Group has insurance policies that indemnify both its Board Members and Executive Directors against liability when acting for the Companies. Except for the Chief Executive, Richard Woolley and Andrew Cooke Director of Resources, Executive Directors are not Board Members for any subsidiaries and act as executives within the authority delegated by the Board.

A summary of the board and committee membership is overleaf, with details of the Individual Board members in the following pages.

Connexus Board & Committee Members- Which Boards do they sit on?

	John Barker	Andrew Battrum	Nicola De Iongh	Simon Ewins	Simon Gibbs	Imran Patel	Maggie Punyer	Abigail Reilly	Paul Smith	Andrew Taylor	Richard Woolley	Nick Garner (co-optee)	Paul O'Driscoll (co-optee)	Andrew Cooke
Connexus Homes Board	Chair	Member	Member	Member	Member	Member	Member	Member	Member	Member	Member			
Audit and Risk Committee		Member	Member			Member				Chair		Co-optee		
Customer Services Committee				Member		Member	Chair	Member	Member					
Enterprise and Development Committee *	Member	Chair			Member		Member		Member		Member		Co-optee	
Finance and Treasury Committee	Member	Chair		Member	Member					Member				
Remuneration and HR Committee	Member		Member		Member			Chair						
Herefordshire Capital plc	Chair									Member	Member			Member

= Chair   = Board member   = Co-optee

* Enterprise and Development Committee has common members, who are the Board of Directors for the following Subsidiary Boards:-

- Connexus Enterprise Limited;
- Floreat Living Limited; and
- Rise Partnership Developments Limited

Chair's Foreword

I am enormously proud of all colleagues in Connexus for maintaining services to customers throughout the year despite the fact that the country was again overshadowed by the impact of the pandemic. We thank our customers for bearing with us during these difficult times particularly where our service offer was affected by working restrictions. Our priority as always, is the safety of our customers and staff.

During periods of lockdown, we focussed on emergency and urgent work for the most vulnerable of our customers. After the lockdown, the Board took the decision to complete the back log of repairs as quickly as possible and whilst this has been a challenge financially it fully backs our approach to put customers first.

I am also delighted to report that Connexus has been upgraded to the highest level of Governance and Financial Viability – G1/V1 - following an In-Depth Assessment by the Regulator of Social Housing in December 2021. Operationally we have continued to provide much needed high quality new homes across Shropshire and Herefordshire and focussed on renovating a significant number of our poorer quality homes.

This was the second year of Connexus' Corporate Plan with the focus being on the services to existing customers and a development programme of new homes across the counties of Shropshire and Herefordshire.

Some significant achievements during the year:

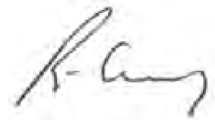
- Our 3-year strategy was to deliver 643 homes across a three-year period. As at the end of this year 355 have been delivered across 19 separate sites reflecting our strategy for developing in rural locations in the two counties.
- £12.5m was spent on our improvement programme directly improving customer homes. This includes over £2m spent on new roofs, £1m on new kitchens and bathrooms, and a similar amount on heating systems.
- A further £1.6m has been spent on bringing empty properties up to lettable standards.

This year and beyond bring some significant economic and environmental challenges for Connexus and our wider commitment to our stakeholders including:

- The price of fuel to heat homes and the consequential effect on the cost of living for our customers.
- General inflation forecast to be over 10% impacting on Connexus' ability to keep costs under control as a business and the potential impact on our customers' rents.
- The energy efficiency of our homes as we strive to achieve net carbon zero across our customers' homes over the next 20-30 years.
- The demand for social housing outstripping supply.

Connexus is well placed and determined to cope with these challenges and will be creating a fresh corporate plan from April 2023 to take into account these issues and to increase our focus on what matters to the customer.

Finally, I thank all the Board for their continued excellent work in guiding Connexus over the past year. The capable non-executive team has been further strengthened by the addition of Imran Patel to the main Board.



John Barker
Chair

Chief Executive's Foreword to the Financial Statements

As our Chair indicated in his foreword, it has again been a difficult year due to issues arising from the pandemic and it has been pleasing to see how our colleagues have overcome difficulties to continue to provide services.

We started the financial year by completing our planned corporate restructure on the 1st of April 2021, simplifying our arrangements by reducing from four Registered Providers of Social Housing to one. And we were delighted to finish the year by achieving a G1/V1 governance and viability rating from the Regulator of Social Housing and are grateful to all our Board and staff for their involvement in achieving this.

Strong governance and financial viability will always be the foundation of our success at Connexus - it provides a base for improving services and allows Connexus to adopt the customer centred approach we are aiming for.

We can only achieve excellent customer service with good quality motivated staff and in 2021 we recruited an experienced OD professional, Jo Tracey, as our Director of People. In the current year Jo has created a People strategy and implementation is underway.

In 2022, we were joined by Sara Woodall as Director of Operations. Sara brings a wealth of experience in the sector in similar roles and in the short time she has been with us, Sara is already working on restoring those close ties between Connexus and our communities that were lost during the pandemic.

In the year, our Director of Resources, Andrew Cooke renegotiated long term funding of £55m with Natwest which secures liquidity at Connexus for over 3 years.

Connexus Director of Property, Vicki Tomlinson led on the delivery of the new homes for Connexus, continued to strengthen our approach to compliance and completed much of the preparation work to identify investment needed to move our properties to net carbon zero in the coming years.

Our operating surplus for the year was £15.16m compared to £18.33m in 2021, reflecting the financial pressures referred to in the Chair's report. Nevertheless, Connexus remained covenant compliant through extensive stress testing of our financial plan and strong adherence to "golden rules" by the Executive and Board.

Richard Woolley

Chief Executive

Report of the Board

The Board presents its report and the audited consolidated financial statements for the year ended 31 March 2022.

Principal activities

The legal parent of the Group is Connexus Homes Limited through which all statutory powers of the Group are vested, and all the accounts of the Group are consolidated. The Board operate under a Board of Management and below are details of the governance Structure.

The Association is registered with the Cooperative and Community Benefit Societies Act 2014, Registered No.8376. It is also registered with and regulated by the Regulator of Social Housing in accordance with the Housing and Regeneration Act 2008, Registered No. LH4353. The Association has charitable objects and is a charity for tax purposes.

Connexus Homes Limited ('the company") was formed for the benefit of the community in providing housing, accommodation, and related services for people in need.

Review of business and future developments

Details of the Group's performance for the financial year and future plans are set out in the Strategic Report that follows this report.

Housing property assets

Details of changes to the Group's fixed assets are shown in notes 12 and 13 to the financial statements.

Political and charitable donations

The Group gave £110k charitable donations during the financial year (2021:£94k).

No political donations were made during the financial year (2021 £nil).

Reserves

The level of reserves for the Group at the end of the financial year was £99.8m (2021 £87.5m). This is after the transfer of the surplus for the financial year of £12.346m (2021 £3.276m).

Post balance sheet events

There are no post balance sheet events to report.

Payment of creditors

In line with government guidance, the Group's aim is to pay purchase invoices within 30 days of receipt, or earlier if agreed with the supplier.

Board Members and Non-Executive Directors

The Connexus Homes Group operated a Board of Management, where the Board Members act for and on behalf of the whole Group. However, the members of the Enterprise and Development Committee also form the membership of the Board of Management of the following subsidiaries, within the Group:

- Connexus Enterprise Limited
- Floreat Living Limited
- Rise Partnership Developments Limited

The Board comprises of ten Ordinary Board Members and the Group's Chief Executive Officer.

The Board is responsible for the Group's strategic direction. Day to day management and implementation is delegated to the Chief Executive and his Executive team who meet at least fortnightly. The Executive Directors and senior colleagues attend Board and committees. The Board meet a minimum of four times a year. The Chief Executive and Chair meet regularly.
The Group has insurance policies that indemnify both its Board Members and Executive Directors against liability when acting for the Companies.

Except for the Chief Executive, Richard Woolley and Andrew Cooke Director of Resources, Executive Directors are not Board Members for any subsidiaries and act as executives within the authority delegated by the Board.

The non-executive directors of the Group who were in office during the year and up to the date of signing the financial statements are set out below.

No Ordinary Board Members retired in the year.

Current Board Members - Ordinary Board Members

John Barker – Chair (appointed September 2019)

John is an experienced non-executive director, chair and chief executive with wide experience in several successful housing associations. He has a strong personal commitment to the housing association sector, a clear appreciation of the strategic context in which HA's operate and recent experience at board level in high performing organisations including Sentinel, Bromford Group and First Wessex.

John was previously Chief Executive and a Board Member at Moat Homes from 1989 to 2008 and was one of the founder members of the South East England Regional Assembly and a Board and Committee member at the National Housing Federation. John's pedigree in social housing and governance is therefore strong.

Andrew Battrum (appointed September 2019)

Andrew was the Finance Director of Bromford Housing Group, for 17 years retiring in 2016. His experience at Bromford provides him with a good insight into the social housing sector and equips him with an understanding of the locality.

In addition to his financial management and treasury expertise, he brings strong analytical skills and an ability to move easily between the bigger picture and detailed thinking. He has experienced different ways of working at Bromford, which has broadened his thinking both in terms of organisational and Board operations.

Nicola De Iongh (appointed November 2020)

Nicola serves as the Chair of Council at the University of Gloucestershire, a Trustee with Gloucestershire Counselling Service and Chair of the Premier Miton UK Responsible Investment Fund Reference Committee. She is a Lay Member on the South West Advisory Committee for Justices of the Peace and is a Trustee and Member of the Executive Committee of the Committee of University Chairs.

In her executive life, Nicola has a track record of delivering transformation and defining future vision, with a wealth of experience in management consulting and change management.

Nicola was appointed as Senior Independent Director to the Board in February 2022.

Simon Ewins (appointed November 2020)

Simon's current role as Managing Director of Hotels & Restaurants at Whitbread Plc includes operational responsibilities for over £2bn annual turnover.

Simon's many business strengths include a proven ability to lead the management of organisational growth ambitions. His life experiences, combined with family ties to Shropshire and Herefordshire, have given Simon a real passion for joining us on the Connexus journey.

Simon Gibbs (appointed September 2019)

Simon has Board experience of both public and private companies across sectors including Property, Retail, and Media. He has executive experience over 25 years as a CEO/MD. He is a Chartered Accountant with investment banking experience and has specialist knowledge in both Treasury Management and Property Development, most recently through his role at Curo as Executive Director – Finance and Strategy.

Simon has commercial expertise to drive growth within a housing building context. He has experience, understanding and an appreciation of the social housing sector bringing something different given his blended professional profile.

Maggie Punyer (appointed September 2019)

As a former and founding director with Ocean Media – a publishing and event company Maggie has a good grasp of the key issues affecting the sector and practical experience of embracing the opportunities / challenges currently facing RP's. She has gained this insight through many governance roles including having been a NED on Accent Housing Group, a Trustee of Homeless Link and Chair of Communities and

Housing Investment Consortium. With a good appreciation of regulation, risk, culture and governance control, Maggie also has a strong commercial background providing the strategic leadership needed at a governance level by Connexus.

Maggie cares deeply about the provision of good quality social and affordable housing, and strongly believes that the voice of the customers and tenants must be heard to help inform organisational activity, as well as to deliver quality and efficient services to residents.

Imran Patel
(appointed November 2021)

Imran is an experienced director in the telecoms sector with extensive experience driving results in large scale leadership roles, with a track record improving customer
experience and increasing employee engagement. He has experience in collaborating with executives to successfully lead strategic change initiatives and new business ventures.

He joined Connexus as a Co-optee to the Customer Services and Enterprise and Development Committees in November 2020 before joining the Board in November 2021.

Abigail Reilly
(appointed September 2019)

Abigail comes from a military background and has fifteen years' experience at senior management level within Social Housing. This includes three years as Executive Director responsible for a wide portfolio including Organisational Development, HR, Governance, ICT, Communications, Project Management, Facilities, Fleet Management and Corporate Strategy, Performance and Planning.

Abigail is a Business Psychologist and Fellow of the CIPD and has a particular interest in organisational culture. She is currently the Director of Organisational Effectiveness and Development at Oxford Brookes University.

Abigail's appointment to the Connexus Board is her first NED appointment. She has however, been heavily involved in governance reviews which has formed a key focus of her executive director accountabilities. Her experience in this area includes being part of an in-depth regulatory assessment (IDA) process. Abigail offers relevant technical expertise, a sound insight into governance issues and the potential to operate effectively in a NED capacity.

Paul Smith
(appointed December 2018)

Paul is the Chief Executive of Elim Housing Group and a member of the Advisory Panel for the Housing Ombudsman. Paul has also served as the Chief Executive of two national charities, the Furniture Re-use Network and Housing Potential (the skills agency for housing).

Paul is a Chartered member of the Chartered Institute of Housing.

Andrew Taylor
(appointed September 2019)

Andrew operates as an independent consultant offering interim chief executive support in the social housing sector. Before this he was Chief Executive of an ALMO in London and has held a range of senior executive positions.

He is a qualified member and fellow of CIPFA and has significant experience in all areas of risk management, governance, and stakeholder management. In addition to this role, he is Lay Member (Governance) and Audit Chair for Brighton and Hove CCG.

Co-optees to the Group's Committees

Nick Garner
(appointed April 2019)

Co-optee Member to Audit and Risk Committee

Nick joined as a co-optee Member of Connexus' Audit and Risk Committee in 2019 and is a ACCA and AAT qualified accountant with more than 22 years' experience in social housing finance.

Paul O'Driscoll
(appointed March 2017)

Co-optee Enterprise & Development Committee

Paul has almost 40 years in the housebuilding and maintenance industry, the majority of which has been involved in affordable and social housing sectors, in partnership with housing associations, local authorities and ALMOs. In his current role as a consultant since 2016 he has undertaken a range of development and investment related projects with clients and is currently supporting Ebbsfleet Development Corporation in the delivery of Ebbsfleet Garden City.

Paul previously worked at Wates Living Space and Wilmott Dixon as Business Development Director. He has also carried out a range of NED roles including currently at Walsall Housing Group and social enterprise, Jericho Construction.

The Group has insurance policies that indemnify both its Board Members and Executive Directors against liability when acting for the Companies. Except for the Chief Executive, Richard Woolley, and Director of Resources, Andrew Cooke, Executive Directors are not Board Members and act as executives within the authority delegated by the Board.

The Board is responsible for the Group's strategic direction. Day to day management and implementation is delegated to the Chief Executive and his Executive team who meet at least fortnightly. The Board meet a minimum of four times a year. The Chief Executive and Chair meet regularly. The Executive Directors and senior colleagues attend Board and committees.

Stakeholders

The strength of the Group lies in the quality and commitment of its employees. The Group's ability to meet its objectives and commitments to customers in an efficient and effective manner depends on the contribution of employees throughout the financial year. Consultation and communication with all employees take place through regular briefings, team meetings and union representation.

The Group is committed to eliminating discrimination and harassment and promoting equality and diversity. Connexus Homes Limited actively encourages customer involvement by promoting various mechanisms. These include supporting resident groups, a customer involvement panel with direct access to the Group Board, and independent surveys through 'IFF'. These all help for customers to play an active role in shaping the future provision of services.

The Group's commitment is not purely to its customers, but also to the wider community. The Group supports the Discovery Centre and Grow Cook Learn in Craven Arms, the Mayfair Centre in Church Stretton and the Newton Farm Information Centre, a Hereford charity providing a wide range of advice either directly, by signposting or by providing space for other agencies on a surgery basis.

The Group directly donated over £53,000 worth of grants to local community projects. Projects from across Herefordshire and Shropshire applied to our Community Development fund (CDF) for grants of up to £5,000 each. The CDF has been set up to help fund communities working together on local projects, which have a positive effect in their area of Herefordshire or Shropshire. Connexus is not-for-profit and the CDF is us actively reinvesting, supporting, and engaging with the communities we serve. This year some of the groups we supported were; Rockspring Community Choir, West Mercia Women's Aid, Belmont Wanderers Under 16's. The Craven Arms Youth Group received £3,000 to continue running their Tuesday night youth club, Hereford Winter Night Shelter received £2,500 to help with provisions during the busy winter months to meet demand for overnight shelter, and kit bags for those in need

NHF Code of Governance

The Board adopted code during the year was the National Housing Federation's Code of Governance (2015), and Code of Conduct (2012). There are no known instances of non-compliance with the NHF Code. On an annual basis, Connexus completes the NHF Checklist which offers the Board Assurance on how the Organisations is complying with the Code.

The Board has formally assessed its compliance against the Code of Governance and the Governance and Viability Standards and confirms that the Organisation is compliant.

From 1st April 2022 the Board has adopted the Code of Governance 2020.

Members of the Company

As of 31 March 2022, there were 11 shareholders, each holding a £1.00 share all of which are independent in accordance with the Company's Rules. Members have voting rights at Annual and Special General Meetings. Members of the Company are eligible to be elected to sit on the Board and Committees. The detailed arrangements regarding membership are set out in the Rules of the Association.

Health and safety

The Board is aware of its responsibilities on matters relating to health and safety and the Group has detailed health and safety policies. The Group complies with the Health and Safety at Work Act 1974 and other relevant legislation.

Public Benefit

In setting the Group's aims and objectives, the Board has given careful consideration to the Charity Commission's general guidance on public benefit. The Board confirms that the Company complies with the public benefit criteria by:

- The provision of social housing, accommodation, and related services for people in need
- Ensuring that rents are charged within the parameters of the Group's rent plan, in accordance with the RSH's rent standard and guidance.
- Ensuring that housing is let on the basis of need
- Valuing diversity through the Group's Equality, Diversity, and Inclusion policy.

Details of the Group's performance in achieving this in the year to 31 March 2022 are included in the Strategic Report.

Internal Control Assurance Statement

The Group Board acknowledges its overall responsibility for establishing and maintaining the whole system of internal control and for reviewing its effectiveness for the Group as a whole.

The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and to provide reasonable, and not absolute, assurance against material misstatement or loss. In meeting its responsibilities, the Group Board has approved an effective framework to identify and manage the significant risks to the Group's operations. This risk-based approach to establishing and maintaining internal controls is embedded within day-to-day management and governance processes. The approach includes the regular evaluation of the nature and extent of risks to which the Group is exposed and is consistent with best practice. The Group Board updated their risk appetite in February 2022 and maintains a cautious approach to risk.

Annual Review of the effectiveness of the System of Internal Control

The Group Board delegates responsibility for the annual review of the effectiveness of the system of internal control to the Audit & Risk Committee. The Audit & Risk Committee take account of any changes needed to maintain the effectiveness of the management and control process for risk and fraud. The Audit & Risk Committee met four times during the course of the year. Assurance over the control environment was obtained from the following main sources:

Risk Management

An effective risk management framework sits at the core of the system of internal control. The Group Board confirms that the process for identifying, evaluating and managing the significant risks faced by the organisation is ongoing, the process has been in place throughout the year and up to the date of approval of the annual report and accounts and is regularly reviewed by the Group Board. The Group Board during the financial year set their risk appetite, setting out the Group Board's attitude to risk in the achievement of its objectives.

The Audit & Risk Committee approves at each meeting the contents and scoring of the risk register on behalf of the Group Board who maintain direction and oversight as part of good governance. The Executive and other members of the Senior Management Team regularly consider reports on risks and the Group Chief Executive is responsible for reporting to the Group Board any significant changes affecting key risks. During the financial year we have introduced deep dive sessions at each Audit and Risk Committee, along with workshops with our Senior Management Team.

Internal Audit Service

The prime responsibility of the internal audit service is to provide the Group Board with assurance on the adequacy and effectiveness of the internal control system, including risk management and governance. There is a three-year rolling internal audit programme aligned to our risk management framework, which is reviewed and approved by Audit and Risk Committee on an annual basis. Internal audit also plays a valuable role in helping management to improve systems of internal control and so to reduce the potential effects of any significant risks faced. Internal Audit is delivered by Beever and Struthers with additional audit work being carried out by external sources to provide a 3rd line of assurance. The Internal Auditors have direct access to the Audit & Risk Committee including one 'in-camera' meeting without management present.

The Audit & Risk Committee reviews the findings arising from all Internal Audit Reports and is provided with progress reports on the implementation of all agreed recommendations for improvement to the point of conclusion.

During the year we have enhanced control around the implementation of Internal Audit recommendations, for the last 5 months of the year we delivered implementation rates of 100%

The Internal Auditors provides an annual report and overall assurance opinion on the system of internal control based on the Internal Audit work performed during the year and management response to that work. The 2021-22 Internal Auditor Opinion and Annual Report identified no material concerns.

Fraud Management

There is an established code for Integrity & Bribery and Connexus Group operates a zero-tolerance approach to any instances of fraud or corruption. There is an anti-fraud, bribery and corruption policy and fraud response policy, along with a Money Laundering policy and Whistleblowing policy. These policies are reviewed regularly. An electronic fraud register is maintained by the Company Secretary in addition to a hospitality register which is a register that identifies any gifts that may have been received. There were no material issues identified during the year. The Group has appropriate insurance cover in place to mitigate the potential financial losses associated with fraud. As an additional control in an instance of fraud there is a direct mechanism for reporting to Board and Committee.

Information and Financial Reporting Systems

Financial reporting procedures include a long-term financial plan, detailed annual budgets, reforecasts and detailed treasury reports, value for money reporting and regular management accounts which are reviewed by the Group Board.

Any issues raised in the external audit management letter issued at conclusion of the annual audit are dealt with to the satisfaction of both the external auditors and the Audit & Risk Committee with progress tracked to the point of conclusion.

Key performance indicators and business objectives set as part of the performance management framework are regularly reviewed by the Group Board to assess progress and outcomes against the Corporate and Business Plan

Executive Management Team and Senior Management Team

Each employee who has financial or devolved budgetary responsibility is provided with a copy of the Standing Orders and Financial Regulations (SOFR) and provided appropriate training. Colleagues shall be responsible for the accountability and control of all resources including plant, buildings, materials, cash, and stores relating to their areas of responsibility. The Head of Finance or Director of Resources have delegated authority to approve submission of funder and regulatory returns.

The Audit & Risk Committee shall be responsible for making recommendations to the Group Board on new SOFR and amendments to existing ones, as it considers necessary for the supervision and control of the finances, accounts, income, expenditure and assets of the Group.

Control Environment and Procedures

Governance arrangements are subject to continuing review and development to ensure they remain fit for purpose. Board and sub-Committee membership is reviewed annually in line with the membership policy terms. Compliance with the chosen code of governance and the Regulatory Framework is reviewed annually.

The Board retains responsibility for a defined range of issues covering strategic, operational, financial, and compliance matters and new investment projects. The Board disseminates its requirements to colleagues through the Corporate plan and a framework of strategies.

The Board confirms that there is an ongoing process for identifying, evaluating, and managing significant risks faced by the Group and for preventing, detecting, investigating and insuring against fraud. This process had been in place throughout the year under review, up to the date of the Annual report, and is regularly reviewed by the Board.

Financial risk management

Connexus is financed by a combination of retained reserves, long-term loan facilities and grants from the Government. The Group has a formal Treasury Management Policy that was approved by the Board in July 2022 following the approval of the 2022/23 30 Year compliant Business plan in June 2022, which is aligned to the Boards risk appetite and Golden Rules.

This policy seeks to address funding and liquidity risk and ensure covenant compliance; it states which types of financial instrument can be authorised for use, covering both borrowings and investments. In addition, the policy identifies the maximum value of financial instruments and with whom they may be agreed. The purpose of this policy is to reduce the impact to Connexus of adverse movements in interest rates and manage counterparty risk and fluctuations in income (especially sales).

Going Concern Statement

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons;

The Group prepares a 30-year business plan which is updated and approved on an annual basis. The most recent business plan was approved in June 2022 by the Board. The Business plan considers the assessed principal risks set out in pages 49 to 53 and other matters discussed in connection with the Viability statement below. As well as considering the impact of a number of scenarios on the business plan the Board also adopted a stress testing framework against the base plan. The stress testing impacts were measured against loan covenants and peak borrowing levels at an entity level, compared to agreed facilities, with potential mitigating actions identified to reduce expenditure. Following the practice adopted during Covid-19 the Group has undertaken a series of further scenario testing including severe but plausible downsides in the Perfect Storm worst case assessment.

The board, after reviewing the group and company budgets for 2022/23 and the group's medium term financial position as detailed in the 30-year business plan, including changes to economic assumption in the current operating environment, is of the opinion that, taking account of severe but plausible downsides, the group and company have adequate resources to continue in business for a period of at least 12 months from the date of approval of these financial statements (the going concern assessment period).

In order to reach this conclusion, the Board have considered:

- the property market – budget and business plan scenarios have taken account of delays in handovers, lower numbers of property sales, reductions in sales values and potential conversion of market sale to social homes;
- Maintenance costs – budget and business plan scenarios have been modelled to take account of cost increases and delays in maintenance expenditure, a compliance only programme and major works being phased into future years;
- Rent and service charge receivable – arrears and bad debts have been increased to allow for customer difficulties in making payments and budget and business plan scenarios to take account of potential future reductions in rents;
- Increases to inflation, management costs and libor rates and the associated impacts on affordability;
- Liquidity – current available cash and unutilised loan facilities of £72.6m which gives significant headroom for committed spend and other forecast cash flows that arise;
- The group's ability to withstand other adverse scenarios such as higher interest rates and number of void properties.

The board believe the group and company has sufficient funding in place and expect the group to be in compliance with its debt covenants even in severe but plausible downside scenarios.

Consequently, the Directors are confident that the Group and Association will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have continued to adopt the going concern basis in their preparation.

Viability Statement

During the year the Group Board has assessed the viability of the Group in line with the business plan. This assessment has been made through the business planning process which takes account of both the Group's current position and its principal risks, which are detailed on pages 49 to 53 of the Statutory Accounts.

The Group Board has determined that the period to 2024 is an appropriate period over which to provide its viability statement. While the Group Board believes that Connexus will be viable over a much longer period, this period has been chosen as it has a much greater degree of certainty.

Asset maintenance and compliance are key to the Groups continued success, key to this is the maintenance of a Group-wide assets and liabilities register and risk management processes that flow through to all of the Group's subsidiaries and operations.

The business planning process includes the Group's most recent targets, including the New Homes Strategy and Corporate plan, operational plans and a review of external factors. The operational plans provide long-term direction and are reviewed on at least an annual basis.

The base plan is externally tested through rigorous sensitivity analysis and stress testing using a series of robust downside financial scenarios which result in a financial impact. The testing also identifies the principal risks that may adversely impact the Group which include operational, economic, political, business, liquidity, market and credit risk. The results of the testing ensure potential mitigating actions are appropriately developed.

Due to the inherent uncertainty involved in all business planning, it is not possible for the review to consider every risk that the Group may face.

However, the Group Board considers that the stress testing performed includes all major risks and therefore provides strong assurance of the Group's financial viability. These risks include the expected impact of inflation and welfare reform on our tenant's ability to pay their rent, further reductions in social rents, remaining uncertainties around Brexit on trade and labour markets, the Ukraine crisis and the long-term impact of Covid-19.

External assurance of the Group's viability is demonstrated by the Group's credit ratings (Moody's: A3) while the Group has strong liquidity in place with a renewed £25m RCF facility along with a £55m fixed facility to be drawn in 2022 agreed during the year and is able to refinance any debt due over the period. The Group Board has therefore concluded, based on the extent of the business planning process and strong financial position, that there is a reasonable expectation the Group and the Association have adequate resources and will continue to operate and meet their liabilities as they fall due over the period of their assessment.

The Group Board can also confirm that it has complied with the Governance and Financial Viability Standard set out by the Regulator Social Housing. During the year, an IDA took place and the RSH gave Connexus Homes Limited upgraded ratings for Governance and Viability of G1 and V1 respectively from G2 and V2.

Annual General Meeting

The annual general meeting will be held on 27 July 2022 at The Gateway, The Auction Yard, Craven Arms, Shropshire SY7 9BW.

Independent Auditor

Crowe U.K. LLP were appointed in December 2021, following a full tender process. A resolution to reappoint Crowe U.K. LLP, as independent auditor, will be put to the members at the annual general meeting.

The report of the Board was approved by the Group Board on 27 July 2022 and signed on its behalf by

John Barker

John Barker
Chair 27 July 2022

Strategic Report

Who are we? Connexus was formed in 2017 following the merger of South Shropshire and Herefordshire Housing Groups.

During the financial year we were operating to our Corporate Plan 2020-23 that was approved by Board following consultation with tenants, staff and other stakeholders.

We developed this plan prior to the Covid-19 crisis and when it became apparent that this would not be resolved overnight, our Board agreed that despite the current situation our broad direction and focus outlined in the plan remained the key priorities. We have been working hard to deliver the plan over the last 12 months.

Connexus is a community focused rural housing group with over 10,500 homes across Shropshire and Herefordshire.

Our Focus is excellent service delivery and the provision of high-quality affordable housing to the counties of Herefordshire and Shropshire through development of new affordable homes, maintenance and improvement of our existing homes and the development of associated services to enhance the lives of our customers and communities.

Our Plan This is the second corporate plan following the merger between Shropshire and Herefordshire Housing Groups in July 2017. Our previous plan focused on delivery of the merger between these two organisations. Our new plan targets progress for Connexus customers and communities as our primary objective.

But our plan is so much more than that – we want to grow Connexus, not just to provide new homes, but to place greater emphasis on the issues that matter most to our customers – regeneration of existing homes, reduction of fuel poverty, improving services and responding effectively to external factors – climate change, environmental standards and government policy. Our people are passionate about the services we provide, and we will invest in them and empower them to provide a great service to all of our customers.

At the end of 2023, Connexus will be firmly established as the rural housing provider of quality affordable homes in Shropshire and Herefordshire, with a skilled and motivated workforce delivering high quality services working in partnership with our local authorities.

Connexus is ambitious and wants to deliver more for Herefordshire and Shropshire, but our overriding priority is looking after our existing tenants and making improvements to our homes.

Our Priorities are focussed around five strategies.

Customer focus- Customers are at the heart of the business and their safety is our top priority.

Our People- Our culture is to be open, to listen, to empower and to encourage. We will be honest and clear in our communications, involving people in decision making and encouraging innovation.

One Connexus- We are committed to a single level of service delivery and culture across our two counties unless local circumstances dictate otherwise. We will develop the Connexus brand and raise awareness to make us recognised for quality, community and rural based housing.

Commitment to our Communities- We are more than just providers of housing and are committed to a wider role in the development of housing and other related services in our communities. We will work with our strategic partners (including local authorities) across the two counties to make our communities more sustainable and better places to live and work.

Well governed, resilient, and financially sound- We recognise that regulatory and other compliance requirements are fundamental to the success of Connexus. We will ensure compliance by having clear measures, clarity of purpose, and clarity around the services we provide. To enable us to deliver our objectives we will have a robust business plan with a clear risk-based approach to delivery.

Our Values

Passionate - We care deeply about our work and our customers and take pride in serving people and communities. This shows in our energy, enthusiasm and commitment to going the extra mile, and building for the future.

Respectful - We deal with people of all ages, all backgrounds, all needs and requirements and we treat everyone fairly, considerately and as individuals.

Involving - We develop services for people, making sure we listen to what they need and involve them all the way. We learn from our experiences and always look to grow and develop together.

Determined - When we start something, we see it through. We are decisive, focused, and tenacious and work around challenges to find the best outcome.

Effective - We aim to get it right first time and to do the simple things well, because that sets the standard and everything else follows. We deliver.

Headline Results
Connexus Group

Turnover

2022- £65.6m
2021- £69.5m

Surplus for the Year

2022-£7.24m
2021-£7.38m*

Operating Surplus

2022- £15.2m
2021- £18.3m

Operating Margin

2022- 23.1%
2021- 26.3%

Letting Margin

2022- 21.3%
2021- 25.8%

Gearing

2022- 53.6%
2021- 64.0%

***2021 Surplus for the year includes:**

£1.44m of Finance Breakage costs and £0.5m of Restructure costs

Headline Performance
Connexus Group

New Homes Built
164

Compliance
Compliant Properties with valid gas safety certificate
99.94%

Rent VFM Satisfaction
87.29%

Social Housing Cost per Unit
£3,937

Overall Satisfaction with Services
78.54%

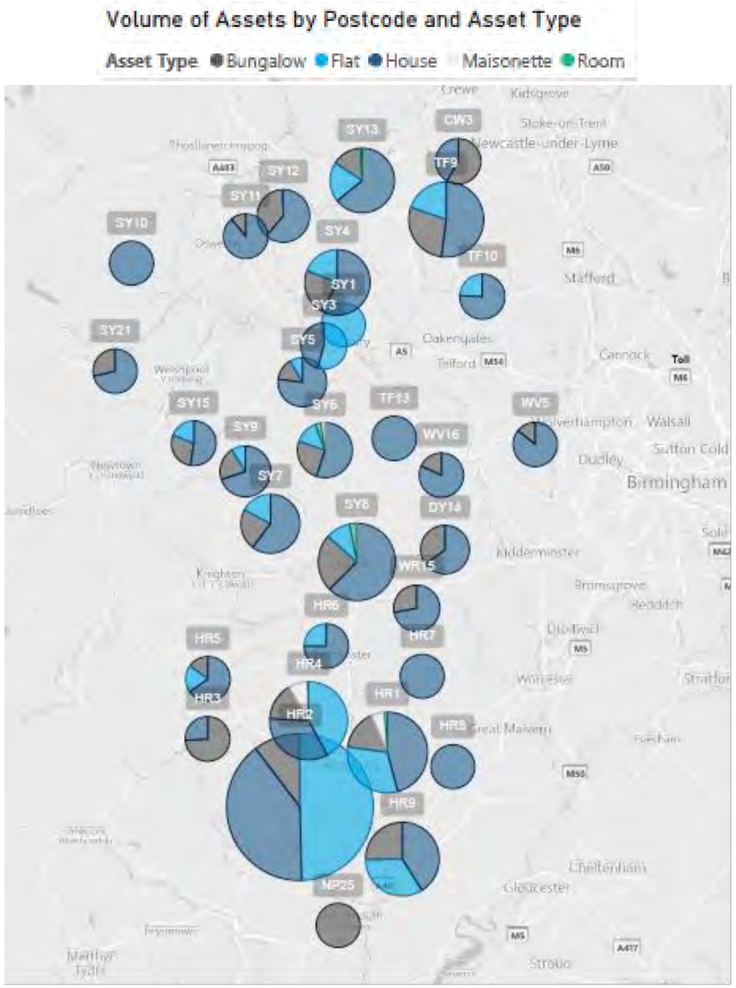
Liquidity & Available Security **£192.3m**

Number of Repairs Completed **35,126**
Satisfaction with last Repair **87.69%**

Regulator Rating
G1 / V1

Credit Rating
Moody's - A3 Stable

Our Homes and Where we Operate



We own and manage 7,007 General Needs Social Rent, 1,415 GN Affordable Rent, 1,501 Housing for Older People (HfOP) and Supported housing (SH), 129 HfOP/SH affordable rent, 61 Intermediate Rent and 372 Shared Ownership Properties. We also own and manage Market Rent, Leasehold and Commercial units, more information is shown in Note 6. to the Financial statements

Annual Report 2022

Customer Focus - Customer services performance

Tenant feedback is important. It allows us to identify where we need to improve and understand when we're doing well. Our aim is to always provide a high standard of service, but when our work (or the work of our contractors) is not up to an acceptable standard then our customers have the right to complain.

We've been building on the principles laid down in our complaints procedure and policy, first launched back in January 2021. That means working harder than ever to resolve issues reported by tenants in a timely and satisfactory manner. Moving forward, we will continue to develop our complaints policy to ensure that we continue to deal with any complaints fairly and effectively.

Our Performance in Numbers.

Number of Contacts
90,842

% Of Calls Resolved first time

90.20%

Call waiting times

Following feedback around call waiting times and dissatisfaction to a colleague response, we have:

- Reduced the time the customer service team have between calls, so they are available for calls more often
- Taken on additional customer service advisers who handle the calls about repairs
- Appointed a customer service adviser to train other colleagues on the new housing system where all requests for call backs are recorded
- Refreshed training approach for new colleagues

- Worked with ICT to review the telephony system and address intermittent quality issues that impact on the ability of colleagues to deliver the service effectively

Being clear about what we can and cannot do

Complaint feedback showed that we need to be clearer about what Connexus can and cannot do about anti-social behaviour (ASB) We found that the expectations of the person reporting ASB were different from what was possible, leaving them feeling like we have not acted as we should have (i.e., evicted the perpetrator). We have worked with the communications team to provide information and articles on ASB, focusing on what we can/cannot do and to encourage reporting, both to Connexus but also other agencies such as the police, environmental health teams and local authorities. We have also made significant progress in our drive to reduce relet times to improve the availability of homes for new tenants and to reduce rent loss when properties become void. By Quarter 4 we had achieved the revised target of 35 days.

Proactive, not reactive

Complaints and feedback show that we are often reactive rather than proactive. Earlier this year we held a customer feedback forum, considering opportunities to change this. The group discussed simple things such as advising customers of work which will be undertaken that will impact them, or if we become aware of an issue that could affect them, then make contact and advise. This will take time to implement. However, there are opportunities to do simple proactive work immediately, and where these are seen, the Head of Communities and the Customer Services Manager are highlighting to the relevant area of the business.

The themes of complaints for repairs correlate directly to the themes in the customer satisfaction surveys. We are therefore taking a proactive approach and where a customer raises an issue in a survey, the respective team are notified so that they can act to address the issues raised.

Improving the customer experience

Over the next 12 months we will be focusing our efforts on the following:

- Helping to make it easier for you to contact us, get access to information and answers to your questions and queries. This will involve enabling you to access more things on-line 24/7 as well as improving how we deal with "in person" and telephone calls during working hours

- Working with you to collect some additional data so that we understand what you and your household needs are and how best we can support them. We are keen, for example, to fill some of the Connexus Careers opportunities by recruiting our customers and so we may be asking you about your skills and experiences so we can best target our jobs.

Our Performance in Numbers

Feedback received **573**

Compliments received **167**

Complaints received **53**

Time taken to resolve complaints **18 days**

- Developing and agreeing with you what we mean by our "customer offer", setting out your expectations of what Connexus will do and what expectations we have of you as a customer

Commitment to our Communities

Support Services

We provide a range of support services in our local communities

SUSTAIN Prevention Support, Independent Living, Shropshire Domestic Abuse Service, Younger Persons Services, Fall Responder/Falls Navigator

63-Individuals in our Supported Accommodation for Younger People

91 Supported housing units

£3.56m Sustain Social Value in Year

72 -Individuals and their Children fleeing domestic abuse supported in our Refuges, plus a further

10- supported at Ludlow Grain Loft to make the transition to independence

Connexus Domestic Abuse services secured over £660k of funding during 2021/22 and the early part of 2022/23 to support individuals fleeing abuse.

Our Independent livings schemes have also secured funds to deliver activities, the funding has been used to buy things such as boules set to increase the activities that residents can get involved in. Connexus provided funding for all schemes to have some lovely outdoor furniture. This provides somewhere to sit and enjoy the outdoors whilst facilitating the activities.

Our Younger Persons services received additional funding to enable them to provide funded places for the young people to attend Outward Bounds placements and provide funds for travel to interviews, help with purchasing bikes for travel and getting to and from their jobs.

Our prevention services have continued to provide support to the most vulnerable members of our communities, offering 1-2-1 and Drop-in sessions at our community hubs.

Development

Connexus are committed to rural communities across Herefordshire and Shropshire and building homes in places where people want to live. New homes for families with a local connection help to support schools, businesses and other amenities and ensure that those communities – and their residents - continue to thrive.

In 2021/2022 Approx. £40m was spent on Development. Grant of £4.34m was claimed from Homes England in the year. We completed 164 new homes for residents in Herefordshire and Shropshire, with these units a mix of affordable rent, private rent, shared ownership, and Independent Living (also known as sheltered housing). While every new home available is a win, we realise that this figure is well short of our current commitment to building 250 new homes every year. External conditions have played a factor, with the knock-on effects of the Covid pandemic and Brexit still being felt in the construction sector through materials and labour shortages. The properties that did not handover in the 2021/22 year due to these external factors will complete in 2022/23 instead.

Schemes completed in year include:

Bath Street Hereford- 47 Affordable Rent Units

Minsterley, Shropshire- 16 Affordable Rent and Sheared Ownership Properties.

Highley, Shropshire- 20 Affordable Rent and Shared Ownership Properties.

Llewellin House, Oswestry, Shropshire- 38 Apartment Sheltered Housing development.

Bath Street, Hereford (phase 1)

Among our most significant new schemes was the regeneration of Bath Street, Hereford. The Bath Street site, situated on a former Victorian Working Boys Home, retains the historical façade while transforming the old council offices into 74 new build apartments for both private and affordable rent.

Energy Works

As part of the place shaping strategy for the group during the year, the ERDF funded Warmer Homes project is an exciting and innovative project to apply Passivhaus principles to improve insulation and heating systems with the aim of helping to tackle fuel poverty for some of our properties with poor energy efficiency at Hunderton Road, Hereford, and the Sandpits estate, in Ludlow.
Michael Dysons Associates have been working alongside us over the last 18 months to deliver the energy efficiency scheme in Hereford and Ludlow using a fabric first approach to meet energy targets.

Sustainable Building Services are delivering the energy works in Hereford and this work will commence in Summer 2022. Typically, the flats in Hereford will receive 200mm of external wall insulation, new triple glazed windows and roof loft insulation. The aim of this is to reduce customer energy usage, reduce CO_2 emissions and reduce the potential for condensation to be created within each of the flats.

The work on the Sandpits estate will include damp-proofing, under floor heating and kitchen replacement works, to improve the properties both in terms of efficiency and the aesthetically for residents.

The potential benefits and learning from Warmer Homes will far outreach the project life itself, as this will provide the start of a blueprint for how to 'retrofit' energy efficiency measures to existing homes as we plan how to reach the Net Zero Emissions by 2050. And we plan to undertake further schemes on other properties in the next few years.

During the year we have also carried out an Asset Grading project across all of our properties, this will guide our future Asset Strategy. We had updated condition survey data on over 80% of our properties at the year end, in addition to modelling the current Energy Efficiency position for all of our properties, a huge achievement in the year, positioning us to progress with the planning for EPC C and Carbon Zero works programmes over the next 12 months

Investment and Safety

The health and safety of our tenants and employees remains the highest priority for Connexus, with the past year focused on embedding a compliance culture within the business. Put simply, we're investing more each year in our colleagues and systems to make sure everyone is safe.

At Connexus we have worked hard to ensure that we've got robust compliance data and reporting systems, a well-planned out programme of works using our internal workforce supported by trusted contractors and importantly we involve customers in continually improving our approach, particularly around accessing homes where the customer doesn't understand the importance of compliance work.

This work in improving our commitment to compliance is reflected in our scores for gas safety certificates (99.95% of properties compliant), oil safety certificates (99.28% compliant) and solid fuel safety certificates (98.88% compliant). As ever, there is still room for improvement: only 93% of our properties had their electrical periodical test in 2021/22 and this is something we plan to address in the coming year

Landlord Health & Safety Compliance:

This year we have continued to operate a high level of internal and external auditing to provide assurance that we continue to deliver a fully compliant service. We have a quarterly auditing process in place, which has helped us to strengthen and develop this service area. One of the auditors is Pennington Choices, well known in the sector for providing guidance in this area. We are working closely with them to deliver our vision of being a sector leading organisation.

We have continued to embed our new approaches in the year and the Senior Management team and Committee have had improved visibility of our performance through KPI dashboard throughout the year.

Connexus is keeping abreast of potential industry changes as a result of the Grenfell Tower disaster. We have increased our own safety measures by rolling out 6 monthly fire door inspections on all of our flats and leasehold properties. In the next 12 months we aim to visit all of our properties not typically visited under servicing regimes, to inspect all electrical heating and negate the risks of customers installing their own equipment.

Corporate Health & Safety Compliance:

We take Health and Safety very seriously and our entire Senior Management Team has undertaken IOSH Managing Safely training. We are also working in partnership with the British Safety Council to deliver further training for our entire Leadership Team. Last year we refreshed our risk assessment matrix for all colleague activities to bring this in line with our Board's risk appetite and this year we have embedded the process throughout the organisation.

During this year, all managers have undertaken H&S training, with a focus on visible leadership. Connexus have also operated a lone working system throughout the year. All identified lone workers have been issued with a Solo Protect device, to allow enhanced monitoring of lone workers. We have worked with colleagues throughout the year to make sure the devices are used to keep colleagues safe. We continue to make sure that colleague H&S training is up to date.

We have made great strides with our Health and Safety culture at all levels of the organisation and were nominated for a number of awards during the year. A great achievement for the organisation was to be awarded the ASPC 2022, Safety Leadership and Board Participation award 2022 and the RoSPA Health and Safety silver award, this demonstrates the hard work that the Health and Safety and all colleagues have made over the last couple of years has made a real difference.

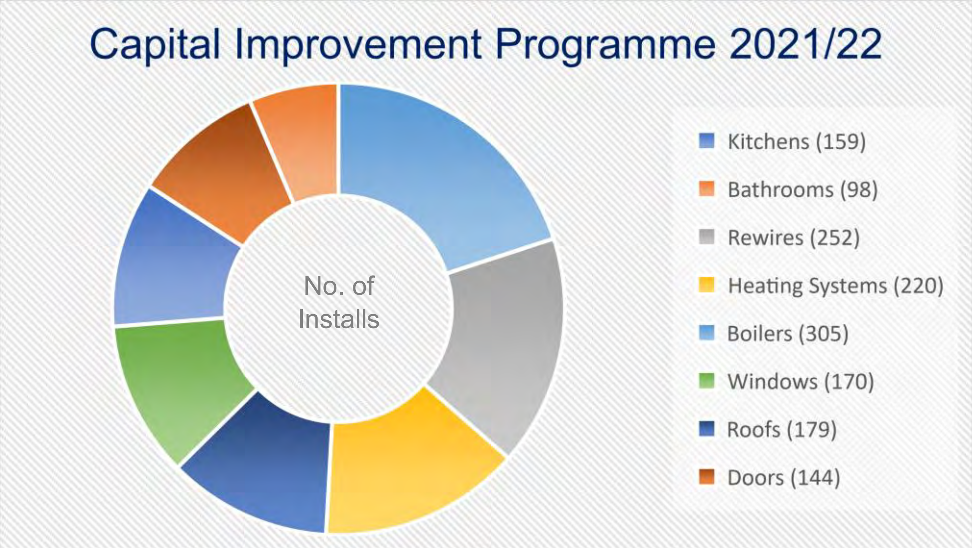
Environmentally, we have created a vision for Connexus, and are currently compiling our baseline position for a number of KPI's to enable us to monitor future performance improvements. We have also completed a Connexus waste audit and in the coming year will set actions to ensure continued compliance.

Investment in our Homes:

Our Asset Investment activity slowed during the Covid-19 lock down so 2021/22 was a year for us to get our programmes moving in the right direction and to improve the quality of our tenants' homes.

In the year we spent £25.9m on improving and repairing our existing properties including £11.5m of Capital component replacements in line with our Corporate plan objectives; Commitment to our Communities and Customer focus.

The table below breaks down the capital component replacements by programme.



We have been rolling out an intensive stock condition survey process to enable us to fully articulate our journey to Carbon Neutral, by 2050, over the next twelve months. The European Regional Development Fund (ERDF) grant funding secured to deliver our Warmer Homes Project, which includes external wall insulation and heating solutions will improve our rural off gas homes and help us on this journey.

One Connexus

'One Connexus' is our corporate programme to complete the merger of the Group and embed our Connexus way of working. It seeks to build the Connexus brand more effectively. In the year we continued to embed our new Housing System across Connexus. There are plans in place to expand its functionality and interface with other core systems. In the long term this will make things easier for our teams, improve the Customer experience and aim to increase levels of Customer satisfaction.

As part of the One Connexus programme, at the beginning of the year our 3 Registered providers were through a Transfer of Engagement amalgamated to become Connexus Homes Limited the final part of our merger journey.

Data Quality has been a key focus in the year building on from the Compliance reviews carried out last year, representatives from across the organisation joined together to review how we hold data currently and review our key systems and workflows to agree 'One Connexus' way of doing things for the future. The programme has been important in agreeing the timescale and improvements we aim to make over the coming years.

We also commenced the planned work on our Craven Arms Head Office during 2021/22, following delays during Covid. Work will continue in 2022/23 alongside the provision of hubs in other locations in our operating area, as we continue to assess the long-term impacts of our hybrid way of working on our colleagues, the usage of our offices, and how we can deliver efficient and effective services to our customers.

Cyber security is an ever-increasing threat and our ICT team work continually investigate how to protect the organisation from new threats. In the year we maintained Cyber Essentials plus status, demonstrating our commitment to Cyber security to our customers. We also introduced ITIL a change management framework, we have introduced industry standard ways of working to helps us to deliver and efficient and effective ICT service through the entire service lifecycle.

Our People

During the year we launched our People Strategy, we realise that without our People we cannot deliver our Corporate plans and during the year Recruitment and Retention became the organisations top strategic risk.

We are committed to developing Connexus colleagues and 'growing our own', our apprenticeship and leadership development programmes,

To support the change needed and to enable our colleagues to deliver the best service possible for our customer; our People Strategy vision is to **Put People First.**

We care about our people and our mission is; **To increase the capacity and capability of colleagues to enable, empower and inspire us all to deliver homes and life enhancing services to our customers and wider communities.**

To achieve our mission and vision the People Strategy identifies four strategic aims.

Aim 1- Connexus Culture

Aim 2- Capacity and Capability

Aim 3- Future Focus

Aim 4- Performance Management

Supporting each aim we have a number of actions and plans which can be mapped against the colleague journey and which can be measured to track how we are progressing. This means that we can focus on all the different areas of our colleague experience and offer and helps us to be consistent.

We have already started to make improvements following the implementation of the People Strategy and have made changes to how we deliver both the leadership development and Apprenticeship offer in the year, one positive change made was introduction of the Living Wage for all Connexus Apprentices, acknowledging that to open opportunities to everyone we need to pay a salary which people can live on.

We have also introduced a new equality, diversity, and inclusion approach to raise the profile of this important work across the organisation. And have launched a Diversity and Wellbeing calendar to develop knowledge of EDI topics in all colleagues.

Wellbeing has continued to be a key focus in the year and we have continued to publicise the importance of mental health and our Mental Health First Aiders have supported a number of colleagues during the year.

We have also held a number of all colleague events linked to national events like Time to Talk Day 2022, and Brew Monday 2022. We have also run colleague photo competitions to encourage to get outside and share what they are doing with others.

Well Governed, Resilient and Financially Sound

Financial Strength and Resilience

We are in a strong financial position and our operating performance taking into account non-recurrent repairs and other one-off expenditure has seen our performance in line with the base plan. The surplus for the year was £7.24m, compared to a reforecast budget of £11.09m with the main drivers being, increased repair and maintenance costs, increased corporate costs for professional service (IDA support) and inflated energy costs. And present an overall operating margin of 23.1% in the year.

Rent Arrears

1.86%

Our Housing Management teams have worked hard in the year to support our customers when they are facing financial hardship helping them to put plans in place, access any financial support that is available and to get their rent accounts out of arrears. 8,866 tenancies had clear rent accounts at the year end.

Operational cashflows are managed in line with the Treasury Management Policy through use of a revolving £25m facility. We are resilient to future financial pressures with £55m of agreed funding in place, unencumbered assets of £120m (EUV-SH), over securitisation in our charged assets giving a further £24m of headroom, based on the last full external valuation by Savills carried out at 31 March 2020.

Counterparty Risk

We invest with approved banks and counterparties with a minimum rating of A1

Our Treasury Management policy sets out the maximum investment exposure with each banking institution. We monitor and report on our Counterparties rating on a Quarterly basis.

Covenant Compliance

All covenants were compliant throughout 2021/22 with significant headroom available.

Connexus covenants are based primarily on interest cover and gearing ratios. Covenant ratios are monitored monthly and reported to Board on a quarterly basis.

Liquidity Risk

Minimum Cash-holding £5m

Period of Financing

43 Mths*

We monitor cashflows on a daily basis. We also carry out quarterly Budget Reforecasts and Annual 30-year Business planning to ensure that we have sufficient funding in place and operate within our Golden Rules.

*Regulatory requirement 18 months

Improving Governance

Connexus is now rated as a G1 V1 organisation, following the changes made to our Governance and monitoring advances made in the last 18 months.

Our Embedding Excellence action plan was completed during the year and we have a clear risk-based approach to delivery aligned to our risk appetite. Our Board and Executive team have been working hard throughout the year to build on our improved risk management framework throughout the organisation and to monitor performance against the Golden Rules we have agreed with board, and which underpin all our activities. A board effectiveness review was carried out during the year and a number of minor recommendations were made, an action plan to address the recommendations was incorporated into the existing governance improvement plan which is monitored by R&HR Committee.

We have increased mandatory training in the year to include the following areas: GDPR, Anti-Bribery and Corruption, Whistleblowing, Cyber Security, Safeguarding, Confidentiality and Professional Boundaries with training course on Procurement, Lone Working and Anti Money laundering for relevant colleagues. With the intention to operate to best practice and train colleagues to the highest standards.

Our overall objective is to retain G1 V1 grading by working with the Regulator of Social Housing to ensure continued compliance with Governance and Financial Viability standards

Other Achievements in 2021/22

Involving Our Customers

We encourage customers to work with us to shape the delivery of our services. Connexus has lots of ways to get involved, ranging from focus groups and consultations, having your say in surveys or even becoming part of our resident scrutiny team. And whether you have lots of time to give, or just a few minutes – there are lots of options for you to help us improve the service you and others receive.

Last year, restrictions to reduce the spread of coronavirus meant much of our customer engagement work still had to take place online to keep people safe. Despite the difficulties, we still managed to hear from lots of our customers and kept on learning from the feedback you gave.

Together with Tenants

In early 2021, discussions took place around how customers can have a voice and influence what happens at Connexus in a special Together with Tenants online webinar. Customers fed back about the importance of accountability, protecting rights and interests and about setting clear expectations – especially important following service disruptions caused by coronavirus.

Scrutiny Bootcamp

The Together with Tenants webinar led to further work later in the year to develop a Scrutiny Bootcamp in which customers could volunteer to take part over the course of two days to provide feedback on a number of topics. The sessions asked how services could be improved and if customers had any other recommendations. The bootcamp was a resounding success, with over 20 areas of improvement identified. These included the customer newsletter, making better use of preferred communication methods, improving the accuracy of contact information, visiting schemes more often and closing feedback loops. Work on improvements from the feedback is well underway, with teams across the organisation making changes to how they operate as a result.

Having your say through our consultation portal

On our online customer consultation portal, where customers can register to input into service proposals and new policies, we ran eight consultations in 2021/22. Customers provided feedback on key topics such as anti-social behaviour, support and housing, our offer to customers and a new pet policy.

Trying something different

In January of this year, Connexus and other providers across Shropshire and the surrounding areas came together to deliver Tenants Voice – the first ever online event dedicated to directly hearing the voices of the 19,000 social housing tenants across Shropshire.

The next 12 months at Connexus?

Corporate plan 2020-23

We are in the final year of our corporate plan, there is on-going work across Connexus to make sure we meet our Corporate goals below are the defined targets and objectives for the coming year.

We have over 8 key priorities in our Annual plan for 2022/23 to help us meet our overall objectives by the end of the year these include:

- Data Quality – Transition programme to Business as Usual.
- Void & Letting Performance- Improved processes and efficiency, high customer satisfaction and improved relet times.
- Repairs Performance-Improved customer service, efficiency and value for money.
- People Strategy- Leadership programme, work to desired culture, improved colleague communications, Reward and Recognition policies and pay benchmarking.
- Customer Communication- Improved voice of Customers, and development of Voice of Customer KPI's
- SAP C/Net Carbon Zero- Fully costed plan in place to deliver SAP C/Net Carbon Zero.
- Improved Performance- Develop KPI's to provide monitoring, accountability and improve Value for Money.

By 2023 we will have achieved the outcomes on the following pages:

1

Customer Focus

Objectives	2023 outcomes
1. A customer service approach that enables more support and resolution at the first point of contact. A service that embraces technology to respond to our customers via phone, social media, online and live-chat but does not exclude those who do not have access to technology. Core services digitally enabled and accessible 24 hours a day, seven days a week.	• Increase contact via digital means and issues resolved at first point of contact.
2. A Customer Offer consistently delivered - do what we say when we say we are going to do it. A landlord that delivers efficiently.	• Increase in repairs satisfaction. • Reduced re-let times combined with maintained or improved lettings satisfaction. • Current tenant rent arrears maintained or improved.
3.A landlord that listens, understands and develops services that matter to its customers including expanding involvement activities to strengthen the customer voice.	• Development of groups with common interest and involvement of all customers. • A clear plan of communication and opportunity for feedback for tenants that includes a variety of communication and access options. • Improved means by which the Board has a clear line of sight into the Customers' experience of Connexus.
4. A clear and simpler approach to letting our homes, which creates sustainable tenancies with well-developed pre-tenancy checks and effective support interventions.	• Tenancy turnover maintained at current levels or reduced.
5. A safe and secure environment for our customers - their homes and the communities that we serve. The right homes, in the right places, and affordable to live in.	• An updated evidence based asset management plan with a revised long-term financial forecast to deliver improvements to our homes to make them sustainable and energy efficient. • Sheltered housing schemes that are popular with our client group and easy to let.

2

Our People

Objectives	2023 outcomes
1. An approach to working practices that is based on the needs of our people and our customers.	• Introduce smart working principles for agile working to allow staff to work around their own personal circumstances to suit the needs of the customers and the business which are reactive to Government pandemic guidelines.
2. A healthy and safe workforce with a good work-life balance.	• Implemented a robust health and safety culture following on from the review in 2020. • A wellbeing strategy in place that recognises the importance of work life balance and the wellbeing of staff.
3. A model of working that places Resources teams as enablers, supporting the delivery of services by going out to the work.	• An agile workforce able to deliver services under conditions dictated by pandemic restrictions.
4. A focused learning and development programme, succession planning by "growing our own" and investment in apprenticeships.	• Developed apprenticeship and graduate employment programmes in conjunction with our partners to deliver opportunities for people in our homes and communities to work with us. • A clear colleague journey that supports potential applicants from interest in Connexus to point of application through recruitment, to training, retention, development and career progression. • Increased the number of vacancies filled by internal appointments. • Enhance leadership capability across the business by developing a leadership programme.
5. ICT systems that enable effective service delivery and management of processes without driving our way of working and behaviour.	

3

One Connexus

Objectives	2023 outcomes
1. One approach for our teams to use across our geography that meets the needs of the customer, with full integration of our systems.	• Integration of core systems for housing, repairs, customer services, finance, HR, assets, development and health and safety so that services are consistent across the business.
2. Aligned policies and procedures across Connexus.	• Services delivered as Connexus unless influenced by external factors.
3. To embrace new systems, technologies and ways of working which drive efficiency whilst maintaining accessibility for our customers.	
4. A simplified corporate and management structure that meets the needs of the business.	• One Head Office based in Craven Arms, South Shropshire with hubs in Hereford and Wem delivering services to our customers in the two counties and through agile working under conditions dictated by pandemic restrictions. • A consolidated and simplified corporate structure that meets the needs of the business that is cost effective and efficient.

4

Well governed, resilient, and financially sound

Objectives	2023 outcomes
1. Strategic and operational risk registers will be maintained to ensure appropriate monitoring and use of stress testing. Risk mitigations will be timed, tested and costed.	• Financial measurement linked to golden rules.
2. Our compliance will be 100% against all Regulatory Standards, Code of Governance and Health & Safety, moving Connexus back to G1.	• Achieved a governance rating with the Regulator of Social Housing of G1 and maintained it at that level. • Confirmed compliance with all regulatory standards and published on our website on an annual basis.
3. Our organisation will be efficient and financially resilient.	• Maintained or improved an operating margin on an annual basis.
4. A clear understanding of the performance of Connexus with a focus on continuous improvement through performance dashboard scrutiny and an embedded cost improvement programme.	• A performance based culture managed through a series of dashboards reported to Boards and customers linking directly to Service Improvement plans and individual work plans for teams. • Monitor performance against top quartile for our sector. Services benchmarked with other organisations.

5

Commitment to our Communities

Objectives	2023 outcomes
1. A clear understanding of the stock that we own, developed from our stock condition surveys, informing our 10-year investment plan identifying where we will invest, regenerate or dispose. Delivery of our asset management strategy with a focus on estates, communities and portfolio decision making.	• Replaced stock sold through Right to Buy (RtB)/Right to Acquire (RtA) and disposals programme in the same county, estimated to be up to 40 homes per year. • Identified homes that are not fit for purpose, sold and replaced on a one for one basis.
2. A quality home vision that is defined and agreed with our stakeholders and is manageable within our financial constraints.	• Developed a roadmap for all homes to have a minimum energy performance rating of Band C by 2030 and carbon neutral by 2050.
3. A new homes strategy delivered which ensures growth in our stock.	• Developed in our core areas of Shropshire and Herefordshire a minimum of 250 new homes per year (143 in 20/21 due to delays caused by Covid-19 crisis) achieving a growth target of 2.5% of existing homes over the lifetime of this plan, at least 50% of which will be for affordable rent. • Delivered at least 50% of our new homes in defined rural areas and working with a range of stakeholders to make those communities more sustainable.
4. A Housing and Support strategy delivered within our core geography of Herefordshire and Shropshire that includes expanding our Independent Living Schemes, our hubs and ensuring our communities are great places to live.	• Delivered social value to our tenants evidenced through the HACT model. • Neighbourhood policy in place for July 2020. • Neighbourhood development plans in place. • Increase in satisfaction with Neighbourhood and number of Community Hubs dependent on conditions dictated by pandemic restrictions.
5. Work with our partners and stakeholders to maximise local employment opportunities with a clear link to employment opportunities for our customers and delivery of social value.	• Increase in number of customers employed at Connexus. • Maintained Job club figures getting our customers into employment once pandemic restrictions have been lifted.
6. To pilot a carbon neutral approach for both the refurbishment of existing homes and for our new build homes and responds to the carbon neutral targets set by government.	• Piloted a low cost and carbon neutral new-build approach clearly identifying social, economic and sustainability aspirations. • Delivered our European Regional Development Fund (ERDF) allocation to significantly increase the energy efficiency of identified existing homes.

Objectives for 2022-23 are shown on P31.

The full corporate plan is available on our website www.Connexus-group.co.uk

Corporate Plan Financial Projections

	2020	2021	2022	2023
Homes				
Assets and Liabilities	**£m**	**£m**	**£m**	**£m**
Homes	10,367	10,457	10,659	10,906
Borrowing	241.7	238.3	248.3	258.5
Reserves	95.4	109.5	126.5	140.0
Income and costs				
Rents and Service charges	49.9	51.8	54.2	56.9
Property Sales income	1.2	2.4	2.3	1.5
Other income	26.9	33.4	37.2	27.3
Operating costs	69.0	73.5	76.8	72.2
Surplus				
Key ratios				
- Operating margin	34.8%	35.5%	36.9%	37.5%
- EBITDA MRI/Interest	232%	179%	172%	202%
- Debt per unit	£23,311	£22,792	£23,305	£23,708

Equality and Diversity.

At Connexus we want to create a great place to work, with a clear focus on our colleagues and their wellbeing, ensuring they are supported, motivated, engaged and empowered. We're ambitious and need a great, diverse team of people with the right skills and motivation to deliver high quality services to our customers.

We're committed to building a culture which supports our values and makes us a place where people choose to work. We know attraction is more challenging in rural locations, with low levels of unemployment, skills shortages and aging populations. We want to attract people from our local communities including our customers and to create an environment of engagement where colleagues can raise issues, be involved in decision making and supporting organisational improvements.

We're deeply committed to equality, diversity and inclusion and part of this commitment is to eliminate our gender pay gap. There is no difference between the pay of women and men employed in the same or equivalent roles and we know this because in January 2020 we completed a review of our terms and conditions, which included undertaking external benchmarking for all roles. In late 2021, we did further benchmarking in response to external changes.

Disappointingly, when we look across our workforce, we still see a difference between the average hourly pay of men and women. From our analysis, we know that low numbers of women in our trade roles drives part of our gender pay gap and that this continues to be a challenge that will not be resolved in the short-term, in fact due to external forces this may actually get worse before it gets better.

As an organisation, we believe that initiatives in our People Strategy can result in us being a more empowered, confident, motivated and agile organisation, in which we see greater diversity at all levels.

Our findings 2021

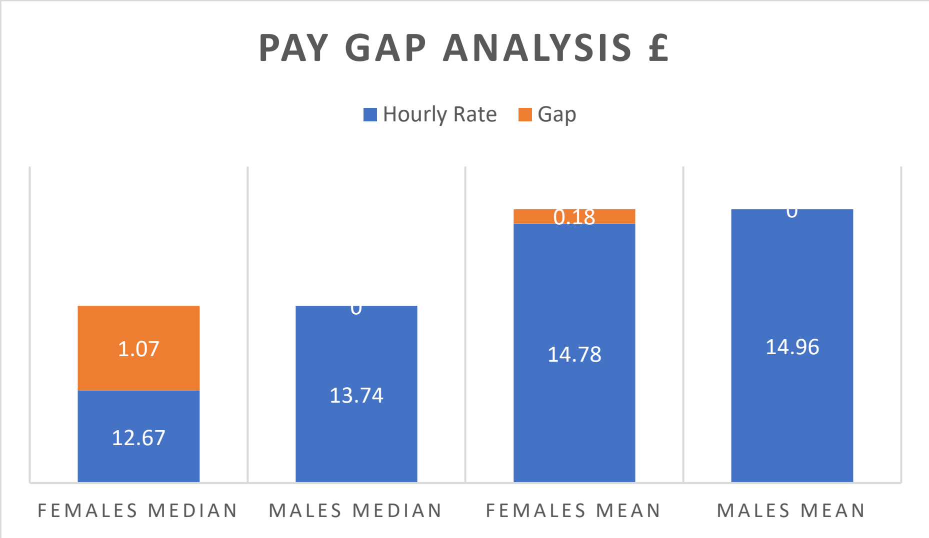
The most recent available finding are from our 2021 report, these show Connexus employed 515 colleagues on the payroll on 5th April 2021. This has fallen from 555 colleagues in April 2020 due to the sale of Independence Trust at the end of 2020.

Of our 515 colleagues, 54.37% (280) were male and 45.63% (235) were female meaning Connexus employed 8.74% more men than women. This compares to a difference of 5.59% in April 2020, meaning our workforce has seen a decrease in the proportion of female colleagues by 1.58% and remains majority male.

Figure 1: Workforce Gender Ratio (as of 5th April, 2021)

Gender	Colleagues	Percentage
Male	280	54.37%
Female	223	45.63%

Full Report available: www.connexus-group.co.uk/news/closing-the-gap



Males at Connexus are paid a mean difference of £0.18 more per hour than females. This is a percentage difference of 1.2% and is £1.09 less per hour difference than our previous year's reported gap (£1.27). This means our Mean Pay Gap percentage has reduced for four consecutive years, with the latest year presenting the smallest mean pay gap. The current year's gap of 1.2% compares to 11.1% in 2018, 9.1% in 2019 and 8.4% in 2020.

Males at Connexus are paid a median difference of £1.07 more than females in hourly pay. This is a percentage difference of 7.8% and is £0.84 less than our previous year's reported gap (£1.91) and is lower than our median gap of 14.2% in 2020 but higher than our median gap of 7.3% in 2019.

There have been median increases in hourly pay for both genders compared to 2020. Males are paid £0.27 more than in the previous year (£13.74 in 2021 compared to £13.47 in 2020) and females are paid £1.11 more than in the previous year (£12.67 in 2021 compared to £11.56 in 2020) – a difference of £1.38 in pay increase between genders.

Understanding and Closing Our Gender Pay Gap

In order to understand the data in more detail, it is important to understand the key functionality of Connexus and our demographics.

Connexus is a not-for-profit organisation and consists of a Board, committee members, a chief executive, directors, and a variety of colleagues with wide ranging professions and skillsets. We are a Housing Association based in rural Herefordshire and Shropshire and have central support teams, housing teams, wellbeing support, and a large number of trades/assets colleagues. Trades colleagues, even with proactive recruitment, are predominantly male.

Unemployment in our rural counties is at a year-on-year low, which is also the case in many rural locations across Great Britain. We are still at a greater rate of overall employment than in the West Midlands and Great Britain generally. Connexus operates in demographic areas where there are limited rates of people available for work aged between 16 and 64, and, as a result of Brexit, predictions are that some trade and construction skills sets will only become harder to recruit. Forecasts predict construction output levels will return to pre-Covid levels during 2022, requiring the construction sector to recruit an extra 217,000 workers by 2025 with West Midlands set to lead demand.

Connexus promotes flexible and part-time working options in many roles to support us to recruit and retain the best talent. Hybrid working is promoted in new and existing roles to further promote flexible approaches and different ways of working to meet customer and business need.

At Connexus, we recognise the importance of having the right colleagues in the right roles with fair and equitable reward packages. We endeavour to reduce the gender pay gap and see greater diversity at all levels. In 2021, we have done the following;

- Widened our approach to benchmarking to enable consideration of market forces beyond the housing sector
- Reviewed our approach to starting salaries
- Reviewed our Renumeration and Pay Policy
- Proactively benchmarked specific roles
- Undertaken proactive recruitment
- Offered flexible working / working differently / being creative in our role creation
- Maintained and developed technologies to support different ways of working across Connexus and our regions / geography
- Continued commitment to the apprenticeship offer and have increased the pay
- Continued commitment to colleague development
- Developed a new Equality, Diversity and Inclusion Policy and Plan
- Increased pay to Real Living Wage

We have a new People Strategy and are committed to greater diversity at all levels.

"As an organisation, we believe that the solution to improving our pay gap is wider than just focussing on the differences between the average pay of men and women. Our aspiration is that initiatives such as Smart Working, our People Strategy and other innovative programs can result in us being a more empowered, confident, and agile organisation, in which we see greater diversity, at all levels."

Jo Tracey, Director of People, Connexus Homes Limited

Building the future with our apprentices

Apprenticeships are an important part of how we grow and develop people at Connexus. Our aim is to shape future leaders and keep talent, with learning and development focused around the individual as they progress through the organisation.

They are an important part of how we attract new talent and develop our people. Whether someone is new to the organisation and just beginning their journey, or already with us and wishing to learn new skills, apprenticeships offer great opportunities for career progression and personal development.

We've been consistently developing and refining our approach to apprenticeships over recent years - linking our programme with succession planning and our overall recruitment and people strategy.

For those new to our business, we offer a tailored approach which matches personality, skills and training to suitable roles and opportunities across departments. Following recruitment challenges brought about by the pandemic, we've also been working with our apprentices in areas where we have a skills shortage or difficulty recruiting which is mutually beneficial for both our apprentices and Connexus.

Through the Apprenticeship Levy, we're able to access training for existing colleagues too. This allows us to provide additional support on top of our internal training offer, developing existing skills which ultimately allow us to serve our customers better. Developing skills, particularly for those in our management teams, is a key part of our succession planning.

Meet our apprentices:

Here's what some of our apprentices had to say about their experience of learning on the job and how the programme had helped them to develop

Melissa, Business Admin Apprentice

"I'm delighted to be working at Connexus as a Business Administration Apprentice. I feel valued as part of the Governance Team and Connexus as a whole. I am working with a number of colleagues across the organisation as well as my particular role in governance which I truly appreciate. This opportunity will enable me to widen my knowledge, skills and qualification outcome.

"I am looking forward to growing my talent and hope to progress within the organisation. I am grateful for the opportunity Connexus has been given and I am excited to see where my apprenticeship takes me in the future. "

Aaron, Electrical Installation Apprentice

"I feel lucky to have been given the opportunity to become part of the team, and to learn on the job with amazing colleagues that go above and beyond to pass down their knowledge and experience to the next generation looking to build a future within the electrical industry. I'm learning new skills every day and have gained confidence in my ability to produce work to industry standard, under the supervision and guidance of electricians that have been through the same journey that I am currently on.

"Connexus as an organisation are enthusiastic to help me build on my portfolio in order for me to qualify as an approved electrician and have provided me with everything, I need to carry out my role on the job. I feel the apprenticeship scheme is an amazing way for an organisation to build their own future. Seeing apprentices develop throughout the programme builds trust and confidence in the employee's ability to eventually be out on the job by themselves, knowing that they have had the appropriate training and experience required to communicate with colleagues and tenants in a courteous manner, and carry out work to a professional standard."

Hannah, HR Apprentice

"I had been looking into starting a career in HR for a couple of years and when I saw Connexus had an opportunity to join I jumped at the chance. By doing an apprenticeship I can get on the role experience, alongside completing a qualification providing the best start to my career. As an 'older' apprentice, I was a bit nervous about starting and attending college, but I have been given so much support by Connexus and made to feel so welcome and part of the team. I'm able to complete my apprenticeship work within my working hours and have the support and guidance of not only my team, but the wider organisation too.

Financial Performance

Group turnover was £65.6m (£69.5m 2021) a decrease of 5.6%. driven by Market Sales turnover which decreased by £5.8m in the year as the remaining units at the Radbrook scheme were successfully sold. Social housing lettings income increased by £1.53m as a result of Rent inflation and the increase in unit numbers.

The operating surplus for the year was £15.2m, £3.1m adverse to 2021 (£18.3m 2021) Operating expenditure was £52.6m for the year, £0.68m lower than 2021, with the main driver being reduced Cost of Sales.

The key drivers for the reduced performance overall were;

Routine and Planned maintenance costs increased following the Board decision at the beginning of the 2021 to carry out a catch-up repair programme post covid. This saw Routine and Planned Maintenance work cost £14.42m, £2.8m higher than in 2021. The catchup programme costs and investment in additional compliance and servicing programmes were exacerbated by the economic environment including the inflationary pressures on materials, consumables and trades colleague pay. From a positive perspective by delivering the programme swiftly in 2021/22 financial protection from even greater future inflation pressures has been achieved, and from a customer perspective we have ensured that our homes standards have returned to pre-Covid levels

The reduction in Market Sales Surplus was a further driver and was £1.34m lower than in the 2021 due to fewer properties being available for sale. The surplus on disposal of fixed assets continued the downward trend seen in 2021 and totalled £1.97m, £0.34m lower than the 2021 position.

Permanent Efficiency savings of £877k were achieved in the year as Group restructure savings materialised, driving the £0.83m reduction in Management costs. However, the Repairs Catchup programme delivery does mean that despite the efficiencies the targeted improvement in Operating Margin were not seen in 2021/22.

Investment property values recovered some of the value lost during Covid19 as the economy reopened. A £0.229m part reversal of the 2021 Impairment of other fixed assets relating to our Offices took place in the year.

The Group made a surplus for the year ended 31 March 2022 of £7.23m after tax compared to a position for the Group in 2021 of £7.38m.

From a budget perspective Repairs costs are the main driver for the variance in performance, however Pension Service costs recognised following the actuarial valuations were £0.6m higher than budgeted, Impairment of offices and investments properties on valuation improved the operating surplus by £0.38m, with the full pressure being partially offset by positive performance in other areas of the business.

Taxation

Surpluses from Social housing lettings are exempt from tax as the Group has charitable status. Usually when taxable activities are undertaken for example from our Market Sales programme, the profits derived are gift aided from the subsidiary to the Group. The profits will be used to fund further affordable housing in future years in line with the Group business plan.

Total Comprehensive Income

There was a £5.1m actuarial gain in respect of Pension schemes due to improved investment performance following the pandemic and the impact of changes in pension assumptions. This is a volatile area where a (£4.1m) loss was reported in 2021.

Statement of Financial Position

At the 31 March 2022 Housing Properties had a net book value of £371.9m increased from £347.6m in 2021. Despite the on-going pandemic during the year, £19.7m of Social housing letting schemes were completed and £3.45m of Shared Ownership properties were also completed. The value of properties under construction at the year-end was £27.3m (£26.1m 2021). Total reserves are £99.85m (£87.5m 2021) following the transfer of surplus for the year, other comprehensive income.

Liquidity

The Group continues to have strong operating cash performance on the 31st of March group liquidity was £72.6m including £5.62m of Cash and liquid Short-Term Investments, a £12m un-drawn RCF facility and £55m of un-utilised fixed loan facilities. The early realisation of market sales proceeds and slippage in Capital and Development spend profiles meant that closing liquidity was £17.8m higher at the year end, than forecast in the approved business plan.

Funding & Treasury

Total long-term borrowings of £200m (£225m 2021) Overall net debt has increased by £6.8m to £192.1m at the year end. Net debt is defined as debt less cash available to repay funders. The organisation remains largely protected from interest rate risk with 92.7% of the debt portfolio obtained at fixed rate (84% 2021) with 7.3% at floating rates of interest.

The group security structure remains in the long term with 93.7% (84.4% 2021) of drawn debt being due after 5 years. This is part of our control framework to reduce the refinancing risk by ensuring a mixture of loan terms.
The Group weighted average cost of capital was 4.56% (4.26% 2021)

The Group remains well funded, and the latest business plan shows that our period of financing is 43 months compared to the Regulatory requirement of 18 months demonstrating sufficient funding for both our Capital Improvement and Development programmes.

The Groups credit rating was confirmed by Moody's during the year and remained A3 stable.

Value for money (VfM)

The Group Board has been given assurance in respect to compliance via a VFM compliance checklist, this articulates all strands of the standard which Executive colleagues have presented documented evidence to the Audit & Risk Committee for approval.

The required outcomes from the RSH are that Registered Providers must:

Clearly state their strategic objectives – The current Corporate Plan was approved in 2020 by the Group Board it detailed five clear objectives; Customer focus, Our people, One Connexus, Commitment to our Communities and to be Well Governed, Resilient and Financially Sound. The Group Value for Money strategy was approved in August 2021. The strategic objectives are to:

- Generate the optimal outcomes for the Group, tenants, customers and communities from the considered use of all resources.
- Create efficiencies in the way we operate.
- Utilise profits from commercial activities to provide better services for our customers.
- Understand the return on our assets and utilise this to assist in the prioritisation of activities against our strategic objectives making new development decisions based on social and financial return to the Group, our customers and communities.
- Create and embed a VfM culture across the Connexus group.
- Use growth in the business to provide local employment opportunities, apprenticeships and reduce dependency.
- Provide social and economic benefits to individuals and communities in our core geographical areas.
- Create environmental efficiencies

The financial efficiencies generated will provide funding to:

- Develop new homes
- Invest in existing homes
- Improve customer services
- Maintain sustainable communities
- Support business growth and development

Approach agreed by Board in delivering value for money

The VfM agenda is embedded at Connexus through the creation of a Better Value Together Group (BVTG). Chaired by the Director of Resources, the BVTG includes colleagues across the Group at all levels. A detailed efficiency log is at the heart of the BVT, this is accessible by all colleagues within the organisation having the ability to enter onto the log savings that have been demonstrated. Finance then transact these savings as cash backed and report to Senior Management, Executive Management and Group Board income and expenditure detailed variance analysis via the monthly management accounts.

Our approach is designed to ensure that value for money is provided for our customers. Specifically:

- Connexus has adopted a Customer First approach to focus on delivering to purpose and what matters most to the customer rather than being driven by costs, targets and budgets. All of these will be measured and monitored but will not drive delivery.
- Connexus has developed a Customer and Community Involvement Strategy and will listen to the concerns of customers in order to deliver better services and amend our

approach in response to customer feedback. We communicate with our customers in a variety of ways, via our website, telephone and text messaging, meetings, face-to-face contact and social media but we principally communicate our VFM story and service changes etc. through our customer newsletters.

- Customer scrutiny, focus groups and insight analysis are all used to assist in the process of service review and improvement.
- Connexus has partnership working as a key priority and will work closely with other landlords across our operating area of Shropshire and Herefordshire to better address the collective needs of residents, tenants and customers and to be responsive to priority issues facing our Council partners.

Ensure that optimal benefit is derived from resources and assets to optimise economy, efficiency, and effectiveness.

The approved VfM strategy states that Connexus will:

- Prioritise our expenditure and ensure that expenditure is only incurred if it directly benefits our customers or indirectly benefits our wider customer base.

  Create a business case for major decisions and scrutinise these at the Better Value Together Group Project Board, Senior Management Team meetings, Executive Management Team meetings, Enterprise and Development Committee, Audit & Risk Committee, Customer Services Committee or Parent Board as appropriate. The business case will be backed up by a financial appraisal linked to the quality and benefits to our customers
- Understand our performance and cost base in relation to outcomes and review these in comparison to other similar organisations (including commercial organisations where available) on at least an annual basis using analysis to drive service improvement where appropriate.
- Monitor trends against performance on a monthly basis and have processes in place to improve, introducing continual learning cycles.
- Review its performance through balanced scorecards and management accounts on a monthly basis and at least quarterly report to Board and relevant Committees.
- Drive efficiencies in procurement by creating a procurement plan and monitoring outcomes.
- Set annual targets for VfM efficiencies, recording and scrutinising efficiencies delivered.
- Have robust business planning and budget process and review to ensure that financial performance will comply with funders' covenants
- Include an annual efficiency target approved by the Group Board in our Long-Term Financial Forecast.
- Where possible we generate a profit by providing services to non-residents and use the profit to reduce costs or improve the service to our residents.
- Implement an Asset Management Strategy to optimise the return on our assets.
- Use a variety of data from a number of sources (including customer satisfaction, customer profiling and complaints/compliments analysis) to review and triangulate evidence to value for money
- Involve customers through representative tenant groups, resident inspectors and scrutiny panels

- Challenge our delivery models and ensure that our corporate structure provides VfM.

Specific expectations from the RSH are that Registered Providers must demonstrate:

Robust approach to achieving value for money, including “rigorous appraisal of potential options for improving performance”

Options appraisals are considered for significant decisions and reviewed by EMT, relevant Committees or the Group Board as appropriate which include merger savings and team restructures

Regular and appropriate consideration by the Board of potential value for money gains,

Gains have been considered at the internal Connexus Better Value Together Group and at Audit and Risk Committee and for particular items at Board. Options appraisal and VfM section of the Board reports ensure there is regular and appropriate consideration of VfM by the Board. On the 1st of April 2021 the Group was rationalised via a Transfer of Engagements (ToE) to one registered provider being the parent of the Group. The ToE has provided demonstrable savings which have been captured in the 21/22 efficiency savings plan.

Consideration of value for money across their whole business and where they invest in non-social housing activity, they should consider whether this generates returns commensurate to the risk involved and justification where this is not the case.

The Enterprise & Development Committee has been in place for a number of years to ensure that non-social housing returns were properly evaluated. New business finances are prepared by the Finance Team and reviewed by the Director of Resources in conjunction with the lead Director or, if material, by the Executive Management Team. Development management accounts are presented to the Enterprise & Development Committee, which provides assurance in respect to non-social housing activity. The Group Board as part of the approval process of the Long-Term Financial Forecast (LTFF) 2021 re-confirmed the on-lending cap between Connexus Homes Limited and Floreat Living and reviewed the organisational Golden Rules limiting the exposure to non-social housing activity. Stress Testing, Mitigations and Trigger points have been established in the LTFF to ensure risks relating to non-social housing activity are appropriately managed.

That they have appropriate targets in place for measuring performance in achieving value for money in delivering their strategic objectives, and that they regularly monitor and report their performance against these targets

Targets have been developed from the Business Case for merger, the efficiency targets approved by the Board, the standard metrics produced by the Regulator of Social Housing and other metrics that EMT and SMT have identified. These are included in the VfM Strategy. We report on our financial VfM targets (where they can be derived from the Statement of Comprehensive income) in our quarterly financial reports to Board. A more detailed 6 monthly review of performance against targets is taken to Audit and Risk Committee and reported annually to the Board.

Registered providers must annually publish evidence in the statutory accounts as follows:

- Performance against VFM targets, metrics set by the regulator and performance compared to peers.
- Measurable plans to address any areas of underperformance

Value for Money Achievements 2021-22

Getting value for money is extremely important, particularly when it comes to getting the balance of understanding right about what matters most to our customers. We always want to get the best possible service for the best price, but that doesn't always mean going for the cheapest option.

To represent this more accurately, we now call our value for money activity Better Value Together.

In 2021 we launched our approach, priorities and outputs to be achieved over the next three years. You can find out about the strategy by visiting our dedicated Better Value Together page on the Connexus Website at https://connexus-group.co.uk/vfm

A Better Value Together group was formed to involve colleagues from all parts of the organisation to identify, evaluate, deliver, monitor, and report on VFM opportunities. The group meet on a monthly basis and focuses both on monitoring performance against the Budgetary savings identified by services as part of the budget setting process and capturing other one off savings as well as non-cashable value adding savings such as improved ways of working, cost avoidance and delivering savings for our tenants and customers

Our Better Value Together log shows the savings delivered through the year by operating effectively, the total costs avoided or saved totalled £908k, with a further £63k delivered directly for our customers reducing their fuel bills, through investments in our properties. During 2021/22 we also delivered £877k of permanent efficiencies and £48k of one-off savings which were reinvested back into the business

Overall VFM self-assessment

Connexus has engaged i4H to provide benchmarking information, with the full report for 2021/22 benchmarked against 15 of its peers. Audit & Risk Committee noted the VFM metrics and VFM compliance checklist in their July 2022 Committee meeting.

Methodology

The scoring is based on the i4H quartile system presented below and the system will correspond the score to the quartile position. The maximum score for any category is 40.

Financial Performance and Position

The following table presents the VfM Metrics introduced by the Regulator Social Housing in 2018. The metrics are a requirement of the updated VfM Standard and are of importance to the regulator in the consideration of efficiency.

FY22 - Financial Indicator	FY21 Outturn	FY22 Outturn	Median
Reinvestment%	8.67%	7.61%	7.61%
New Supply Delivered% (Social Housing)%	1.59%	1.59%	1.40%
New Supply Delivered% (Non- Social Housing)%	0.00%	0.00%	0.00%
Gearing Ratio %	64.02%	53.28%	52.30%
EBITDA MRI Interest Cover %	192.72%	120.62%	202.10%
Headline social housing cost per unit £	£3,158	£3,937	£3,470
Operating Margin % (Overall)	26.36%	23.10%	24.00%
Operating Margin % (SHL)	25.78%	21.28%	25.70%
Return on capital employed (ROCE)	4.54%	3.92%	3.92%
Total Score	220	150	225

Performance	Score	Percentile
Elite	40	76 - 100
Median/Upper	30	51 - 75
Low/Median	20	26 - 50
Poor	10	0 -25

The total finance score for Connexus Group has decreased by 70 points from 2021 performance, including a notable decline in EBITDA MRI performance. This is directly linked to the major works capitalised spend which increased by £7.1m. Although the polarity is showing as lower quartile for this indicator the increased investment in assets is meeting Connexus strategic objectives. Operating Margin overall and Social housing lettings performance has also declined. This is due to the decrease in surplus and increase in operating expenditure, in particular repairs costs. This is aligned to business decisions taken during the financial year to catch up on backlog repairs following the Covid pandemic and aligned to the Group Board risk appetite.

Connexus Says We demonstrate positive performance to Median for our Reinvestment % and New Social Housing Supply Delivered, in line with our New Homes and Asset Management Strategies. The high level of Capital improvements during the year has affected both Gearing and EBITDA MRI, this will continue over the coming year as we invest in our customers' homes, in line with our Corporate Plan.

A key, strategic objective for the Connexus group is to develop new homes and development activity has been maintained in FY22. The New Supply Delivered % (Non-Social Housing) remains 0% and is aligned to the Group Board risk appetite.

Connexus Group financial performance has been compared to all national RP's over 1,000 units for the new VfM Metrics. The table below shows that Connexus performance is considerably better compared to the national peer group moving the quartile position to mid/lower quartile compared to lower quartile against the selected peer group. In particular performance compared to the national peer group reinvestment, new supply delivery social housing, ROCE and headline cost per unit.

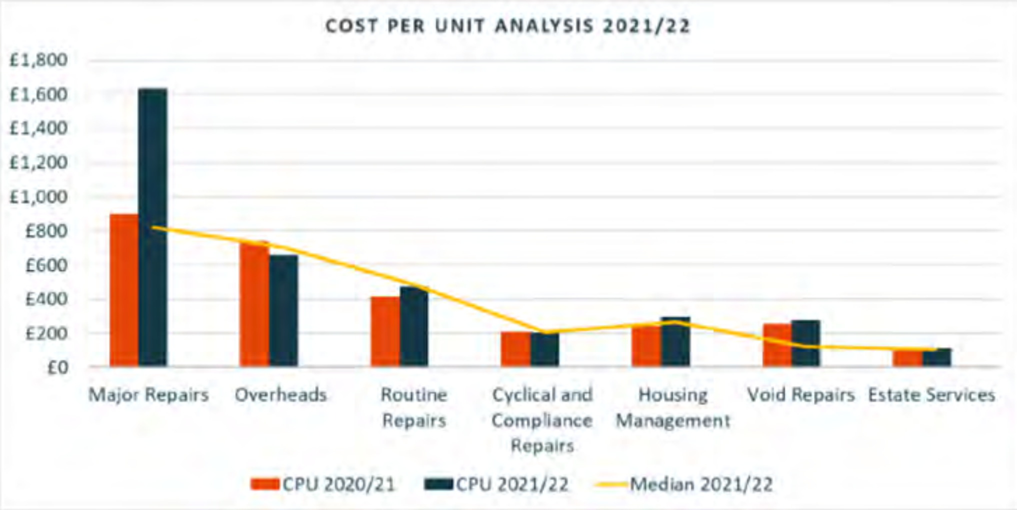
FY22 - Financial Indicator	FY22 (Peer Group)	Median (Peer Group)	FY22 (National)	Median (National
Reinvestment%	7.61%	7.61%	7.61%	5.68%
New Supply Delivered% (Social Housing)%	1.59%	1.40%	1.59%	1.20%
New Supply Delivered% (Non- Social Housing)%	0.00%	0.00%	0.00%	0.00%
Gearing Ratio %	53.28%	52.30%	53.28%	44.81%
EBITDA MRI Interest Cover %	120.62%	202.10%	120.62%	186.27%
Headline social housing cost per unit £	£3,937	£3,470	£3,937	£3,675
Operating Margin % (Overall)	23.10%	24.00%	23.10%	25.05%
Operating Margin % (SHL)	21.28%	25.70%	21.28%	26.94%
Return on capital employed (ROCE)	3.92%	3.92%	3.92%	3.35%
Total Score	150	225	180	225

In conclusion, Connexus Group has declined compared to the peer group. However, overall performance is more favourable when compared to national registered providers. There has been a significant increase in investment in homes, which has had an impact on financial performance. New delivery performance has been maintained, which is meeting a key national and business objective.

Connexus Says During the year our Board took the decision to undertake a catch-up repairs programme following the Covid Pandemic. This meant that the number of repairs carried out was significantly higher than in previous years, the cost of repairs also increased due to inflation and supply shortages for some goods and services. However, we remain committed to maintaining the quality of homes for our residents.

Operational Performance Indicators

The graph and table below provide an overview of the Groups cost per unit across our key areas:



Service Area	CPU 2020/21	CPU 2021/22	Median 2021/22
Major Repairs	£899	£1,636	£820
Routine Repairs	£416	£476	£483
Void Repairs	£253	£274	£123
Cyclical and Compliance Repairs	£210	£205	£264
Housing Management	£241	£296	£207
Estate Services	£99	£110	£107
Overheads	£738	£658	£701
Total Cost Per Unit	**£2,857**	**£3,656**	**£2,804**

Connexus Group remains at the mid-lower quartile for 2021/22.Despite the negative results in some areas there are signs of improvement, relet times have improved significantly. Percentage of repairs completed at the first visit has also improved to mid-upper quartile which corresponds with the improvement in repairs and maintenance satisfaction.

Performance Indicator	2020/21	2021/22	Peer Median
Rent collected current and former tenants (including arrears b/f)	102.34%	100.08%	96.51%
Current tenant arrears (Excluding Voids)	1.69%	1.87%	2.60%
Former tenant arrears (Excluding Voids)	0.77%	0.86%	1.53%
Rent loss due to voids	1.70%	1.53%	0.47%
Average time complete repairs (Days)	17.93	18.51	12.10
Percentage of repairs completed at the first visit	91.25%	94.02%	93.71%
Satisfaction with the last repair (Transactional)	88.99%	87.69%	90.78%
Appointments kept %	99.86%	99.77%	97.91%
Average relet time (Days)	60.38	43.84	20.29
Gas safety certificate %	99.99%	99.94%	100.00%
SAP rating	67.05	67.21	71.79
Average seconds to answer inbound calls	215.14	337.25	87.00
Total Score	**270**	**260**	**300**

Average days to complete repairs, satisfaction with the last repair survey and average inbound call times are areas of focus for improvement in the coming year.

There is currently a 13% performance gap to reach the median level and 33% gap to achieve elite performance. In conclusion, overall performance is improving and the gap to median and elite positions has closed during 2021/22.

• Connexus Group has an overall cost per unit for 2021/22 across the key areas of £3,656, placing Connexus Group at lower quartile. There has been a significant increase in Major works cost by £7.9m (55%). This is the biggest contributor to the overall costs increasing by £799 per unit. Routine Repairs costs have increased by £60 per unit (14%) and is due to an increase in pay and non-pay costs. Void costs have also increased slightly by £21 per unit and is due to an increase in non-pay costs by £364k.

- Rent arrears performance for the group remains upper quartile in terms of collection and arrears. This is a consistent trend for the group and demonstrates strong internal controls.
- SAP Rating performance remains lower quartile which correlates with the age of Connexus stock, our investment programme and delivery of improvements to bring all properties to SAP C by 2035 should see this metric improve annually.

Connexus Says During the year we delivered savings in our back-office overheads, the permanent savings will allow us to continue to invest in our homes and services, as well as dealing with the after-effects of Covid on the Repairs services. We continue to target savings in all areas, however some specific targets for 2022/23 are in place for our Repairs and Maintenance service, rationalising our offices and continuing to harmonise our systems to improve data quality and provide efficiency savings. There is also a significant focus on counteracting inflationary pressure due to the current economic environment.

Satisfaction Indicators

The latest satisfaction data are shown in the graph and tables below, compared to Median performance.

Performance Indicator	Latest Result	Median 2021/22
Overall Services	78.54%	84.00%
Quality of Home	81.88%	86.90%
Neighbourhood	83.65%	83.83%
Rent Value for Money	87.29%	87.29%
Repairs and Maintenance	87.15%	84.35%
Total Score	110.00	125.00

The results show the overall position for Connexus Group has declined and is mid/ lower quartile performance for 2021/22. Rent value for money is performing at the median level with Repairs and Maintenance satisfaction performing at upper quartile, and likely to be linked to the catch-up repairs' programmes in the year.

In conclusion Connexus group satisfaction has declined when compared to up-to-date peer satisfaction data.

Connexus Says A key corporate objective is to focus on the Customer experience, whilst we are seeing positive results in relation to Rents VFM and Repair and Maintenance, we continue to develop our Customer Offer. We are also focussing on our People Strategy with a number of the key objectives relating to Leadership & Management development, and performance management. The output of this is an improved level of service and performance to our customers.

What's next? Over the next 12 months our Connexus Improvement Plans focus on delivery of improvements in the following areas;

- Financial Efficiencies- We will deliver Budget savings through doing things differently and more efficiently, not through cutting services.
- ICT- We will exploit cloud-based technology to deliver financial and operational efficiency.
- Customer Service- We are working hard to improve the Customer experience and satisfaction levels.
- Overheads- We will complete our Office Rationalisation project, delivering financial efficiencies, whilst maintaining services.
- Assets- We will develop our asset strategy using the latest information from our asset grading review.
- Treasury- Following regulatory upgrade to V1/G1, efficiencies will be seen on future borrowing rates compared to G2/V2 organisations.
- Repairs- Service and financial transformation through system investment, improved ways of working/ productivity and reviewing fleet management.

Risk Management

Connexus is exposed to risks which may have material and adverse effects on its reputation, performance, and financial position.

The Group measures these risks by reviewing the likelihood and impact of the inherent risk of an event occurring, identifying controls and actions to mitigate the risk and calculation of the residual risk remaining.

The most significant business risks facing the Group at the end of March 2022 are shown below along with the risk classification matrix:

Risk	Management Controls
Failing to meet regulatory requirements Event: Poor governance leading to a regulatory downgrade. Cause: Lack of awareness or compliance with new regulations. Type: Strategic SR1 Score movement: N/a Risk Re-assigned in Year	Regular review of Regulatory standards, oversight provided to committees throughout the year.
	Appropriately skilled Board, Committee and Senior management team. Skills assessments and training requirements identified annually. Board effectiveness review completed Sept 2021.
	Regular e-learning on key governance policies and requirements by all colleagues and board members (where appropriate).
	Asset and Liability Register routinely maintained and updated. Including links to Accounts, Treasury, Development, Pension and Risk register.
	Adoption and full compliance with NHF Code of Governance 2015, NHF Code of Governance 2020 adopted from April 2022.
	Embedding excellence programme, Securing G1/V1 regrading April 2022

	I	L	Score
Gross Risk	4	3	12
Residual Risk	4	2	8
Target Risk	2	2	4

Risk	Management Controls
Development- Sales Event: Sales Income not materialising as forecast Cause: Outright sales and shared ownership sales impacted by negative market conditions, lack of mortgage availability, interest rate increases or recession. Type: Strategic SR2 Score movement:	Contingency plans in place to look at alternative tenures.
	Oversight for Board and Committees of key measures linked to risk SR2, reported through Performance Dashboard
	Capital at risk caps in place for Shared ownership and Outright Sales programmes.
	Agreement to convert unsold S/O to Rent to Buy Units if unsold after 6 months.

	I	L	Score
Gross Risk	3	4	12
Residual Risk	3	2	6
Target Risk	2	3	6

Risk	Management Controls
Financial Issues causing a covenant failure Event: Financial issues cause a breach in financial covenants resulting in a regulatory downgrade	Budgets, Management accounts, covenant performance and liquidity monitored on a monthly basis by SMT/EMT.
	Quarterly oversight for Board and Committees of key financial measures linked to risk SR2, reported through Performance Dashboard
	Golden rules in place as a 3rd line of defence with 'Headroom' to funder compliance.

Risk	Management Controls
Cause: Poor asset management and the inability to withstand a one-off shock to the financial plan. Type: Strategic SR3 Score movement:	Income Management policies and procedures and regular monitoring of arrears and bad debts
	New funding in place Nov 2021 following F&T Committee review, to increase period of financing, as part of the long-term financial strategy.
	30 Year business plan prepared, and stress tested annually. 6 Significant stress tests reported to Board as part of the business plan approval process.
	Specialist treasury support, and annual reporting by Savills.

	I	L	Score
Gross Risk	4	4	16
Residual Risk	4	1	4
Target Risk	4	1	4

Risk	Management Controls
Corporate and Landlord Health and Safety Compliance Event: The outcome could be injury or death of a customer or colleague Cause: Poor management of Landlord and/or Corporate H&S compliance Type: Strategic SR4 Score movement:	Compliance policies and procedures adopted developed in partnership with Pennington Choices.
	Quarterly oversight for Board and Committees of key compliance measures linked to risk SR1, reported through Performance Dashboard
	EMT SMT oversight through monthly KPI's and performance reporting, weekly reporting to DoP and CEO.
	Internal Auditors quarterly compliance audits.
	Targeted communication with Customer to encourage access for H&S checks and servicing to ensure timely programme delivery.
	Increased training and tool-box talks for Repairs colleagues, in relation to key risks facilitated through Insurers

	I	L	Score
Gross Risk	5	4	20
Residual Risk	4	2	8
Target Risk	4	1	4

Risk	Management Controls
Economic/ Political Issues Event: Increased arrears, decreased operating margin impacting our ability to deliver services and may in turn impact our ability to deliver compliance. Counterparty risks increase as contractors suffer the same cause and effect which could be passed on to Connexus. Cause: Rising prices cause tenant hardship and cost pressures for Connexus through increased labour, goods and service costs Type: Strategic SR5 Score movement: N/a Risk Re-assigned in Year.	Income management policies and procedures in place and regular monitoring of arrears and bad debts
	Monitoring of economic information, monitoring of local and national press and media.
	Resources (Cash) available and cashflows reported regularly to EMT and quarterly Board
	Supply chain checks undertaken, and regular CHIC supplies reports shared with SMT
	Business plan prepared and wide range of Stress testing undertaken.
	Development contractors enhanced monitoring by Head of Development. Sales data reported to EMT monthly and E&D Committee quarterly.
	Procurement savings presented in VFM annual statement in Statutory Accounts, targets are embedded in Group Board approved budgets. Additional savings identified and reported to Better Value Together group.
	Tracking housing sector activity, impact and solutions responding to advice from Regulator, NHF and other external sources.

	I	L	Score
Gross Risk	3	4	12
Residual Risk	3	4	12
Target Risk	3	2	6

	Minimal reliance on EU27 nationals in respect to labour market
Risk	**Management Controls**
Staff Recruitment and Retention Event: Loss of key staff leading to reputational damage and information retention issues. Changes in the recruitment market lead to loss of key skills and mean corporate plan is not delivered. Retention issues result in organisational capacity issues, loss of skills and resultant morale issues - Cause: Local competition attracts our workforce and increases salaries. Head office move is not embraced. Higher level of existing and new legislation meaning increased levels of staff competences are required. Influx of new people living in our operating area	Clear compliant HR policies and Procedures in place and revised Group Terms and Conditions in place from 2020
	People Directorate structure in place including OD team. Development of People Strategy to address culture
	Active staff engagement (workshops, colleague engagement group, speak up surveys etc)
	Bench-marked and periodically reviewed salaries. Payment of real living wage. High risk areas re-assessed as required
	Programme of colleague training and leadership development in place
	Annual Co-Hort of Apprentices joining Connexus
	Well-equipped offices and facilities. Project group set up to manage Head Office programmes
	Promotion of internal secondments, apprenticeship schemes etc.

Type: Strategic SR6 Score movement:	R&HR committee oversight
	Succession planning for key roles
	Provision of BI and Insight support providing oversight of performance enabling early identification and resolution of issues increasing morale and customer service.

	I	L	Score
Gross Risk	3	4	12
Residual Risk	3	3	9
Target Risk	3	2	6

Risk	**Management Controls**
Safeguarding Event: Safeguarding Issues Cause: Safeguarding issues as a result of lack of good oversight and effective monitoring & controls Type: Strategic SR7 Score movement:	Safeguarding Action Group and Caldicott Guardian appointed. Designated safeguarding leads and deputies across the group.
	Colleague training- Increased training for operational managers, safeguarding e-learning for all new colleagues through induction.
	Policies, procedures and registers in place and embedded.
	Performance management and spot check carried out by Quality and Administration manager.
	Review of community alarms infrastructure and new system planned from 2022 onwards
	All staff have annual GDPR training. All emails containing sensitive data encrypted.
	See It Report it email for colleagues and public to make it easier to report Safeguarding concerns
	Safer Recruitment adopted that includes appropriate use of DBS checks and safeguarding questions included at interview.

	I	L	Score
Gross Risk	4	3	12
Residual Risk	3	2	6
Target Risk	2	2	4

	Support service managers monitor support plans and monitor through 1-2-1s.

Risk	Management Controls
Failure to respond adequately to Major Local, UK or Global disaster. Event: Significant event causing major disruption to business operations in all service areas Cause: Pandemic, war, political coup d'etat, "alien" invasion or similar Type: Strategic SR8 Score movement: N/a Risk Re-assigned in Year	Risk assessments and Business Continuity plans in place, regularly reviewed and tested by teams.
	ICT systems in place to allow remote access and Finance systems enabled to ensure supplier, lender, tax and colleague payments continue.
	Clear communication plan for all stakeholders, including Social media platforms, FAQs, Weekly update etc. Customer informed of any disruption to services.
	Plans in place to ensure regulatory returns are able to be produced and submitted. Governance team enabled to ensure cover in the case of sickness.
	Follow Govt recommended hygiene or other guidelines issued during event. Guides published e.g. Working in Customers homes, working at home, ICT remote access, GDPR compliance etc.
	Increased frequency of EMT meetings during crisis. Including monitoring of wider sector implications.
	Monitoring of KPI's to monitor cause and effect e.g. Sickness/Rent loss, Repairs. Triggers set up and trend analysis monitored.
	Nominated EMT SMT deputies in place.
	During crisis minimise the number of service and programmes delivered. Issue clear guidance on Safe methods of working, and PPE
	Unmanned offices and development schemes will continue to have security in place,

	I	L	Score
Gross Risk	4	3	12
Residual Risk	3	3	9
Target Risk	3	2	6

Risk	Management Controls
Maintaining Data Quality and its Governance. Event: Failure to comply with regulatory standards as well as breaching GDPR compliance Cause: The use of multiple systems across the organisation increases the risk of poor data quality, which in turn could weaken internal controls, affect the quality of decision-making and governance Type: Strategic SR9 Score movement:	External assurance and compliance reporting by Internal Audit, Pennington Choices and Ark Consultancy.
	System mapping identifying critical data flows and interfaces.
	Data Quality Programme- Corporate project manager in place. Action Plan, Issues log, Approved communication plan and Programme team all in place.
	Assurance- Use of recognised Government Data Quality Framework.
	SMT EMT oversight of project and progress. Position statement shared with all colleagues through the intranet. Business leads share information with teams.
	DQ Communication plan in place, dedicated intranet page and email address for all staff to report DQ issues.
	Weekly and Monthly reconciliations of key systems to ensure continued data quality.

	I	L	Score
Gross Risk	4	4	12
Residual Risk	3	2	6
Target Risk	3	2	6

Risk	Management Controls
Escalating Pension Costs-Strain on Business Plan.	Annual review of pension liabilities carried out as part of the Statutory Account process.

Event: Financial strain impact funds available for activities/services that benefit customers and impact the Group's ability to achieve its wider objectives Cause: Increasing pension fund contributions required to meet pension fund deficit and auto-enrolment responsibilities and potential cessation debt leading to strain on the business plan Type: Strategic SR10 Score movement: N/a New Strategic risk in Year	
	Due diligence and consideration of pension implications is undertaken when tendering for contracts potential financial liabilities considered.
	Regular review of pension liabilities, costs, and policies every 3-5 years.
	Use of external contractors.
	Operation of Defined Contribution pension scheme. Prudent assumption taken in Business planning with regard to PSD contributions and annual Service costs.

	I	L	Score
Gross Risk	4	3	12
Residual Risk	4	3	12
Target Risk	2	3	6

Risk	Management Controls
Cyber Fraud. Event: Cyber-attack results in ICT systems not being available, disrupting access to information, impacting services to customers and/ or resulting in financial cost. Cause: Cyber-attack on Connexus systems or Cyber fraud attempt Type: Strategic SR11 Score movement: N/a New Strategic risk in Year.	Anti-virus software, Firewalls and other protections in place.
	Colleague training on fraud through Workrite system.
	Cyber insurance policy in place
	Cyber essential plus accreditation secured
	Government National Cyber security notifications enabled.
	Routine penetration testing undertaken and Disaster recovery plan in place, run and tested.

	I	L	Score
Gross Risk	5	3	15
Residual Risk	3	3	9
Target Risk	2	2	4

Key	Risk Classification Matrix				
5- Catastrophic	5	10	15	20	25
4- Major	4	8	12	16	20
3- Moderate	3	6	9	12	15
2- Minor	2	4	6	8	10
1- Insignificant	1	2	3	4	5
	1 - Rare	2 - Unlikely	3 - Possible	4 - Likely	5 - Almost Certain

Good governance is key and Connexus ensures that a robust approach is in place to maintain good governance. The Group Board has a key role in governing the organisation to mitigate the risk of poor governance and utilises its powers appropriately.

The General Data Protection Regulation (GDPR)

The Data Protection Act (DPA) 2018 (encompassing General Data Protection Regulation) came into effect on the 25 May 2018 and applies to any data companies hold or process within the EU. The regulation also relates to companies outside the EU. Its overall goal is to safeguard consumer data and enforce data security rights. At the same time, it forces organisations to think about what they collect, and how they use it.

Connexus is committed to the proper and appropriate use of data held regarding customers and colleagues, storing all date securely and only retaining whilst there is valid reason to do so. We have a dedicated Data Protection Officer to strengthen our controls around GDPR. A Document and Data retention schedule is in place and all data is retained in line with this schedule, as such we are compliant with DPA 2018 retention regulations. In 2021/22 all colleagues have undertaken mandatory GDPR refresher training.

Following the implementation of the new act a GDPR internal audit was carried out and all the recommendations from the audit were implemented by February 2019. A further internal audit was completed in May 2020 and received a reasonable assurance rating for both design and control.

Accounting Policies

The principal accounting policies are set out in note 2 to the financial statements on pages 63 to 74.

Capital Structure and Treasury Policy

The Group's financial instruments comprise borrowings, some cash and liquid resources and various items such as trade debtors, creditors etc. that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's operations. It is the Group's policy to not trade in financial instruments. The main risk arising from the Group's financial instruments is liquidity risk. The Board reviews and agrees policies for managing this risk, details of which are summarised below. The policy was implemented in January 2018 and updated in May 2021.

Treasury activities are controlled and monitored by the Director of Resources, with the assistance of external consultants as required, and are carried out in accordance with policies and strategies approved by the Board. A Finance and Treasury Committee was formed in the year to review the short- and long-term funding strategy for the Group. The Board undertakes regular reviews of treasury management activity and covenant compliance. The Company has adopted a policy that balances the need to keep the cash levels necessary only to meet immediate business requirements, but also protecting the long-term position by taking advantage of long-term rates, when the opportunity arises.

The overall aim is to manage the Company's exposure to interest rates and have a debt profile that supports the needs of the business. The Group finances its operations through a mixture of retained profits, bank funding and bonds taken at fixed rates of interest. The Group has funding in place in the form of a £25m revolving credit facility (RCF) and a £55m term debt available to be drawn at fixed rates until November 2022. On 31 March 2022, borrowings stood at £200m (£225m 2021), the RCF facility had £13m drawn at the 31st March (£35m 2021). However, £5.6m was held in Cash and Short-Term Investments reduced from £37.6m in 2021. At the year-end 93% of borrowings were at fixed rates.

All borrowings are at fixed rates in GBP and the Group has no currency exposures. Any movements in interest rates will therefore not impact on the surplus before tax.

The Group does not hold any derivative financial instruments.

Financial liabilities excluding trade creditors *

	2022 £'000	2021 £'000
Under one year	-	-
Within two to five years	13,000	35,050
After five years	187,480	189,969
Interest rate basic:		
Fixed	93%	84%
Floating	7%	16%

The table above provides an analysis of when the debt falls due for repayment:

The weighted average cost of financial liabilities is 4.56% in 2022. (2021: 4.26%).

Cash Flow

Cash inflows and outflows for the year ended 31 March 2022 are set out in the cash flow statement on page 62. Net cash inflows from operating activities are from the management of housing stock. Returns on investment and servicing of finance are due to interest income and interest charges on loans.

The net cash outflow from capital expenditure is the spend on capitalised repairs on existing housing stock, spend on development of new housing stock which has been capitalised less grant and sales proceeds from properties sold under the ‘Right to Buy scheme’, plus spend on other fixed assets. The net movement in financing is the difference between loans repaid and new loans.

The Group generated net cash from operating activities of £32.8m (£33.5m 2021). After investing and financing activities cash and bank balances for the year ended 31 March 2022 decreased by £4.404m (£2.272m 2021).

Current Liquidity

The Connexus Group treasury management policy requires that Connexus will maintain a minimum level of liquidity such that there is:

i. sufficient cash to cover the next three months forecast net cash requirement;

ii. sufficient cash and committed loan facilities capable of immediate draw down to cover the next twelve months forecast cash requirement; and

iii. sufficient cash and committed loan facilities (whether or not capable of immediate draw down) to cover the higher of total committed development spend and the next eighteen months forecast cash requirement.

Cash and bank balances and short-term investments at 31 March 2022 for the Group were £5.6m (£37.6m 2021), for the company were £4.49m (£6.23m 2021). The Group has a fully secured £25m revolving credit facility in place with £12m undrawn at 31 March 2022, along with a £55m fixed term facility. Strategically the main factor influencing the amount and timing of borrowings is the pace of the Planned Maintenance and Improvement and New Development programmes. This has a significant impact according to the timing of payments to contractors and receipt of any capital grants.

Statement of compliance

The Board confirms that these financial statements are prepared in accordance with Financial Reporting Standard 102 – the applicable financial reporting standard in the UK and Republic of Ireland (FRS 102) and the Statement of Recommended Practice for Registered Social Housing Providers 2019 and comply with the Accounting Direction for Private Registered Providers of Social Housing 2019. And are fully compliant with the Governance and Viability standard following the review undertaken during the year.

The strategic report is signed on behalf of the board by

John Barker
Chair
27 July 2022

Statement of the responsibilities of the Board in respect of the Board's report and the financial statements

The Board is responsible for preparing the Board's 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 have elected to prepare the financial statements in accordance with UK Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

The financial statements are required by law to give a true and fair view of the state of affairs of the group and the association and of the income and expenditure of the group and the 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;
- assess the groups and the association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and use the going concern basis of accounting unless it either intends to liquidate the group or the association or to cease operations or has no realistic alternative but to do so.

The Board is responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the 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. It is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the 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 association's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Board members who held office at the date of approval of this statement confirm, so far as they are each aware, there is no relevant audit information of which our independent auditors are unaware; and each Board member has taken all the steps they ought to have taken as a Board member to make them aware of any relevant audit information and to establish that our independent auditors are aware of that information.

John Barker

John Barker
Chair
27 July 2022

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

Opinion

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

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and Association's affairs as at 31 March 2022 and the Group and Association's surplus or deficit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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

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 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 Association's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

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

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters 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:

- adequate accounting records have not been kept by the group; or
- a satisfactory system of controls over transactions has not been maintained; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Board

As explained more fully in the Board's responsibilities statement set out on page 57, 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 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 Association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

We obtained an understanding of the legal and regulatory frameworks within which the Association operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements such as the Co-operative and Community Benefit Societies Act 2014 (and related Directions and regulations), the Housing and Regeneration Act 2008 and other laws and regulations application to a registered social housing provider in England together with the Housing SORP. We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statements items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the Association's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the Association for fraud. The laws and regulations we considered in this context for the UK operations were requirements imposed by the Regulator of Social Housing, health and safety, taxation and employment legislation.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Board and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of non-social housing income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management, internal audit and the Audit Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence, designing audit procedures over the timing of non-social housing income and reading minutes of meetings of those charged with governance.

Owing 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, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, 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 non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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

Use of our report

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

Crowe UK LLP.

Crowe U.K. LLP 22 September 2022
4th Floor
St James House
St James Square
Cheltenham, GL50 3PR

Statement of comprehensive income

	Note	Group 2022 £'000	Group 2021 £'000	Company 2022 £'000	Company 2021* £'000
Turnover	3	**65,644**	69,538	**61,754**	57,717
Operating expenditure	3	**(52,598)**	(53,277)	**(47,375)**	(43,298)
Surplus on disposal of fixed assets	5	**1,970**	2,310	**1,970**	2,310
Movement in investment property valuation		**147**	(238)	**147**	(238)
Operating surplus	3, 4	**15,163**	18,333	**16,496**	16,491
Interest receivable and other income	7	**1**	20	**58**	310
Interest and financing costs	8	**(8,516)**	(10,553)	**(8,683)**	(10,965)
Surplus before tax		**6,648**	7,800	**7,871**	5,836
Taxation	9	**588**	(421)	**81**	(120)
Surplus for the year		**7,236**	7,379	**7,952**	5,716
Actuarial (loss) / gain in respect of pension schemes	32	**5,110**	(4,103)	**5,110**	(4,103)
Total comprehensive income for the year		**12,346**	3,276	**13,062**	1,613

*Restated following group restructure on 1/4/2021, see note kk. for details

All results derive from continuing operations.

The financial statements were approved and authorised for issue by the Board on 27 July 2022.

John Barker
Chair

Nicola Griffiths
Company Secretary

Richard Woolley
Chief Executive

Statement of financial position

	Note	Group 2022 £'000	Group 2021 £'000	Company 2022 £'000	Company 2021* £'000
Fixed assets					
Tangible fixed assets- housing properties	12	**371,942**	347,619	**376,977**	351,728
Other fixed assets	13	**4,724**	4,398	**4,724**	4,398
Investment properties	14	**7,160**	7,000	**7,160**	7,000
Investment in subsidiaries		**-**	-	**13**	13
		383,826	359,017	**388,874**	363,139
Current assets					
Properties held for sale	15	**9,391**	13,328	**6,161**	5,043
Stock and work in progress	15	**854**	667	**854**	667
Trade and other debtors	16	**3,567**	3,995	**4,554**	33,076
Debtors: amounts due after more than one year	17	**3,257**	6,787	**3,257**	6,787
Short term investments	18	**4,342**	31,889	**4,334**	5,114
Cash and cash equivalents	18	**1,281**	5,685	**152**	1,122
		22,692	62,351	**19,312**	51,809
Creditors: amounts falling due within one year	19	**(19,623)**	(18,915)	**(24,223)**	(16,258)
Net current assets		**3,069**	43,436	**(4,911)**	35,551
Total assets less current liabilities		**386,895**	402,453	**383,963**	398,690
Creditors: amounts falling due after more than one year	20	**(269,731)**	(293,498)	**(265,231)**	(288,883)
Provisions for liabilities					
Pension provision	32	**(17,060)**	(21,119)	**(17,060)**	(21,119)
Other provisions	25	**(251)**	(329)	**(251)**	(329)
Total net assets		**99,853**	87,507	**101,421**	88,359
Reserves					
Income and expenditure reserve		**99,853**	87,507	**101,421**	88,359
Total reserves		**99,853**	87,507	**101,421**	88,359

*Restated following group restructure on 1/4/2021, see note kk. for details

John Barker
Chair

Nicola Griffiths
Company Secretary

Richard Woolley
Chief Executive

Consolidated statement of changes in capital and reserves

Group	Share capital £'000	Income and expenditure reserve £'000	Combined total capital and reserves £'000
Balance as at 1 April 2020	-	**84,613**	**84,613**
Surplus for the year	-	7,379	7,379
Transfer from the Group Independent Trust		(382)	(382)
Other comprehensive income for the year	-	(4,103)	(4,103)
Balance at 31 March 2021	-	**87,507**	**87,507**
Surplus for the year	-	**7,236**	**7,236**
Other comprehensive income for the year	-	**5,110**	**5,110**
Balance at 31 March 2022	-	**99,853**	**99,853**

Statement of changes in capital and reserves

Company	Share capital £'000	Income and expenditure reserve £'000	Combined total capital and reserves £'000
Balance as at 1 April 2020	-	**86,746**	**86,746**
Surplus for the year	-	5,716	5,716
Other comprehensive income for the year		(4,103)	(4,103)
Balance at 31 March 2021*	-	**88,359**	**88,359**
Surplus for the year	-	**7,952**	**7,952**
Other comprehensive income for the year		**5,110**	**5,110**
Balance at 31 March 2022	-	**101,421**	**101,421**

*Restated following group restructure on 1/4/2021, see note kk. for details

Consolidated Cash Flow Statement

Group	Note	2022 £'000	*restated 2021 £'000
Net cash generated from operating activities	27	**29,930**	**30,650**
Cash flow from Investing activities			
Purchase of tangible fixed assets		(33,628)	(22,830)
Purchase of other tangible fixed assets		(995)	(1,112)
(Purchase) / sale of investment properties		(13)	(10)
Proceeds from sale of properties		2,901	2,866
Sale / (purchase) of short term investments		27,547	23,339
Grants received		4,387	4,061
Interest received		1	20
		200	**6,334**
Cash flow from financing activities			
Interest paid		(9,267)	(10,024)
Loan arrangement fee		(728)	(358)
Loan breakage fee		-	(1,446)
New secured loans		-	-
Repayments of borrowings		(24,539)	(22,502)
Transfer of Independence Trust from Group		-	(382)
		(34,534)	**(34,712)**
Net change in cash and cash equivalents	28	**(4,404)**	**2,272**
Cash and cash equivalents at the beginning of the year		**5,685**	**3,413**
Cash and cash equivalents at the end of the year		**1,281**	**5,685**

*restated to reflect proceeds on sale of FA's as investment activities

Notes to the financial statements

1. Legal status

The Company, Connexus Homes Limited, (Registered office The Gateway, The Auction Yard, Craven Arms, Shropshire, SY7 9BW) is registered with the Cooperative and Community Benefit Societies Act 2014, Registered Society No. 8376. It is also registered as a social housing provider and regulated by the Regulator of Social Housing Agent in accordance with the Housing and Regeneration Act 2008, Registered No. LH4353.

2. Accounting policies

The following accounting policies have been adopted as being appropriate to the Group's circumstances with regard to giving a true and fair view and have been applied consistently in dealing with items which are considered to be material in relation to the Groups' financial statements.

a. Basis of accounting

The financial statements have been prepared in accordance with Financial Reporting Standard 102 the applicable financial reporting standard in the UK and Republic of Ireland (FRS102) and the Statement of Recommended Practice: Accounting 2019 for Registered Social Providers, and comply with the Accounting Direction for Private Registered Providers of Social Housing 2019.

The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

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

The individual accounts of Connexus Homes Group have also adopted the following disclosure exemption:

- The requirement to present a statement of cash flows and related notes

Operating Segment Reporting: It is a requirement under SORP 2018 to apply IFRS8 Operating Segments. Management have determined that the group's operating segments are:

Social Housing letting:
General Needs Housing
Supported Housing and Housing for Older people
Temporary Social Housing
Low-Cost Home Ownership

Other Social Housing Activities:
Current Asset Property Sales
Supporting People
Other Support Services

Non-Social Housing Activities
Market Sales
Wellbeing Services
Other
Surplus on Disposal of Fixed Asset

b. Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons;
The Group prepares a 30-year business plan which is updated and approved on an annual basis. The most recent business plan was approved in June 2022 by the Board. The Business plan considers

Notes to the financial statements

the assessed principal risks set out in pages 49 to 53 and other matters discussed in connection with the Viability statement below. As well as considering the impact of several scenarios on the business plan the Board also adopted a stress testing framework against the base plan. The stress testing impacts were measured against loan covenants and peak borrowing levels compared to agreed facilities, with potential mitigating actions identified to reduce expenditure.

The board, after reviewing the group, registered provider and subsidiary budgets for 2022/23 and the group's medium term financial position as detailed in the 30-year business plan including changes arising from the current economic environment, is of the opinion that, taking account of severe but plausible downside sensitivities, the group and company have adequate resources to continue in business for a period of 12 months from the date of approval of these financial statements (the going concern assessment period).

In order to reach this conclusion, the Board have considered:

- the property market – budget and business plan scenarios have taken account of delays in handovers, lower numbers of property sales, reductions in sales values and potential conversion of market sale to social homes;
- Maintenance costs – budget and business plan scenarios have been modelled to take account of cost increases and delays in maintenance expenditure, a compliance only programme and major works being phased into future years;
- Rent and service charge receivable – arrears and bad debts have been increased to allow for customer difficulties in making payments and budget and business plan scenarios to take account of potential future reductions in rents;
- Increases to inflation, management costs and libor rates and the associated impacts on affordability;
- Liquidity – current available cash and unutilised loan facilities of £72.5m which gives significant headroom for committed spend and other forecast cash flows that arise;
- The group's ability to withstand other adverse scenarios such as higher interest rates and number of void properties.

The board believe the group and company has sufficient funding in place and expect the group to be in compliance with its debt covenants even in severe but plausible downside scenarios.

Consequently, the Directors are confident that the Group and Association will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have continued to adopt the going concern basis in their preparation.

c. Significant judgements and estimates

The preparation of the financial statements requires management to make significant judgements estimates and assumptions that affect the amounts reported for assets and liabilities as at the Statement of Financial Position date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes may differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

- Group reconstruction

The group has taken a judgement in respect of the group reconstruction that took place on the 1st of April 2021 and it was deemed that merger accounting was the appropriate treatment of the transaction. Further detail is shown at kk in the notes to the financial statements.

Notes to the financial statements

- Property, plant and equipment

The Group has undertaken a review of the intended use of all housing properties. In determining the intended use, the Group has considered if the asset is held for social benefit or to earn commercial rentals. The Group has determined that market rented property, as it is developed are investment properties. The Group has determined that the small number of shops held, due to their nature and low level of rentals charged are held as property, plant and equipment are held for their social benefit.

- Capitalisation of property development costs

The Group capitalises development expenditure in accordance with the accounting policy described within these notes. Initial capitalisation of costs is based on management's judgement that development scheme is likely to proceed. Costs capitalised in this way are regularly reviewed and any costs identifies as abortive are charged to the Statement of Comprehensive Income. The total amount capitalised is disclosed in the notes.

- Impairment

The Group has identified a cash generating unit for impairment assessment purposes during development and construction at a programme level, with subsequent impairment assessment once in management at a property level.

Estimation uncertainty

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

- Useful lives of depreciable assets

Other than investment properties, tangible fixed assets are depreciated over their useful lives. Management reviews the useful lives of depreciable assets at each reporting date based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software and IT equipment and changes in homes standards which may require more frequent replacement of key components.

The key judgements and estimates applied in respect of housing property are contained within these notes and include:

- The useful economic life of properties
- That properties have no residual value at the end of useful life.

Defined benefit obligation (DBO)

The Group has obligations to pay pension benefits to colleagues. The cost of these benefits and the present value of the obligation depend on several critical underlying assumptions. These include standard rates of inflation, mortality, discount rate and anticipation of future salary increases provided by the pension administrators and actuaries. Variations in these assumptions may significantly impact the net pension obligation in the balance sheet and the annual defined benefit expenses.

Fair value measurement

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

Notes to the financial statements

d. Exemptions taken

The Group does not currently apply any exemptions.

e. Basis of consolidation

The Group's financial statements consolidate the financial statements of Connexus Homes Limited, and its subsidiaries, Floreat Living Limited, Rise Partnership Developments Limited, Connexus Enterprise Limited and Herefordshire Capital Plc. in accordance with the requirements of Financial Reporting Standard 2 "Accounting for subsidiary undertakings". Subsidiaries are entities over which, either directly or indirectly, the Company has control through the power to govern financial operating policies so as to obtain benefit from their activities. Intra-group balances, transactions, income and expenses are eliminated.

f. Investment in subsidiaries

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

The results of subsidiaries acquired or disposed of during the year are included in total comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate using accounting policies consistent with those of the parent.
All intra-Group transactions, balances, income and expenses are eliminated in full on consolidation.

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

g. Turnover and revenue recognition

Turnover represents rental income receivable in the year, income from shared ownership first tranche sales, and properties built for open market sales and other services included at invoice value (excluding VAT where recoverable) of goods and service supplied in the year and revenue grants receivable in the year.
Government grants received for housing properties are included in turnover amortised over the expected useful life of the housing property structure.

Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting, net of any voids. Income from first tranche shared ownership and open market sales of properties built for sale is recognised at the point of legal completion.

h. Accrued income

Where goods or services are provided but not yet invoiced, that revenue is accrued for.

i. Deferred taxation

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated. Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

j. Loan interest costs

Interest payable and similar charges include interest payable, loan fees, and finance leases recognised in profit or loss using the effective interest method. The effective interest rate is the rate that

Notes to the financial statements

exactly discounts estimated future cash payments through the expected life of the financial instrument to the net carrying amount of the financial liability.

k. Finance and issue costs

Costs directly connected with the raising of finance are deducted from loans and written off over the life of the loan to the Statement of comprehensive income (SOCI).

l. Preserved Right to Buy Income and Sales

Surpluses and deficits arising from the disposal of properties under the Preserved Right to Buy legislation are disclosed on the face of the Statement of comprehensive income before the operating result. On the occurrence of a sale a relevant proportion of the proceeds are clawed back by Herefordshire Council. There is no claw back arrangement in place for Shropshire Council. The surplus or deficit is calculated by comparing the net proceeds received with the carrying value of the property sold.

m. Management costs

Management costs are allocated to revenue accounts on the basis of an estimation of colleague time allocated, except for specific items of expenditure, which are allocated directly.

n. Reserves

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

o. Tangible fixed assets

Housing properties

Housing properties are properties held for the provision of social housing or to otherwise provide social benefit. Housing properties are principally properties available for rent and are stated at historical cost less accumulated depreciation and impairment losses. The cost of properties represents the acquisition price of land and buildings, development costs, interest charges incurred in the development period, and expenditure incurred in respect of improvements.
Works to existing properties which replace a component that has been treated separately for depreciation purposes, along with those works that result in an increase in net rental income over the lives of the properties, thereby enhancing the economic benefits of the assets, are capitalised as improvements.

Properties in the course of construction are stated at cost and are transferred into housing properties, when complete. Properties in the course of construction are not depreciated.

Donated land and other assets

Where land has been donated as part of an intended development, the land is recorded at its current value at the gifting date within cost of construction and the income treated as a grant if from a government body and as turnover if from a non-government body. Current value takes into account any restrictions on use.

Shared ownership properties

Shared ownership properties are split between fixed and current assets in line with the expectation relating to the first tranche sale percentage. The expected first tranche proportion is classified as a current asset until the point of the first tranche sale. The current asset is then transferred to cost of sales and matched against sales proceeds within the operating surplus in the Statement of Comprehensive Income. Any operating surplus is restricted to the overall surplus which takes into account the Existing Use Value-

Social Housing (EUV-SH) of the remaining fixed asset element.

The remaining element of the asset is classified as a fixed asset and included in housing properties at cost, less any provision for depreciation or impairment.

p. Investment Properties

The classification of properties as investment property or property plant and equipment is based upon the intended use of the property. Properties held to earn commercial rentals or for capital appreciation are treated as investment properties and those that are held for the provision of social housing are treated as property plant and equipment.
Where land is acquired for use in the provision of social housing or for a social benefit it is accounted for as property, plant and equipment. Investment properties are reported at market valuation.

q. Government grants

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

Grants relating to revenue are recognised in the Statement of Comprehensive Income over the same period as the expenditure to which they relate once reasonable assurance has been gained that the entity will comply with the conditions and that the funds will be received.

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

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

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

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

r. Other grants

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

s. Depreciation

Property, plant and equipment

The Group separately identifies the major components which

Notes to the financial statements

comprise in its housing properties, and charges depreciation, to write-down the cost of each component to its estimated residual value on a straight-line basis.

A full year's depreciation is charged on all assets in the year of acquisition, but no charge is made in the year of disposal.
The expected useful lives of assets identified separately are as follows:

	Connexus Homes Ltd
Structure:	
Non-traditional	30 years
Pre-1974 construction	75 years
Post 1974 construction	100 years

Other Major Components:	
Roofs	60 years
Windows	30 years
Doors	30 years
Heating systems	36 years
Wiring	40 years
Kitchens	20 years
Bathrooms	30 years
Boilers	12 years
Lifts	20 years
Leasehold Properties:	Remaining life of lease
Garages:	25 Years
Freehold land	Is not depreciated

Other tangible fixed assets

Tangible fixed assets other than housing properties are stated at cost (less grant) less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for intended use.

Depreciation (to residual value) is charged on a straight line over the expected useful life of the asset from the month of acquisition, at the following annual rates:

Computers and other equipment	15% - 33%
Plant and Equipment	20% - 33%
Vehicles	25%
Furniture, fixtures and fittings	25%

Depreciation on offices is calculated on a straight-line basis over the following periods:

Newly constructed offices:	50 Years from the date of practical completion
Leasehold offices	Over the period of the lease

t. Impairment

The Group's internal controls are designed to identify where the value of property, plant and equipment and work in progress held in the Statement of financial position is more than the lower of cost or net realisable value. Where there is evidence of impairment, fixed assets are written down to the recoverable amount, this is likely to be the value in use of the asset based on its service potential. The resulting impairment loss is recognized as expenditure in the Statement of comprehensive income. Where an asset is currently deemed not to be providing service potential to the association, its recoverable amount is its fair value less costs to sell. Depreciated

Notes to the financial statements

replacement cost is taken as a suitable measurable model.

An impairment loss is reversed if the reasons for the impairment loss have ceased to apply and included in surplus or deficit in the Statement of comprehensive income.

u. Capitalisation of development overheads and interest

Only specific and directly attributable costs are capitalised in line with the Statement of recommended practice

Interest on loans financing new development is capitalised up to the date of practical completion if it represents either:

- Interest on borrowings specifically financing the programme after deduction of interest on Social Housing Grant (SHG) in advance or
- Interest on borrowings of the company as a whole after deduction of interest on SHG in advance to the extent that they can be deemed to be financing the development programme.

v. Properties for sale

Shared ownership first tranches sales and completed properties for outright sale are disclosed as: a current asset stated at the lower of cost and net realisable value. Cost comprises materials, direct labour costs and other direct overheads, as identified above. Net realisable value is based on the estimated sales price after allowing for all further costs of completion and disposal.

w. Debtors

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

x. Creditors

Short term trade creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest rate method.

y. Employee benefits

Short-term employee benefits and contributions to defined contribution plans are recognised as an expense in the period in which they are incurred.

z. Finance leases

Where the Group enters into a lease which entails taking employer substantially all the risks and rewards of ownership of an asset, the lease is treated as a “finance lease”. The asset is recorded in the Statement of financial position as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the Statement of comprehensive income, and the capital element which reduces the outstanding obligation for future instalments.

aa. Operating leases

Costs in respect of operating leases are charged to the Statement of comprehensive income on a straight-line basis over the lease term.

Notes to the financial statements

bb. Stocks

The value of stock is shown at the lower of cost (the original purchase price) or net realisable value in accordance with accounting standards. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of realisation. The value of stores stock is calculated using the weighted average method.

cc. Bad and doubtful debts

Provision is made for current and former tenant arrears, as well as other miscellaneous debts (service charges, community alarm income, and fees receivable for the provision of services) to the extent that recovery is considered doubtful.

dd. Provisions

Due to the numbers of properties and the establishment of regular programme of repair and maintenance, the Group does not generally make a provision for future works. Actual costs are charged to the Statement of comprehensive income.

The Group will recognise provisions where it has a present obligation (legal or constructive) as a result of a past event or where a transfer of economic benefit will be required to settle the obligation and an estimate can be made.

Where properties are leased a provision will be made for dilapidations where specified in the terms of the lease based on the annual rent for that property.

The Group recognises a provision for annual leave accrued by employees as a result of services rendered in the current period, and which employees are entitled to carry forward and use within the next 12 months. The provision is measured at the salary cost payable for the period of absence.

ee. Pensions

Connexus Homes Group participates in the following defined benefit pension schemes:

Local Government Pension Scheme (LGPS)

The Group has three LGPS schemes in place – two with Shropshire Council Pension Fund (Historic CH1L and CH3L) and one with Worcestershire County Council Local Government Pension Scheme. The Group financial statements report pension obligations according to the requirements of FRS 102 –Multi-employer defined benefit schemes that identify individual employers' shares of underlying assets and liabilities are reflected in the Statement of comprehensive income and the Statement of financial position. The difference between the fair value of the assets held in the pension scheme and the scheme's liabilities are recognised in the Statement of financial position as a pension scheme asset or liability. Changes in the defined benefit pensions scheme asset or liability arising from factors other than cash contribution by the employer are charged to the Statement of comprehensive income or Other comprehensive income.

Social Housing Pension Scheme (SHPS)

This scheme is administered independently by the Pension Trust. The group has two defined benefit schemes in place (Historic CH1L and historic CH2L). From the year ended 31 March 2019, the association has been able to identify its share of the scheme assets and the scheme liabilities.

The scheme assets are measured at fair value. Scheme liabilities

Notes to the financial statements

are measured on an actuarial basis using the projected unit credit method and are discounted at appropriate high quality corporate bond rates.
In the year ended 31 March 2022, 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 within the income and expenditure account. Interest is calculated on the net defined benefit liability. Remeasurements are reported in other comprehensive income. Refer to Note 32 for more details

ff. Corporation tax

The charge for taxation is based on the results for the year and takes into account taxation deferred (or accelerated) because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax on a full provision basis.

Connexus Homes Limited is an exempt charity for tax purposes however they do undertake some non-charitable activities are therefore subject to Corporation tax on these non-charitable activities.

Where the Group undertakes activities that are outside of its charitable purpose and exceeds the permitted threshold corporation tax may be payable.

Connexus Enterprise Limited, Herefordshire Capital plc and Floreat Living Limited are subject to taxation.

gg. Value Added Tax (VAT)

The Group is VAT registered, with a large proportion of its income being housing rents, and Right to Buy sales which are exempt for VAT purposes, while other income sources being standard, zero rated or outside of scope gives rise to a partial exemption calculation.

Connexus Homes Limited, Floreat Living Limited and, Connexus Enterprise Ltd are registered within the same VAT group. Rise Partnership Developments Limited has its own VAT registration.

The financial statements include VAT to the extent that it is suffered and not recoverable from HM Revenue and Customs. The balance recoverable or payable at the year-end is included as a current liability or asset.

hh. VAT sharing agreement

Connexus Homes Limited via the transfer agreement with North Shropshire District Council shares VAT savings arising out of the transfer in equal amounts. The related expenditure is shown gross, and the VAT recovered is shown as a credit against capital to identify it separately for future use.

Under the terms of the transfer agreement Connexus Homes Ltd has contracted to refurbish transferred properties and the amount due to the Association for the work is shown under debtors. The obligation to carry out these works is shown in the provisions for liabilities and charges

ii. Financial instruments

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

Basic financial instruments are recognised at amortised historical cost.

Notes to the financial statements

Non-basic financial instruments are recognised at fair value using a valuation technique with any gains or losses reported in surplus or deficit.

jj. Liquid resources

Liquid resources are readily disposable current asset investments. They include some money market deposits, held for more than 24 hours that can only be withdrawn without penalty on maturity or by giving some notice of more than one working day.

kk. Group Reconstruction

On the 1st of April 2021 Connexus Housing Limited, Connexus Housing One Limited, Connexus Housing Three Limited and Shropshire Housing Treasury Limited, combined through a transfer of engagements into Connexus Housing Two Limited, subsequently renamed to become Connexus Homes Limited and the new Group parent.

The group reconstruction on the 1 April 2021 was accounted for using the merger accounting method. Under this method the carrying values of the assets and liabilities of the parties to the combination are not required to be adjusted to fair value, the appropriate adjustment shall be made to achieve uniformity through accounting policies to the combining entities.

The results and cashflow of the combining entities have been brought into the financial statements of the combined entity from the beginning of the financial year. The comparative information has been restated in the Company and is noted throughout the financial statements.

The merger accounting adjustments for the primary financial statements are shown to the right and overleaf.

Statement of comprehensive income

	CH2 2021 £'000	Merger Accounting Adjustments £'000	C.Homes 2021 £'000
Turnover	32,927	24,790	57,717
Operating expenditure	(24,854)	(18,444)	(43,298)
Surplus on disposal of fixed assets	155	2,155	2,310
Movement in investment property valuation	431	(669)	(238)
Operating surplus	**8,659**	**7,832**	**16,491**
Interest receivable and other income	299	11	310
Interest and financing costs	(4,727)	(6,238)	(10,965)
Surplus before tax	**4,231**	**1,605**	**5,836**
Taxation	(43)	(77)	(120)
Surplus for the year	**4,188**	**1,528**	**5,716**
Actuarial (loss) / gain in respect of pension schemes	(1,639)	(2,464)	(4,103)
Total comprehensive income for the year	**2,549**	**(936)**	**1,613**

Notes to the financial statements

Statement of financial position

	CH2 2021 £'000	Merger Accounting Adjustments £'000	C.Homes 2021 £'000
Fixed assets			
Tangible fixed assets - housing properties	158,886	192,842	351,728
Other fixed assets	3,020	1,378	4,398
Investment properties	2,915	4,085	7,000
Investment in subsidiaries	13	-	13
	164,834	**198,305**	**363,139**
Current assets			
Properties held for sale	3,646	1,397	5,043
Stock and work in progress	233	434	667
Trade and other debtors	37,167	(4,091)	33,076
Debtors: amounts due after more than one year	79	6,708	6,787
Short term investments	2,033	3,081	5,114
Cash and cash equivalents	707	415	1,122
	43,865	**7,944**	**51,809**
Creditors: amounts falling due within one year	(6,781)	(9,477)	(16,258)
Net current assets	**37,084**	**(1,533)**	**35,551**
Total assets less current liabilities	**201,918**	**196,772**	**398,690**
Creditors: amounts falling due after more than one year	(136,312)	(152,571)	(288,883)
Provisions for liabilities			
Pension provision	(14,444)	(6,675)	(21,119)
Other provisions	(125)	(204)	(329)
Total net assets	**51,037**	**37,322**	**88,359**
Reserves			
Share capital	-	-	-
Income and expenditure reserve	51,037	37,322	88,359
Total reserves	**51,037**	**37,322**	**88,359**

Statement of changes in capital and reserves

Income and expenditure reserve	CH2 2021 £'000	Merger Accounting Adjustments £'000	C.Homes 2021 £'000
Balance as at 1 April 2020	**44,294**	42,452	**86,746**
Surplus for the year	4,098	1,618	5,716
Other comprehensive income for the year	96	(4,199)	(4,103)
Balance at 31 March 2021	**48,488**	**39,871**	**88,359**
Surplus for the year	**4,188**	**3,764**	**7,952**
Other comprehensive income for the year	**(1,639)**	**6,749**	**5,110**
Balance at 31 March 2022	**51,037**	**50,384**	**101,421**

Notes to the financial statements
3. Turnover, operating costs and operating surplus

The Groups activities consist solely of social housing and non-social housing activities within the UK.

Group 2022	Turnover £'000	Cost of sales £'000	Operating costs £'000	Operating surplus £'000
Social housing lettings	50,957	-	(40,112)	**10,845**
Other social housing activities				
Current asset property sales	2,830	(2,729)	-	**101**
Other support services	1,741	-	(1,602)	**139**
Non-social housing activities				
Market sales	7,304	(5,962)	-	**1,342**
Wellbeing services	-	-	-	**-**
Other	2,812	-	(2,260)	**552**
Total from social and non-social housing activities	**65,644**	**(8,691)**	**(43,974)**	**12,979**
Surplus on disposal of fixed assets				1,970
Revaluation of investment properties				147
Impairment of other tangible fixed assets				229
Exceptional items				
Corporate Restructure				(162)
Total operating surplus				15,163

Group 2021	Turnover £'000	Cost of sales £'000	Operating costs £'000	Operating surplus £'000
Social housing lettings	49,431	-	(36,688)	**12,743**
Other social housing activities				
Current asset property sales	1,920	(1,625)	-	**295**
Other support services	1,170	-	(1,059)	**111**
Non-social housing activities				
Market sales	13,100	(10,422)	-	**2,678**
Wellbeing services	346	-	(316)	**30**
Other	3,571	-	(2,515)	**1,056**
Total from social and non-social housing activities	**69,538**	**(12,047)**	**(40,578)**	**16,913**
Surplus on disposal of fixed assets				2,310
Revaluation of investment properties				(238)
Impairment of other tangible fixed assets				(146)
Exceptional items				
Corporate Restructure				(506)
Total operating surplus				18,333

Notes to the financial statements
3. Turnover, operating costs and operating surplus (continued)

Particulars of income and expenditure from social housing lettings:

Group	**General needs housing £'000**	**Supported housing and housing for older people £'000**	**Intermediate rent housing £'000**	**Low cost home ownership £'000**	**Total 2022 £'000**	**Total 2021 £'000**
Rent receivable	39,018	7,353	375	1,159	**47,905**	**46,597**
Service charges receivable	655	1,037	3	74	**1,769**	**1,815**
Amortised government grants	488	114	10	95	**707**	**651**
Other revenue grants	545	31	-	-	**576**	**368**
Turnover from social housing lettings	**40,706**	**8,535**	**388**	**1,328**	**50,957**	**49,431**
						-
Management	(10,229)	(2,102)	(71)	(491)	**(12,893)**	**(13,727)**
Services	(1,392)	(996)	-	(9)	**(2,397)**	**(2,093)**
Routine maintenance	(11,325)	(2,333)	(22)	(5)	**(13,685)**	**(10,647)**
Planned maintenance	(634)	(96)	-	(4)	**(734)**	**(949)**
Bad debts	(267)	(90)	(5)	(7)	**(369)**	**(180)**
Depreciation of housing properties	(7,206)	(1,443)	(112)	(292)	**(9,053)**	**(8,471)**
Pension operating costs	(788)	(152)	(6)	(35)	**(981)**	**(621)**
Operating costs on social housing lettings	**(31,841)**	**(7,212)**	**(216)**	**(843)**	**(40,112)**	**(36,688)**
Operating surplus on social housing lettings	**8,865**	**1,323**	**172**	**485**	**10,845**	**12,743**
Voids losses	(662)	(137)	(4)	(30)	**(833)**	**(897)**

Notes to the financial statements

3. Turnover, operating costs and operating surplus (continued)

The Company's activities consist solely of social housing and non-social housing activities within the UK.

Company 2022	Turnover £'000	Cost of sales £'000	Operating costs £'000	Operating surplus £'000
Social housing lettings	50,957	-	(40,112)	**10,845**
Other social housing activities				
Current asset property sales	2,830	(2,729)	-	**101**
Other support services	1,741	-	(1,602)	**139**
Non-social housing activities				
Provision of services to group	823	-	(796)	**27**
Gift aid receipts from group entities	2,600	-	-	**2,600**
Other	2,803	-	(2,203)	**600**
Total from social and non-social housing activities	**61,754**	**(2,729)**	**(44,713)**	**14,312**
Surplus on disposal of fixed assets				1,970
Revaluation of investment properties				147
Impairment of other tangible fixed assets				229
Exceptional items				
Corporate Restructure				(162)
Total operating surplus				16,496

Company 2021*	Turnover £'000	Cost of sales £'000	Operating costs £'000	Operating surplus £'000
Social housing lettings	49,431	-	(36,672)	**12,759**
Other social housing activities				
Current asset property sales	1,920	(1,625)	-	**295**
Other support services	1,170	-	(1,059)	**111**
Non-social housing activities				
Provision of services to group	819	-	(898)	**(79)**
Gift aid receipts from group entities	946	-	-	**946**
Other	3,431	-	(2,392)	**1,039**
Total from social and non-social housing activities	**57,717**	**(1,625)**	**(41,021)**	**15,071**
Surplus on disposal of fixed assets				2,310
Revaluation of investment properties				(238)
Impairment of other tangible fixed assets				(146)
Exceptional items				
Corporate Restructure				(506)
Total operating surplus				16,491

*Restated following group restructure on 1/4/2021, see note kk. for details

Notes to the financial statements

3 . Turnover, operating costs and operating surplus (continued)

Particulars of income and expenditure from social housing lettings:

Company	**General needs housing £'000**	**Supported housing and housing for older people £'000**	**Intermediate rent housing £'000**	**Low cost home ownership £'000**	**Total 2022 £'000**	**Total 2021* £'000**
Rent receivable	39,018	7,353	375	1,159	**47,905**	**46,597**
Service charges receivable	655	1,037	3	74	**1,769**	**1,815**
Amortised government grants	488	114	10	95	**707**	**651**
Other revenue grants	545	31	-	-	**576**	**368**
Turnover from social housing lettings	**40,706**	**8,535**	**388**	**1,328**	**50,957**	**49,431**
						-
Management	(10,229)	(2,102)	(71)	(491)	**(12,893)**	**(13,711)**
Services	(1,392)	(996)	-	(9)	**(2,397)**	**(2,093)**
Routine maintenance	(11,325)	(2,333)	(22)	(5)	**(13,685)**	**(10,647)**
Planned maintenance	(634)	(96)	-	(4)	**(734)**	**(949)**
Bad debts	(267)	(90)	(5)	(7)	**(369)**	**(180)**
Depreciation of housing properties	(7,206)	(1,443)	(112)	(292)	**(9,053)**	**(8,471)**
Pension operating costs	(788)	(152)	(6)	(35)	**(981)**	**(621)**
Operating costs on social housing lettings	**(31,841)**	**(7,212)**	**(216)**	**(843)**	**(40,112)**	**(36,672)**
Operating surplus on social housing lettings	**8,865**	**1,323**	**172**	**485**	**10,845**	**12,759**
Voids losses	(662)	(137)	(4)	(30)	**(833)**	(897)

*Restated following group restructure on 1/4/2021, see note kk. for details

Notes to the financial statements

4. Operating surplus

	2022 Group £'000	2021 Group £'000	2022 Company £'000	2021* Company £'000
Operating surplus is arrived at after charging / (crediting)				
Depreciation and impairment				
Depreciation of housing properties	9,053	8,471	9,053	8,471
Impairment of housing properties	-	-	-	-
Depreciation of other fixed assets	898	912	898	911
Impairment of other fixed assets	(229)	146	(229)	146
Grant amortisation	(707)	(651)	(707)	(651)
Operating lease rentals				
Service fleet	392	365	392	365
Office equipment	8	51	8	51
Auditors' remuneration (excluding VAT)				
for external audit services	56	117	34	96
Exceptional items				
Corporate Restructure	162	506	162	506

*Restated following group restructure on 1/4/2021, see note kk. for details

5. Surplus on sale of fixed assets

	2022 Group £'000	2021 Group £'000	2022 Company £'000	2021* Company £'000
Disposal proceeds	2,901	2,866	2,901	2,866
Carrying value of fixed assets	(931)	(556)	(931)	(556)
Surplus on disposal of fixed assets	1,970	2,310	1,970	2,310

*Restated following group restructure on 1/4/2021, see note kk. for details

6. Accommodation in management

	2022 Number	2021 Number
Units owned / managed at end of year:		
General housing - social rent	7,007	7,071
General housing - affordable rent	1,415	1,335
Housing for older people and other supported housing	1,501	1,499
HFOP/SH - affordable rent	129	90
Intermediate rent	61	57
Shared ownership	372	342
Social housing owned	**10,485**	**10,394**
Market rent	33	33
Commercial units	42	40
Total Owned Units Managed	**10,560**	**10,467**
Leasehold properties	434	431
Total managed properties	**10,994**	**10,898**
Units out of management (included above)	15	31

Notes to the financial statements

7. Interest receivable and other income

	2022 Group £'000	2021 Group £'000	2022 Company £'000	2021* Company £'000
Interest receivable from deposits and investments	1	20	1	12
Interest receivable from deposits and investments intercompany	-	-	57	298
	1	**20**	**58**	**310**

8. Interest and financing costs

	2022 Group £'000	2021 Group £'000	2022 Company £'000	2021* Company £'000
Interest payable on loans	8,990	9,826	8,990	9,826
Interest on finance leases	-	-	-	-
Other charges	277	198	277	213
	9,267	**10,024**	**9,267**	**10,039**
Pension finance costs	433	371	433	371
Interest payable capitalised on housing properties under construction	(1,220)	(1,277)	(1,163)	(987)
Loan Breakage Costs	-	1,446	-	1,446
Loan amortisation	146	96	146	96
Bond premium amortisation	(110)	(107)	-	-
	8,516	**10,553**	**8,683**	**10,965**
Capitalisation rate used to determine the finance costs capitalised during the financial year:	4.43%	3.67%	4.43%	4.17%

9. Taxation

Connexus Homes Limited is an exempt charity for tax purposes and is therefore not liable to corporation tax on surpluses on its charitable activities. However, during the year, it has undertaken a number of activities that are outside of its charitable purpose and has exceeded the £50,000 permitted threshold.

The tax charge on the surplus / (deficit) on ordinary activities for the year was as follows:

Tax on surplus on ordinary activities

	2022 Group £'000	2021 Group £'000	2022 Company £'000	2021* Company £'000
Current tax:				
UK Corporation tax on surplus for the year	-	589	-	81
Adjustment in respect of prior years	(588)	(168)	(81)	39
Total current tax	**(588)**	**421**	**(81)**	**120**
Total tax reconciliation:				
Surplus on ordinary activities before tax	6,648	7,800	7,871	5,836
Theoretical tax at UK corporation tax rate 19% (2021: 19%)	1,263	1,482	1,495	1,109
Adjustment in respect of prior years	(588)	(168)	(81)	39
Profit not taxable	(994)	(893)	(1,483)	(1,028)
Adjustments to tax **	(269)	-	(12)	-
	(588)	**421**	**(81)**	**120**

*Restated following group restructure on 1/4/2021, see note kk. for details

Notes to the financial statements

10. Employees

Average monthly number of colleagues (including the Chief Executive), employed during the financial year:

	2022 Group Number	2021 Group Number
Management and support	112	98
Development	20	20
Asset management	38	34
Housing management	91	86
Property and maintenance	195	205
Care and support	82	96
	538	**539**

Average monthly number of colleagues expressed in 35-hour full time equivalents (full-time staff actually work 35/37 hours):

	2022 Number	2021 Number
Management and support	96	91
Development	19	18
Asset management	37	32
Housing management	87	84
Property and maintenance	202	200
Care and support	68	70
	509	**495**

Colleague numbers are calculated on the basis of the average number of colleagues employed each month.

Colleague costs:

	2022 £'000	2021 £'000
Wages and salaries	14,550	14,303
Social security costs	1,303	1,358
Other pension costs	2,307	1,988
	18,160	**17,649**

Including past pension deficit of £313,003 (LGPS £36,697 credit, SHPS £389,229) (2021 LGPS £39,900 credit, SHPS £352,903)

The full-time equivalent number of colleagues who received remuneration (including employer pension contributions) greater than £60,000 (including the executive team):

Remuneration bandings for all employees earning over £60,000:	2022 Number	2021 Number
£160,001 to £170,000	-	-
£150,001 to £160,000	1	-
£140,001 to £150,000	-	1
£130,001 to £140,000	-	-
£120,001 to £130,000	1	1
£110,001 to £120,000	3	2
£100,001 to £110,000	-	-
£90,001 to £100,000	1	1
£80,001 to £90,000	-	-
£70,001 to £80,000	4	3
£60,000 to £70,000	6	6
	16	**14**

In addition to the above, £73,221 were payable to a third party in relation to management services provided by an Interim Director who would have earned over the earnings threshold on an FTE basis

Notes to the financial statements
11. Board members and Executive Directors

The Directors of the Group are defined as the Chief Executive and any other person who is a member of the Executive Management Team, or its equivalent. There are 4 Executive Directors all of whom accrue benefits under either the SHPS or LGPS pension schemes.

	2022 £'000	2021 £'000
Aggregate emoluments paid to non-executive directors (Board members)	90	89
Aggregate emoluments paid to executive directors	612	523
Pension payments relating to services as executive directors	61	57
	763	**669**

The Board members and Executive Directors are also directors of the subsidiaries within the Connexus Homes Group. Their emoluments are paid by the parent company.

The emoluments of the highest paid Director, Richard Woolley, excluding pension contributions, were £151,000 (£151,000 2021). The Chief Executive is a member of the Local Government Pension Scheme. No further contributions were made to an individual pension arrangement for the Chief Executive.

	Director	Basic salary and additional payments £'000	Taxable benefits in kind £'000	Pension contributions £'000	Total 2022 £'000	Total 2021 £'000
Chief Executive (appointed 1/4/19)	Richard Woolley	137	14	24	**175**	175
Director of Operations (appointed 10/01/22)	Sara Woodall	24	2	1	**27**	-
Director of People (appointed 4/1/21)	Joanne Tracey	90	9	14	**113**	27
Director of Development (appointed 3/6/19)	Victoria Tomlinson	87	11	6	**104**	121
Director of Resources (appointed 1/10/19)	Andrew Cooke	114	11	6	**131**	129
Director of Operations (appointed 1/7/17, resigned 30/10/21)	Christine Duggan	107	6	10	**123**	128
		559	**53**	**61**	**673**	**580**

Notes to the financial statements
11. cont' Board Members and Executive Directors

The Directors and Board members listed below are directly employed by the parent Connexus Homes Limited. Their emoluments are paid by the parent company.

Name	Appointed	Resigned	2022 £'000	2021 £'000
John Barker (Chair)	19/09/2019		15	16
Andrew Battrum	19/09/2019		8	7
Nicola de Longh	15/09/2020		7	3
Simon Ewins	15/09/2020		7	3
Simon Gibbs	19/09/2019		7	7
Maggie Punyer	19/09/2019		8	8
Abigail Reilly	19/09/2019		8	7
Paul Smith	11/12/2018		7	7
Andrew Taylor	01/08/2019		11	11
Nicolas Garner	01/07/2020		3	3
Paul O'Driscoll	20/03/2017		3	3
Imran Patel	15/09/2020		6	3
David Lincoln	28/09/2010	15/09/2020	-	3
Alison Taylor	28/09/2010	15/09/2020	-	4
John Cross	11/12/2018	15/09/2020	-	4
Richard Woolley	01/04/2019		-	-
			90	**89**

12.Tangible fixed assets - housing properties

Group	Social housing properties held for letting £'000	Housing properties for letting under construction £'000	Completed shared ownership housing properties £'000	Total housing properties £'000
Cost				
at 1 April 2021	377,030	26,083	29,067	**432,180**
Additions	-	26,683	-	**26,683**
Works to existing properties	10,418	903	182	**11,503**
Interest capitalised	-	1,220	-	**1,220**
Schemes completed	19,700	(23,155)	3,455	**-**
Transfer to other fixed assets	-	-	-	**-**
Transfer to investment properties	-	-	-	**-**
Transfer to current assets	-	(4,332)	(405)	**(4,737)**
Disposals - Other	(3,381)	(99)	(316)	**(3,796)**
At 31 March 2022	**403,767**	**27,303**	**31,983**	**463,053**
Depreciation				
at 1 April 2021	**82,764**	**-**	**1,797**	**84,561**
Charged in the year	8,761	-	292	**9,053**
Released on disposal	(2,476)	-	(27)	**(2,503)**
At 31 March 2022	**89,049**	**-**	**2,062**	**91,111**
Net book value				
At 31 March 2022	**314,718**	**27,303**	**29,921**	**371,942**
At 31 March 2021	294,266	26,083	27,270	347,619

Notes to the financial statements
12. Tangible fixed assets – housing properties (continued)

Company	Social housing properties held for letting	Housing properties for letting under construction	Completed shared ownership housing properties	Total housing properties
	£'000	£'000	£'000	£'000
Cost				
at 1 April 2021	381,139	26,083	29,067	**436,289**
Additions	-	26,773	-	**26,773**
Works to existing properties	10,418	903	182	**11,503**
Interest capitalised	-	1,163	-	**1,163**
Schemes completed	20,626	(24,081)	3,455	**-**
Transfer to current assets	-	(3,439)	(405)	**(3,844)**
Disposals - Other	(3,381)	(99)	(316)	**(3,796)**
At 31 March 2022	**408,802**	**27,303**	**31,983**	**468,088**
Depreciation				
at 1 April 2021	82,764	-	1,797	**84,561**
Charged in the year	8,761	-	292	**9,053**
Released on disposal	(2,476)	-	(27)	**(2,503)**
At 31 March 2022	**89,049**	**-**	**2,062**	**91,111**
Net book value				
At 31 March 2022	**319,753**	**27,303**	**29,921**	**376,977**
At 31 March 2021	298,375	26,083	27,270	351,728

Housing properties, net of depreciation comprises:

	2022 Group £'000	2021 Group £'000	2022 Company £'000	2021 Company £'000
Freehold land and buildings	371,089	346,783	376,124	350,893
Long leasehold land and buildings	853	836	853	836
	371,942	**347,619**	**376,977**	**351,729**

Expenditure on works to existing properties

Group & Company	2022 £'000	2021 £'000
Components capitalised	11,503	4,348
Amounts charged to Statement of Comprehensive Income	14,419	11,596
	25,922	**15,944**

Social housing assistance

Total social housing and other capital grants:

Group & Company	2022 £'000	2021 £'000
Social housing assistance		
Total accumulated grant received or receivable at 31 March	75,226	70,839
Recognised in the Statement of Comprehensive Income	9,496	8,691
Grant received in advance	-	-
Held as deferred income	65,730	62,148
At 31 March	**75,226**	**70,839**

Notes to the financial statements

Impairment

Connexus Homes Limited assesses at each reporting date whether there is any indication that an asset (housing and non-housing) is impaired. The following indicators of impairment must, as a minimum, be considered by a social landlord in assessing whether there is an indication that assets are impaired:

a) Contamination not identified as part of a development which results in a material increase in development costs.
b) Change in government policy, regulation or legislation which has a material detrimental impact on the development scheme.
c) Change in demand for a property.
d) Material reduction in the market value of the property.
e) Obsolescence of the property e.g. Where it is probable that a plan to regenerate existing properties by demolishing them or replacing of components of existing properties will go ahead

Connexus does not consider that any such indication exists and therefore it has not undertaken an exercise to estimate the recoverable amount.

Impairment reversals have occurred during the year end revaluations in relation to investment properties and another property that is planned for disposal and have been recognised in the financial statements.

Where a property is to be demolished or is unable to be let the net book value of these assets has been compared with the market value on disposal to determine whether impairment is required. No such properties existed at the year end.

13. Tangible fixed assets – Other

Group & Company	Land and buildings £'000	Furniture fixtures and fittings £'000	Computers and other equipment* £'000	Vehicles, plant and equipment £'000	Total £'000
Cost					
At 1 April 2021**	**6,542**	**790**	**6,323**	**1,643**	**15,298**
Transfer from fixed assets					**-**
Additions	535	22	438	-	**995**
Disposals	-	-	-	(825)	**(825)**
At 31 March 2022	**7,077**	**812**	**6,761**	**818**	**15,468**
Capital Grants					
At 1 April 2021**	**-**	**-**	**6**	**-**	**6**
Received in year	-	-	-	-	**-**
Disposals	-	-	-	-	**-**
At 31 March 2022	**-**	**-**	**6**	**-**	**6**
Impairment					
At 1 April 2021**	1,855	-	-	-	**1,855**
Movement in year	(229)	-	-	-	**(229)**
At 31 March 2022	**1,626**	**-**	**-**	**-**	**1,626**
Depreciation					
At 1 April 2021**	**1,700**	**780**	**5,074**	**1,485**	**9,039**
Charged in the year	176	7	670	45	**898**
Released on disposal	-	-	-	(825)	**(825)**
At 31 March 2022	**1,876**	**787**	**5,744**	**705**	**9,112**
Net book value					
At 31 March 2022	**3,575**	**25**	**1,011**	**113**	**4,724**
At 31 March 2021	2,987	10	1,243	158	4,398

* includes closing intangible fixed assets NBV of £0.556m relating to Computer Software
**Restated following group restructure on 1/4/2021, see note kk. for details

Notes to the financial statements

14. Investment properties and non-social housing properties held for letting

Group & Company	2022 £'000	2021 £'000
Valuation		
At 1 April	**7,000**	**7,228**
Additions	13	10
Increase / (Decrease) in value	147	(238)
Disposals	-	-
At 31 March	**7,160**	**7,000**

Investment properties were valued in 2022 by RICS registered valuers, Savills UK.

Some Investment properties saw further impairments in this valuation. The reversal of the impairment recognised in 2021 and continued buoyancy in the property markets gives the Board confidence that use of the valuations for the period ending 31 March 2022 is appropriate.

15. Stock and properties held for sale

	2022 Group £'000	2021 Group £'000	2022 Company £'000	2021* Company £'000
Stock and work in progress:	**854**	**667**	**854**	**667**
Properties held for sale				
Shared ownership properties:				
Completed properties	1,498	1,456	1,498	1,456
Work in progress	4,663	3,337	4,663	3,337
Properties developed for outright sale:				
Completed properties	480	5,667	-	-
Work in progress	2,750	2,868	-	250
Properties held for sale	**9,391**	**13,328**	**6,161**	**5,043**

*Restated following group restructure on 1/4/2021, see note kk. for details

Notes to the financial statements

16. Trade and other debtors: amounts falling due within one year

	2022 Group £'000	2021 Group £'000	2022 Company £'000	2021* Company £'000
Rent and service charges receivable	1,577	1,508	1,577	1,508
Less: Provision for bad and doubtful debts	(1,140)	(828)	(1,140)	(828)
Net rent arrears	**437**	**680**	**437**	**680**
Other debtors	729	724	698	691
Social housing grant receivable	-	-	-	-
Amounts owed by group undertakings	-	-	1,059	29,376
Other taxation and social security	228	162	188	106
Prepayments and accrued income	2,173	2,429	2,172	2,223
	3,130	**3,315**	**4,117**	**32,396**
	3,567	**3,995**	**4,554**	**33,076**

*Restated following group restructure on 1/4/2021, see note kk. for details

17. Debtors: amounts due after more than one year:

	2022 Group £'000	2021 Group £'000	2022 Company £'000	2021* Company £'000
Improvement works	3,212	6,708	3,212	6,708
Prepayments due after more than one year	45	79	45	79
Loan to third party organisation	250	250	250	250
Less: Provision for bad and doubtful debt	(250)	(250)	(250)	(250)
	3,257	**6,787**	**3,257**	**6,787**

*Restated following group restructure on 1/4/2021, see note kk. for details

Improvement works relate to expenditure agreed to as part of the stock transfer in the historic subsidiary CH3L.

18. Cash and short-term investments

	2022 Group £'000	2021 Group £'000	2022 Company £'000	2021* Company £'000
Short-term investments	4,342	31,889	4,334	5,114
Cash and cash equivalents	1,281	5,685	152	1,122
	5,623	**37,574**	**4,486**	**6,236**

*Restated following group restructure on 1/4/2021, see note kk. for details

Notes to the financial statements

19. Creditors: amounts falling due within one year

	2022 Group £'000	2021 Group £'000	2022 Company £'000	2021* Company £'000
Loans	1,044	2,489	1,044	2,489
Loans - Intercompany	-	-	-	-
Less: Issue costs	(173)	(127)	(156)	(111)
Less: Issue costs - Intercompany	-	-	(17)	(16)
Bond Premium	114	110	-	-
Trade creditors	7,108	4,970	5,207	3,099
Rent and service charges received in advance**	2,606	2,654	2,606	2,654
Other taxation and social security	-	589	-	81
Accruals and deferred income	5,971	5,710	2,572	2,414
Other creditors	709	1,018	704	1,017
Recycled capital grant fund (Note	-	-	-	-
Deferred grant income (Note 21)	707	563	707	563
Other amounts owed to group undertakings	-	-	10,019	3,130
Receipts in advance	1,537	939	1,537	938
	19,623	**18,915**	**24,223**	**16,258**

*Restated following group restructure on 1/4/2021, see note kk. for details
** Rent and service charges received in advance include £0.352m (£0.325m 2021) related to accounts that have ended

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

	2022 Group £'000	2021 Group £'000	2022 Company £'000	2021* Company £'000
Loans (Note 23 & Note 29)	199,436	222,530	79,436	102,530
Loans - Intercompany	-	-	120,000	120,000
Less: issue costs	(2,554)	(2,017)	(1,821)	(1,268)
Less: issue costs - Intercompany	-	-	(733)	(750)
Recycled capital grant fund (Note 22)	114	77	114	78
Deferred income	-	-	-	-
Deferred grant income (Note 21)	65,023	61,585	65,023	61,585
Deferred bond premium	4,500	4,615	-	-
Improvement works	3,212	6,708	3,212	6,708
	269,731	**293,498**	**265,231**	**288,883**

*Restated following group restructure on 1/4/2021, see note kk. for details

21. Deferred grant income

Group & Company	2022 £'000	2021* £'000
At 1 April	62,148	58,757
Grant received in the year	4,387	4,061
Release of grant	(48)	-
Grant recycled	(50)	-
Released to income in the year	(707)	(670)
At 31 March	**65,730**	**62,148**
Amounts to be released within one year	707	563
Amounts to be released in more than one year	65,023	61,585
At 31 March	**65,730**	**62,148**

*Restated following group restructure on 1/4/2021, see note kk. for details

Notes to the financial statements

22. Recycled capital grant fund

Group & Company	2022 £'000	2021* £'000
At 1 April	**77**	**172**
Grants recycled	50	-
Interest accrued	-	-
Withdrawals	(13)	(95)
	114	**77**
Repayment of grant	-	-
At 31 March	**114**	**77**
Amount of grant due for repayment	-	-

*Restated following group restructure on 1/4/2021, see note kk. for details

23. Debt analysis

	Source	Terms of repayment	2022 £'000	2021* £'000
RBS	C.Homes	18 years	26,687	28,851
RBS Revolver	C.Homes	5 years	13,000	35,050
Canada Life	C.Homes	25 years	25,000	25,000
Shropshire Council	C.Homes	15-19 years	7,793	8,118
Lloyds Bank	C.Homes	16 years	8,000	8,000
Bond Finance	H.Capital	28 years	120,000	120,000
Total borrowings			**200,480**	**225,019**

*Restated following group restructure on 1/4/2021, see note kk. for details

The above funding has been sourced directly by Connexus Homes Ltd or by the funding vehicle Herefordshire Capital PLC (H.Cap) and on-lent to Connexus Homes Ltd on the above terms.

Loans are fully secured against properties charged to the Prudential Security Trustee.

Based on the lender's earliest repayment date, borrowings are repayable as follows: Accounted for at amortised cost.

	2022 £'000	2021 £'000
Within one year or on demand	871	2,362
One year or more but less than two years	881	917
Two years of more but less than five years	16,325	37,897
Five years or more	179,676	181,699
	197,753	**222,875**

24. Financial Commitments

Group and Company	2022 £'000	2021 £'000
Authorised expenditure not contracted	235,025	151,147
Authorised expenditure contracted	29,533	33,661
	264,558	**184,808**

At the reporting date the Group had £1.3m of cash and cash equivalents, £4.3m short term investments and £67.0m of approved undrawn funding. The remaining £191.4m is expected to be funded by reserves, future surpluses, Social Housing Grant, loan finance and new build asset sales.

Notes to the financial statements

24. Financial Commitments (continued)

The Group and Company were committed to making the following future minimum lease payments under non-cancellable operating leases

Group and Company	2022 £'000	2021 £'000
Due within one year	485	373
Due within two and five years	884	827
	1,369	**1,200**

25.Provisions for liabilities

The leave pay provision represents holiday balances accrued as a result of services rendered in the current period and which employees are entitled to carry forward. The provision is measured as the salary cost for the period of absence.

Group & Company	Leave Pay £'000	SP Contracts £'000	Groundworks £'000	Total £'000
At 1 April 2021*	242	70	17	**329**
Additions	175	-	-	**175**
Reversals	(242)	-	(11)	**(253)**
At 31 March 2022	**175**	**70**	**6**	**251**

*Restated following group restructure on 1/4/2021, see note kk. for details

26.Called up share capital

	2022 Group £	2021 Group £	2022 Company £	2021* Company £
Issued and fully paid shares of £1 each:				
At 1 April	73	76	10	10
Issued during the year	1	6	1	-
Relinquished during the year	(63)	(9)	-	-
At 31 March	**11**	**73**	**11**	**10**

*Restated following group restructure on 1/4/2021, see note kk. for details

The shareholders do not have the right to dividends, redemptions or distributions.

Notes to the financial statements

27. Reconciliation of operating surplus to net cash flow from operating activities

Group	2022 £'000	* restated 2021 £'000
Operating surplus	**15,163**	18,333
Depreciation of housing properties	**9,053**	8,471
Depreciation of other fixed assets	**898**	912
Impairment of other fixed assets	**(229)**	146
Movement in valuation of investment properties	**(147)**	238
Carrying value of assets disposals		
Movement in properties held for sale	**3,937**	5,345
Surplus on disposal of properties	**(1,970)**	(2,310)
Other loss on disposal	**362**	285
Movement in stock	**(187)**	(145)
Movement in debtors	**3,958**	1,249
Movement in creditors	**(692)**	(1,404)
Movement in provisions	**(78)**	(1)
Pension cost less contributions payable	**618**	249
Taxation	**(1)**	(48)
Write back of fixed assets	**-**	-
Government grants utilised in the year	**(755)**	(670)
Net cash flow from operating activities	**29,930**	**30,650**

* restated to move proceeds on sale of FA's to investing activities

28. Analysis of changes in net debt

Group	1 April 2021 £'000	Cashflow £'000	Non-cash £'000	31 March 2022 £'000
Cash	**5,685**	**(4,404)**		**1,281**
Short term investments	**31,889**	**(27,547)**		**4,342**
	37,574	**(31,951)**	**-**	**5,623**
Debt (loans)	**(225,019)**	**24,539**		**(200,480)**
Debt (finance leases)	**-**	**-**		**-**
Issuance costs	**2,145**	**728**	**(146)**	**2,727**
	(185,300)	**(6,684)**	**(146)**	**(192,130)**

29. Financial assets and liabilities

Other than short-term debtors, financial assets held are cash deposits at bank or placed on money markets at call or invested in sterling gilts. They attract interest at variable rates and amounts held are shown below:

	2022 Group £'000	2021 Group £'000	2022 Company £'000	2021* Company £'000
Call account deposits & gilts				
(On which floating interest is earned)	4,342	31,889	4,334	5,114
Current account deposits				
(On which no interest is earned)	1,281	5,685	152	1,122
Total financial assets	**5,623**	**37,574**	**4,486**	**6,236**

*Restated following group restructure on 1/4/2021, see note kk. for details

Notes to the financial statements

Financial liabilities excluding trade creditors *

	2022 £'000	2021 £'000
Under one year	-	-
Within two to five years	13,000	35,050
After five years	187,480	189,969
Interest rate basic:		
Fixed	93%	84%
Floating	7%	16%

Based on final repayment date

The weighted average percentage of financial liabilities is 4.56% in 2022. (2021: 4.26%).

The interest rate profile of the group's financial liabilities at 31 March was:

	2022 £'000	2021 £'000
Fixed Rate	185,971	188,297
Variable Rate	14,509	36,722
Total Borrowings	**200,480**	**225,019**

Borrowing facilities

The group has undrawn committed borrowing facilities.

	2022 £'000	2021 £'000
Two years of more but less than five years	12,000	19,950
Five years or more	55,000	-
	67,000	19,950

Financial risk management

Risk Management

The Corporate Finance team is responsible for the management of funds and control associated risks. Its activities are governed by the Group Board who are responsible for treasury issues in all Connexus Homes Limited legal entities which include this Company.

Interest rate risk

The Group currently borrows on a fixed rate basis from the capital market through Herefordshire Capital which on-lends these funds to Connexus Homes Limited which then on-lends to the other entities in the Group on a similar fixed rate basis. The group also borrows at floating rates through its RCF facility.

The Group does not have any hedging activities and it does not have any derivatives.

The interest rate on all Herefordshire Capital borrowing is fixed at 4.193% until 2049.

30.Contingent liabilities

As at 31 March 2022 the Company had nil contingent liabilities (£nil 2021)

Notes to the financial statements
31.Pensions

All the Company's employees are eligible for membership of the Shropshire County Pension Fund (SCPF), Worcester County Council Pension Fund (WCCPF) or the Social Housing Pension Scheme (SHPS). Further information on each scheme is given below.

	2022 Group £'000	2021 Group £'000
Total pension liability comprises of:		
SHPS	2,072	4,364
Shropshire Council (LGPS) for 430	115	274
Shropshire Council (LGPS) for 455	2,179	2,390
Worcester County Council (LGPS)	12,694	14,091
	17,060	**21,119**

Shropshire County Pension Fund (SCPF)

The Shropshire County Pension Fund is a local Government Pension Scheme and is a multi-employer defined benefit scheme. The scheme is funded and is contracted out of the state scheme.

Triennial actuarial valuations of the pension scheme are performed by an independent, professionally qualified actuary using the projected unit method. The last actuarial valuation was completed as at 31 March 2019. At this date the market value of the whole scheme assets at the last valuation date was £1,915m.

The market value of the Group's share of the scheme assets at 31 March 2022 was £11.233m (£10.773m 2021) representing a funding level of 83% (2021: 80%) based on liabilities valued on actuarial assumptions. Liabilities had a market value of £13.527m (£13.437m 2021).

Employers' contributions to the SCPF by the Group for the year ended 31 March 2022 were £0.87m (£0.115m 2021). Employer's contribution rates were 0% Employer ref: 430, and 22.3% Employer ref: 455, during the financial year (2021: 0% 430, 22.3% 455 and) plus an annual past service deficit payment of £0m (£0m 2021).

Since the 2019 valuation, the overall average primary employer contribution rate has been 16.6% of pensionable pay, plus £9m per annum in Secondary contributions set at individual levels on the basis that deficits are recovered over 19 years. In the absence of other factors, the contributions at the above level would mean a gradual improvement so that the Fund would have increased to 100% at the end of the 19 years. Employers can also opt to make an additional contribution to cover the McCloud judgement, Connexus has opted to do so, and it is included in the Secondary rate.

In practice, each employer's position is assessed, and separate employer contribution rates are set based on individual employer circumstances.

There is no provision for unitising the assets of the SCPF under the Local Government Pension Scheme Regulations. The above assets are allocated as a whole to participating bodies on a consistent and reasonable basis and overall investment performance is attributed to employers on a pro-rata basis (i.e. a notional individual employer investment strategy that is identical to that adopted for the Scheme as a whole).

Notes to the financial statements
31. Pensions (continued)

The principal assumptions at the Statement of Financial Position date are: (SCPF)

Financial assumptions	2022 % per annum	2022 % per annum	2021 % per annum
	430	**455**	**430&455**
Inflation assumption (CPI)	3.50	3.40	2.70
Future salary increases	4.75	4.65	3.95
Future pension increases	3.60	3.50	2.80
Discount rate	2.80	2.80	2.10

Post retirement mortality assumptions:	2022 No. of Years	2021 No. of Years
Retiring today:		
Current pensioners - Male	22.9	23.0
- Female	25.1	25.1
Retiring in 20 years:		
Future pensioners - Male	24.1	24.3
- Female	26.7	26.7

Analysis of the amount charged to the Statement of Comprehensive Income: (SCPF)

	2022 £'000	2021 £'000
Current service costs	184	180
Past Service Costs	-	-
Employer Contribution	(87)	(115)
Administration expenses	2	3
Curtailments	-	22
Amounts charged to operating costs	**99**	**90**

	2022 £'000	2021 £'000
Interest on pension liabilities	279	284
Expected return on assets	(223)	(224)
Total pension gain charged to other finance income	**56**	**60**

Statement of total recognised surpluses and deficits: (SCPF)

	2022 £'000	2021 £'000
Remeasurements in year (liabilities and assets)	525	51

Notes to the financial statements
31. Pensions (continued)

Analysis of the amount recognised in the Statement of Financial Position (SCPF)

	2022 £'000	2021 £'000
Present value of funded benefit obligations	13,527	13,437
Fair value of plan assets	(11,233)	(10,773)
Deficit related to the Group	**2,294**	**2,664**
Net liability to the Group	**2,294**	**2,664**

Change in benefit obligation during financial year to 31 March (SCPF)

	2022 £'000	2021 £'000
Opening scheme liabilities	13,437	11,984
Current service cost	184	180
Interest on pension liabilities	279	284
Member contributions	32	37
Past service cost (gain)	-	-
Re-measurements - gain/(loss): experience	31	(218)
Re-measurements - gain: assumptions	-	1,511
Remeasurements - loss on financial assumptions	54	
Remeasurements - gain on demographic assumptions	(83)	
Curtailments	-	22
Benefits paid	(407)	(363)
Present value of benefit obligation at end of the year	**13,527**	**13,437**

Change in plan assets during financial year to 31 March (SCPF)

	2022 £'000	2021 £'000
Opening fair value of plan assets	10,773	9,419
Interest on plan assets	223	224
Remeasurements (assets)	527	1,344
Administration expenses	(2)	(3)
Employer contributions	87	115
Member contributions	32	37
Benefits / transfers paid	(407)	(363)
Closing fair value of plan assets	**11,233**	**10,773**

The actual return on the plan assets was £0.75m (£1.569m 2021).

Analysis of plan assets (SCPF)

The major categories of plan assets as a percentage of total plan assets are:

	2022 %	2021 %
Equities	50.6	50.4
Other bonds	18.9	21.1
Property	3.7	3.9
Cash / Liquidity	1.7	0.3
Other	25.1	24.3

The Group expects to contribute £0.87m to this defined benefit pension plan in 2022/23.

Notes to the financial statements
31. Pensions (continued)

History of experience gains and losses (SCPF)

	2022 £'000	2021 £'000	2019 £'000
Defined benefit obligation	(13,527)	(13,437)	(11,585)
Plan assets	11,233	10,773	9,601
(Deficit)	**(2,294)**	**(2,664)**	**(1,984)**
(Losses) / gains on plan liabilities	(2)	(1,293)	(583)
Gains / (losses) on plan assets	527	1,344	283

Worcestershire County Council Pension Fund (WCCPF)

The WCCPF is a multi-employer scheme with more than one participating employer, which is administered by Worcestershire County Council under the regulations governing the Local Government Pension Scheme (LGPS), a defined benefit scheme.

Triennial actuarial valuations of the pension scheme are performed by an independent, professionally qualified actuary using the projected unit method. The last actuarial valuation was completed as at 31 March 2019.

The market value of the overall scheme assets at 31 January 2021 was £3,277m.

The market value of the Company's share of the scheme assets at 31 March 2022 was £34.634m (£32.377m 2021) representing a funding level of 73% (2021: 70%) based on liabilities valued on actuarial assumptions. Liabilities had a market value of £47.328m (£46.468m 2021).

Employers' contributions to the WCCPF by the Company for the year ended 31 March 2022 were £0.59m (£0.71m 2021).

The Company's employer's contribution rate was 17.5% during the financial year (2021: 17.5%).

Since the 2019 valuation, the overall average employer primary contribution rate has been 17.5% of pensionable pay, plus £28m per annum with secondary contribution rates set an individual scheme basis on the basis that deficits are recovered over 15 years. In the absence of other factors, the contributions at the above level would mean a gradual improvement so that the Fund would have increased to 100% at the end of the 15 years. Employers can also opt to make an additional contribution to cover the McCloud judgement, Connexus has opted to do so, and it is included in the Secondary rate.

In practice, each employer's position is assessed, and separate employer contribution rates are set based on individual employer circumstances.

There is no provision for unitising the assets of the WCCPF under the Local Government Pension Scheme Regulations. The above assets as a whole are allocated to participating bodies on a consistent and reasonable basis and overall investment performance is attributed to employers on a pro-rata basis (i.e. a notional individual employer investment strategy that is identical to that adopted for the Scheme as a whole).

Notes to the financial statements
31. Pensions (continued)

Assumptions (WCCPF)
The principal assumptions at the Statement of Financial Position date are:

Financial assumptions	2022 % per	2021 % per
Inflation assumption (CPI)	3.3	2.7
Future salary increases	4.8	4.2
Future pension increases	3.4	2.8
Discount rate	2.8	2.1

Mortality assumptions	2022 No. of Years	2021 No. of Years
Retiring today:		
Current pensioners - Male	22.6	22.7
- Female	25.0	25.1
Retiring in 20 years:		
Future pensioners - Male	24.1	24.4
- Female	27.0	27.1

Analysis of the amount charged to the Statement of Comprehensive Income (WCCPF)

	2022 £'000	2021 £'000
Current service costs	1,422	1,227
Past service costs	-	-
Employer contribution	(590)	(709)
Administration expenses	14	15
Curtailments	-	-
Amounts charged to operating costs	**846**	**533**

	2022 £'000	2021 £'000
Interest on pensions liabilities	972	904
Expected return on assets	(688)	(634)
Total pension gain charged to other finance income	**284**	**270**

Statement of total recognised surpluses and deficits (WCCPF)

	2022 £'000	2021 £'000
Remeasurements (liabilities & assets)	2,527	(1,411)

Notes to the financial statements

31. Pensions (continued)

Analysis of the amount recognised in the Statement of Financial Position (WCCPF)

Year ended 31 March	2022 £'000	2021 £'000
Present value of funded benefit obligations	47,328	46,468
Fair value of plan assets	(34,634)	(32,377)
Deficit related to the Company	**12,694**	**14,091**
Net liability to the Company	**12,694**	**14,091**

Change in benefit obligation during financial year to 31 March (WCCPF)

	2022 £'000	2021 £'000
Opening scheme liabilities	46,468	37,811
Current service cost	1,422	1,227
Interest on pension liabilities	972	904
Member contributions	242	269
Past service cost / (gain)	-	-
Re-measurements - gain/(loss): experience	126	(812)
Re-measurements - gain: assumptions		7,724
Remeasurements - gain on financial assumptions	(947)	
Remeasurements - gain on demographic assumptions	(368)	
Curtailments	-	-
Benefits paid	(587)	(655)
Present value of benefit obligation at end of the year	**47,328**	**46,468**

Change in plan assets during financial year to 31 March (WCCPF)

	2022 £'000	2021 £'000
Opening fair value of plan assets	32,377	25,934
Administration expenses	688	634
Remeasurements (assets)	1,338	5,501
Administration expenses	(14)	(15)
Employer contributions	590	709
Member contributions	242	269
Benefits / transfer paid	(587)	(655)
Closing fair value of plan assets	**34,634**	**32,377**

The actual return on the plan assets was £2.026m (£6.134m 2021).

Analysis of plan assets (WCCPF)

The major categories of plan assets as a percentage of total plan assets are:

	2022 %	2021 %
Equities	79.2	84.9
Government Bonds	-	-
Other bonds	3.0	0.1
Property	5.6	4.7
Cash / Liquidity	-	-
Other	12.2	10.3

The company expects to contribute £0.566m to its defined benefit pension plan in 2022/23.

Notes to the financial statements
31. Pensions (continued)

History of experience gains and losses (WCCPF)

	2022 £'000	2021 £'000	2019 £'000
Defined benefit obligation	(47,328)	(46,468)	(37,516)
Plan assets	34,634	32,377	26,883
(Deficit)	**(12,694)**	**(14,091)**	**(10,633)**
(Losses) / gains on plan liabilities	1,189	(6,912)	(2,261)
Gains / (Losses) on plan assets	1,338	5,501	344

Social Housing Pension Scheme (SHPS)

Social housing pension scheme is a multi-employer scheme which provides benefits to some 500 non-associated employers. The scheme is a defined benefit scheme in the UK.

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

The last completed triennial valuation of the scheme for funding purposes was carried out as at 30 September 2020. This valuation revealed a deficit of £1,560. A Recovery Plan has been put in place with the aim of removing this deficit by 31 March 2028.

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

For accounting purposes, a valuation of the scheme is carried out with an effective date of 30 September each year. The liability figures from this valuation are rolled forward for accounting year-ends from the following 31 March to 28 February inclusive.

The latest accounting valuation was carried out with an effective date of 30 September 2021. The liability figures from this valuation were rolled forward for the accounting year-ends from the following 31 March 2022 to 28 February 2023 inclusive.

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

We have been notified by the Trustee of the Scheme that it has performed a review of the changes made to the Scheme's benefits over the years and the result is that there is uncertainty surrounding some of these changes. The Trustee has been advised to seek clarification from the Court on these items. This process is on-going, and the matter is unlikely to be resolved before the end of 2024 at the earliest. It is recognised that this could potentially impact the value of Scheme liabilities, but until Court directions are received, it is not possible to calculate the impact of this issue, particularly on an individual employer basis, with any accuracy at this time.

Notes to the financial statements
31. Pensions (continued)

No adjustment has been made in these financial statements in respect of this potential issue.

The principal assumptions at the Statement of Financial Position date are:

Financial assumptions	2022 % per annum	2021 % per annum
Discount rate	2.78	2.20
Inflation (RPI)	3.47	3.23
Inflation (CPI)	3.14	2.87
Salary growth	4.14	3.87
Allowance for commutation of pension for cash at retirement	75% of max allow	75% of max allow

The mortality assumptions adopted at 31 March 2021 imply the following life expectancies

Post retirement Mortality assumptions:		Life expectancy at age 65 Years 2022	Life expectancy at age 65 Years 2021
Retiring today:			
Current pensioners	- Male	21.1	21.6
	- Female	23.7	23.5
Retiring in 20 years:			
Future pensioners	- Male	22.4	22.9
	- Female	25.2	25.1

Analysis of the amount charged to the Statement of Comprehensive Income (SHPS)

	2022 £'000	2021 £'000
Current service costs	110	61
Employer Contribution	(453)	(451)
Expenses	16	16
Amounts charged to operating costs	**(327)**	**(374)**
Interest on pension liabilities	404	341
Expected return on assets	(311)	(300)
Amounts charged to other finance costs	**93**	**41**
Total recognised in statement of comprehensive income	**(234)**	**(333)**

Notes to the financial statements

31. Pensions (continued)

Statement of total recognised surpluses and deficits: (SHPS)

	2022 £'000	2021 £'000
Remeasurements in year (liabilities & assets)	2,058	(2,743)

Analysis of the amount recognised in the Statement of financial position (SHPS)

	2022 £'000	2021 £'000
Present value of funded benefit obligations	17,554	18,629
Fair value of plan assets	(15,482)	(14,265)
Deficit related to the Group	**2,072**	**4,364**
Net liability to the Group	**2,072**	**4,364**

Change in benefit obligation during financial year to 31 March (SHPS)

	2022 £'000	2021 £'000
Opening benefit obligation	18,629	14,547
Current service cost	110	61
Expenses	16	16
Interest Cost	404	341
Member contributions	110	123
Actuarial losses (gains) - Experience	969	(457)
Actuarial losses (gains) - Demographics	(259)	63
Actuarial losses (gains) - Financial	(1,660)	4,230
Curtailments	-	-
Benefits paid and expenses	(765)	(295)
Closing benefit obligation	**17,554**	**18,629**

Change in plan assets during year to 31 March (SHPS)

	2022 £'000	2021 £'000
Opening fair value of plan assets	14,265	12,593
Interest income	311	300
Remeasurements - Experience gain / (loss)	1,108	1,093
Employer contributions	453	451
Member contributions	110	123
Benefits paid and expenses	(765)	(295)
Closing fair value of plan assets	**15,482**	**14,265**

The actual return on the plan assets (including any change in share of assets) over the period ended 31 March 2022 was £1.491m (£1.393m 2021).

Notes to the financial statements

31. Pensions (continued)

Analysis of plan assets (SHPS)

	2022	2021
	£'000	£'000
Global equity	2,971	2,273
Absolute return	621	788
Distressed opportunities	554	412
Credit relative value	515	449
Alternative risk premia	511	537
Fund of hedge funds	-	1
Emerging market debt	450	576
Risk sharing	510	519
Insurance-linked securities	361	342
Property	418	297
Infrastructure	1,103	951
Private debt	397	340
Opportunistic liquid credit	520	363
High Yield	133	427
Opportunistic Credit	55	392
Cash	53	-
Corporate bond fund	1,033	843
Liquid credit	-	171
Long lease property	398	279
Secured income	577	593
Liability driven investment	4,320	3,625
Currency Hedging	(61)	-
Net current assets	43	87
Total assets	**15,482**	**14,265**

32.Related party transactions

Grow, Cook, Learn and Discovery Centre

The Discovery Centre was purchased from the Council in 2016. Connexus Homes Limited has on lent £0.25m as at the balance sheet date. A provision is in place for the full loan value.

Defined Benefit Pension Schemes

Related party transactions exist between Connexus Homes and SHPS, the SCPF and the WCCPF these relate to Defined Benefit pension schemes as disclosed at Note 31.

33.Disclosure of group activity

Intra group transactions

Debtor and creditor balances between members of the Group are either debt subject to a market rate of interest, or trading balances which are non-interest bearing and are due to be settled within one year of their recognition. Costs are recharged to non-regulated entities within the group at cost plus 5%.

Floreat Living Ltd. is a subsidiary of Connexus Homes Limited providing design build and property sales services for the open market properties.

Rise Partnerships Development Limited charge Connexus Homes Limited at cost plus 5%

In accordance with FRS102, the group has taken advantage of the exemption from disclosing transactions or balances with entities which form part of the group.