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Financial statements 2022



**SOUTH YORKSHIRE HOUSING ASSOCIATION LIMITED
AND ITS SUBSIDIARIES**

**Annual report and financial statements for the year ended 31
March 2022**

Registered number: L0078

SOUTH YORKSHIRE HOUSING ASSOCIATION AND ITS SUBSIDIARIES

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SOUTH YORKSHIRE HOUSING ASSOCIATION AND ITS SUBSIDIARIES

Information

BOARD AND OFFICERS

CHAIR

Prof I Cole

SECRETARY

A Stacey OBE

OTHER MEMBERS

A Buck

S Carman

J Jeffries

D Lockwood

B Oshin

T Proudfoot

H Ratcliffe

V Salm

A Matson

R McLafferty

K Urwin – Appointed October 21

P Hankinson – Appointed October 21

S Allcock – Appointed January 22

J Sparkes – Resigned March 22

P Taylor - Resigned September 21

C Walker – Resigned June 21

Y Ahmed – Resigned September 21

CHIEF EXECUTIVE

A Stacey OBE

FINANCE DIRECTOR

D Harry (appointed 7 March 2022)

R Young (resigned 31 March 2022)

HOUSING SERVICES DIRECTOR

G Parkin

BUSINESS DEVELOPMENT DIRECTOR

M Plowden

CARE, HEALTH & WELLBEING CO-DIRECTORS

J Hall and C Murray

SOUTH YORKSHIRE HOUSING ASSOCIATION AND ITS SUBSIDIARIES

Information

REGISTERED OFFICE

152 Rockingham Street
Sheffield
S1 4EB

REGISTERED IN ENGLAND UNDER THE CO-OPERATIVE & COMMUNITY BENEFIT SOCIETIES ACT 2014 – REGISTRATION NUMBER REGISTERED UNDER THE HOUSING ACT 1974

20165R

REGULATOR OF SOCIAL HOUSING (RSH) REGISTRATION NUMBER

L0078

EXTERNAL AUDITOR

Mazars LLP
2 Chamberlain Square
Birmingham
B3 3AX

PRINCIPAL SOLICITORS

Trowers & Hamlins
55 Princess Street
Manchester
M2 4EW

Anthony Collins Solicitors
134 Edmund Street
Birmingham
B3 2ES

PRINCIPAL BANKERS

Barclays Bank PLC
2-12 Pinstone Street
Sheffield
S1 2HN

SOUTH YORKSHIRE HOUSING ASSOCIATION AND ITS SUBSIDIARIES

Strategic Report

Strategic Report

The Board presents its strategic report on the affairs of the Group, together with the financial statements and auditor's report, for the year ended 31 March 2022.

The Association is incorporated under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Regulator of Social Housing (RSH) as a Registered Provider of Social Housing.

The South Yorkshire Housing Association group (SYHA) comprises SYHA (the parent), two active subsidiaries, Alliance HA and SYHA Enterprises and a joint venture, Forge New Homes. SYHA is a Registered Provider of Social Housing. Alliance HA is a charitable RP with 222 homes. SYHA Enterprises is a limited company providing property sales and letting services. Annual turnover for both subsidiary organisations is around £1 million.

The SYHA group undertakes the following main activities:

- Owning and managing around 3,760 social rented homes, providing around 280 homes under shared ownership arrangements, and 225 open market rentals
- Under our LiveWell brand, our community-based health and wellbeing services, ranging from specialist employment support to social prescribing services, providing a diverse range of social care and supported housing services to over 5,000 customers, with around 1,600 of these customers living in homes owned or managed by SYHA
- Developing or acquiring new homes
- Providing property sales and lettings services via the SYHA Enterprises subsidiary

Objectives and strategy for achieving those objectives

The Board approved a Strategic Plan in 2020, comprising six key themes:

- Developing our relationship with customers
- Doing the basics brilliantly
- Growing what we do well
- Tackling the climate emergency
- Being an excellent employer
- Creating a digital, data driven business

SOUTH YORKSHIRE HOUSING ASSOCIATION AND ITS SUBSIDIARIES

Strategic Report (continued)

Business model

SYHA's housing stock is a mix of new build and refurbished properties, developed since formation in 1972. All stock meets the government's Decent Homes Standard. Much of SYHA's income comes, directly or indirectly, from government. Over two thirds of rent is received as housing benefit, and most of our supported housing projects receive revenue grants from public bodies. A growing proportion of our turnover is generated from non-property related health and wellbeing services under our LiveWell brand, commissioned by a variety of public bodies.

SYHA is regulated by the Regulator of Social Housing (RSH), with whom it is registered. The RSH issues regulatory judgements on governance and viability. SYHA is rated G1 / V2 as follows:

Governance - G1 (Compliant)

The provider meets our governance requirements.

Viability - V2 (Compliant)

The provider meets our viability requirements. It has the financial capacity to deal with a reasonable range of adverse scenarios but needs to manage material risks to ensure continued compliance.

SYHA is governed by a Board of Management composed of non-executive members. Its operations are managed by a team led by the Chief Executive, with directors of finance, care, health and wellbeing, housing services, and business development.

Development and performance throughout the financial year and position at the end of the financial year

Details of financial performance for the year for our various activities is set out at Note 3.

The Board receives regular information on a range of core performance indicators. The table below sets out the report to 31 March 2022:

SOUTH YORKSHIRE HOUSING ASSOCIATION AND ITS SUBSIDIARIES

Strategic Report (continued)



Despite the difficulties of the pandemic over the last couple of years, SYHA has continued to report exceptional performance. Some of the data presented in this report, such as General Needs current tenancy arrears, voids within LiveWell, and evictions across LiveWell and General Needs represent

SOUTH YORKSHIRE HOUSING ASSOCIATION AND ITS SUBSIDIARIES

Strategic Report (continued)

the lowest that SYHA reported for many years. In the case of General Needs rent arrears, this is the lowest figure for at least the last 30 years.

As well as observing trends in its own performance, SYHA benchmarks its performance against similar associations in the sector.

Future prospects

The financial year ending 31 March 2023 will represent the fourth (of five) years over which we are able to increase rent at CPI + 1%. This will help to rebuild our surplus level which was hit by the requirement to decrease rents in the four years preceding that. Demand for our homes and other services remains very strong. The main factors underlying the development, performance, and position of the Group, and which are likely to affect it in the future are:

- Inflation and the level of rent increases
- Government intervention in the market, for example by setting rent caps or right to buy schemes
- Containing costs, and in particular on repairs where regulatory standards and wider economic factors exert upwards pressure
- Interest rates
- Delivering operating efficiencies from our investment in technology
- In the longer term, the cost of fully decarbonising our stock by 2050

SYHA prepares a full long-term group business plan each year. The latest was approved in June 2022. Our base financial projections show that our business will meet loan covenants, generate cash on core operations, and have capacity to deliver on its corporate objectives. These forecasts are subject to robust stress testing. This testing;

- Is based upon financial risks identified in our Strategic Risk Register, the Sector Risk Profile, and liabilities recognised on its liability and asset registers
- Aims to identify breaking points for each specific risk and for combinations of those risks
- Sets out actions we could take to mitigate the impact of adverse outcomes where appropriate

The overall outcome of that testing is that material adverse conditions would be required to lead to problems with financial viability.

SOUTH YORKSHIRE HOUSING ASSOCIATION AND ITS SUBSIDIARIES

Strategic Report (continued)

Description of the principal risks and uncertainties being faced

The Association prepares and monitors a Strategic Risk Register which sets out the principal risks facing the business. The table below is an extract showing the descriptions of those risks:

Risk Category	Risk Description
Governance	Major governance failure, with risk to reputation, potential regulatory downgrade, impact on meeting strategic objective
Governance	Incur material reputational damage/downgrade re failure to meet regulatory standards (other than health and safety)
Financial	Cashflow problems/breach of liquidity requirements
Financial	Breach of lender financial covenants on corporate interest cover and gearing
Financial	LiveWell profitability falls below acceptable level/operates at a loss due to loss of contracts
Financial	Substantial cost increases lead to problems with profitability/interest cover, particularly maintenance, salaries, technology
Financial and reputational	Material financial losses incurred from entering riskier types of development such as market rent, off balance sheet/new type of funding, large scale land acquisition, housing for sale
Financial/ Reputational	Losses in subsidiary, with potential for impairment of investment and/or support from parent
Legal/ Regulatory	Material health and safety failure leads to regulatory action, fine, material reputational damage
Operational	Event giving rise to material disruption to key IT systems - impact on service delivery/business continuity/reputation
Operational	Major data breach leading to regulatory action and/or fine
Operational	Failure to achieve growth/development plan objectives due to gearing constraints
Operational	Failure to attract, develop and retain the skills and talent we need to deliver excellent services and drive our business strategy
Operational	Materials / components shortages may affect ability to carry out specific repairs.
Financial	Inability to pay for decarbonisation of our stock by 2050
Operational/Financial	Labour shortages with impact on our ability to provide services to required standard, additional pressure on staff, and to increase costs
Governance/Regulatory /legal	Insufficient governance and controls around Information Security leading to non-compliance with UK GDPR, PCI DSS and with Cyber / Physical Security best practices / frameworks

SOUTH YORKSHIRE HOUSING ASSOCIATION AND ITS SUBSIDIARIES

Strategic Report (continued)

Pensions

The way in which we are required to account for our SHPS pension schemes means that we have again seen a large movement reported in the Statement of Comprehensive Income. This year, a “gain” of £4.504 million is reported. Although the accounting estimate gives an indication of the funding position of the scheme, this is formally determined only by triennial valuations undertaken by SHPS.

The outcome of triennial SHPS pension actuarial valuation (September 2020) was announced in late 2021. The increase in the scheme’s deficit resulted in a revision of and increase in deficit contributions. These have been reflected in SYHA’s Business Plan. During the year, and after careful consideration and a full consultation process, SYHA ceased future accrual in the SHPS scheme. The next actuarial valuation is scheduled for September 2023.

The Group has been notified by the Trustee of the Social Housing Pension 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 some uncertainty surrounding these changes. The Trustee has been advised to seek clarification from the Court on these items. The process is ongoing 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, with any accuracy. No adjustment has been made in these financial statements.

Governance

The Governance and Financial Viability Standard

Having undertaken an internal review, the Group and Association certify compliance with the Governance and Financial Viability Standard issued by the RSH.

The Association has adopted the National Housing Federation’s “Code of governance: Promoting board excellence for housing associations” and confirms that the Group complies fully with the Code. The following are the key methods by which we uphold the principles of good governance:

- Clear policies and procedures are in place in relation to conduct and probity
- A clear schedule of Delegated Authorities
- Regular appraisal of board performance and annual performance appraisals for board members

Financial risk management objectives and policies

The Group’s activities expose it to several financial risks including credit risk, cash flow risk and liquidity risk. The use of financial derivatives is governed by the Group’s policies approved by its

SOUTH YORKSHIRE HOUSING ASSOCIATION AND ITS SUBSIDIARIES

Strategic Report (continued)

Board. These provide written principles on the use of financial derivatives to manage these risks. The Group does not use derivative financial instruments for speculative purposes.

Cash flow risk

The Group's activities are largely characterised by steady and predictable cash inflows. Similarly, its operating outflows tend to be largely predictable. The main material variability on cashflows arises on our property development programme. The Group uses interest rate swaps to hedge interest rate exposures.

Credit risk

The Group's principal financial assets are bank balances and cash, rent arrears and other receivables, and investments.

The Group's credit risks are primarily attributable to its rent arrears, and placement on deposit of liquid funds. The amounts for rent arrears presented in the Statement of Financial Position are net of allowances for bad debts. The credit risk on liquid funds is mitigated by placing monies only with pooled funds with high credit-ratings.

The only significant concentration of credit risk is with local authorities; most exposures are spread over a large number of counterparties and tenants.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Group uses a mixture of long-term and short-term debt finance. In the medium to long term, it has exposure to refinancing risk. This is managed through regular review and preparation of long-term projections and maintaining awareness of the funding market both directly and via our advisors.

Subsidiaries and joint ventures

The Group manages risk in its subsidiaries and joint ventures through its SYHAE subsidiary board. The SYHAE Board includes both SYHA Association Board members and independent members with relevant expertise. The Group is pleased to note a marked improvement in the subsidiary results over the last two years. Furthermore, the Group Board carries out annually a formal assessment of its investment in SYHAE.

Going Concern

The Group's activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives, details of its financial instruments and derivative activities, and its exposures to credit, liquidity and cash flow risk are described in the Strategic Report.

The Group has considerable financial resources and, therefore, the Board believe that the Group is well placed to manage its business risks despite current uncertainties in the social housing sector.

In February 2022 Russian Forces entered Ukraine, resulting in Western Nation reactions including announcements of sanctions against Russia and Russian interests worldwide and an economic ripple effect on the global economy. The directors have carried out an assessment of the potential impact of Russian Forces entering Ukraine on the business, including the impact of mitigation

SOUTH YORKSHIRE HOUSING ASSOCIATION AND ITS SUBSIDIARIES

Strategic Report (continued)

measures and uncertainties. The greatest impact on the business is expected to be from the economic ripple effect on the global economy..

After making enquiries, and through developing its 2022 Business Plan, the Board has a reasonable expectation that the Association and the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing these Financial Statements.

SOUTH YORKSHIRE HOUSING ASSOCIATION AND ITS SUBSIDIARIES

Strategic Report (continued)

Value for Money Metrics and Analysis

The Regulator of Social Housing sets out its expectations for Registered Providers in its 2018 Value for Money Standard and associated Code of Practice (updated in June 2021). In relation to these financial statements, the Standard states that it expects us to provide evidence to enable stakeholders to understand:

- Performance against our own value for money targets and any metrics set out by the regulator, and how that performance compares to peers
- Measurable plans to address any areas of underperformance, including clearly stating any areas where improvements would not be appropriate and the rationale for this

Our purpose is: with South Yorkshire Housing Association you can **settle** at home, **live well** and **realise your potential**. We want your **experience with us to be a joy**. We plan to be **here for the long-term** and we want everything we do to be sustainable. This long-term commitment to our customers and Sheffield City Region drives our investment decisions.

In deciding how best to deliver our purpose in the three years of our current strategy developed in 2020 we looked at how our strengths could be used to overcome our weaknesses, address threats in the external environment and exploit the opportunities around us. This led us to our six themes:

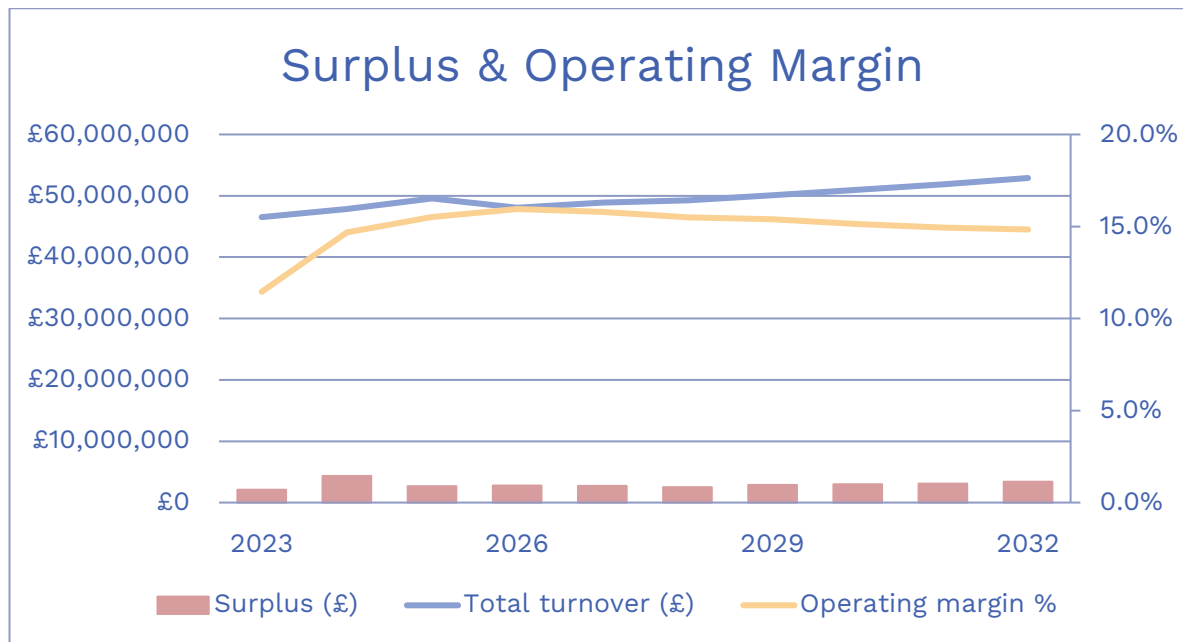
- Developing our relationships with our customers
- Doing the basics brilliantly
- Growing what we do well
- Tackling the climate emergency
- Being an excellent employer and great place to work
- Creating a digital, data-driven, agile business

Following the reviews at the end of the first and second year of the plan we believe these six themes still hold good. During 2020/21 we developed a Race Action Plan to respond to Black Lives matter, the big new agenda that emerged during the year, and one year on we are pleased to note that significant progress has been made in increasing our diversity profile.

Having implemented new core housing and ERP (financial, human resources and procurement) IT systems, we continue to progress with implementation of our plans to enhance the provision of online services and a paperless office. These will bring cost reductions and operating improvements in future, largely through online customer and employee transactions. We have also successfully delivered in 2021/22 a business-wide cost reduction exercise, partly based on savings made in 2020-21 as we moved to different ways of working due to the COVID pandemic. Our 30-year business plan assumes what we believe to be a modest assumption of value for money savings and efficiencies from 2023 onwards. The impact shows in the increasing operating surpluses and margins as shown below.

SOUTH YORKSHIRE HOUSING ASSOCIATION AND ITS SUBSIDIARIES

Strategic Report (continued)



Our performance

52% of our turnover comes from the provision of a wide variety of care, supported housing and employment related services under our LiveWell brand. All of these services are commissioned in a competitive market where we have to demonstrate value for money in order to win business. The markets, cost drivers and asset management issues for these services are quite different to those for social rented housing, and this has a material impact on our overall performance. Operating margins continue to be much lower in this sector, as it is largely grant funded, which has an impact on that metric but also on EBITDA, return on capital employed and (higher) operating costs per unit. Our Board is fully aware of all of this and continuing to provide these types of services remains a core part of our corporate objectives.

Our Board has an approved set of indicators (our Targets and Measures) which drive performance; these relate to our purpose, strategic themes and have VFM measures embedded. These measures are set to give us confidence that we are doing a good job for our customers, our business, the planet, and that we are able to continue to do this for the future. Some of these measures relate specifically to the Sector Scorecard Metrics e.g. customer satisfaction, gearing and EBITDA MRI %.

Going forward, we hope to develop and include more metrics which measure SYHA’s social impact. Social impact will put the financial metrics in context and provide a fuller picture of the value that SYHA generates.

During the 2021/22 year we were delighted to be recognised by the award of Landlord of the Year award at the 2021 UK Housing Awards, particularly due to our work in supporting customers through the pandemic.

In the table below, we set out information using RSH metrics and our own internal metrics. We use our own actual figures from 2020, 2021 and 2022, and compare to the sector median from the National Housing Federation’s Sector Scorecard Analysis 2021 (the latest data available) where relevant. We will compare against the 2022 sector figures when they become available to assess our relative position further. It should be noted that the 2021 results cover the period of operations most impacted by the pandemic and the pause in planned works resulted in an increase in operating

SOUTH YORKSHIRE HOUSING ASSOCIATION AND ITS SUBSIDIARIES

Strategic Report (continued)

margins across the sector and at SYHA. There has been a ‘bounce back’ effect in 2022 for SYHA, whilst we catch up on the work.

				Sector Scorecard Analysis	
RoSH Metric	Table B - Sector Scorecard Measure	2020	2021	2022	2021 - Median
RSH Value for Money Sector Metrics:					
1	Reinvestment %	2.36%	0.76%	2.31%	5.10%
3	Gearing	43.97%	43.68%	43.89%	33.82%
4	EBITDA MRI (as a percentage of interest)	148%	144%	128%	216%
5	Headline social housing cost per unit	£5,281	£4,470	£4,823	£3,891
7	Return on capital employed (ROCE)	2.00%	1.87%	2.03%	3.10%
2A	New supply %	1.03%	0.36%	0.32%	0.90%
2B	New supply % (non-social)	2.13%	0.00%	0.00%	0.00%
6A	Operating margin (social housing lettings)	18.0%	20.8%	17.0%	25.5%
6B	Operating margin (overall)	11.8%	11.0%	10.8%	23.5%
SYHA additional VFM metrics:					
	Customer Satisfaction (GN & OP %)	88.14%	88.10%	83.00%	86.00%
	Headline social housing cost per unit - General Needs	£3,181	£2,668	£3,022	£3,891
	Management cost per unit - General Needs	£1,166	£1,172	£1,079	£1,006 *
	Service charge cost per unit - General Needs	£114	£136	£135	£439 *
	Maintenance cost per unit - General Needs	£1,240	£1,163	£1,241	£936 *
	Major repairs cost per unit - General Needs	£598	£407	£560	£688 *
	Other social housing costs per unit - General Needs	£62	£66	£7	£192 *
	Overheads as % of adjusted turnover	12.20%	12.42%	12.89%	13.35%
	Operating margin - General Needs %	23.04%	25.41%	20.74%	25.5%

*Sector data is Housemark peer group

Settle, live well and realise your potential

At SYHA we want to help people find and get established in a home that works for them. In order to do this, we continue to invest in our properties (both new supply and existing stock). Our **re-investment as a percentage of total cost of properties owned** is 2.31% in the year to 2022. We added 17 new socially rented and shared ownership homes, fewer than planned due to continued delays related to the pandemic. As we responded to various restrictions related to the pandemic we were able to step up delivery of works when deemed safe to do so, and factor delayed work into our 2021/22 programme. Our target is set to increase our new supply as follows:

Year	2023	2024	2025
New supply (absolute)	34	40	38
New supply (%)	0.6%	0.7%	0.7%

Our asset management programme saw us dispose of 10 properties, generating £1.265 million which was used to support our affordable homes programme.

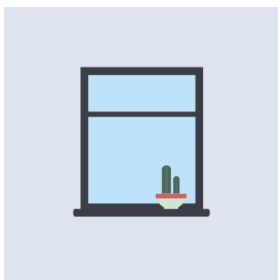
SOUTH YORKSHIRE HOUSING ASSOCIATION AND ITS SUBSIDIARIES

Strategic Report (continued)

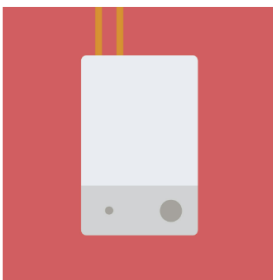
We have completed these upgrades for our customers:



85 kitchens



136 windows and doors



158 boilers



134 bathrooms

In addition, our LiveWell services supported 3,332 customers to feel settled and supported during the year. A further 1,984 people were supported through our employment services with 921 job outcomes which included people starting, returning, or retaining employment.

We are committed to helping customer stay settled and to live well; supporting them in managing their finances is important to us. As our customers face rapidly rising energy bills, and many are finding this challenging, we want to help address this issue we have partnered up with Groundwork Yorkshire to offer their Green Doctor service to tenants in our Yorkshire based accommodation and services.

The Green Doctors will work with individual customers in person or over the phone to help them identify ways they can cut their energy use through simple habit changes. They can also install simple energy and water efficiency measures, and offer advice on energy or water debt, emergency heating, and access to government subsidies or grants. The service is free for our customers and the service also helps towards our commitment to tackle the climate emergency.

Experience to be a joy

Our overall **customer satisfaction** is below the sector average, at 83%.

Our overall feedback is under our target of 85%, and our customers' feedback has told us about what they like about our services and what could be improved. Many of you told us about waiting times being too long – both for phone and digital communication, and for in-person visits.

To make improvements and to meet our target, we have:

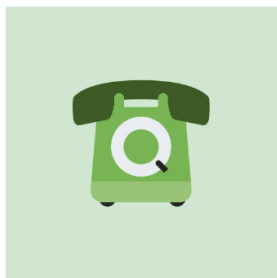
- worked with our teams to understand how messages are shared between departments, and looked for opportunities to minimise waiting times
- improved our online customer services, to make it quicker to report repairs and anti-social behaviour
- changed how roles are allocated to our Neighbourhoods Teams to ensure that we are being as efficient as possible and reducing travel time.

SOUTH YORKSHIRE HOUSING ASSOCIATION AND ITS SUBSIDIARIES

Strategic Report (continued)



97% satisfied with the service from SYHA



94% satisfied with the contact from SYHA



100% satisfied with the area as a place to live



98% satisfied with your new property

Customer satisfaction with our repairs service – 88% satisfied or very satisfied

Our repairs satisfaction is slightly under our target of 90%. To meet our target and to continually make improvements, we ask our customers for feedback about their experiences about having repairs completed.

This is a marked improvement from 83% satisfaction in 2021.

Our customers have told us that they would like us to:

- Make repairs booking easier, and reduce waiting times
- Provide better updates on the progress of your repair

We have responded to this feedback by adding the functionality to diagnose and report repairs to our online customer services. This will make it quicker and easier for our customers to book repairs, and increase the number of first-time fixes.

To support our customers in the move to online services (referred to above) we have launched 'Digi Friends'. Digi Friends is our volunteer-led service providing personalised support to our customers on their digital journey. It was first launched in October 2020 and since then over 300 people have been referred into the service. Since summer 2021 we've been growing our numbers of volunteers and we've updated our referral process to make it easier than ever for customers living in our homes to succeed with their digital goals.

Our friendly volunteers have helped customers:

- Learn how to access our online customer services
 - Send emails
 - Shop online
 - Explore and discover new hobbies and interests
 - Stay in touch with family
-

One of our customers said: *I used to approach the laptop with dread because I thought everything would go wrong, but now I approach it much more confidently and feel able to deal with challenges. My volunteer doesn't seem to get aligned so it helps me to feel more confident to try new things. I'm 93 and I'm looking forward to learning new things!*

SOUTH YORKSHIRE HOUSING ASSOCIATION AND ITS SUBSIDIARIES

Strategic Report (continued)

Here for the long term

Significant themes in our strategy focus on business resilience - our financial health, growing our business and delivering value for money. Our investment in our technology continues to pay dividends; our agile approach provides a workforce well equipped to provide services to our customers and colleagues. We continue to move more services online as part of our 'Digital First' approach. Making services digital and enabling self-service will mean our teams don't need to complete routine tasks; this will free them to spend more time supporting customers and helping create strong and vibrant communities.

We continue to deliver our plan which will help us to deliver improved value for money through further streamlining across landlord services (e.g. rent collection and repairs) to avoid waste, use service design to improve efficiencies in all our systems and move more services online. This investment in technology, infrastructure and software will allow our digital offer to save time and money whilst adding value for our customers. This further streamlining will support the delivery of our savings targets and improve our operating surplus.

Our overall **social housing cost per unit** (which is £4,823 compared to a sector median of £3,891) is influenced heavily by our LiveWell services, which as typically grant funded services, have much higher operating costs. Costs also vary significantly from one scheme to another within LiveWell, and the mix of services and funding within LiveWell can change from year-to-year. The effect of this has been for our overall cost per unit to vary from year-to-year. Because of this LiveWell effect, we separate out our general needs social rented housing figures from LiveWell when looking to analyse our performance and compare to our peers.

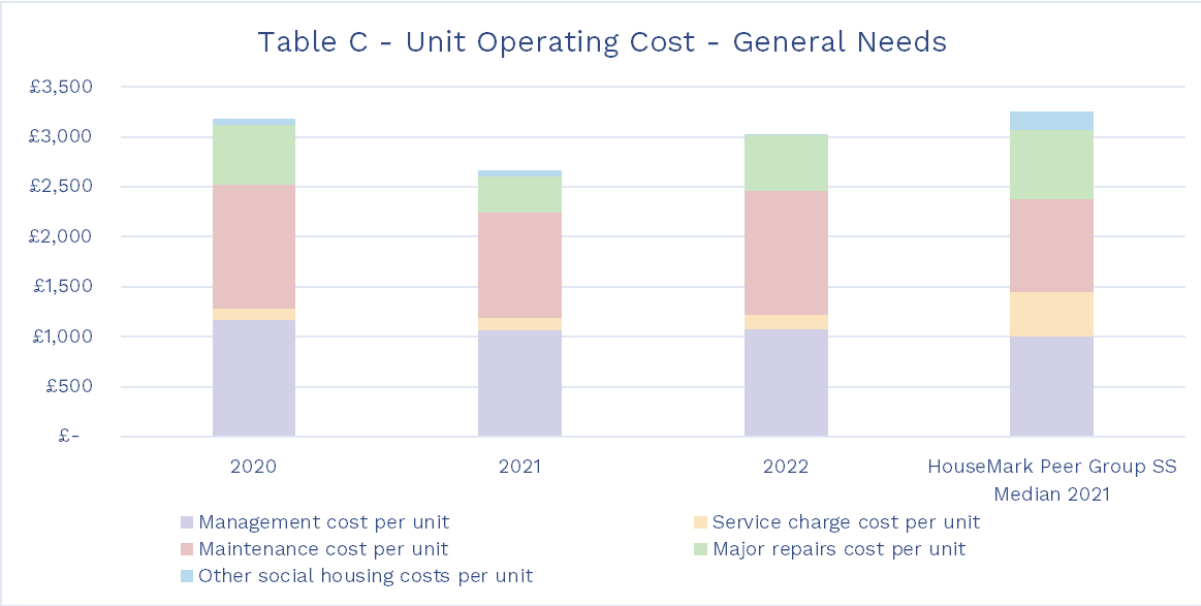
Projects within Livewell are subject to regular financial review. Where financial performance does not meet our expectations, we will firstly negotiate with the commissioner to address the issue. Where this is not resolved, we do not renew the service contract.

Looking just at our **general needs cost per unit**, this was £3,022 in 2021-22, compared to the £3,891 sector median headline social housing cost per unit in 2021. In table B above we break this down into various elements of cost (this is also shown in the table C below). Reduced costs due to the pandemic in 2020/21 resulted in an increased operating margin in our general needs directorate; catch up spend in 2021/22 resulted in a reduction in margin to 20.74%. We await 2022 sector results, as we expect that this reduction will be replicated across the sector.

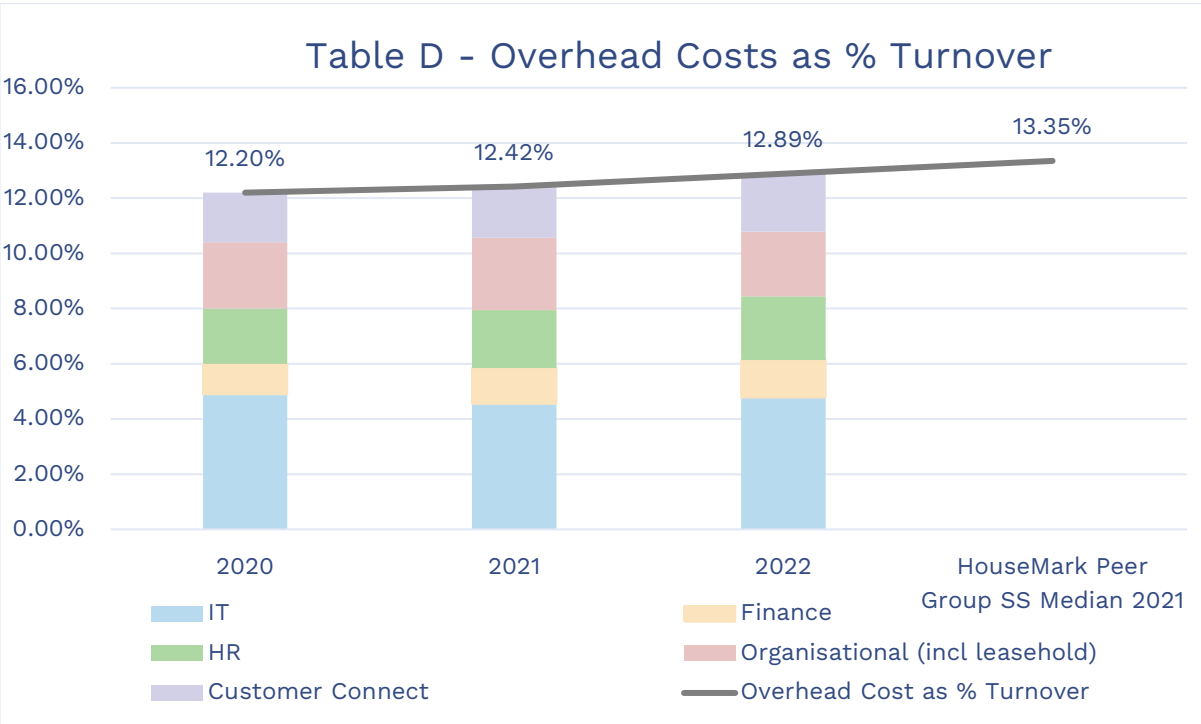
Our management cost per unit (general needs) fell by 7.9% to £1,079 (sector median 2021 £1,006), whilst our maintenance / major repairs costs taken together are £1,801 compared to a sector median in 2021 of £1,624 (we expect that the 2021 sector median fell as a result of the impact of the pandemic and we will assess our relative position when they become available). After a 14.6% decrease year-on-year in maintenance cost per unit in 2021 (due to the amount of maintenance activity that could be delivered due the pandemic), our costs increased by 14.7% - the 'bounce back' effect mentioned above.

SOUTH YORKSHIRE HOUSING ASSOCIATION AND ITS SUBSIDIARIES

Strategic Report (continued)



We use **overhead cost as a % of turnover** as a measure when analysing our performance and setting budgets and future plans. Further investment in digital has had the impact of increasing our overhead percentage to 12.89%, which still compares favourably with the sector median of 13.35% in 2021.



At 2.03% in 2022, our **return on capital employed (ROCE)** is below the sector median but has increased by 0.16% from 2021. The lower ROCE in 2021 was due to unusual events in that year

SOUTH YORKSHIRE HOUSING ASSOCIATION AND ITS SUBSIDIARIES

Strategic Report (continued)

(delayed development and an accounting provision); compared with 2020 (a more 'usual' year) we show a 0.03% improvement. Our business plan for the Association shows improved performance as follows:

Year	2023	2024	2025
Return on Capital Employed	2.6%	3.3%	3.2%

Continuing the strategic theme of doing the basics brilliantly, we do a great deal of work to analyse returns across all our assets and use this to drive our decision making. For our LiveWell assets, our recent LiveWell Asset Review (LWAR) analysed our asset performance in terms of customer impact, business impact (gathering a rating based on profitability and NPV) and system impact (the value of the asset on the wider health and care system). We will use this data in considering maximising value for money of these assets. This approach is now being used in our general needs neighbourhoods to understand the performance and how we can maximise the investment in our neighbourhoods, and optimise the operation margins from our general needs portfolio

Our **gearing measure**, at 43.89% is higher than the 2021 sector median of 33.82%. This reflects the extent to which we have invested in providing new homes over many years. Our higher level of gearing is reflected in our higher annual spend on interest costs.

Our overall **operating margin** in 2021-22 was 10.8%, a reduction from 11.0% in the previous year. Comparing to the sector scores, our performance on this metric is again heavily influenced by lower margins in LiveWell. This also affects the score when looking at the score on social housing lettings, which includes our property based LiveWell services. The post pandemic catch up, particular in repairs, was the cause of this reduction. This also impacted on the social housing lettings margin, which decreased from 20.8% in 2021 to 17.0% in 2022. Our operating margin in our general needs lettings business fell to 20.74%, we await the 2022 sector data, which we expect to follow this trend.

Future

As a result of the volatile economic environment alongside our striving for increased value for money, Board and Directors are working on a plan – 'Building Resilience'. This plan aims to improve SYHA's financial resilience so that it has the financial capacity to deal with a wide range of adverse scenarios. The key tests to be applied are covenant compliance and net cash generation. A range of interventions are under consideration, and proposals will be discussed and agreed with the SYHA Board before implementation. The next iteration of SYHA's strategic plan (due in 2023) will be aligned with our plans to build financial resilience, recognising that the financial resilience objective will influence our financial capacity, ambitions and targets.

One of the outcomes of this work will be to improve operating margins. Value for money efficiencies, either already identified or targeted set of savings to be identified, are included in our business plan. The targeted savings currently included are:

Year	2024	2025	2026	2027
Savings as a % of projected turnover	0.5%	0.9%	1.35%	1.7%

SOUTH YORKSHIRE HOUSING ASSOCIATION AND ITS SUBSIDIARIES

Strategic Report (continued)

The impact of our work to improve margins in our business plan is shown in improved operating margins:

Year	2023	2024	2025	2026	2027
Operating margin	11.5%	14.7%	15.5%	15.9%	15.8%

The building resilience plan is expected to require some fundamental changes that may take some time to deliver; therefore whilst there may be some impact in the 22/23 financial year it is more likely that the outcomes will be more visible in 23/24 and beyond; and we recognise that there may be ongoing turbulence in the external environment.

SOUTH YORKSHIRE HOUSING ASSOCIATION AND ITS SUBSIDIARIES

Board Report

Statement of Board members' responsibilities

The Board is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Registered Provider Rules require the Board to prepare financial statements for each financial year. Under that legislation the Board has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Housing Association legislation the Board must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Association and of the surplus or deficit of the Group and Association for that period. In preparing these financial statements, the Board is required to:

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

The Board is responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Association's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Association and enable them to ensure that the financial statements comply with Housing Association legislation (*Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing 2019*). The Board is also responsible for safeguarding the assets of the Group and Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Disclosure of information to the auditor

Each of the Board members at the date of approval of this report has confirmed that:

- As far as the Board members are aware, there is no relevant audit information of which the Group's auditor is unaware; and
- The Board members have taken all the steps that they ought to have taken as Board members in order to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

SOUTH YORKSHIRE HOUSING ASSOCIATION AND ITS SUBSIDIARIES

Board Report (continued)

Internal Control

The Board is responsible for the Association's system of internal control. This system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable, and not absolute, assurance against material misstatement or loss. There is an ongoing process for identifying, evaluating and managing any significant risks faced by the Association, and this has been in place for the year under review and up to the date of the approval of the annual report and accounts.

These are the procedures which the board has established, and which are designed to provide effective internal control:

Identification and evaluation of key risks

The Board has approved a Risk Management Framework, setting out the embedded risk management processes to be used across the business. These include the identification, evaluation and control of significant risks at corporate and departmental level. SYHA's policy is for risk assessments to be prepared for all material new business activities. Regular reports on corporate risks are presented to the Board, and the Senior Management Team regularly reviews departmental risks. In addition, the Chief Executive provides regular updates to the Board on significant changes affecting key risks.

Monitoring and corrective action

A system of control self-assessment and hierarchical reporting is in place for all key operational processes. This provides for successive assurances to be given at increasingly higher levels of management, and to the Board. This includes procedures for ensuring that appropriate corrective action is taken in respect of any material control issues.

Control environment and control procedures

The Association has a Code of Conduct, which sets out the Association's policy with regards to integrity and ethics, and this is disseminated to all employees. SYHA maintains a framework of policies and procedures with which all employees must comply. These cover issues such as delegated authority, accounting, treasury management, health and safety, data protection and fraud prevention and detection. The Association receives reports from various external regulatory bodies, such as the Homes England. The Board reviews all material reports of this nature.

Information and financial reporting systems

Financial control procedures include preparation of detailed annual budgets for all areas of the business, approved by the Board. The Board receives reports each quarter comparing actual performance with budget. Information on performance indicators across the business is considered each quarter by the Board to assess progress towards the achievement of key business objectives and targets. Detailed financial information is provided regularly to all budget holders. The Board approves a long-term business plan each year. The Audit Committee considers a report from the Association's external auditors on the outcome of their audit, including comments on any internal control or risk issues that may have arisen.

Internal Audit

The Association has a programme of internal audit, based upon a risk-based needs assessment. This provides a degree of assurance as to the effectiveness of internal control systems. Reports are presented to the Audit Committee, which, in turn, reports regularly to the Board.

SOUTH YORKSHIRE HOUSING ASSOCIATION AND ITS SUBSIDIARIES

Board Report (continued)

The Board has a current strategy and policy on fraud covering prevention, detection and reporting of fraud, and the recovery of assets.

The Board has reviewed the effectiveness of the system of internal control. No weaknesses in internal control have resulted in material losses, contingencies, or uncertainties which require disclosure in the financial statements or the auditor's report on the financial statements.

AUDITOR

A resolution to reappoint Mazars LLP as auditors will be proposed at the forthcoming annual meeting.

BY ORDER OF THE BOARD

Approved by the Board on 7 September 2022

and signed on its behalf by

A handwritten signature in black ink, appearing to read 'I. Cole', written over a horizontal line.

Prof I Cole

Chair of the Board of Management

SOUTH YORKSHIRE HOUSING ASSOCIATION AND ITS SUBSIDIARIES

Independent Auditor's Report

At 31 March 2022

Opinion

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

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent association's affairs as at 31 March 2022 and of the group's and of the parent association's surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing 2019.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

SOUTH YORKSHIRE HOUSING ASSOCIATION AND ITS SUBSIDIARIES

Independent Auditor's Report

At 31 March 2022

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Cooperative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

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

Responsibilities of the Board

As explained more fully in the Statement of the Board's responsibilities set out on page 22, 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 parent 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 parent association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the Group and parent association, and its sector, we identified that the principal risks of non-compliance with laws and regulations related to employment and health and safety regulations, Regulator of Social Housing requirements and implementation of government support schemes relating to COVID-19, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, such as the Co-operative and Community Benefit Societies

SOUTH YORKSHIRE HOUSING ASSOCIATION AND ITS SUBSIDIARIES

Independent Auditor's Report

At 31 March 2022

Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing 2019.

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

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

- Discussing with the Board and management their policies and procedures regarding compliance with laws and regulations;
- Communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the Group and parent association which were contrary to applicable laws and regulations, including fraud.

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

- Making enquiries of the Board and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

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

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

SOUTH YORKSHIRE HOUSING ASSOCIATION AND ITS SUBSIDIARIES

Independent Auditor's Report

At 31 March 2022

Use of the audit report

This report is made solely to the Association's members as a body in accordance with Part 7 of the Co-operative and Community Benefit Societies Act 2014 and Chapter 4 of Part 2 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose.

To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body for our audit work, for this report, or for the opinions we have formed.



David Hoose (Sep 13, 2022 07:39 GMT+1)

Mazars LLP

Chartered Accountants and Statutory Auditor

1st Floor

2 Chamberlain Square

Birmingham

B3 2AX

Date 7 September 2022

SOUTH YORKSHIRE HOUSING ASSOCIATION AND ITS SUBSIDIARIES

Consolidated & Association Statement of Comprehensive Income

At 31 March 2022

	Note	Group		Association	
		2022 £'000	2021 £'000	2022 £'000	2021 £'000
Turnover	3a/3c	46,504	46,420	45,024	44,878
Operating expenditure	3a/3c	(41,132)	(40,920)	(40,142)	(39,933)
Surplus on disposal of property, plant and equipment	4	1,288	823	1,220	770
Operating surplus	3a/3c	6,660	6,323	6,102	5,715
Finance income	6	43	46	43	47
Interest and financing costs	5	(5,588)	(5,428)	(5,131)	(4,939)
Surplus/(deficit) on revaluation of investment properties	14	35	2	35	(3)
Deficit on revaluation of fixed asset investments	14	(42)	(23)	(42)	(23)
Surplus before tax		1,108	920	1,007	797
Taxation	10	-	-	-	-
Share of loss in joint venture	14	(55)	(104)	-	-
Surplus for the year	20	1,053	816	1,007	797
Actuarial (loss)/ gain in respect of pension schemes		4,504	(6,246)	4,504	(6,246)
Total comprehensive income for the year		5,557	(5,430)	5,511	(5,449)

SOUTH YORKSHIRE HOUSING ASSOCIATION AND ITS SUBSIDIARIES

Consolidated & Association Statement of Financial Position

At 31 March 2022

	Note	Group		Association	
		2022 £'000	2021 £'000	2022 £'000	2021 £'000
Fixed assets					
Intangible assets	11	3,183	2,989	3,052	2,771
Housing properties	12	310,026	310,034	296,517	296,566
Other property, plant and equipment	13	9,838	9,600	9,838	9,600
Investment in subsidiary		-	-	2,628	2,020
Other investments	14	2,742	1,946	1,296	1,405
		325,789	324,569	313,331	312,362
Current assets					
Inventories	15	1,374	515	1,031	142
Debtors	16	4,359	3,551	4,298	3,526
Cash and cash equivalents	17	5,000	5,150	3,608	3,491
		10,733	9,216	8,937	7,159
Creditors: Amounts falling due within one year	18	(22,032)	(14,028)	(21,481)	(13,651)
Net current liabilities		(11,299)	(4,812)	(12,544)	(6,492)
Total assets less current liabilities		314,490	319,757	300,787	305,870
Creditors: Amounts falling due after more than one year	19	(269,230)	(274,599)	(255,108)	(260,247)
Defined benefit pension liability	20	(5,467)	(10,822)	(5,467)	(10,822)
Net assets		39,793	34,336	40,212	34,801
Capital and reserves					
Called-up share capital	22	-	-	-	-
Revenue reserve		39,707	34,177	40,126	34,642
Restricted reserve		86	159	86	159
Total reserves		39,793	34,336	40,212	34,801

The financial statements of South Yorkshire Housing Association Group were approved by the Board and signed on its behalf by:



Board Member



Board Member



Company Secretary

SOUTH YORKSHIRE HOUSING ASSOCIATION AND ITS SUBSIDIARIES

Statement of Changes in Reserves

For the year ended 31 March 2022

Group	Revenue reserve £'000	Restricted reserve £'000	2022 Total £'000	2021 Total £'000
At 1 April 2021	34,177	159	34,336	39,766
Movement in reserves	73	(73)	-	-
Surplus for the year	1,053	-	1,053	816
Actuarial gain/(loss) in respect of pension scheme	4,504	-	4,504	(6,246)
Reclassification of donated funds	(100)	-	(100)	-
At 31 March 2022	<u>39,707</u>	<u>86</u>	<u>39,793</u>	<u>34,336</u>

Association	Revenue reserve £'000	Restricted reserve £'000	2022 Total £'000	2021 Total £'000
At 1 April 2021	34,642	159	34,801	40,250
Movement in reserves	73	(73)	-	-
Surplus for the year	1,007	-	1,007	797
Actuarial gain/(loss) in respect of pension scheme	4,504	-	4,504	(6,246)
Reclassification of donated funds	(100)	-	(100)	-
At 31 March 2022	<u>40,126</u>	<u>86</u>	<u>40,212</u>	<u>34,801</u>

SOUTH YORKSHIRE HOUSING ASSOCIATION AND ITS SUBSIDIARIES

Consolidated Statement of Cashflows

For the year ended 31 March 2022

	2022	2021
	£'000	£'000
Net cash generated from operating activities	9,980	5,757
Cash flows from investing activities		
Purchase of property, plant and equipment	(5,477)	(3,161)
Proceeds from sale of property, plant and equipment	1,288	855
Investment in Joint Venture	(960)	-
Grants received	(174)	(511)
Interest received	43	47
Net cash flows from investing activities	(5,280)	(2,770)
Cash flows from financing activities		
Interest paid	(4,811)	(4,978)
Interest element of finance lease rental payments	(457)	(489)
New loans	6,000	4,000
Repayments of borrowings	(5,582)	(5,387)
Net cash flows from financing activities	(4,850)	(6,854)
Net decrease in cash and cash equivalents	(150)	(3,867)
Cash and cash equivalents at beginning of year	5,150	9,017
Cash and cash equivalents at end of year	5,000	5,150
	2022	2021
	£'000	£'000
Cash flows from operating activities		
Surplus for the year	1,108	816
Adjustment for non-cash items:		
Net depreciation of property, plant and equipment	4,779	3,214
Amortisation of intangible assets	463	371
Increase in inventories	(1)	(9)
(Increase)/decrease in debtors	(1,855)	225
Increase/(decrease) in creditors and provisions	3,644	(1,172)
Share of loss in joint venture	-	104
Pension costs less contributions payable	(851)	(850)
Increase in fair value of investment property	109	-
Adjustments for investing and financing activities:		
Proceeds from the sale of property, plant and equipment	(1,288)	(855)
Government grants utilised in the year	(1,500)	(1,523)
Interest payable	5,415	5,483
Interest receivable	(43)	(47)
Cash generated by operations	9,980	5,757

SOUTH YORKSHIRE HOUSING ASSOCIATION AND ITS SUBSIDIARIES

Notes to the Financial Statements

For the year ended 31 March 2022

1. Accounting policies

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

Going Concern

The Group's activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives, details of its financial instruments and derivative activities, and its exposures to credit, liquidity and cash flow risk are described in the Strategic Report.

The Group has considerable financial resources and, therefore, the Board believe that the Group is well placed to manage its business risks despite current uncertainties in the social housing sector.

In February 2022 Russian Forces entered Ukraine, resulting in Western Nation reactions including announcements of sanctions against Russia and Russian interests worldwide and an economic ripple effect on the global economy. The directors have carried out an assessment of the potential impact of Russian Forces entering Ukraine on the business, including the impact of mitigation measures and uncertainties. The greatest impact on the business is expected to be from the economic ripple effect on the global economy.

After making enquiries, and through developing its 2022 Business Plan, the Board has a reasonable expectation that the Association and the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing these Financial Statements.

General information and basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council and comply with the Statement of Recommended Practice for registered social housing providers 2018 (SORP), the Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing 2019. South Yorkshire Housing Association Limited is a public benefit entity, as defined in FRS 102 and applies the relevant paragraphs prefixed 'PBE' in FRS 102.

Basis of consolidation

The Group financial statements consolidate the financial statements of the Association and its subsidiary undertakings drawn up to 31 March each year. South Yorkshire Housing Association Limited has four subsidiary undertakings and a joint venture. Two of the subsidiaries are dormant and are excluded from consolidation on grounds of materiality, but two, SYHA Enterprises Limited and Alliance Housing Association (South Yorkshire) Limited, are trading. These accounts consolidate those of the Association, Alliance Housing Association (South Yorkshire) Limited and SYHA Enterprises Limited made up to 31 March 2022. The Group financial statements include 20% of the profits and losses of Forge New Homes LLP.

SOUTH YORKSHIRE HOUSING ASSOCIATION AND ITS SUBSIDIARIES

Notes to the Financial Statements

For the year ended 31 March 2022

Housing properties

Housing properties for letting and shared ownership properties are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the cost of acquiring land and buildings, directly attributable development costs and borrowing costs directly attributable to the construction of new housing properties during the development. Capitalisation ceases when substantially all the activities that are necessary to get the asset ready for use are complete.

Depreciation is charged so as to write down the net book value of housing properties to their estimated residual value, on a straight-line basis, over their useful economic lives of 100 years. Freehold land is not depreciated.

Major components

Major components of housing properties, which have significantly different patterns of consumption of economic benefits, are treated as separate assets and depreciated over their expected useful economic lives at the following annual rates:

Structure	100 years	Roofs	70 years
Electrics	40 years	Doors and windows	30 years
Bathrooms	30 years	Mechanical systems	30 years
Kitchens	20 years	Lifts	20 years
Gas boilers	15 years		

Properties held on long leases are depreciated over their estimated useful economic lives or the lease duration if shorter.

Improvements

Where there are improvements to housing properties that are expected to provide incremental future benefits, these are capitalised and added to the carrying amount of the property and depreciated in accordance with the depreciation policy. Any works to housing properties which do not replace a component or result in an incremental future benefit are charged as expenditure in surplus or deficit in the Statement of Comprehensive Income.

Leaseholders

Where the rights and obligations for improving a housing property reside with the leaseholder or tenant, any works to improve such properties incurred by the Association is recharged to the leaseholder and recognised in surplus or deficit in the Statement of Comprehensive Income along with the corresponding income from the leaseholder or tenant.

SOUTH YORKSHIRE HOUSING ASSOCIATION AND ITS SUBSIDIARIES

Notes to the Financial Statements

For the year ended 31 March 2022

Non-housing property, plant and equipment

Non-housing property, plant and equipment is stated at historic cost less accumulated depreciation and any provision for impairment. Depreciation is provided on all non-housing property, plant and equipment, other than investment properties and freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Office premises	- written off over the term of the lease
Enhancement to office premises	- 10 years
Housing management and ERP system	- 15 years
Office equipment and computer hardware	- 4 years
Motor vehicles	- 4 years
Furnishing schemes and general equipment	- 4 – 7 years

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 or both are classified as investment properties. Properties that are used for administrative purposes or that are held for the provision of social housing are treated as property plant and equipment. Mixed use property is separated between investment property and property, plant and equipment.

Land is accounted for based on its intended use. Where land is acquired speculatively with the intention of generating a capital gain and/or a commercial rental return it is accounted for as investment property. 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 measured at fair value annually with any change recognised in surplus or deficit in the Statement of Comprehensive Income.

Intangible assets

Intangible assets are stated at historic cost or valuation, less accumulated amortisation and any provision for impairment. Amortisation is provided on all Intangible assets at rates calculated to write off the cost or valuation of each asset on a straight-line basis over its expected useful life, as follows:

Software implementation	- 10 years
Goodwill*	- 10 years

*This relates to the acquisition of Rotherlets, TPLS and Winkworth (lettings agencies) by SYHA Enterprises Limited. It is estimated that these acquisitions contribute to the business returns over at least 10 years from acquisitions and this was included in the business plan of SYHA Enterprises Limited at the time of acquisition.

SOUTH YORKSHIRE HOUSING ASSOCIATION AND ITS SUBSIDIARIES

Notes to the Financial Statements

For the year ended 31 March 2022

Impairment of social housing properties

Properties held for their social benefit are not held solely for the cash inflows they generate and are held for their service potential.

An assessment is made at each reporting date as to whether an indicator of impairment exists. If such an indicator exists, an impairment assessment is carried out and an estimate of the recoverable amount of the asset is made. Where the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognised in surplus or deficit in the Statement of Comprehensive Income. The recoverable amount of an asset is the higher of its value in use and fair value less costs to sell. Where assets are held for their service potential, value in use is determined by the present value of the asset's remaining service potential plus the net amount expected to be received from its disposal. Depreciated replacement cost is taken as a suitable measurement 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.

Social Housing Grant and other Government grants

Where grants are received from government agencies such as the Homes England, local authorities, devolved government agencies, health authorities and the European Commission which meet the definition of government grants they are recognised when there is reasonable assurance that the conditions attached to them will be complied with and that the grant will be received.

Government grants are recognised using the accrual model and are classified either as a grant relating to revenue or a grant relating to assets. Grants relating to revenue are recognised in income on a systematic basis over the period in which related costs for which the grant is intended to compensate are recognised. Where a grant is receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support with no future related costs, it is recognised as revenue in the period in which it becomes receivable.

Grants relating to assets are recognised in income on a systematic basis over the expected useful life of the asset. Grants received for housing properties are recognised in income over the expected useful life of the housing property structure. Where a grant is received specifically for components of a housing property, the grant is recognised in income over the expected useful life of the component.

Grants received from non-government sources are recognised as revenue using the performance model.

Recycling of grants

Where there is a requirement to either repay or recycle a grant received for an asset that has been disposed of, a provision is included in the Statement of Financial Position to recognise this obligation as a liability. When approval is received from the funding body to use the grant for a specific development, the amount previously recognised as a provision for the recycling of the grant is reclassified as a creditor in the Statement of Financial Position.

SOUTH YORKSHIRE HOUSING ASSOCIATION AND ITS SUBSIDIARIES

Notes to the Financial Statements

For the year ended 31 March 2022

For shared ownership staircasing sales, when full staircasing has not taken place, the recycling of the grant may be deferred if the net sales proceeds are insufficient to meet the grant obligation relating to the disposal and is not recognised as a provision. On subsequent staircasing sales, the requirement to recycle the grant becomes an obligation if sufficient sales proceeds are generated to meet the obligation and a provision is recognised at this point.

On disposal of an asset for which government grant was received, if there is no obligation to repay the grant, any unamortised grant remaining within liabilities in the Statement of Financial Position related to this asset is derecognised as a liability and recognised as revenue in surplus or deficit in the Statement of Comprehensive Income.

Restricted reserves

Where reserves are subject to an external restriction they are separately recognised within reserves as a restricted reserve. Revenue and expenditure is included in surplus or deficit in the Statement of Comprehensive Income and a transfer is made from the general reserve to the restricted reserve.

The balance on the reserve is wholly attributed to the Big Lottery Fund Grant for the Ageing Better programme.

Leased assets

At inception the Group assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

Finance leased assets

Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases.

Finance leases are capitalised at commencement of the lease as assets at the fair value of the leased asset or, if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease.

Assets are depreciated over the shorter of the lease term and the estimated useful life of the asset. Assets are assessed for impairment at each reporting date.

The capital element of lease obligations is recorded as a liability on inception of the arrangement. Lease payments are apportioned between capital repayment and finance charge, using the effective interest rate method, to produce a constant rate of charge on the balance of the capital repayments outstanding.

Operating leased assets

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases.

Payments under operating leases are charged to surplus or deficit in the Statement of Comprehensive Income on a straight-line basis over the period of the lease.

SOUTH YORKSHIRE HOUSING ASSOCIATION AND ITS SUBSIDIARIES

Notes to the Financial Statements

For the year ended 31 March 2022

Interest payable

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. Borrowing costs are calculated using the effective interest rate, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of a financial instrument and is determined on the basis of the carrying amount of the financial liability at initial recognition. Under the effective interest method, the amortised cost of a financial liability is the present value of future cash payments discounted at the effective interest rate and the interest expense in a period equals the carrying amount of the financial liability at the beginning of a period multiplied by the effective interest rate for the period.

Interest is capitalised on borrowings related to the development of qualifying assets, to the extent that it accrues in respect of the period of development if it represents interest on borrowings specifically financing the development programme after deduction of related grants received in advance. Other interest payable is charged to income and expenditure in the year.

Pensions

The Association participates in two multi-employer schemes, the defined benefit Social Housing Pensions Scheme and a Local Government Pension Scheme, where it is possible for individual employers as admitted bodies to identify their share of the assets and liabilities of the pension scheme. For these schemes the amounts charged to operating surplus are the costs arising from employee services rendered during the period and the cost of plan introductions, benefit changes, settlements and curtailments. They are included as part of staff costs. The net interest cost on the net defined benefit liability is charged to revenue and included within finance costs. Remeasurement comprising actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in other comprehensive income.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the Group, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method. The actuarial valuations are obtained at least triennially and are updated at each Statement of Financial Position date.

Defined contribution scheme

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

Turnover

Turnover represents rent and service charges receivable (net of rent and service charge losses from voids) and disposal proceeds of current assets such as properties developed for outright sale or shared ownership first tranche sales at completion together with revenue grants from local authorities and Homes England.

SOUTH YORKSHIRE HOUSING ASSOCIATION AND ITS SUBSIDIARIES

Notes to the Financial Statements

For the year ended 31 March 2022

Shared ownership property sales

Shared ownership properties, including those under construction, are split between non-current assets and current assets. The split is determined by the percentage of the property to be sold under the first tranche disposal which is shown on initial recognition as a current asset, with the remainder classified as a non-current asset within property plant and equipment. Where this would result in a surplus on the disposal of the current asset that would exceed the anticipated overall surplus, the surplus on disposal of the first tranche is limited to the overall surplus by adjusting the costs allocated to current or non-current assets.

Proceeds from first tranche disposals are accounted for as turnover in the Statement of Comprehensive Income of the period in which the disposals occur and the cost of sale is transferred from current assets to operating costs. Proceeds from subsequent tranche sales are treated as disposals of fixed assets.

Investments

Investments that are publicly traded or whose fair value can be measured reliably are measured at fair value with changes in fair value recognised in surplus or deficit in the Statement of Comprehensive Income. Other investments are measured at amortised cost less impairment.

Joint venture

The Group's interest in the joint venture is a jointly controlled entity and the investment is accounted for using the equity method under FRS 102. The joint venture is carried within the Group's financial statements at the Group's share of its net assets/liabilities and the Group recognises its share of the profit or loss for the period.

Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial assets carried at amortised cost

Financial assets carried at amortised cost comprise rent arrears, trade and other receivables and cash and cash equivalents. Financial assets are initially recognised at fair value plus directly attributable transaction costs. After initial recognition, they are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

If there is objective evidence that there is an impairment loss, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced accordingly.

A financial asset is derecognised when the contractual rights to the cash flows expire, or when the financial asset and all substantial risks and reward are transferred.

If an arrangement constitutes a financing transaction, the financial asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

SOUTH YORKSHIRE HOUSING ASSOCIATION AND ITS SUBSIDIARIES

Notes to the Financial Statements

For the year ended 31 March 2022

Financial liabilities carried at amortised cost

These financial liabilities include trade and other payables and interest-bearing loans and borrowings.

Non-current debt instruments which meet the necessary conditions in FRS 102, are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, with interest-related charges recognised as an expense in finance costs in the Statement of Comprehensive Income. Discounting is omitted where the effect of discounting is immaterial.

A financial liability is derecognised only when the contractual obligation is extinguished, that is, when the obligation is discharged, cancelled or expires.

Financing transactions – rent arrears

For rent arrears where the arrangement constitutes, in effect, a financing transaction because of extended credit arrangements the arrears are derecognised as a financial asset and a new financial asset measured at the present value of the future payments discounted at an appropriate market rate of interest. The present value adjustment is recognised in surplus or deficit in the Statement of Comprehensive Income. There are no such material arrangements at the year end.

Cash and cash equivalents

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

Gift aid payments

Gift aid payments are charged as distributions of reserves in accordance with the guidance included in the Institute of Chartered Accountants technical release 'Guidance on donations by a company to its parent charity'.

SOUTH YORKSHIRE HOUSING ASSOCIATION AND ITS SUBSIDIARIES

Notes to the Financial Statements

For the year ended 31 March 2022

2. Significant management judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Significant management judgements

The following are management judgements in applying the accounting policies of the Group that have the most significant effect on the amounts recognised in the financial statements.

Impairment of social housing properties

An annual assessment is made as to whether an indicator of impairment exists. This judgement is made considering the detailed criteria set out in the SORP. If an indicator is identified an impairment review is undertaken which compares the asset's carrying amount to the recoverable amount. Any impairment losses are charged to the statement of comprehensive income.

Following an assessment, it was judged that no indicators exist, and no impairment was required in the year to 31 March 2022.

Capitalisation of development costs

The Group capitalises development expenditure in accordance with the accounting policy on housing properties. Judgement is exercised over the likelihood that projects will continue.

Estimation uncertainty

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

SOUTH YORKSHIRE HOUSING ASSOCIATION AND ITS SUBSIDIARIES

Notes to the Financial Statements

For the year ended 31 March 2022

Rental bad debt provision

The bad debt policy has been updated during the year. The policy considers the size of the debt as an estimation of the primary indication of recoverability.

Current Tenant Arrears are provided for as follows:

Size of debt	Provision Value
< £100	5%
£100 - £249	15%
£250 - £499	25%
£500 - £749	40%
£750 - £1000	55%
> £1,000	80%

100% of all former tenant debt is provided for.

Provisions

These provisions require management's best estimate of the costs that will be incurred based on legislative and contractual requirements. In addition, the timing of the cash flows and the discount rates used to establish net present value of the obligations require management's judgement.

Defined benefit pension schemes

The Group has obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends.

An obligation of £4.86m was recognised at 31 March 2022 for the SHPS scheme and £0.60m for the SYPA scheme. Typically increasing the inflation assumption by 0.1% p.a. would increase the inflation-linked liabilities by the order of 2%, although the precise impact will vary from employer to employer based on their membership profile.

Components of housing properties and useful lives

Major components of housing properties have significantly different patterns of consumption of economic benefits and estimates are made to allocate the initial cost of the property to its major components and to depreciate each component separately over its useful economic life. The Group considers whether there are any indications that the useful lives require revision to each reporting date to ensure that they remain appropriate.

SOUTH YORKSHIRE HOUSING ASSOCIATION AND ITS SUBSIDIARIES

Notes to the Financial Statements

For the year ended 31 March 2022

3b. Particulars of Income and Expenditure from social housing lettings – Group

	General Needs Housing	Temporary Housing	Direct Managed Supported Housing & Housing for Older People	Residential Care Homes	2022 Total	2021 Total
	£'000	£'000	£'000	£'000	£'000	£'000
Income						
Rents receivable	18,138	762	3,977	593	23,470	23,067
Service charge income	689	885	3,065	-	4,639	4,876
Amortised government grant	1,180	46	337	-	1,563	1,561
Other grants			-	452	452	413
Other	33	87	113	46	279	-
Turnover from social housing lettings	20,040	1,780	7,492	1,091	30,403	29,917
Expenditure						
Service charge costs	579	325	1,614	34	2,552	2,315
Management	4,635	770	1,707	297	7,409	7,166
Routine maintenance	4,440	264	1,411	36	6,151	5,168
Planned maintenance	885	9	140	-	1,034	941
Other LiveWell Costs	-	264	281	638	1,183	1,129
Bad debts	2	1	7	-	10	64
Property lease charges	-	50	1	-	51	38
Depreciation of housing properties	4,619	86	986	14	5,705	5,516
Other costs	14	150	216	13	393	664
Operating costs	15,174	1,919	6,363	1,032	24,488	23,001
Operating surplus social housing lettings	4,866	(139)	1,129	59	5,915	6,916
Void losses	(211)	(278)	(342)	(38)	(869)	(877)

SOUTH YORKSHIRE HOUSING ASSOCIATION AND ITS SUBSIDIARIES

Notes to the Financial Statements

For the year ended 31 March 2022

3c. Particulars of turnover, cost of sales, operating costs and operating surplus – Association

	2022		
	Turnover £'000	Operating costs £'000	Operating Surplus/(deficit) £'000
Social housing lettings (note 3d)	29,195	(24,240)	4,955
Other social housing activities			
1 st tranche property sales	443	(523)	(81)
Charges for support services	1,947	(2,095)	(148)
Other	2,370	(1,112)	1,258
	33,955	(27,970)	5,984
Activities other than social housing activities	11,070	(12,172)	(1,102)
Total	45,025	(40,142)	4,882
Surplus on disposal of property, plant and equipment (note 4)			1,220
			6,102
Operating Surplus			
	2021		
	Turnover £'000	Operating costs £'000	Operating Surplus/(deficit) £'000
Social housing lettings	28,720	(22,752)	5,968
Other social housing activities			
1 st tranche property sales	350	(318)	32
Charges for support services	2,246	(2,347)	(101)
Other	2,331	(1,093)	1,238
	33,647	(26,510)	7,137
Activities other than social housing activities	11,231	(13,423)	(2,192)
Total	44,878	(39,933)	4,945
Surplus on disposal of property, plant and equipment (note 4)			770
			5,715
Operating Surplus			

SOUTH YORKSHIRE HOUSING ASSOCIATION AND ITS SUBSIDIARIES

Notes to the Financial Statements

For the year ended 31 March 2022

3d. Particulars of Income and Expenditure from social housing lettings – Association

	General Needs Housing	Temporary Housing	Direct Managed Supported Housing & Housing for Older People	Residential Care Homes	2022 Total	2021 Total
	£'000	£'000	£'000	£'000	£'000	£'000
Income						
Rents receivable	17,001	762	3,977	593	22,333	21,940
Service charge income	653	885	3,065	-	4,603	4,842
Amortised government grant	1,145	46	337	-	1,528	1,525
Other grants	-	-	-	452	452	413
Other	33	87	113	46	279	-
Turnover from social housing lettings	18,832	1,780	7,492	1,091	29,195	28,720
Expenditure						
Service charge costs	579	325	1,614	34	2,552	2,315
Management	4,630	770	1,707	297	7,404	7,162
Routine maintenance	4,440	264	1,411	36	6,151	5,168
Planned maintenance	885	9	140	-	1,034	941
Other LiveWell costs	-	264	281	638	1,183	1,129
Bad debts	2	1	7	-	10	64
Property lease charges	-	50	1	-	51	38
Depreciation of housing properties	4,361	86	986	14	5,447	5,264
Other costs	29	150	216	13	408	671
Operating costs	14,926	1,919	6,363	1,032	24,240	22,752
Operating surplus social housing lettings	3,906	(139)	1,129	59	4,955	5,968
Void losses	(202)	(278)	(342)	(38)	(860)	(864)

SOUTH YORKSHIRE HOUSING ASSOCIATION AND ITS SUBSIDIARIES

Notes to the Financial Statements

For the year ended 31 March 2022

4. Surplus on disposal of housing properties

	Group		Association	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Receipts from asset management sales	2,516	2,388	2,078	1,959
Costs of asset management sales	(1,508)	(1,873)	(1,138)	(1,497)
Receipts from subsequent tranche shared ownership sales and resales	879	521	879	521
Costs of subsequent tranche shared ownership sales and resales	(599)	(213)	(599)	(213)
	<u>1,288</u>	<u>823</u>	<u>1,220</u>	<u>770</u>

5. Interest and financing costs

	Group		Association	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Bank loans and overdrafts	4,833	4,774	4,833	4,774
Finance lease charges	457	489	-	-
Transaction fee amortisation	125	104	125	104
Net interest on defined benefit liability (see note 20)	227	116	227	116
	<u>5,642</u>	<u>5,483</u>	<u>5,185</u>	<u>4,994</u>
Borrowing costs capitalised	(54)	(55)	(54)	(55)
	<u>5,588</u>	<u>5,428</u>	<u>5,131</u>	<u>4,939</u>

Borrowing costs have been capitalised on a quarterly basis using a capitalisation rate of 3.76 per cent (2021: 3.39 per cent), which is the weighted average of rates applicable to the Group's general borrowings outstanding during the year.

6. Finance income

	Group		Association	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Bank interest receivable	4	10	4	10
Income from investment with asset manager	39	36	39	37
	<u>43</u>	<u>46</u>	<u>43</u>	<u>47</u>

SOUTH YORKSHIRE HOUSING ASSOCIATION AND ITS SUBSIDIARIES

Notes to the Financial Statements

For the year ended 31 March 2022

7. Surplus on ordinary activities before taxation

Surplus on ordinary activities before taxation is stated after charging/(crediting):

	Group		Association	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Depreciation of property, plant and equipment	6,808	6,773	6,550	6,521
Amortisation of capital grants	(1,665)	(1,693)	(1,630)	(1,658)
(Loss)/surplus on disposal of fixed assets	(25)	(8)	(25)	(8)
Audit fees:				
- Statutory audit	36	34	33	30
- Audit-related assurance services	7	11	7	11
- Taxation compliance services	3	2	3	2
Operating lease rentals	713	1,376	707	1,368
Coronavirus Job Retention Scheme grant	(4)	(94)	(4)	(55)
	17,083	17,282	16,545	16,830

8. Staff costs

	Group		Association	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Wages and salaries	15,206	15,432	14,728	15,025
Social security costs	1,296	1,272	1,252	1,240
Other pension costs (see note 20)	581	579	565	565
	17,083	17,282	16,545	16,830

SOUTH YORKSHIRE HOUSING ASSOCIATION AND ITS SUBSIDIARIES

Notes to the Financial Statements

For the year ended 31 March 2022

	Group		Association	
	2022 number	2021 number	2022 number	2021 number
Salary Band £				
60,000 – 69,999	2	1	2	1
70,000 – 79,999	1	1	1	1
80,000 – 89,999	1	-	1	-
90,000 – 99,999	1	2	1	2
100,000 – 109,999	-	-	-	-
110,000 – 119,999	-	-	-	-
120,000 – 129,999	-	-	-	-
130,000 – 139,999	-	-	-	-
140,000 – 149,999	1	1	1	1

The average full-time equivalent number of employees was:

	Group		Association	
	2022 number	2021 number	2022 number	2021 number
	514	546	496	530

The basis of the calculation of the full-time equivalents was based on 37 hours per week.

9. Directors' remuneration and transactions

Group and Association

Key management personnel remuneration

	2022 £'000	2021 £'000
Directors who are executive staff members		
Wages and salaries	535	526
Social security costs	65	66
Other pension costs	10	22
Board members		
Wages and salaries	58	55
Social security costs	2	-
Other pension costs	-	-
	669	669

SOUTH YORKSHIRE HOUSING ASSOCIATION AND ITS SUBSIDIARIES

Notes to the Financial Statements

For the year ended 31 March 2022

Board members remuneration

	2022	2021
	£	£
South Yorkshire Housing Association Limited:		
I D Cole	11,332	11,220
P Taylor (and Audit Committee)	2,404	4,760
A Buck	3,778	2,720
J Jeffries	3,778	2,720
Y Ahmed (and Alliance HA Ltd)	2,404	4,760
S Carman	4,629	2,720
T Proudfoot	2,747	2,720
B Oshin	2,747	1,813
J Sparkes	2,747	2,493
C Walker	687	2,720
H Ratcliffe	2,747	2,720
V Salm	1,030	1,275
P Hankinson	1,374	-
S Allcock	687	-
V Kemp (Audit Committee)	515	1,020
R McLafferty (Audit Committee)	1,030	1,020
A Matson (Audit Committee)	1,030	765
K Urwin (Audit Committee)	1,374	-
Alliance Housing Association (South Yorkshire) Limited:		
M Mahroof	515	1,020
S Munir	515	1,020
A Khayum	515	1,020
SYHA Enterprises Limited:		
D Lockwood	4,808	4,760
D Harry	1,889	1,020
M Killick	1,030	1,020
J Clepham	1,030	510
S Knowles	515	-

Directors are defined as the members of the Board, the Chief Executive and any other person who is a member of the Executive Management team.

Remuneration of the highest paid director, excluding pension contributions:

	2022	2021
	£'000	£'000
Emoluments	146	144

The Chief Executive was an ordinary member of the pension scheme until April 2017. No enhanced or special terms applied. No pension scheme contributions were made in the years ended 2021 or 2022.

SOUTH YORKSHIRE HOUSING ASSOCIATION AND ITS SUBSIDIARIES

Notes to the Financial Statements

For the year ended 31 March 2022

10. Tax on surplus on ordinary activities

	Group		Association	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Current Tax	-	-	-	-
Deferred tax	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The charge for the year can be reconciled to the surplus shown in the accounts as below:

	Group		Association	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Surplus on ordinary activities before tax		<u>816</u>	<u>1,007</u>	<u>797</u>
Tax on surplus on ordinary activities at standard UK rate of 19%	203	155	191	151
Effects of:				
- Effect of tax rate change	-	-	-	-
- Chargeable gains/(losses)	-	-	-	-
- Income/Expenses not taxable	(172)	(148)	(174)	(151)
- Group relief surrendered/(claimed)	-	-	(4)	-
- Deferred tax not recognised	(31)	(7)	(13)	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Tax charge for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

SOUTH YORKSHIRE HOUSING ASSOCIATION AND ITS SUBSIDIARIES

Notes to the Financial Statements

For the year ended 31 March 2022

11. Intangible fixed assets

Group

	Goodwill £'000	Software £'000	Total £'000
Cost			
At 1 April 2021	866	3,780	4,646
Additions	-	657	657
	866	4,437	5,303
As at 31 March 2022			
Amortisation			
At 1 April 2021	648	1,009	1,657
Charge for the year	87	376	463
	735	1,385	2,120
	735	1,385	2,120
As at 31 March 2022			
Net book value			
	131	3,052	3,183
As at 31 March 2022	131	3,052	3,183
As at 31 March 2021	218	2,771	2,989

Association

	Software £'000	Total £'000
Cost		
At 1 April 2021	3,780	3,780
Additions	657	657
	4,437	4,437
As at 31 March 2022	4,437	4,437
Amortisation		
At 1 April 2021	1,009	1,009
Charge for the year	376	376
	1,385	1,385
	1,385	1,385
As at 31 March 2022	1,385	1,385
Net book value		
	3,052	3,052
As at 31 March 2022	3,052	3,052
As at 31 March 2021	2,771	2,771

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For the year ended 31 March 2022

12 Tangible fixed assets – housing properties
Group

	Housing properties for letting		Shared ownership		Partnership	Temporary Social Housing	Total £'000
	Completed schemes £'000	Schemes in the course of construction £'000	Completed schemes £'000	Schemes in the course of construction £'000	Completed schemes £'000	Completed schemes £'000	
COST							
At 1 April 2021	351,030	4,421	13,952	-	4,190	1,431	375,024
Additions	4,133	4,059	330	-	198	-	8,720
Schemes completed	3,012	(6,130)	3,118	-	-	-	-
Transfer to current assets	-	-	(1,337)	-	-	-	(1,337)
Disposals	(1,424)	-	(590)	-	-	-	(2,014)
Components replaced	(1,045)	-	-	-	(1)	(5)	(1,051)
Movement between categories	128	-	(128)	-	-	-	-
At 31 March 2022	355,834	2,350	15,345	-	4,387	1,426	379,342
DEPRECIATION							
At 1 April 2021	61,733	-	2,215	-	219	823	64,990
Prior year adjustment	(116)	-	(64)	-	2	(65)	(243)
Charge for the year	5,462	-	173	-	44	48	5,727
Disposals	(255)	-	(50)	-	-	-	(305)
Components replaced	(851)	-	-	-	-	(2)	(853)
At 31 March 2022	65,973	-	2,274	-	265	804	69,316
NET BOOK VALUE							
At 31 March 2022	289,861	2,350	13,071	-	4,122	622	310,026
At 31 March 2021	289,297	4,421	11,737	-	3,971	608	310,034

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

**12. Tangible fixed assets – housing properties
Association**

	Housing properties for letting		Shared ownership		Partnership	Temporary Social Housing	Total
	Completed schemes £'000	Schemes in the course of construction £'000	Completed schemes £'000	Schemes in the course of construction £'000	Completed schemes £'000	Completed schemes £'000	
COST							
At 1 April 2021	336,246	4,421	13,952	-	4,190	1,431	360,240
Additions	3,831	4,059	330	-	198	-	8,418
Schemes completed	3,012	(6,130)	3,118	-	-	-	-
Transfer to current assets	-	-	(1,337)	-	-	-	(1,337)
Disposals	(1,424)	-	(590)	-	-	-	(2,014)
Components replaced	(933)	-	-	-	(1)	(5)	(939)
Movement between categories	128	-	(128)	-	-	-	-
At 31 March 2022	340,860	2,350	15,345	-	4,387	1,426	364,368
DEPRECIATION							
At 1 April 2021	60,416	-	2,215	-	220	823	63,674
Prior year adjustment	(116)	-	(64)	-	2	(65)	(243)
Charge for the year	5,240	-	173	-	44	48	5,505
Disposals	(255)	-	(50)	-	-	-	(305)
Components replaced	(778)	-	-	-	-	(2)	(780)
At 31 March 2022	64,507	-	2,274	-	266	804	67,851
NET BOOK VALUE							
At 31 March 2022	276,353	2,350	13,071	-	4,121	622	296,517
At 31 March 2021	275,830	4,421	11,737	-	3,970	608	296,566

SOUTH YORKSHIRE HOUSING ASSOCIATION LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2022

12. Tangible fixed assets – housing properties (continued)

Included in housing properties for letting are assets at a cost of £14,880k and NBV of £13,607k held under a 45-year finance lease sale and leaseback deal by Alliance Housing Association (South Yorkshire) Ltd. Lease payments are indexed upwards by CPI + 0.5% annually. The properties revert back to Alliance HA ownership after 45 years for a nominal £1.

An analysis of freehold and long leasehold land and buildings included above has not been provided as the Board consider the expenses of obtaining such an analysis to be unreasonable.

Group

	2022	2021
	£'000	£'000
<i>Disposal of properties</i>		
Proceeds from disposal of properties	2,982	2,605
Cost of property disposals	(1,728)	(1,773)
	<u> </u>	<u> </u>
Surplus on disposal of properties	1,254	832
	<u> </u>	<u> </u>

Association

	2022	2021
	£'000	£'000
<i>Disposal of properties</i>		
Proceeds from disposal of properties	2,982	2,490
Cost of property disposals	(1,750)	(1,713)
	<u> </u>	<u> </u>
	1,232	777
	<u> </u>	<u> </u>

Association

Capital additions – housing properties for letting

The movement in Association housing property for lettings includes **£3,382,000** relating to expenditure on capitalised major repairs / component replacement.

SOUTH YORKSHIRE HOUSING ASSOCIATION LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

13. Property, plant and equipment - other

Group	Office premises £'000	Office equipment and computer hardware £'000	Others £'000	Total £'000
Cost or valuation				
At 1 April 2021	8,429	1,371	2,581	12,381
Additions	23	390	278	691
Disposals	-	-	-	-
-	-	-	-	-
At 31 March 2022	<u>8,452</u>	<u>1,761</u>	<u>2,859</u>	<u>13,072</u>
Depreciation				
At 1 January 2021	84	614	2,083	2,781
Charge for the year	85	171	197	453
Disposals	-	-	-	-
-	-	-	-	-
At 31 March 2022	<u>169</u>	<u>785</u>	<u>2,280</u>	<u>3,234</u>
Net book value				
At 31 March 2022	<u>8,283</u>	<u>976</u>	<u>579</u>	<u>9,838</u>
At 31 March 2021	<u>8,345</u>	<u>757</u>	<u>498</u>	<u>9,600</u>
Leased assets included above:				
Net book value				
At 31 March 2022	<u>8,283</u>	<u>-</u>	<u>-</u>	<u>8,283</u>
At 31 March 2021	<u>8,345</u>	<u>-</u>	<u>-</u>	<u>8,345</u>

SOUTH YORKSHIRE HOUSING ASSOCIATION LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

13. Property, plant and equipment - other (continued)

Association	Office premises £'000	Office equipment and computer hardware £'000	Others £'000	Total £'000
Cost or valuation				
At 1 January 2021	8,429	1,352	2,580	12,361
Additions	23	390	278	691
Disposals	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2022	8,452	1,742	2,858	13,052
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Depreciation				
At 1 January 2021	84	595	2,082	2,761
Charge for the year	85	171	197	453
Disposals	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2022	169	766	2,279	3,214
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Net book value				
At 31 March 2022	8,283	976	579	9,838
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 March 2021	8,345	757	498	9,600
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Leased assets included above:				
Net book value				
At 31 March 2022	8,283	-	-	8,283
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 March 2021	8,345	-	-	8,345
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

SOUTH YORKSHIRE HOUSING ASSOCIATION LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

14. Fixed asset investments

Group	2022						Total
	Debt Service Reserve	Buy-to-Let	Mor Homes	View Point	Forge New Homes	Forge New Homes Loan	
	(a)	(f)	(b)	(c)	(d)	(e)	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2021	662	342	526	20	396	-	1,946
Additions	-	-	-	-	500	460	960
Disposals	-	(102)	-	-	-	-	(102)
Share of loss in joint venture	-	-	-	-	(55)	-	(55)
Revaluation in the year	(42)	35	-	-	-	-	(7)
At 31 March 2022	620	275	526	20	841	460	2,742

Association

	Debt Service Reserve	Buy-to-Let	Mor Homes	Total
	(a)	(f)	(b)	
	£'000	£'000	£'000	£'000
At 1 April 2021	662	217	526	1,405
Additions	-	-	-	-
Disposals	-	(102)	-	(102)
Revaluation in the year	(42)	35	-	(7)
At 31 March 2022	620	150	526	1,296

a) As part of a loan agreement with Haven (32) plc, an amount of the loan principal is held by Trustees to guarantee short term service of the debt should any borrower not make payments in accordance with the loan agreement. The Debt Service Reserve comprises investments acceptable to the Trustees and held by them on behalf of the Association as borrower.

b) As part of a loan agreement with MORHomes, a proportion of the loan proceeds is retained by MORHomes in the form of junior debt, with the Association as investor. This is to provide additional credit strength to the MORHomes vehicle.

SOUTH YORKSHIRE HOUSING ASSOCIATION LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2022

c) SYHA Enterprises Ltd invests in Viewpoint, a social enterprise specialising in collecting customer feedback over the telephone.

d) and e) In September 2019, SYHA entered into a joint venture arrangement called Forge New Homes LLP for the development of new homes in the Sheffield City region. SYHA Enterprises holds a 20% in Forge New Homes LLP. Each association in the joint venture has committed to invest and loan up to £3 million into Forge New Homes. Member loans are subject to interest at 6% p.a.

f) The buy-to-let properties are valued at the year end. The valuation is provided Crucible Homes who have data and recent experience in the location and class of the investment property being valued.

Principal Group investments

The parent Association and the Group have investments in the following subsidiary undertakings, associates and other investments which principally affected the surpluses or net assets of the Group.

Subsidiary undertakings	Principal activity	Holding	%
SYHA Enterprises Limited	Marketing of shared equity sales properties on behalf of SYHA along with private property sales and lettings	Shares	100
Alliance Housing Association (South Yorkshire) Limited	Registered Provider of housing and associated amenities particularly for people in necessitous circumstances	Shares	100
Charter Housing Limited South Yorkshire (Second)	Registered charity - dormant	Shares	100
Housing Association Limited	Registered Provider - dormant	Shares	100

15. Inventories

	Group		Association	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Completed properties for sale				
- First tranche shared ownership	936	48	936	48
- Property held for outright sale	343	373	-	-
Raw materials and consumables	95	94	95	94
	1,374	515	1,031	142

SOUTH YORKSHIRE HOUSING ASSOCIATION LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

16. Debtors

	Group		Association	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Rent arrears	2,343	2,060	2,317	2,029
Provision for bad debts	(1,112)	(1,351)	(1,102)	(1,324)
Amounts owed by Group undertakings	-	-	236	149
Other debtors	991	2,033	786	1,889
Prepayments and accrued income	2,137	809	2,061	783
	4,359	3,551	4,298	3,526

17. Cash and cash equivalents

	Group		Association	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Cash at bank and in hand	5,000	5,150	3,608	3,491

18. Creditors – amounts falling due within one year

	Group		Association	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Bank loans and overdrafts (see note 19)	9,334	5,274	9,334	5,274
Obligations under finance leases and hire purchase contracts (see note 19)	527	509	-	-
Rents received in advance	1,141	1,019	1,113	994
Trade creditors	815	802	836	971
Amounts owed to Group undertakings	-	-	343	395
Corporation tax	-	-	-	-
Other taxation and social security	549	308	539	297
Other creditors	4,686	4,121	4,586	3,808
Accruals and deferred income	4,980	1,995	4,730	1,912
	22,032	14,028	21,481	13,651

SOUTH YORKSHIRE HOUSING ASSOCIATION LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

19. Creditors – amounts falling due after more than one year

	Group		Association	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Other creditors				
Loans (net of capitalised transaction fees)	120,805	124,269	120,805	124,269
Obligations under finance leases and hire purchase contracts	10,949	11,144	-	-
Government grants	137,399	139,186	134,226	135,978
Benefactor grant	77	-	77	-
	269,230	274,599	255,108	260,247

The loans are secured on freehold housing properties. Interest is payable at a weighted average rate of 3.77 per cent (2021: 3.59 per cent)

The total accumulated amount of capital grant received or receivable at the balance sheet date is £157,808,800 (Association).

	Group		Association	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
19a. Deferred income - Government grants				
At 1 April 2021	139,186	141,219	135,978	137,912
Grants receivable	704	160	704	160
RCGF Grants	38	431	38	431
Disposals	(1,011)	(1,107)	(1,011)	(1,034)
Amortisation to Statement of Comprehensive Income*	(1,663)	(1,688)	(1,628)	(1,657)
Disposal of amortisation	145	171	145	166
At 31 March 2022	137,399	139,186	134,226	135,978
Amortised within one year	1,518	1,518	1,483	1,491
Amortised after one year	135,881	137,668	132,743	134,487

* The amount of amortisation differs to note 3 in respect of £100,000 (2021: £125,000) of amortisation included in social housing lettings – other.

SOUTH YORKSHIRE HOUSING ASSOCIATION LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

	Group		Association	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
19b. Recycled Capital Grant Fund				
At 1 April 2021	2,954	2,597	2,954	2,597
Inputs to RCGF	809	785	809	785
Use of funds – new build development	(38)	(431)	(38)	(431)
Interest accrued	7	3	7	3
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2022	3,732	2,954	3,732	2,954
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

SOUTH YORKSHIRE HOUSING ASSOCIATION LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

	Group		Association	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
19c. Borrowings are repayable as follows:				
Bank loans				
Between one and two years	5,863	5,312	5,863	5,312
Between two and five years	12,701	17,891	12,701	17,891
After five years	102,876	101,570	102,876	101,570
	121,440	124,773	121,440	124,773
On demand or within one year	9,334	5,310	9,334	5,274
Less capitalised transaction costs	(635)	(504)	(635)	(504)
	130,139	129,579	130,139	129,543
Finance leases				
Between one and two years	540	519	-	-
Between two and five years	1,701	1,596	-	-
After five years	8,708	9,029	-	-
On demand or within one year	526	509	-	-
	11,475	11,653	-	-
Total borrowings including finance leases				
Between one and two years	6,403	5,831	5,863	5,312
Between two and five years	14,402	19,487	12,701	17,891
After five years	111,584	110,470	102,876	101,570
	132,389	135,788	121,440	124,773
On demand or within one year	9,860	5,822	9,334	5,274
Less capitalised transaction costs	(635)	(504)	(635)	(504)
	141,614	140,106	130,139	129,543

SOUTH YORKSHIRE HOUSING ASSOCIATION LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2022

20. Retirement benefit schemes

Defined Benefit Pension Liability

The liability shown on the Statement of Financial Position consists of:

	2022	2021
SHPS	4,866	9,961
LGPS	601	861
	<u>5,467</u>	<u>10,822</u>

Social Housing Pension Scheme (SHPS)

South Yorkshire Housing Association participates in SHPS and the SHPS Growth Fund, both multi-employer schemes which provide benefits to some 500 non-associated employers. These schemes are defined benefit schemes in the UK. With the SHPS Growth Plan Fund it is not possible for the Company to obtain sufficient information to account for it as a defined benefit scheme. Therefore, it accounts for it as a defined contribution scheme.

The schemes are 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.

These schemes are classified as '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.

The Group has been notified by the Trustee of the Social Housing Pension 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 some uncertainty surrounding these changes. The Group classes this as a contingent liability and due to the inability to calculate the possible impact, no adjustment has been made in the financial statements (see note 30).

Main SHPS Scheme

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

For financial years prior to April 18 it was not possible for the company to obtain sufficient information to account for the scheme as a defined benefit scheme therefore, it has been treated as a defined contribution scheme in line with FRS102. For financial years from April 18 onwards sufficient information has been made available.

SOUTH YORKSHIRE HOUSING ASSOCIATION LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

PRESENT VALUES OF DEFINED BENEFIT OBLIGATION, FAIR VALUE OF ASSETS AND DEFINED BENEFIT ASSET (LIABILITY)

	31 March 2022	31 March 2021
	(£000s)	(£000s)
Fair value of plan assets	37,691	35,206
Present value of defined benefit obligation	42,557	45,167
Deficit in plan	(4,866)	(9,961)
Unrecognised surplus	-	-
Defined benefit asset (liability) to be recognised	(4,866)	(9,961)

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION

	Period ended 31 March 2022	Period ended 31 March 2021
	(£000s)	(£000s)
Defined benefit obligation at start of period	45,167	36,024
Current service cost	383	315
Expenses	32	32
Interest expense	979	840
Contributions by plan participants	1	2
Actuarial losses (gains) due to scheme experience	2021	(838)
Actuarial losses (gains) due to changes in demographic assumptions	(647)	157
Actuarial losses (gains) due to changes in financial assumptions	(3,725)	9,514
Benefits paid and expenses	(1,654)	(879)
Defined benefit obligation at end of period	42,557	45,167

SOUTH YORKSHIRE HOUSING ASSOCIATION LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE FAIR VALUE OF PLAN ASSETS

	Period ended 31 March 2022 (£000s)	Period ended 31 March 2021 (£000s)
Fair value of plan assets at start of period	35,206	31,411
Interest income	770	743
Experience on plan assets (excluding amounts included in interest income) - gain	2,036	2,603
Contributions by the employer	1,332	1,326
Contributions by plan participants	1	2
Benefits paid and expenses	(1,654)	(879)
Fair value of plan assets at end of period	37,691	35,206

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2021 to 31 March 2022 was £2,806,000.

DEFINED BENEFIT COSTS RECOGNISED IN STATEMENT OF COMPREHENSIVE INCOME (SoCI)

	Period from 31 March 2021 to 31 March 2022 (£000s)	Period from 31 March 2020 to 31 March 2021 (£000s)
Current service cost	383	315
Expenses	32	32
Net interest expense	209	97
Defined benefit costs recognised in statement of comprehensive income (SoCI)	624	444

In addition to amounts recognised in the SOCI (as disclosed above), SYHA paid contributions of £1,044,000 to SHPS in relation to past service deficits.

SOUTH YORKSHIRE HOUSING ASSOCIATION LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

	31 March 2022	31 March 2021
	% per annum	% per annum
Discount Rate	2.79%	2.2%
Inflation (RPI)	3.51%	3.25%
Inflation (CPI)	3.16%	2.87%
Salary Growth	4.16%	3.87%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2022 imply the following life expectancies:

	Life expectancy at age 65
	(Years)
Male retiring in 2022	21.1
Female retiring in 2022	23.7
Male retiring in 2042	22.4
Female retiring in 2042	25.2

SHPS Growth Plan Scheme

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

Deficit contributions

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

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

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

Deficit contributions

From 1 April 2019 to 30 September 2025:	£11,243,000 per annum	(payable monthly and increasing by 3% each on 1st April)
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The recovery plan contributions are allocated to each participating employer in line with their estimated share of the Series 1 and Series 2 scheme liabilities.

SOUTH YORKSHIRE HOUSING ASSOCIATION LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2022

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

PRESENT VALUES OF PROVISION

	31 March 2022 (£s)	31 March 2021 (£s)	31 March 2020 (£s)
Present value of provision	2,260	11,469	13,589

RECONCILIATION OF OPENING AND CLOSING PROVISIONS

	Period Ending 31 March 2022 (£s)	Period Ending 31 March 2021 (£s)
Provision at start of period	11,469	13,589
Unwinding of the discount factor (interest expense)	66	306
Deficit contribution paid	(2,902)	(2,818)
Remeasurements - impact of any change in assumptions	(52)	392
Remeasurements - amendments to the contribution schedule	(6,321)	-
Provision at end of period	2,260	11,469

INCOME AND EXPENDITURE IMPACT

	Period Ending 31 March 2022 (£s)	Period Ending 31 March 2021 (£s)
Interest expense	66	306
Remeasurements – impact of any change in assumptions	(52)	392
Remeasurements – amendments to the contribution schedule	(6,321)	-
Contributions paid in respect of future service*	*	*
Costs recognised in income and expenditure account	*	*

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

ASSUMPTIONS

	31 March 2022 % per annum	31 March 2021 % per annum	31 March 2020 % per annum
Rate of discount	2.35	0.66	2.53

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

South Yorkshire Pension Fund (SYPF)

South Yorkshire Housing Association also participates in the South Yorkshire Pension Fund (SYPF). SYPF Retirement Benefit Scheme is an independently administered pension providing benefits based on final pensionable pay. The contributions are determined by a qualified actuary on the basis of triennial valuations using discounted cash flow techniques. The assumptions which have the most significant effect on the result of the valuation are those relating to the rate of increase in salaries and pensions.

At the end of the year there is a pension provision of £601,000 (2021: £861,000) in accordance with FRS102. The current pension charge for this scheme for the year was £67,000 (2021: £57,000).

The major assumptions used in this valuation were:

	2022	2021
	%	%
Rate of increase in salaries	4.3	3.95
Rate of increase in pensions in payment	3.3	2.8
Discount rate	2.7	2.1
Inflation assumption	3.3	2.7

The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

Scheme deficit

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

	2022	2021
	%	%
	of scheme	of scheme
	assets	assets
Bonds	24	21
Equities	66	69
Property	9	9
Cash/liquidity	1	1
Present value of scheme liabilities	(3,848)	(3,848)
	<hr/>	<hr/>
Deficit in the scheme - pension liability	(861)	(861)
	<hr/> <hr/>	<hr/> <hr/>

Movement in deficit during the year

SOUTH YORKSHIRE HOUSING ASSOCIATION LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

	2022	2021
	£'000	£'000
Deficit in scheme at beginning of year	(861)	(812)
Current service cost	(67)	(57)
Administration cost	(0)	(1)
Contributions paid	45	44
Other finance income/costs	(18)	(19)
Remeasurements (liabilities/assets)	300	(16)
	<hr/>	<hr/>
Deficit in the scheme at end of year	(601)	(861)
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NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

Group and Association

Analysis of other pension costs charged in arriving at operating surplus

	2022	2021
	£'000	£'000
Past service cost (gain)	0	0
Current service cost	67	57
	<u>67</u>	<u>57</u>
	<u>67</u>	<u>57</u>

Analysis of amounts included in other finance income/(costs)

Expected return on pension scheme assets	63	60
Interest on pension scheme liabilities	(81)	(79)
	<u>(18)</u>	<u>(19)</u>
	<u>(18)</u>	<u>(19)</u>

Analysis of amount recognised in Other comprehensive income

	2022	2021
	£'000	£'000
Actual return less expected return on scheme assets	222	(424)
Experience surpluses arising on scheme liabilities	(8)	(58)
Changes in assumptions underlying the present value of scheme liabilities	86	498
	<u>300</u>	<u>(16)</u>
Actuarial surplus/(deficit) recognised in Other comprehensive income	<u>300</u>	<u>(16)</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

21. Financial instruments

The carrying values of the Group and Association's financial assets and liabilities are summarised by category below:

	Group		Association	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Financial assets				
Measured at fair value through Statement of Comprehensive Income				
• Current asset listed investments	-	-	-	-
Measured at discounted amount receivable				
• Rent arrears financing transactions (see note 16)		-		-
Measured at undiscounted amount receivable				
• Rent arrears and other debtors (see note 16)	4,359	3,551	4,298	3,526
• Amounts due from related undertakings (see note 16)	-	-	-	-
	4,359	3,551	4,298	3,526
Financial liabilities				
Measured at amortised cost:				
• Loans payable (see note 18 & 19)	130,139	129,583	130,139	129,543
• Obligations under finance leases (see note 18 & 19)	11,476	11,523	-	-
Measured at undiscounted amount payable				
• Trade and other creditors (see notes 18 & 19)	149,570	147,516	146,373	144,354
• Amounts owed to related undertakings (see note 18)		-		-
	291,185	288,622	276,512	273,897

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

22. Share capital

	2022	2021
	£	£
At beginning of year	48	47
Issued during the year	4	2
Cancelled during the year	(2)	-
	<hr/>	<hr/>
At end of year	50	49
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The shares provide members with the right to vote at general meetings but do not have a right to any dividend or distribution in a winding-up and are not redeemable.

23. Financial commitments

Capital commitments are as follows:

	Group		Association	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Contracted for but not provided for	7,106	5,253	7,106	5,253
Approved by the directors but not contracted for	3,206	12,319	3,206	12,319
	<hr/>	<hr/>	<hr/>	<hr/>
	10,312	17,571	10,312	17,571
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

£5.3 million (2021: £7.6 million) will be financed through SHG and other capital grants with the balance being funded through approved loan finance.

At the year-end SYHA has cash and undrawn loan facilities of £29 million and has the ability to fund all future committed expenditure.

Total future minimum lease payments under non-cancellable operating leases are as follows:

	Group		Association	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Payments due:				
- within one year	1,274	1,243	1,274	1,240
- between one and five years	5,198	5,036	5,198	5,036
- over five years	20,813	22,026	20,813	22,026
	<hr/>	<hr/>	<hr/>	<hr/>
	27,285	28,306	27,285	28,303
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Included in operating lease commitments are payments made on a 21-year lease for 225 units on a site in Kelham Island in Sheffield city centre, which are a mixture of market and sub-market properties. The lease payments are subject to an annual increase of CPI. The future minimum lease payments are calculated on the basis of a long term CPI rate of 2%.

24. Housing stock

SOUTH YORKSHIRE HOUSING ASSOCIATION LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

Group

	As at 1 April 2021	Additions in the year	Disposals in the year	Movement between categories	As at 31 March 2022
Owned and managed (units)					
General needs housing accommodation at social rent	3,352	2	(13)	20	3,361
Housing accommodation at affordable rent	357	2	(2)	-	357
Housing accommodation at intermediate rent	53	1	-	(15)	39
Supported housing accommodation at social rent	1,018	-	(1)	(5)	1,012
Homeless services	85	-	(5)	4	84
Shared ownership accommodation	282	12	(10)	-	284
Agency managed	398	-	(6)	(4)	388
Market and submarket	225	-	-	-	225
	<u>5,770</u>	<u>17</u>	<u>(37)</u>	<u>-</u>	<u>5,750</u>

The Association numbers differ by 222 general needs social rented units which are owned and managed by Alliance Housing Association Ltd.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

25. Related party transactions

The Association has four wholly owned subsidiary undertakings:

Alliance HA (South Yorkshire) Ltd
SYHA Enterprises Ltd
South Yorkshire (Second) HA Ltd
Charter Housing Ltd

Alliance HA (South Yorkshire) Ltd and SYHA Enterprises Ltd are trading. The other subsidiaries are dormant.

Financial transactions between South Yorkshire Housing Association Limited and its subsidiary entities consist of:

	Transaction	Cost in year £'000	Balance at year end £'000
Regulated subsidiary			
Alliance HA (SY) Ltd	Charges from Alliance	-	Creditors 303
	Charges to Alliance	676	Debtors 236
Non-regulated subsidiary			
SYHA Enterprises Ltd	Charges from SYHA Enterprises	290	Creditors 40
	Charges to SYHA Enterprises	30	Debtors nil
Other related parties			
Board members (2)	Property rental from SYHA	8	Nil

26. Controlling party

The parent and the ultimate controlling party of the group is South Yorkshire Housing Association Limited.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

27. Association Free Cash Flow

	Note	2022 £'000	2021 £'000
Cash generated by operations		8,467	6,275
Interest paid	5	(5,131)	(4,939)
Interest received	6	43	47
Adjustment for reinvestment in existing properties			
Component replacement/additions	12	(3,831)	(3,468)
Purchase of other replacement fixed assets	11 & 13	(1,348)	(1,287)
Free cash (consumed)/generated before loan repayments		(1,800)	(3,372)
Loans drawn		6,000	4,000
Loans repaid	19	(5,457)	(5,286)
Free cash (consumed)/generated after loan repayments		(1,257)	(4,658)

28. Reconciliation of net cashflow to movement in net debt

Group	2022 £'000	2021 £'000
(Decrease)/increase in cash	(150)	(3,867)
Increase in debt financing	(418)	1,298
Movement in net debt in year	(568)	(2,569)
Net debt at 31 March 2021	(136,046)	(133,477)
Net debt at 31 March 2022	(136,614)	(136,046)

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

29. Joint Venture

The Group, via its subsidiary, SYHA Enterprises Ltd, is part of a joint venture with four other housing associations. The partnership aims to build up to 500 new homes - both private sale and social rented - each year within the Sheffield City Region. The company is a for-profit business and profits made will be returned to its five investors who are social landlords. All profits from Forge New Homes are therefore re-invested in affordable housing and communities.

Each association has committed to invest and loan up to £3 million into Forge New Homes. Decisions are made by the Board of Forge New Homes which comprises the five Chief Executives. The current Chair of the Board is Steve Close (Chief Executive, Together Housing). As at 31 March 2022 the Association has invested £1,000,000 in the joint venture and made a loan of £460,000. The Association's committed expenditure is included in capital commitments (note 23).

30. Contingent Liability

The Group has been notified by the Trustee of the Social Housing Pension 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 some uncertainty surrounding these changes. The Trustee has been advised to seek clarification from the Court on these items. The process is ongoing 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, with any accuracy. No adjustment has been made in these financial statements.

For more help or information contact:

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