thirteen

Managing and building homes

Annual Report and Financial Statements

Year Ended 31 March 2022

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About us

As a charitable housing association, Thirteen Housing Group ("the group") exists to provide housing and support services across the North East of England, Yorkshire and the Humber region. We work to improve the fabric of places where our customers live and are here for anyone who needs a home and a helping hand, providing support and opportunities that encourage resilient communities.

Our priorities are:

- Great customer experience
- Quality places to live and improving neighbourhoods
- Being Team Thirteen
- Net zero and reducing environmental impacts.

Our essentials:

- Everything safe
- We understand customers' needs
- We have strong financials
- Data integrity and insight
- Simplify the way we work
- Have clear communication
- ESG and social value.

Thirteen has a history of growth. Thirteen, in its present form, was created in 2017 through the mergers and consolidation of four housing companies and a care organisation to create a strong social purpose housing association. In July 2021, we acquired 1,303 properties from another housing provider, and today we own over 34,000 properties and manage over 35,000 homes, with over 1,500 colleagues providing services for more than 72,000 customers.

Most of our homes are in our Tees Valley heartland, but we're actively expanding our presence throughout the North East, Yorkshire and the Humber region with a growing development programme to meet housing needs.

We continue to be committed to our main purpose – being a great housing association and landlord – and once again, customers have recently told us that's what we're living up to, with 89.1% saying they're happy with the service we provide.

Overall satisfaction shows customers would recommend us, and our operating model puts neighbourhoods at the heart of our business so we can develop closer relationships, creating an even bigger impact in our communities and giving customers a greater voice.

But we're not just about rental properties; we build new homes for rent and sale and offer affordable sales options to help people onto the property ladder. As a

We continue to be committed to our main purpose – being a great housing association and landlord – and once again, customers have recently told us that's what we're living up to, with 89.1% saying they're happy with the service we provide.

Homes England Strategic Partner, we have an ambitious development programme that includes building 3,534 new affordable homes, as well as homes for market sale, with the proceeds reinvested over the next six years.

We also go beyond bricks and mortar to develop targeted help and support for our customers, so people can live healthier lives and become the best they can be.

We support communities, work to prevent homelessness, help residents gain employment and apprenticeships, assist with money management, provide volunteering opportunities, domestic abuse support, refugee resettlement and much more.

We place a real emphasis on developing and delivering accommodation and services for older people or those who need a helping hand to live independently. We work with over 3,000 customers in these settings, including extra care for older people, homes for people with learning disabilities, children leaving care, schemes to prevent homelessness and helping those leaving prison to find accommodation. Some of these include commissioned services from local authorities, health trusts and other government bodies, bringing additional income into Thirteen.

We work closely with our partners, investing time to understand their drivers and priorities and where we can help deliver their ambitions. Local authorities are key partners, and our close relationships enable us to work together to develop new homes, regenerate communities and tackle common issues such as environmental problems and anti-social behaviour.

We're committed to becoming a much greener organisation, reducing our environmental impact with a clear set of targets, and empowering our customers, colleagues and partners to take control of their impacts. To ensure we do this, we've set our goal as an organisation to reach net zero on direct emissions by 2035, and this vital agenda has become one of our key priorities.

While Covid-19 and the macroeconomic environment led to a challenging year, our operating performance was strong. Our overall financial performance has improved since 2020/21, and with a comparatively low gearing level compared to most other large housing associations, we benefit from greater financial capacity and lower financial risk than many of our peers.

However, whilst we're financially strong and resilient to deal with the challenges that face us, we still need to remain flexible, with a clear focus on our role in helping address housing needs and improving what we do for the people in our communities.

Group Chair’s report

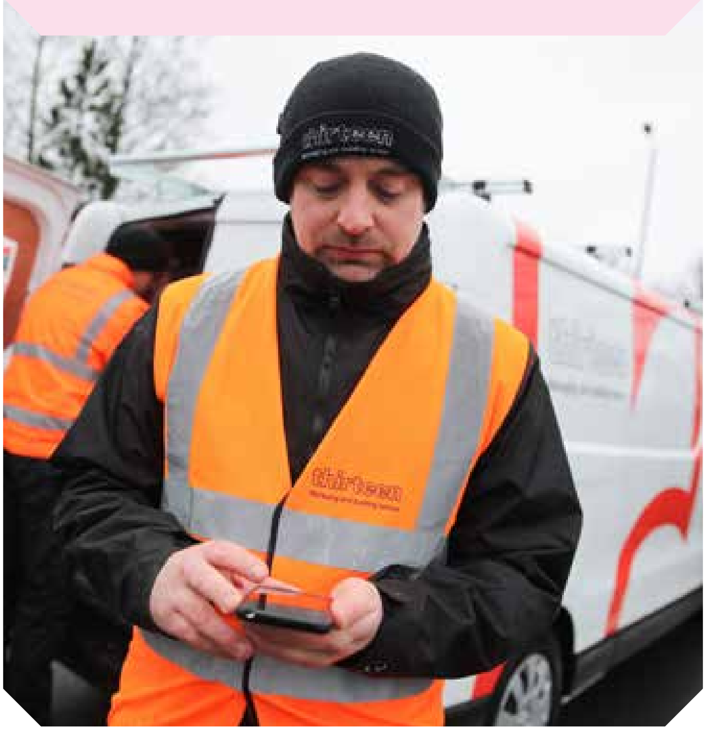
For two years, the majority of people in the UK have spent more time at home than ever before. A safe and secure home is one of the most important factors in living a happy, fulfilling life, but when that home becomes your world, as we witnessed during the pandemic, that contentment becomes a necessity.

As the new chair of Thirteen, I take great pride in how our teams have stepped up to the challenge of helping customers cope, and continue to do so, all while overcoming the practical and emotional obstacles of Covid-19.

The last two years has brought about many new challenges that we continue to face, but despite the turmoil caused by the pandemic and the uncertainty that still lies ahead, we’re continuing to weather the storm and have active plans in place to take us forward.

Over the last 12 months, we’ve been building on our foundations. The organisation’s operational performance has improved across many key areas, and we have embarked on many exciting new projects, including continuing to successfully embed ourselves in new areas across Yorkshire and Humberside.

We’ve developed our current service offer by listening to customers and partners about what matters to them, and we’re grateful to them for their insights in helping us to truly understand their needs and as a result, create great experiences.



One of the most satisfying elements of the last year has been how our proactive approach to ICT investment has helped us develop more agile ways of working, which meant we’ve been able to continue to deliver vital services and support to our customers. During this period, almost nine in ten of our customers were satisfied with our services, with a large majority of customers being very satisfied.

We’re proud to put our customers at the heart of everything we do and we’re continuing to make a great deal of progress as our neighbourhood operating model is embedded. We’ve developed our current service offer by listening to customers and partners about what matters to them, and we’re grateful to them for their insights in helping us to truly understand their needs and as a result, create great experiences.


OTTER WALK

Group Chair's report

As a result, we are continuing to transform how we work with customers through our digital platform, My Thirteen, and our Touchpoint programme, including a high street customer hub in Stockton and another which we opened in Hull in March 2022. This approach means we can deliver a more consistent, responsive and quality service, while helping deepen our understanding about changing customer behaviours and attitudes in a dynamic market. We saw another 13,646 customers sign up to My Thirteen last year and that number continues to grow.

In the coming years, Thirteen remains committed to our social purpose, which means continuing to invest in how we do things, whether that's service delivery, improvements to customers' homes and neighbourhoods, or delivering new affordable homes.

We continually invest in our homes and neighbourhoods and have plans to carry out £36m of improvements to homes across the North East and Yorkshire in the coming year. This includes replacing over 1,300 kitchens and around 350 bathrooms. More than 600 homes will receive new windows and doors, and over 400 roof improvements will be completed to enhance the appearance of homes and ensure they are windproof and watertight. There will also be 650 new boilers installed over the year, to make homes more energy efficient. This work builds on the significant work done to deal with the effects of the once in a generation storm last year.

We plan to build 3,534 affordable homes in the next six years and as a Homes England Strategic Partner, we have an ambitious development programme in place.

This includes plans to build around 600 new affordable homes per annum, with a minimum of 25% built using modern methods of construction (MMC). Thirteen has been a pioneer in driving MMC, and it has saved us valuable time, especially at the height of the pandemic, while delivering exceptional quality.

We recognise that as a large business, employer and landlord, we have a responsibility to do what we can to protect the local environment, improve our performance and reduce carbon emissions—improving our environmental sustainability cuts across everything we do. We're taking action to reduce our carbon footprint and deliver on commitments to be net zero on direct carbon emissions by 2035 and all emissions by 2050.

We were thrilled to win landlord of the year and best digital transformation at the Northern Housing Awards in May. It was a great testament to the fantastic work all our colleagues and directors do.

Plus, we are delighted to have achieved the Gold IIP accreditation. We're committed to high performance through good people management and if we can give the right support to colleagues, we can provide great services for customers. The Gold IIP award demonstrates how much we've moved on from the Silver award we achieved a few years ago and shows that we've put further measures in place to help us develop our colleagues.

And for me personally, I'd like to thank Ian Wardle for his outstanding achievements and the fantastic legacy he has left behind at Thirteen and wish him every success in his new role.

It's a huge privilege to be appointed chair of the Thirteen Board, following in the footsteps of George Garlick, for whom I have great respect, having achieved so much and helped improve so many lives for people in our homes.

So, what an exciting time to be at the helm of this incredible organisation. Once again, it's going to be a challenging year with rising inflation and energy costs to name a few, but I'm proud it's alongside colleagues who continue to show their strength, capacity and ambition to deliver what our customers need during difficult times.

Legal and safe

Keeping customers, colleagues, and the organisation safe is at the forefront of everything we do. Our health and safety and assurance frameworks ensure we manage and monitor performance and risks with appropriate and effective mitigating controls in place, covering areas such as working safely, property and regulatory compliance and data security.

Our dedicated health and safety team work with and deliver training to teams across the organisation to ensure safe working practices are in place and support wellbeing. We continue to deliver our health and safety culture programme, developed following a specialist survey, to ensure all colleagues fully understand health and safety requirements and feel comfortable reporting accidents, incidents and near misses and letting us know when things don't look or feel right.

We also know that Covid-19 has not gone away, and we will continue to be prepared for any resurgence. We'll continue the monitoring of personal protective equipment and review our risk assessments and safe operating procedures so we can continue to deliver services while putting customer and colleague safety first.

We're committed to continuously enhancing fire safety in our high-rise, low-rise and complex buildings and improving on the good practice we've already established.

We've launched a clear, concise and ongoing campaign to raise awareness of how our customers can ensure they stay safe in their homes, and we're continuing to engage with and listen to them.

Tenants, customers and clients

We reach out to around 72,000 people. They are the centre of everything we do, so it's vital to hear their voice and not just listen but also respond to any issues raised. Our involved customer framework has been developed in consultation with customers and continues to go from strength to strength.

This ensures Thirteen's customers can influence and challenge our performance and service delivery, offering a range of options for involvement and enabling them to choose when, how and for how long they're involved.

Customers decide the methods they want to use to challenge performance, service delivery and test compliance with regulatory and service standards, holding us accountable for delivering services that meet their needs and expectations.

We were early adopters of the NHF Together with Tenants initiative, and we're continuing to work with other regional housing providers as part of the North East Tenants Voice.

We received a compliance plus accreditation in our customer service excellence assessment. Our approach has gained interest from several other organisations, following attendance and presentations at national events by involved customers and Thirteen colleagues.

You said, *we're doing*

A look at the last 12 months

You said:
Customers told us they wanted our Touchpoint service centre to be more flexible so they could speak to someone at a time suitable to them.

We're doing:
Our Touchpoint service centre is now open between 9 am and 3 pm every Saturday too, meaning customers have more opportunities to contact us at a time that suits them.

You said:
Customers told us they wanted a single point of contact rather than having to explain why they're contacting us to many different people.

We're doing:
We created a holistic tenancy support service, so people have one point of contact and aren't passed between teams.

You said:
Customers told us to build more affordable homes and offer different types of affordable options.

We're doing:
Last year we built 437 new homes, 349 for affordable rent, 70 for shared ownership and 18 for outright sale.

You said:
New customers in Hull told us they wanted to be able to find out about homes available and other support services on offer closer to home.

We're doing:
In March 2022, we opened our Touchpoint store in Hull, offering customers the chance to learn more about Thirteen by popping in for a coffee and a chat. We know people value the opportunity to speak to us face to face, so we're excited to offer this great customer experience in Hull.

Finance summary

Despite another challenging year, we are pleased to report that the group continues to present strong financial results with an improved position over the prior year, delivering a surplus of £28.9m (2021: £19.3m). Turnover increased by 6%, as did our operating margin, increasing from 19.4% to 21.3% as activity increased across the group, including the acquisition of properties from another housing provider.

Thirteen remains fully loan compliant with a V1 rating from the housing regulator confirming our long-term financial stability with sound finance management arrangements laying firm foundations for the future delivery of our strategic priorities.

Operational performance

Performance during 2021/22 continued to build on our previous successes and showed a steady improvement:

- Overall customer satisfaction with the service we provide sits at 89.1%
- We carried out 121,705 repairs (including emergencies and callouts), with 97.6% completed on the first visit. 89.25% of customers said they were satisfied with the repairs service provided
- All homes had an up-to-date gas safety certificate
- We completed 361 fire risk assessments across 75 complex buildings, which resulted in 937 actions raised, of which 99.6% were completed within timescales
- Increased contact with customers through My Thirteen, with 13,646 signing up to the online portal between April 2021 and March 2022. We also answered 296,254 calls, with an average waiting time of 40 seconds. 2,224 customers visited our store in Stockton, although many were appointment only due to Covid-19 guidance at the time
- We were announced as a Homes England Strategic Partner, allowing us to build on our ambitious development programme
- We invested £55.6m in new affordable homes for rent and shared ownership with 419 completed
- We delivered over £33.9m of investment works to existing homes, including new windows and doors, boilers, kitchens and roofs
- We managed 1,934 new cases of anti-social behaviour and closed 1,599
- Helped 507 customers into jobs and training
- Published our first environmental, social and governance report
- £72.6m invested in our core operating area's economy through our spending on staff and suppliers, an increase of £15.6m on last year
- The Domestic Abuse Housing Alliance (DAHA) recognised Thirteen with formal accreditation for our commitment to tackling domestic abuse.

Group Chair's report

Case study:
Stunning new apartments unveiled at Bohouse North

The Bohouse North development comprises 40 stunning apartments for affordable rent. They are modern, flexible homes where people can work or study from home.

Bruce Slater, CEO at Radical Forge, said: "I had been living in my previous property for almost five years and was looking for a change, but I didn't want to move far, so when I found out about Bohouse North I was really interested in moving in.

"What attracted me to the apartments was the location and the fact Thirteen had thought about internet speeds for its residents from the very start.

"Being a brand-new building was also a selling point – it's very different to anything else in Middlesbrough, and I was lucky enough to secure a property with a rooftop garden, so have some great views over Teesside."

Case study:
IIP Gold

Heather Ashton, Executive Director of Business Change and Improvement, said: "We're really thrilled to have achieved the Gold IIP accreditation. We're committed to high performance through good people management, and by giving the right support to colleagues, we can provide great services for customers."

Case study:
£300,000 investment boost for homes in Hull

The £300,000 project is seeing Thirteen working with Esh Construction to replace over 250 doors to its customers' homes.

Customer Leah Wilkinson said: "I'm really pleased with the work; it's made a noticeable difference and helped to modernise the appearance of my home. The panels in the new door make my hallway feel much brighter too."

Case study:
Diversity training programme for board members of the future

Working in partnership with the Housing Diversity Network (HDN) and other local housing providers, the two-year programme is seeing trainees from diverse and minority backgrounds develop their skills and knowledge to help them become board members of the future.

Claire Bell, diversity board trainee, said: "I'm thrilled to join the board member training programme and have the opportunity to develop my knowledge and skills, helping me become 'board ready'. It's a fantastic opportunity to combine in-depth learning with the practical experience I'm gaining with Thirteen. I'm excited to be learning more about the business and how the board best serves the Thirteen community."

Jane Earl
Chair of Thirteen Housing Group

Our highlights of the year

Financial highlights:

Regulatory judgement **V1/G1** (2021: V1/G1)	Turnover **£192.2m** (2021: £181.4m)
Operating surplus **£44.7m** (2021: £36.9m)	Surplus for the year **£28.9m** (2021: £19.3m)
Operating margin **21.3%** (2021: 19.4%)	EBITDA MRI margin **23.9%** (2021: 26.6%)
Operating margin (social housing lettings) **28.2%** (2021: 29.7%)	

Service delivery highlights:

Maintaining our existing homes
£73.5m
(2021: £61.6m)

Responsive repairs completed
121,705
(2021: 104,145)

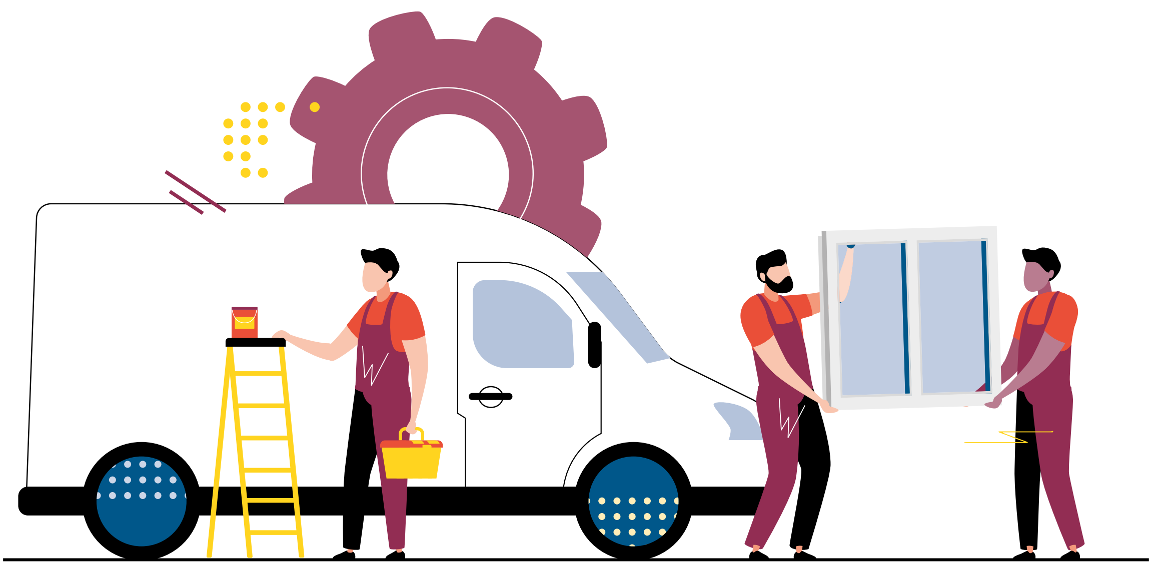
Investment in the Tees Valley economy
£72.6m
(2021: £57m)

Investment in new homes
£55.6m
(2021: £49.6m)

New homes built for rent, shared ownership and outright sale
437
(2021: 362)

Customers helped into jobs and training
507
(2021: 516)

Customer satisfaction
89.1%
(2021: 89.1%)



Financial review of 2022

2022 continued to present challenges to both service delivery and for our customers. Despite this we are pleased to present strong financial results which outperformed our financial plan.

Group operating surplus has increased over the previous year from £36.9m in 2021 to £44.7m, the main driver being an increase in turnover whilst maintaining a fairly consistent cost base. While major repair investment was higher in 2022, with delivery less impacted by Covid-19 restrictions as was the case in 2021, a lower proportion was identified as revenue works, contributing to the increase in operating surplus.

Property sales were strong throughout the year with sales values higher than predicted, providing an increase in overall margin and in volumes across the group, from 107 properties in 2021 to 112 in 2022.

Net surplus after tax for the year showed an increase of £9.5m over the prior year results of £19.3m, at a surplus of £28.9m.

Thirteen Housing Group is 'not-for-profit', so we invest all generated surpluses back into the business. Our financial plan objective is to reinvest all current and future surpluses into improving existing properties and services and extending the supply of social housing for current and future customers.

Our key financial measures (table below) indicate that we continue to deliver strong financial results with healthy margins and cashflow, while maintaining low debt and gearing.

Key financial indicators	2022	2021	2020	2019
Operating margin	21.3%	19.4%	18.7%	17.7%
Operating margin-social housing lettings	28.2%	29.7%	28.9%	25.7%
Operating cashflow net of interest payable	£56.2m	£42.1m	£21.8m	£45.3m
EBITDA MRI margin	23.9%	26.6%	18.5%	24.0%
Gearing	21.6%	22.2%	24.0%	23.3%
Debt as multiplier of turnover	1.8	1.9	1.8	1.3
Net debt per dwelling owned	£7,227	£7,131	£7,516	£7,011

Turnover

Group turnover for the year increased by £10.8m to £192.2m, rising by 6%.

Our main income comes from social housing lettings, with income rising from £150.1m in 2021 to £157.9m in 2022. Rents increased in line with government regulation, which provided an increase on social housing lets of 1.5%, in addition to growth provided by our development programme and the acquisition of 1,303 properties.

Targets to reduce void losses were exceeded, with void loss reducing to 1.9% (2021: 2.7%), generating more income.

Income from social housing lettings accounts for 82.1% (2021: 82.7%) of total income, with a further £13.8m/7.2% (2021: £9.1m/5.0%) being generated through housing sales, £16.7m/8.7% (2021: £15.2m/8.3% from our subsidiaries activity, and the remainder from other activities.

Social housing lettings

	2022 £'000	2021 £'000
Turnover	157,897	150,067
Operating costs	(113,413)	(105,440)
Operating margin	44,484	44,627
Operating margin %	28.2%	29.7%

Social housing lettings activity is our core activity and continued to deliver strong margins, with the operating margin decreasing marginally from 29.7% in 2021 to 28.2%. While net rental income rose through the annual rent increase and positive void performance, overall service delivery costs remained at comparable levels to the prior year, with a reduction in major repairs revenue.

Other social housing activity

	2022 £'000	2021 £'000
Turnover	9,566	10,732
Cost of sales	(3,701)	(4,651)
Operating costs	(10,620)	(10,286)
Operating margin	(4,755)	(4,205)
Operating margin %	(49.7%)	(39.2%)

As in previous years, other social housing activity shows an overall loss due to continuing regeneration activity associated with our unsustainable housing stock, this investment being designed to generate savings over the life of the financial plan and redirect resources to delivery of new sustainable housing. We continue to invest in our communities, which generates no margin but is vital to the delivery of our social purpose. Intrinsic to our social purpose we also deliver care and support contracts.

The nature of these contracts means that margins on the support element are minimal and do not always cover overheads, although when combined with the core social housing lettings element, a margin of 19.7% was achieved. Delivery of these contracts means we can continue to support local authority and commissioning partners to deliver vital services to vulnerable customers. During 2022 we continued to bid for care and support contracts, securing several, helping reduce overall loss on this activity.

Non-social housing activity

	2022 £'000	2021 £'000
Turnover	24,748	20,566
Cost of sales	(20,002)	(17,477)
Operating costs	(3,576)	(8,371)
Operating margin	1,170	(5,282)
Operating margin %	4.7%	(25.7%)

Non-social housing activity delivered by the association includes the letting of shops and garages and supporting people into employment. Market sales delivered by the association continued to be strong and while volumes were lower than planned, margins achieved on the sales completed in the year were higher.

Financial review of 2022

Overall margin on non-social housing activity was diluted by the group's subsidiaries which faced another challenging year within their markets of housing sales and construction.

Thirteen Homes expected to make a small loss in 2022 before becoming profitable in 2023, as property sales increase on its first site. Results for the year were lower than expected against the financial plan with a loss of (£0.7m) (2021: loss of £3.8m). Similar to the association, sales demand has been strong, but the impact of material and sub-contractor shortages resulted in delays to property completions, adversely impacting the ability to progress sales.

Thirteen Commercial Services continued to deliver the association's commercial activities, namely student accommodation, out of hours repairs services, renewable energy activity and property management arrangements. The company generated a small surplus of £339k (2021: £239k) which was fully gift-aided to the association.

Gus Robinson Developments experienced a difficult year. Delivery of its construction contracts were hampered by material and sub-contractor availability. They successfully concluded work on four sites, with the remaining four sites due for completion during 2023. This construction activity resulted in a loss of (£2.3m) (2021: loss of £2.8m).

Thirteen Property Developments achieved turnover of £3.5m (2021: £0.7m), solely related to construction activity by GRD for group with no net margin.

Statement of Financial Position

The group statement of financial position demonstrates our financial strength, with net assets increasing by £63.1m to £695.9m (2021: £632.8m).

Fixed assets increased by £91.9m to £1,210.9m. The net book value of our housing properties rose by £89.6m as we continue to invest in the delivery of new homes, spending £106.3m in the year, which included the purchase of 1,303 properties and improvements to existing homes.

Cash reduced in the year by £25.1m as it was utilised to fund investment priorities.

Loans reduced by £12.5m, including accrued interest, as high cash balances enabled us to repay some loan facilities, in line with our treasury strategy.

Pension liability reduced by £29.0m to £68.2m with improved returns on investment assets.

Treasury management report

Our treasury strategy was updated in August 2021 to provide strategic direction for the group in relation to treasury activities. The strategy is to ensure we have sufficient liquidity and finance in place, and key treasury risks are managed. These risks were identified as:

- **On-lending risk**
- **Liquidity risk**
- **Counterparty risk**
- **Interest rate risk**
- **Credit rating risk**

Capital funding liquidity is considered to be one of our most important objectives, and our golden rule is defined as a minimum of 24 months liquidity required. Our financial plan approved in May 2022 shows that undrawn loan facilities are sufficient to finance group activities until December 2026, with a funding exercise to be completed by December 2024 to remain within the 24 month capital liquidity golden rule.

The group has loan facilities in place of £475.4m at 31 March 2022 (2021: £486.6m) of which £140.3m is undrawn. Scheduled repayments of amortising facilities of £2.5m were made during the year, along with early repayment of an £8.7m loan.

At the financial year end, borrowings, excluding accrued interest, amounted to £335.2m (2021: £346.4m). The weighted average maturity of our facility is 12.5 years, and the maturity profile of our drawn debt is shown below:

Maturity	2022 £'000	2021 £'000
Within one year or on demand	6.3	3.0
Between one and two years	13.1	6.8
Between two and five years	51.8	55.4
After five years	264.0	281.2
	335.2	346.4

The group borrowed from banks, building societies and private investors at both fixed and floating rates of interest. Embedded fixed rate loans and fixed rate private placement funding were used to generate the desired interest rate profile and to manage group exposure to interest rate fluctuations. The group has adopted a policy of maintaining a balance between variable rate and fixed rate loans, with at least 70% to be fixed at all times. At the financial year end 94% (2021: 92%) of our borrowing was at fixed rates. The fixed rates of interest, including the margin, remained in the range of 2.3% to 11.8% (2021: 2.3% to 11.8%). The weighted average interest across our portfolio increased slightly to 4.2% (2021: 4.1%) after scheduled repayment of floating rate loans.

The group's lending agreements required compliance with a number of financial and non-financial covenants. The group's position was monitored on an ongoing basis and reported to the board at least quarterly. The most recent report confirmed that the group was compliant with its loan covenants at the balance sheet date and the financial plan produced for Thirteen Group demonstrates ongoing compliance against covenants and golden rules.

Thirteen's gearing, calculated as total loans as a percentage of completed housing properties, fell to 26% at 31 March 2022 (2021: 30%) as housing assets have increased due to development activity and the stock acquisition, (the calculation differs to that used for the VfM metrics). Gearing is expected to remain below 27% over the next 12 months in line with the financial plan.

Thirteen's tightest interest cover calculation, calculated as adjusted EBITDA-MRI as a percentage of net interest payable was 369% for the year ended 31 March 2022 (2021: 327%). Interest cover is expected to decrease over the next year as we continue to invest in our existing properties.

Thirteen's asset cover, calculated as the value of securable assets as a percentage of loans is reported to individual lenders based on the loan balance and properties secured against each specific facility. Thirteen's overall asset cover including charged and uncharged properties was 336% at 31 March 2022 (2021: 307%). We have 9,708 properties not charged to a lender (2021: 8,086) which increased after the stock acquisition and would support around £305.0m (2021: £255.3m) of additional loans. We also have properties charged to lenders over and above asset cover requirements that we anticipate would support £210.9m (2021: £147.5m) of additional loans.

Thirteen Group has agreed with lenders the ability to provide onward funding to its subsidiaries. The limit has been agreed at £50.0m after restatements were completed in July 2021, and this limit includes loans and guarantees. There are loan facility agreements in place between Thirteen Group and Thirteen Homes, which had a drawn balance of £14.3m at 31 March 2021 (2021: £15.2m), and between Thirteen Group and Gus Robinson Developments, with a drawn balance of £4.9m at the end of the financial year (2021: £1.9m). The latter loan is fully provided for within the association accounts.

The group had balances of cash and cash equivalents of £86.6m at 31 March 2022 (2021: £111.6m). Policy limits are in place to minimise and diversify counterparty risk.

Consolidated Financial Results – five year summary

Statement of comprehensive income (£'000)	**2022**	**2021**	**2020**	**2019**	**2018**
Turnover	192,211	181,365	185,657	180,338	159,827
Operating expenditure and cost of sales	(151,312)	(146,225)	(150,890)	(148,335)	(120,871)
Gain on disposal of housing assets	3,767	1,724	2,873	2,757	1,951
Operating surplus	**44,666**	**36,864**	**37,640**	**34,760**	**40,907**
Net interest charge	(16,016)	(15,510)	(11,728)	(11,675)	(12,406)
Impairment of goodwill	-	(1,708)	-	-	-
Revaluation of fixed and investment assets	219	-	(6,120)	-	(823)
Taxation	-	(311)	182	35	1
Surplus for the year	**28,869**	**19,335**	**19,974**	**23,120**	**27,679**

Statement of financial position (£'000)	**2022**	**2021**	**2020**	**2019**	**2018**
Housing properties	1,157,498	1,067,969	1,037,825	993,731	959,486
Other fixed assets	53,411	51,024	56,017	53,094	48,375
Total fixed assets	**1,210,909**	**1,118,993**	**1,093,842**	**1,046,825**	**1,007,861**
Net current assets/(liabilities)	31,199	90,834	80,804	(11,233)	(2,068)
Total assets less current liabilities	**1,242,108**	**1,209,827**	**1,174,646**	**1,035,592**	**1,005,793**
Creditors: amounts falling due after more than one year	(478,048)	(479,767)	(467,134)	(352,207)	(353,804)
Pensions liability	(68,237)	(97,277)	(71,206)	(60,893)	(49,737)
Total net assets	**695,823**	**632,783**	**636,306**	**622,492**	**602,252**

Revaluation reserve	261,498	272,080	275,709	280,466	284,711
Restricted reserve	438	438	920	438	7,315
Revenue reserve	433,887	360,265	359,677	341,588	310,226
Capital and reserves	**695,823**	**632,783**	**636,306**	**622,492**	**602,252**

Asset data	**2022**	**2021**	**2020**	**2019**	**2018**
Social housing stock owned at year end (no.)	34,288	32,994	32,907	32,734	32,150

Our plans for the future

1 Great customer experience

Customers are at the heart of everything we do at Thirteen.

Housing, care and support are vital to the communities we serve, and as we deliver our plan, we want to not only respect our customers, but turn them into advocates that shout about our services from the rooftops. Being the housing provider of choice in the communities we serve matters, and we strive to become that. We also believe everyone should get the same quality and consistency of service, no matter where and how they contact us.

In line with the social housing white paper, customers have told us they want to feel safe at home, be listened to and treated with respect. We're also committed to resolving issues quickly and fairly and being open and honest about how we're performing.

Outcomes we'll deliver:

- Improved customer experience
- Maintain low levels of debt owed to Thirteen
- Maintain customers staying with us for a period of five+ years
- Letting more homes and embracing ways of working that work for our customers
- Consistent, efficient, and effective service delivery regardless of channel access
- Improved and consistent support planning for customers in need of support.

Key actions:

Touchpoint

We believe everyone should receive the same quality of service, no matter where and how they come into contact with us. We'll make services local and connected. That's why we're investing in Touchpoint, which enhances our high street presence, digital approach and contact systems, to promote the range of services we offer, making them more accessible, direct, quick and easy.

Exploring differentiated rents

We're acutely aware of the challenges facing our customers and wider economy. The pressures on the cost of living alone are not something a housing association can resolve, but we'll explore how we can differentiate rents for customers in the context of the regulatory framework and whether this offers better value for money while enabling us to continue to invest in the homes and communities we serve.

2 Quality places to live and improved neighbourhoods

The quality of our neighbourhoods is as important to us as our housing quality. It's what customers, colleagues, and partners tell us, and fits with key themes outlined in our social housing white paper. We can't create a sense of community, but we can help develop the conditions to stimulate community cohesion.

That's why our operating model puts neighbourhoods at the heart of everything we do, ensuring we work with partners to deliver what's right for communities to thrive. But not only that, customers create a sense of community and pride, and that's why our locality plans will help neighbourhoods to help themselves and become more resilient.

We know from our customers that nuisance behaviour such as fly-tipping, parking and anti-social behaviour are important to them. We'll continue to invest in these areas where it directly benefits our housing provision.

We'll continue to maintain and invest in our houses and estates with safety at the very top of our agenda. Our drive to provide a range of new homes and tenures to address housing need in our operating areas means our build numbers will grow and we'll help people take their first step into home ownership.

Outcomes we'll deliver:

- Customers staying with us longer
- Letting more of our homes and slashing lead times
- Fewer empty homes
- Being the landlord/housing provider of choice
- High quality homes
- Increase in new homes – affordable rent, shared ownership and market sale
- Reduction in our carbon footprint/reduced environmental impact
- Environmental improvements (sustainable homes)
- Increased local jobs and apprentices in construction
- Continuous improvement and value of existing stock
- Continuing to meet/exceed building safety standards.

By being more efficient, we'll invest in neighbourhoods to improve housing and place and provide employment opportunities to contribute more to the regeneration of the communities we work in across the Tees Valley and in our expanding footprint in areas such as Yorkshire and Humberside.

Specialist homes for older people and those with learning disabilities or mental health issues are an important part of our development programme. Recent consultation with partners, and our living well approach to gathering feedback, has given us a wealth of intelligence to help shape our housing offer as people get older or have specific needs.

Our plans for the future

Key actions:

Continuing to invest in customers' homes

We have a continuous stock improvement programme. A typical year sees 4,000 homes receive work, including new roofs, kitchens, bathrooms, windows and doors as well as energy-efficient boiler installations. Over the next five years, over 20,000 homes will be improved. We continue to monitor performance of all our assets, including our remaining high-rise blocks, paying particular attention to building safety and prioritising customer safety. As part of our investment and building safety programme, we're well on the way to installing suppression systems in all our tower blocks. We've installed suppression systems in eight buildings, with a further three planned for completion over the next three years. The sprinkler systems add an extra layer of fire safety and enhance existing safety measures already in place, giving customers peace of mind. VfM is a priority, and we're ensuring our spending is targeted towards viable homes where there is a strong demand for housing.

Building and acquiring new homes

With the continued recovery of the economy in full swing, the long-term success of the national housing agenda will rely on us playing our part across the North in identifying opportunities and supporting housebuilders in successfully implementing schemes. Strategic planning lays the foundations for growth in providing new housing and supporting associated business development and infrastructure that help keep the economy moving.

UK economic conditions have presented challenges in the construction sector, and we have done much to support the accelerated delivery of new housing in the North. By building on these foundations, our approach to development will enhance our offer even further.

In recent years, we've sustained our development programme by delivering 419 homes in 2019/20 and (despite Brexit and Covid-19) 362 in 2020/21.

We have even greater ambitions to significantly increase development in the coming years to meet housing needs through a balanced and mixed range of tenure and property types. Our ultimate ambition is to build over 3,534 new affordable homes over the next six years.

Our key priority across this business planning period is unlocking public and private land to build homes where they're needed. We'll do this through:

- **Public sector land** – we'll be proactive identifying and driving opportunities to market and create new partnerships and delivery models
- **Private sector land acquisition** – we'll develop a focused approach, working closely with the private sector market on development opportunities
- **Developing sites** – we'll deploy our full range of funding streams, powers, and professional capabilities to bring place-based schemes to market
- **Diversify the market and increase productivity** – using our land, and sites portfolio, we'll maximise housebuilding opportunities and accelerate take-up of MMC and build more homes at pace.

The following principles will underpin our delivery approach:

- **Commerciality** – demonstrating VfM and professionalising our approach and engagement with the market to improve delivery
- **Consistency** – delivering high quality schemes supported by clear policy, governance, performance and risk management; underpinned by accurate data and management information
- **Collaboration** – working smarter with colleagues, such as Homes England, local authorities and the private sector to unlock land for housing
- **Effective Communications** – promoting our work, influencing the market and showing leadership in the sector. Building trust and confidence with Homes England, Department for Levelling Up, Housing and Communities (DLUHC), developers, contractors and consultants to enable effective delivery of our strategic objectives.

Our priorities and delivery approach will be at the heart of our work over the next five years as we progress thousands more new homes across the North of England.

NIXON
HIRE

3 Being Team Thirteen

At Thirteen, we believe every relationship matters. Choices can make a difference and through that we can change things for the better. We know our colleagues are key to us being able to do this and that without them, we wouldn't be able to meet our aspirations or customers' needs.

We're clear that we want our ambition, energy and passion to make a difference and be the reason our colleagues work for Thirteen, as we know this creates the best environment for success.

We want colleagues to be ambassadors who deliver fantastic services, and we want to support them to do this by creating an environment where it's easy for them to be the best version of themselves at work; and have a great day.

We want them to feel energised, so they deliver high performance, live and breathe our values and reach the high standards we set for ourselves while feeling proud, valued and happy to work for Thirteen. We also want them to feel connected, informed, challenged, yet in control, so they play a part in continuing to raise our impact and reach in the Tees Valley and beyond. Further details of the fantastic work we do with colleagues can be found on page 38.

Outcomes we'll deliver:

- Having the right workforce now and in the future
- Having an engaged, skilled and diverse workforce
- Valuing, promoting and supporting wellbeing
- Supporting inspirational leadership and management development
- Competitive, flexible and equitable reward and recognition programmes
- Delivering great services to enhance Thirteen's performance.

Key actions:

Great days at work

We're constantly listening to what colleagues say to ensure that while they focus on helping address housing need and improve services for people in our area, they have a great day doing it. We want to attract and retain excellent colleagues, be the employer of choice, and continue to evolve the working at Thirteen offer.

Our plans for the future

4 Reaching net zero

As a large business, employer and landlord, we have a responsibility to do what we can to protect the environment, improve our performance and reduce carbon emissions. Improving environmental sustainability cuts across everything we do. We're taking action to reduce our carbon footprint and deliver our commitment to be net zero on direct carbon emissions by 2035 and all emissions by 2050.

The Take Control campaign will see the organisation becoming greener. To reduce our environmental impacts, we must develop our approach to understand the effects on our customers, homes and business. We'll be working across our business to understand what action needs to be taken to reduce emissions.

We'll assess what needs to be done to deliver sustainable, fit for the future homes that are right for our customers. We'll also discover how to add value through initiatives to tackle fuel poverty while supporting and empowering our customers.

Key actions:

Factoring environmental impact into all decision making

We'll be looking at what we need to do to ensure both negative and positive environmental impacts are factored into every decision we make. This might be during proposals for future growth, exploring new opportunities or changes to how we deliver services. We need to understand environmental risks, how we manage them and reduce any impacts.

Net zero by 2035

We'll look at what we need to do to deliver our commitment to becoming net zero for all direct business emissions by 2035. We have established what carbon emissions are released due to our direct business, so we know what action must be taken.

More sustainable homes

We'll review what must be done to deliver our commitment of ensuring all of our homes are sustainable, ensuring every home – be they for rent or sale - are net zero by 2050. We need to develop our approach to cut carbon emissions, while reducing energy costs and fuel poverty. We need to protect the long-term sustainability of the stock and mitigate future climate change risks. We actively seek funding to support our journey, maximising opportunities such as the Social Housing Decarbonisation Fund and other avenues of support. We'll also look at how we support the development of new skills needed to deliver sustainable homes through building and investment and ongoing repairs and maintenance.

Outcomes we'll deliver:

- Environmental impacts will be considered in all business decisions
- Net zero carbon emissions from our direct business emissions by 2035
- Ensure new homes are completely net zero by 2050
- Increased sustainable travel – green alternatives to carbon fuel
- Source materials responsibly, reduce waste and increased recycling
- Climate change adaptation – protecting our customers, assets and investments
- Develop sustainable supply chains and partnerships
- Increase biodiversity, protecting and enhancing the natural environment
- Support skills growth needed to meet the needs of the green economy
- Effective colleague, customer and partner empowerment and engagement with our net zero journey.

Our approach to value for money

Thirteen is committed to providing value for money, delivering our vision and maximising the social impact of our resources and investment. It's important because we want to make sure we can invest in building/acquiring more homes, invest in our existing homes and create quality services for residents, customers and other partners.

We encourage colleagues at every level to use their knowledge and experience to help us improve. We provide the opportunity to share innovative ideas and contribute to business challenges, giving colleagues freedom to solve problems, nurturing a culture where continuous improvement is everyone's responsibility, and all ideas welcomed.

But it's not always about reducing costs. We also want to increase income, as outlined in our project 'innovating and growing the offer'.

VfM is owned and driven by the board, and performance against VfM measures is reviewed at every board meeting. However, the delivery remit is spread across the business, with collective responsibility at all levels, from the executive team and service directors to operational team leaders. Performance against these measures is monitored closely, ensuring Thirteen's approach to VfM is embedded in the way we work.

Delivery of strategic projects is overseen by the VfM and business change steering group, via regular updates from programme boards aligned to each strategic priority. The four programme boards prioritise and monitor strategic projects, with every significant investment requiring a business case with a clear return on investment.

Each project or investment is subject to a lesson learned review, ensuring we delivered expected outcomes and that any learning picked up is shared at all levels, including the board. By understanding why we want to do things and what we've learned, we can better identify opportunities to save money, improve processes and outcomes and maximise the value of our work.

Finally, our procurement processes ensure that when businesses bid to work with us, their offer is considered thoroughly. Cost, quality, scope of service and social value all help make sure we get the most for our outlay by spending wisely with maximum effect. A great example of this is our approach to materials procurement. During the year, we began implementing a new hub and spoke concept to material supply, moving from an 'operative to

material' model to a 'material to operative' model, passing control to the operative as to how and when they get the materials needed. To achieve this, we worked closely with our supplier to realise efficiency savings on operative's time as well as release savings to both ourselves and our supplier through an open book, profit share arrangement.

How do we set and assess our targets?

To ensure we continue to drive positive change in the way we work, we set an efficiency target of 3% each year with performance monitored against this target across the five year strategic plan. This ensures we not only focus on the immediate cash savings through the elimination of waste or duplication, but that a longer-term view is encouraged to consider opportunities to invest to save. A key dimension is the best use of technology to automate and streamline services.

But how will we know if our efforts make the difference we anticipate or expect? Setting ambitious targets (critical success KPIs) and benchmarking performance against peers goes a long way to establishing our direction of travel and highlighting improvement areas.

We use data from Vantage (a peer network group) and compared a forward look with 13 other registered providers, to understand where and why we differ and share best practice. This group includes providers ranging from 6,500 homes to 44,000 homes, some with a large proportion of social rented homes, diversity of stock relating to older people, leaseholders and market rent, all of which provides a solid base to make comparisons and query differences.

Looking forwards and back allows us to see how our plans compare, prompting early action where we appear to be out of line. Knowing what our investment plans are and how we compare is vital to our board and will remain a key focus over the next 12 months.

Performance for the year – Key metrics

VfM metrics as defined by the Regulator of Social Housing (RSH) continue to be an integral part of our management accounts reporting and performance monitoring, along with additional measures forming part of the Sector Scorecard which is an agreed set of metrics for housing providers to compare performance and check if they are providing VfM. Results for 2022 are shown below, highlighting performance against our target and peers:

Business health	Target		Actual			Median >30,000 2021	Median North East 2021
	2023	2022	2022	2021	2020		
Operating margin (social housing lettings) %	21.5%	27.7%	28.2%	29.7%	28.9%	31.5%	26.0%
Operating margin (overall) %	16.9%	19.5%	21.3%	19.4%	18.7%	23.9%	26.1%
EBITDA MRI interest cover %	220%	299.9%	277.9%	315.3%	200.6%	171.0%	213.4%

Business health of the group is demonstrated through a strong operating margin and EBITDA MRI interest cover. Results for 2022 continue to be positive, comparable to prior years and targets. Results for both 2022 and 2021 were affected by the pandemic, with activity in both years lower than anticipated. The targets for 2023 reflect an increase in activity as well as being reflective of inflationary pressures on operating costs.

Development (capacity and supply)	Target		Actual			Median >30,000 2021	Median North East 2021
	2023	2022	2022	2021	2020		
New supply delivered (Social housing units) %	1.5%	1.5%	1.2%	0.9%	1.2%	1.5%	0.9%
New supply delivered (Non-social housing units) %	0.0%	0.1%	0.1%	0.1%	0%	0.1%	0.0%
Gearing %	26%	26.9%	21.6%	22.2%	24.0%	46.0%	45.0%

Development KPI's were behind target for 2022 with our affordable homes programme delayed due to the pandemic and significant on-site supply issues delaying completion. Due to wider economic pressures and inflation risk we also reviewed financial appraisals for planned sites to ensure they remain economically viable, further delaying progress. Our target for new affordable homes delivery was 520 units with actual performance 101 less at 419 units. We hope to increase delivery, building 3,534 new affordable homes over the next six years, increasing supply in our core and evolving operating areas. Gearing remains low for the sector and lower than target for the year. Whilst total investment in fixed assets was lower than planned, net debt was also lower.

Strategic report

Outcomes delivered	Target		Actual			Median >30,000 2021	Median North East 2021
	2023	2022	2022	2021	2020		
Customer satisfaction	84.0%	85.0%	89.1%	89.1%	89.1%	84.3%	90.0%
Reinvestment %	9.9%	9.0%	6.1%	5.7%	7.9%	5.1%	5.7%
Investment in communities	£0.3m	£2.1m	£1.7m	£1.7m	£1.7m	£2.4m	£1.2m

Outcomes delivered by the group is measured by our key indicator of customer satisfaction which at 89.1% exceeds our target. We are delighted that our customers continue to think highly of our services. As mentioned, due to delays caused by the continuing impact of Covid-19 on our services, including availability of sub-contractors and materials, investment in existing housing and development of new affordable homes, we didn't meet our reinvestment target. We aim to rectify that during 2022/23 with planned investment above pre-pandemic levels.

During 2021/22 we maintained investment levels in our communities. Whilst we didn't meet target spend, this was due to the delivery of savings through our ongoing efficiency programme.

Effective asset management	Target		Actual			Median >30,000 2021	Median North East 2021
	2023	2022	2022	2021	2020		
Return on capital employed %	2.7%	3.2%	3.6%	3.0%	3.2%	3.4%	3.5%
Occupancy	99.1%	99.1%	99.5%	99.5%	99.1%	99.3%	99.0%
Ratio of responsive to planned maintenance	0.70	0.77	0.86	0.95	0.68	0.73	0.95

Effective asset management is underpinned by maximising occupancy of our homes and we're pleased that during 2021/22 occupancy levels remained above target and at the same level as the prior year. When maintaining our homes, we delivered a lower proportion of planned works than envisaged due to difficulties delivering our major investment programme, due to material and sub-contractor supply, and access to customers' homes. We are targeting more programmed work in the future to deliver maintenance and investment activity efficiently to achieve value for money savings. Return on capital employed (ROCE) provides an indication of the financial return achieved by our assets. We exceeded the annual target, due mainly to lower operational and development activities. As this increases in 2022/23, we expect asset values to increase at a higher rate than in 2022 and operating surpluses to be lower, resulting in a lower ROCE.

Operating efficiencies	Target		Actual			Median >30,000 2021	Median North East 2021
	2023	2022	2022	2021	2020		
Headline social housing cost per unit £	£3,993	£3,561	£3,572	£3,264	£3,650	£3,681	£3,163
Rent collected	97.0%	97.0%	99.6%	100.3%	97.1%	99.9%	100.0%
Overheads as % of total turnover	12.9%	11.4%	10.8%	8.9%	9.0%	10.1%	12.1%

Operating efficiency can be measured through comparing our management cost per unit to that of peers. As in previous years, we maintained a lower average cost than many of our peers, although marginally higher than targets, despite an increase of £3.2m in non-cash pension costs over the previous year arising from year-end pension adjustments. While efficiency savings were delivered, this metric was also influenced by lower activity, particularly lower major repairs. Efficiency savings of £3.5m were identified and delivered, reducing both headline social cost per unit and overheads as percentage of turnover. A primary focus of our VfM strategy is to drive service improvement to improve social housing cost per unit, further underpinning financial capacity and ability to invest in our assets.

We analyse our headline social cost per unit further to better understand key cost drivers:

Social housing cost per unit £	Target		Actual			Median >30,000 2021	Median North East 2021
	2023	2022	2022	2021	2020		
Management £	£821	£709	£727	£722	£591	£985	£722
Service charges £	£390	£359	£398	£353	£337	£477	£353
Maintenance £	£1,208	£1,122	£1,152	£1,072	£1,087	£1,104	£1,098
Major repairs £	£1,271	£1,065	£986	£789	£1,293	£699	£751
Other social housing costs £	£303	£306	£309	£328	£342	£207	£74

Management costs were marginally higher than target and those of the previous year. Efficiency savings and a reduction in overhead costs were delivered and the impact of inflation virtually negated to maintain a consistent cost base, at similar levels to North East peers. Our operating model specifies dedicated housing co-ordinators acting as key, first points of contact with the aims of delivering a responsive and efficient, VfM service to our customers.

Service costs increased and were above target, due mainly to depreciation arising from fire reform investment in our high-rise properties and rising utility costs.

Maintenance costs increased on previous years, coming in above target. Service delivery was partially suspended earlier in the year due to Covid-19 leading to a reduction in completed repairs, although we experienced additional cost pressures from materials and sub-contractor inflation and the impact of storm damage.

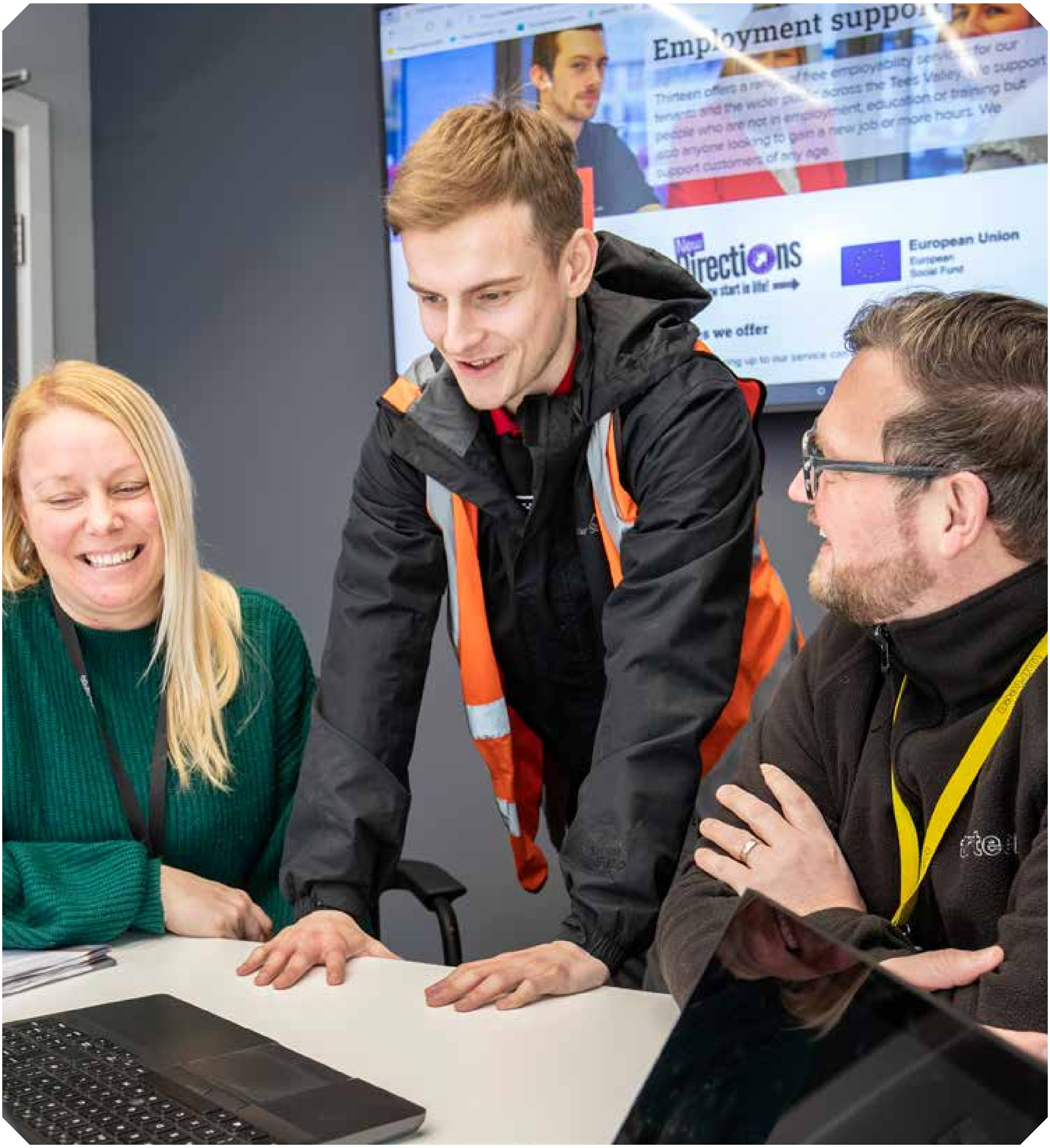
Again, due to Covid-19 restrictions, the major repair programme did not progress as quickly as we hoped, although we delivered greater investment than 2021, which, along with a higher proportion of repairs, led to lower than expected in year costs.

A reduction in other social housing activity costs over the previous year was mainly driven by reduced expenditure on our regeneration programmes due to deferral of demolition works to 2022/23.

We are pleased that 2021/22 results of key metrics demonstrate continued drive to deliver an efficient service for customers at a comparable or lower cost than our peers, while maintaining significant levels of investment in our homes with the capacity to grow.

Focus for 2022/23

We recognise the economic climate continues to offer challenges to our customers. Our focus will remain on making best use of resources to ensure customers receive the services they require, and we provide necessary investment in homes, while delivering both cashable savings, to allow redirection of resource to service priorities, and non-cashable savings demonstrating ongoing commitment to service improvement. We will also continue to automate processes and digitise services, freeing up colleagues to deliver more services for customers.



How we deliver social value

For Thirteen, social value is about increasing the social, economic and environmental wellbeing of the people we work for and communities we work in. Last year, we became an early adopter of the sustainability reporting standard for social housing. The first version of this ESG reporting approach was developed based on a review of existing ESG investor questionnaires; workshops with subject matter experts, from partner investors to housing associations; and wider consultation.

By adopting a sector-wide reporting standard that takes in the social, economic and environmental issues that matter most, we can evidence the impact of Thirteen's efforts and those of our sector as a whole.

Thirteen's first report was published in October 2021 and can be found at:

https://www.thirteengroup.co.uk/news/thirteen-publishes-its-first-environmental-social-and-governance-report

The report highlights that our homes provide a secure tenancy that make a difference to people's lives and ability to find work, access local support networks and services, and build family lives. Over 98% of our homes are provided at social or affordable rents, helping provide long-term homes that are genuinely affordable to people on low incomes. Rents are between 29% and 48% less than those charged by the private rented sector.

Thirteen supports many people who face a variety of challenges in their lives. We provide services for homeless people, ex-offenders, people with mental health issues, those recovering from substance misuse, families, women and young people. We also offer services to help people experiencing domestic abuse and to customers who need support to stay in their home.

We recognise that explaining what we mean by 'social value' and demonstrating what we deliver is difficult. Work with colleagues and customers suggests that this is best done by outlining the difference we make.

Measurements we have used are primarily tangible outcomes. For example:

- Thirteen support services, for those living in accommodation for older people helped over 2,700 customers live independently
- Our work with refugees on the UK resettlement programme directly helped 276 families to find accommodation and access education programmes or training and use essential services such as banking and GP services
- Our work on domestic abuse resulted in accommodation being provided to nearly 60 families and support provided for another 650 customers.

Thirteen adopted the national themes, outcomes and measures (TOMs) social value measurement framework in our procurement processes. Social value accounts for 10% of the scoring for all tenders. This methodology has been successfully applied to a range of contracts, including the investment partnership framework for the enhanced capital delivery programme.

Key to this is effective scoping to ensure we meet objectives within the community resilience strategy and priority four – reaching net zero – within the business strategy. This provided some unexpected but welcome outcomes. For instance, the external audit and tax partners will support the community resilience team to mentor young people as part of its social value commitment.

To Thirteen, social value is more than just a series of outputs. We use the HACT (housing associations charitable trust) calculator, which allows us to translate some outputs into the equivalent proxy, monetary value - a universal language. Examples include:

- Thirteen's employability services supported over 1,500 people during 2021/22 with 507 finding employment and training. A total social value of £7.7m
- Providing safe refuge for 60 families leading to £3.2m of social value
- We have supported 1,400 people with offender and wrap-around services. Plus, 34 have moved from homelessness to living in Thirteen properties – a social value of £0.4m.

Thirteen also recognises the wider impact we can have. With a turnover of £192.2m the gross value added (GVA) impact of our activities is £166m in the North East and £210m in the UK. By building 419 affordable homes we contributed £44m of GVA to the North East and £50m to the UK. Over £68m (65%) of our asset total spend through procurement is spent locally, accounting for 94% of total category spend.

In 2022/23 we will continue to invest in social value, building our capability to measure it through the procurement framework and other activities.

Our colleagues

At Thirteen, we believe that every relationship matters. Choices make a difference, and we can choose to change things for the better.

We know our colleagues are key to us achieving this and that without them, we couldn't meet our aspirations or customers' needs.

We want our ambition, energy and passion to make a difference and be the reason people work for Thirteen, creating the best environment for success.

We want colleagues to be ambassadors delivering amazing services. We support them to do this by creating an environment where they can be the best version of themselves at work; and have a great day.

We want them to feel energised, so they deliver high performance, live our values and reach the high standards we set for ourselves while feeling proud, valued and happy in their role. We want them to feel connected, informed, challenged and in control, so they can continue to raise our impact and reach.

Over the course of last year, we continued to focus on implementing our creating great days at work strategy, delivering the outcomes below:

Outcomes we're delivering:

- **Having the right workforce now and in the future: workforce planning, talent and succession**
- **Having an engaged, skilled and diverse workforce**
- **Valuing, promoting and supporting wellbeing**
- **Supporting inspirational leadership and management development**
- **Offering competitive, flexible and equitable reward and recognition**
- **Great services to enhance Thirteen's performance.**

We focused on creating a positive environment when managing our approach to the pandemic.

Throughout this time, we delivered services in a Covid-safe way, amending risk assessments and safe operating procedures to take into account new guidance or research, keeping colleagues and customers safe. Through this approach, we introduced arrangements exceeding government guidance, including providing PPE offering increased levels of protection.

We've also improved support to colleagues working remotely, developing a tailored offer ensuring that our home, hub, roam, and operative employees could access the correct equipment to work comfortably, safely and confidentially, while ensuring access to what they need to do a great job. That's not just access to systems, data or kit, but to learning and development opportunities, alongside personal support from colleagues, managers and leaders across the business, all helping ensure we have happy, healthy and connected colleagues.

Progress so far

Throughout the year, we've worked hard to ensure frameworks that support colleagues are the best that they can be, including:

- Talent and succession - we've implemented a new framework to ensure we plan effectively for the future while also meeting colleagues' aspirations. We've identified critical and specialist posts; alongside those colleagues who have potential and aspiration to succeed in different roles, and we're working to provide development experiences to support that
- Finalising our pension offer - ensuring that it continues to be attractive and affordable for the business. Having finalised our offer, Thirteen can confirm that we can retain a defined benefit scheme for current employees, even when considering increased costs linked to the SHPS 2020 valuation. We also offer a competitive defined contribution scheme for all new starters
- Implementing our 'great leadership framework' to support senior leaders to be the best version of themselves. We've rolled out development experiences to our executive and service directors, including 360 appraisals and psychometric assessments alongside individual and team sessions, all done with a positive psychology mindset
- Further promoting health and wellbeing aspirations, which includes a mindfulness programme, menopause in the workplace sessions and key issues such as suicide awareness week
- Looking more closely at our approach to diversity, which has included introducing an LGBQT forum and examining the diversity of our workforce to set appropriate future targets
- Reviewing pay and reward – we introduced job families within our base pay structure; looking at retention frameworks; and created a new salary sacrifice scheme for colleagues promoting use of electric cars
- Reviewing our approach to change management to support service transformation in the best way possible, using different ways to reshape staffing structures during the year to ensure we have the right people, right skills and capacity to deliver what's required, while also avoiding placing colleagues at risk of redundancy unnecessarily
- Integrating Gus Robinson into our culture, systems and processes to help staff feel part of the Thirteen family, removing barriers to success. This included offering the majority of colleagues Thirteen's terms and conditions. We also incorporated Gus Robinson colleagues on our HR system Itrent
- Providing better experiences to hiring managers and candidates by further automating and streamlining our recruitment process, making it easier for great candidates to apply for jobs
- The reaccreditation of the Investors in People Award with an uplift from Silver to Gold, demonstrating we have the right policies and systems in place to help employees develop. It also shows that that everyone – from the CEO to the latest apprentice – takes ownership for making these policies come to life and improve life at work.

We're confident that our approach to supporting great days at work is working. Colleagues replying to the most recent HIVE survey returned an average score of 7.1 out of 10 when asked how positive they were about changes made to working arrangements. When asked whether they felt mentally well, the average score was 7.3 out of 10, an increase on the previous survey.

When colleagues were asked how likely they'd recommend Thirteen as a good place to work, the eNPS score was +19, placing us inside the 'normal' score for employers (+20 is very good/excellent).

That said, this is a reduction on the previous year's result of +38 (which resulted in Thirteen being recognised as a very good/excellent employer). As it's clear that our colleague experience is often different depending on the area of business, the next 12 months will be used to target low score areas, dealing specifically with the issues that might affect colleagues' ability to have a great day. Other figures that suggest our approach is working include voluntary employee turnover, which remains low at 7.8%.

Average days lost per employee is slightly above target at 11.5 days but given that Covid-related sickness is the biggest cause of absence, it appears to confirm that Thirteen is impacted in much the same way as others.

It goes without saying that we'll be using the next 12 months to improve our employee offer even further, as we continue to attract and retain the best colleagues. We believe that happy colleagues = happy customers = a successful business.

Key priorities for 2022/23 and beyond

The areas that we'll be looking at over the next 12 months include:

- How we embed our 'great leaders framework' with senior leaders; and introduce it to senior managers across the organisation
- How we recruit to give candidates a great experience while also being confident we've got the best person for the role
- How we reward colleagues; so we can be sure we have the most attractive offer possible. We'll look at market rates for posts alongside our terms and conditions. We'll consider the possibility of reducing the working week to 35 hours or introduce a four-day week and provide increased flexibility for roles that might not have been able to access this in the past, taking into consideration suggestions colleagues might provide
- How we manage talent and succession, increasing confidence that we have the right systems and processes in place to identify colleagues with high potential and aspirations; and provide the right development opportunities. We'll ensure we have great systems to identify the skills and resources we need for the future, to give us the best lead in time. We'll also look closely at our apprentice, graduate and work experience framework, so it fully complements talent and succession arrangements
- How we offer mental health support to colleagues, so we feel confident they are best equipped to deal with the increasingly complex and wide-ranging issues they may face when delivering services for the group; and/or events that may occur outside work
- Our pension offer and specifically setting up our own defined benefit (DB) scheme, so we continue to provide arrangements for our current employees, while also setting up our new defined contribution (DC) scheme for new starters
- Our approach to diversity and inclusion so we have the right approach to attract and retain a truly diverse workforce. This will include us using benchmarking tools and external accreditation to give us the reassurance or tips we may need to ensure we're on the right track
- Our learning and development offer to ensure it meets the organisation's needs
- Our key HR systems, to provide the best frameworks to deliver streamlined, user-friendly HR services
- Implementing any recommendations we receive from our IIP assessment.

Operating environment and risk management

Operating environment

Our operating environments were heavily impacted by global events in recent years. The Covid-19 pandemic, Brexit and war in Ukraine created a number of challenges for the business, our customers and partners:

- GDP dropped to record lows in 2020, and while it is now back to 0.9% above pre-covid levels, it continues to fluctuate. Government borrowing was £14bn in May 2022, £4m lower than in May 2021, but still £8.5bn more than in May 2019
- In April 2022, UK unemployment stood at 3.8%, 0.1% below pre-pandemic levels. In the North East unemployment is 5.2% and has reduced. However, employment rates have fallen slightly over the year, from 71.7% to 71.2%. This means economic inactivity is higher, with more people not working and not looking for work (leaving the labour market)
- We currently face an unprecedented cost of living crisis; with inflation hitting a record high of 7.9% in May 2022; the price of oil pushing fuel prices up; and changes to the energy price cap. Costs for businesses and households have reached worrying levels, with average household energy bills set to rise by around £700 a year. In June 2022, 43% of adults reported buying less food
- There are widespread issues with the availability and cost of goods, and an issue with a skills mismatch in the labour force, impacting various points of our supply chain.

The affordable homes and support services provided by Thirteen are even more vital in these times and we continue to look for the most appropriate ways of providing support to those impacted in recent years. There have also been several changes in the operating environment, presenting opportunities for Thirteen and our communities:

- The UK's average house price increased by 12.4% over the year to April 2022. Prices in the North East increased by 10.7% and in Yorkshire and Humber by 12.1%
- There have been a number of announcements around investment in the region, such as the relocation of government departments; Teesside Freeport; and Mayoral Development Corporations in South Tees and Hartlepool. Government Levelling Up is delivering investment through funds including Towns Funding and the Levelling Up and Shared Prosperity Funds. This is good for the local economy and our communities and presents a number of opportunities for Thirteen to support regeneration
- The sustainability agenda and drive to meet net zero brings challenging targets but many opportunities to enhance how we develop homes, invest in assets and run the business
- The changing landscape around new technologies and ways of working means that a raft of new skills are needed. We're identifying ways to support this agenda and ensure we maximise opportunities for customers.

Our risk management ethos

Thirteen's strategic assurance framework ensures we are prepared for and able to respond to challenges and opportunities. It consolidates our approach to assurance and identifies the critical components of an effective assurance framework, which includes risk management, stress testing, internal controls, business continuity, internal audit, insurance and governance.

The framework enables board and committee members, the leadership team and service directors to better understand, manage and review assurance arrangements, so the outcomes of assurance activity are used constructively to inform strategic decisions, improve controls and activities and protect the business.

A suite of monitoring arrangements, activities and reviews ensure decisions are based on intelligent risk management and appreciation of the impacts these decisions have on group priorities, customers and colleagues.

The Thirteen Board has ultimate accountability and responsibility for ensuring appropriate and effective assurance and risk management arrangements, and delegates authority for specific elements to the Audit and Risk Committee.

Strategic Risk Management

The board agrees a set of strategic risks at least once a year, considering the risks that could result in Thirteen being unable to deliver its strategic ambitions and/or core business.

The board regularly reviews risk, examining the managed risk that will be considered in achieving strategic objectives. In formulating its risk appetite, the board considers the outcomes of stress testing exercises that set financial and performance tolerances to protect the group, supported by a mitigation action plan identifying capacity and flexibility to manage the business in the event it is compromised, as well as review processes that challenge arrangements beyond traditional control testing, such as 'testing the brakes' sessions that inform action plans and controls.

The Thirteen Board reviews the status of strategic risks and consideration is given to wider strategic impact, the control actions in place or planned, and whether decisions made at the meeting will have an adverse or beneficial impact on any of the risks and additional mitigating actions required.

The board has delegated authority to the Audit and Risk Committee to scrutinise risk controls and mitigating actions and report concerns. Each committee and subsidiary board is also responsible for considering the impact of their discussions and decisions on the strategic risks and escalating to the Thirteen Board where appropriate.

We operate a 'three lines of defence' approach to assurance, incorporating management controls and oversight; assurance and performance reporting, independently scrutinised by an appropriate body, board or committee; and external independent assessments including internal and external audit and consultants' reports.

Risk management is embedded across all projects and functions and there are a set of key risk indicators and financial golden rules to act as early warning indicators to trigger appropriate response.

The board and leadership team consider the following to be key strategic risks for Thirteen:

	Risk	Risk Appetite	Risk Owner
1	Failure to deliver against customer expectations (Respect, redress, repairs and quality)	Minimal	Executive Director-Customer Services
2	Failure to keep tenants and customers legal and safe	Averse	Group Chief Executive
3	Failure to maximise growth and income opportunities	Cautious	Chief Finance Officer
4	Inability to respond effectively to challenges and risks	Cautious	Group Chief Executive
5	Failure to manage a successful development programme	Cautious	Executive Director - Development
6	Failure to effectively manage our homes, buildings, and places of work	Cautious	Executive Director - Asset
7	Failure to manage regulatory expectations	Averse	Group Chief Executive
8	Failure to retain, support and nurture colleagues	Open	Executive Director – Business Change
9	Failure to maintain a financially viable business	Open	Chief Finance Officer
10	Failure to ensure the quality, accuracy, and security of our data	Averse	Executive Director – Business Change

Operating environment and risk management

The Audit and Risk Committee has received the Chief Executive's annual report on the effectiveness of internal control systems, mitigating actions and other assurance activity, together with the annual report from our internal and external auditors, and has reported its findings to the board.

Service risk management

Strategic risks are supported by operational risk registers, in place for all key service areas and owned and reviewed by service directors. Mitigating controls and progress on actions are monitored quarterly and reported to the Audit and Risk Committee by exception. The Thirteen Homes and Gus Robinson Developments' risk registers, which inform and support the strategic risk register, are monitored by the Thirteen Homes Board at each meeting.

Internal controls assurance

The Thirteen Board acknowledges its overall responsibility for establishing and maintaining a comprehensive internal control and risk management system, and for reviewing its effectiveness. The board is committed to ensuring that Thirteen adheres to the governance and financial viability standard and associated code of practice that includes adhering to all relevant law.

The Audit and Risk Committee is responsible to the board for monitoring these arrangements and reporting on their effectiveness:

- Strategic and service risk reporting and monitoring
- Exceptional event and risk event reporting - reports to the leadership team and Audit and Risk Committee, including fraud, whistleblowing and control failures, defence against regulatory sanctions and learning tools to ensure implementation of improvements or additional controls to prevent recurrence. Including, where appropriate, reporting to and feedback from regulators
- Stress testing, testing the brakes and business planning arrangements
- Compliance assurance policy and associated dashboard - setting out our approach to managing business critical compliance issues and monitoring and reporting performance

- Business continuity plans (managing a major crisis), disaster recovery plans (loss of IT services) and local resilience arrangements (managing localised crisis issues), and systems of prevention and recovery to deal with potential threats to the business and ensure the continuation of services
- Insurance arrangements - providing financial protection against loss and meeting legal obligations
- Assurance framework update reports and assurance monitoring reports - reflect changes in the assurance operating environment and regulatory landscape, including the sector risk profile and regulatory downgrades, and provide oversight of assurance matters
- Transparency reporting - overview of probity arrangements and related matters, including declaration of interests, gifts and hospitality, letting of property and exceptions to standing orders
- Health and safety oversight – including policy, training, audit and monitoring arrangements and implementation of our health and safety culture programme.

Management controls

Controls in place include the following:

- Standing orders, financial regulations and delegations of authority
- Budget monitoring and management accounts
- Relevant financial and performance reporting to boards and committees
- Executive and service directors - meet separately and jointly to ensure delivery of Thirteen's strategic objectives and review performance
- Value for money (VfM) framework - reviewing and articulating our approach to VfM, attainment of efficiencies and clarity on reinvestment, and ensuring we consider return on investment vs risk prior to approval of projects and opportunities
- Procedures and guiding principles to ensure legal compliance, consistency and adherence to an agreed policy or process
- Project management framework - ensuring a consistent, risk-based approach to considering, approving, monitoring and reporting on the implementation of projects
- Compliance framework to ensure the submission of timely and accurate regulatory and legislative returns, the implementation of relevant policies, procedures and training, and self-assessments against regulatory requirements
- Assets and liabilities register for use by the board and committees when making investment decisions
- Health and safety framework including H&S Committee and work groups
- Data quality and integrity arrangements to ensure consistent and accurate statistical and performance reporting and 'one version of the truth'
- People strategy, policies and procedures
- Network of strategic meetings to provide assurance on our business essentials, including everything safe; take control and value for money.

Independent assessment

Thirteen receives independent scrutiny, review and assurance from a variety of sources, including the following:

- Internal audit arrangements - providing independent assurance that our risk management, governance and internal control processes are operating effectively
- External audit arrangements - independent validation of annual accounts and compliance with accounting standards
- Regulator of Social Housing - audits, including in-depth assessments and annual stability reviews
- Other regulatory bodies, including ombudsman, HSE, environmental health – outcomes, opinions, recommended actions and enforcement requirements received as a result of audits, reports and referrals
- Peer comparisons - allowing for appropriate benchmarking and learning from other organisations and 'best in field'
- Independent reports and audits – assessing our current status, providing specialist advice and alternative insight into topics and best practice. Boards and committees can request independent advice on any topic at any time
- Customer co-regulation and involvement framework - ensuring the tenants' voice is heard, engagement with customers in the operation of the business and assessment of compliance with the consumer standards.

The board reviewed the effectiveness of its systems of internal control, including risk management, for the year to 31 March 2022, and up to the date of signing these financial statements. It has not identified any weaknesses sufficient to cause material misstatement or loss, which require disclosure in the financial statements.

The Audit and Risk Committee has agreed a protocol with the independent auditors, setting out policies for determining the non-audit work that can be undertaken by independent auditors and procedures for periodic review and selection of independent auditors. The level of fees paid for their work is set out in note 5 to the financial statements. The performance of internal auditors is evaluated annually by the Audit and Risk Committee.

Operating environment and risk management

Management of financial risks

The group uses various financial instruments including loans and cash, and other items such as rent arrears and trade creditors that arise directly from operations. The main risks are currency risk, interest rate risk, liquidity risk, counterparty risk, and credit risk. The board reviews and agrees policies for managing each risk and monitor these areas as part of stress testing arrangements; summarised below:

Currency Risk

We borrow and lend only in sterling, so we are not directly exposed to currency risk. Our private placement investors hold currency swaps in relation to a portion of this funding. We would be exposed to their currency risk in the form of break costs if we chose to repay this funding which is not our intention and so indirect currency risk is negligible.

Interest rate risk

The group finances operations through a mixture of retained surpluses, bank borrowings and capital market debt. Exposure to interest fluctuations is managed using both fixed and variable rate facilities, with a minimum of 70% required to be fixed as per the treasury policy.

Liquidity risk

The group manages financial risk by ensuring sufficient liquidity is available to meet foreseeable needs through financial planning and cashflow forecasting and invests cash assets safely and profitably.

Counterparty risk

Group treasury policy requires investing and borrowing counterparties to reach a minimum standard based on credit reference agency ratings. Counterparty limits are also in operation at £15m for bank deposits or £30m for money market funds.

Credit risk

Our principal credit risk relates to tenant arrears. This risk is managed by providing support to tenants with applications for universal credit and housing benefit, and closely monitoring arrears of all tenants.

Golden rules

The board's financial risk appetite is linked to the strategic risks and managed through a set of golden rules which identify acceptable tolerance levels for nine financial measures:

	Golden rules	Golden rule	2022 Achieved
1	Minimum cash equivalent	£22m	£86.6m
2	Liquidity balance	£70.7m	£226.6m
3	Liquidity	24 months	41 months
4	Intragroup on-lending	£25m	£19.2m
5	Interest cover	165%	299%
6	Gearing (1)	40%	26%
7	Asset cover	200%	336%
8	Sales risk	15%	7%
9	Contractor exposure	£54.4m	£35.2m

(1) Gearing and interest cover calculations for golden rules and loan covenant purposes differs to those used for the VfM metrics

Results for 2021/22 demonstrate substantial headroom to the golden rules, these measures being routinely reported to the Finance Committee.

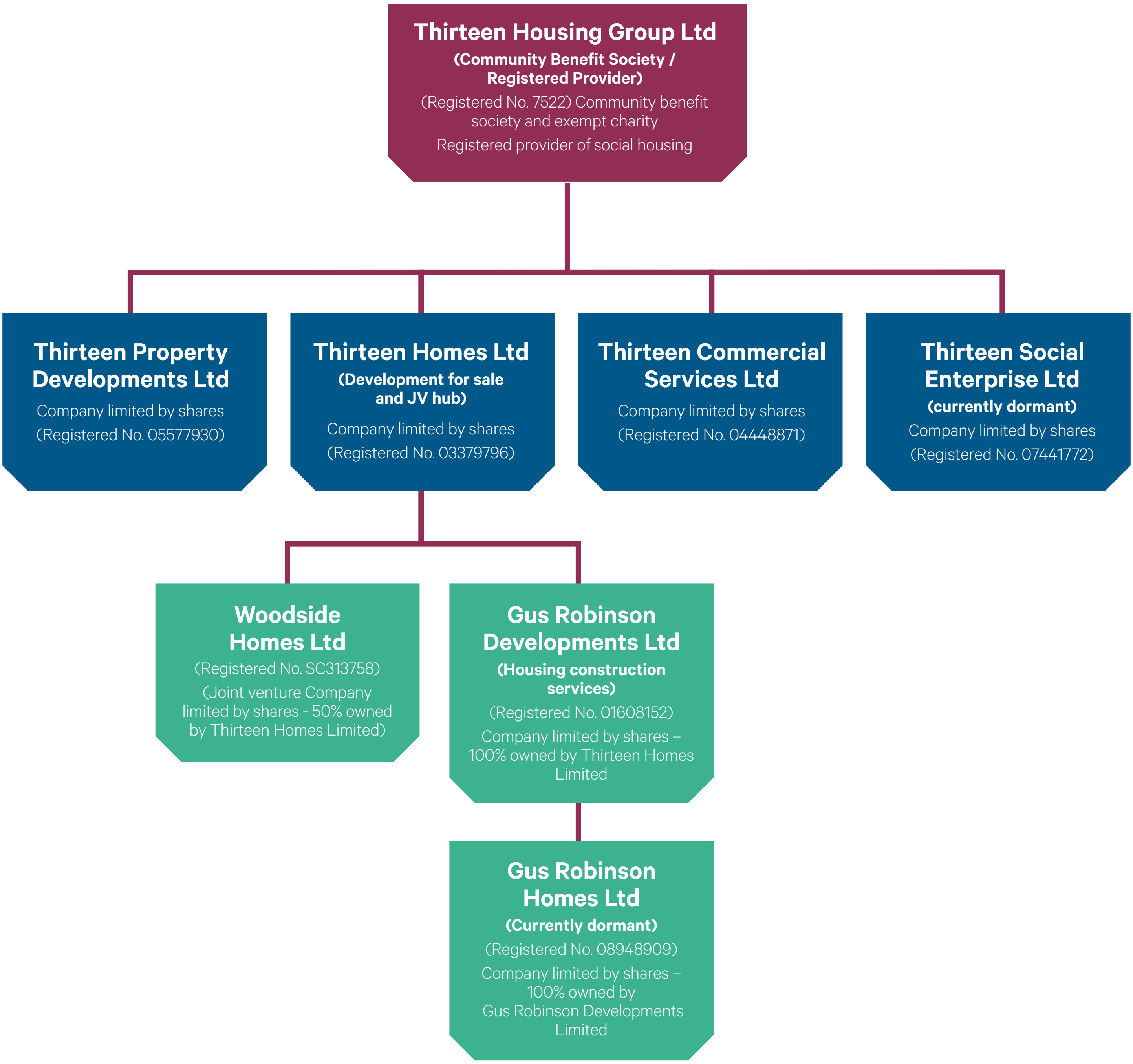
Going Concern

The board has considered the financial impact of the group's development plans, strategic priorities and subsidiary business plans as part of their approval of the latest group financial plan in May 2022. Consideration of the plan included rigorous stress testing of specific and multi-variant scenarios deemed a potential risk to ensure lender covenants are not breached. As required as a registered housing provider, the financial plan has been shared with the Regulator of Social Housing. In addition, at year end the group held £86.6m cash, had net current assets of £31.2m and had £140.3m headroom on existing facilities. This demonstrates the resilience of the plan and confirms the future viability of the group.

On this basis, the board has reasonable expectation that we have adequate resources to continue in operational existence for the foreseeable future; this being a period of at least twelve months from the date of approving these financial statements. For this reason, the group continues to adopt the going concern basis in the financial statements.

Our governance arrangements

The group consists of a parent company with a number of subsidiary companies.



Thirteen Housing Group Limited

Thirteen is a community benefit society registered with the Financial Conduct Authority and a provider of social housing, registered with the Regulator of Social Housing (RSH). Thirteen is the parent organisation and landlord of the group and owns all group assets. Its principal activities are management of social housing, development of affordable homes and provision of housing-related support and employability services.

Thirteen Commercial Services Limited

Thirteen Commercial Services is a private limited company registered at Companies House and is a wholly owned subsidiary of Thirteen.

The main activities of Thirteen Commercial Services relate to lettings and management of commercial and non-social properties on behalf of Thirteen.

Thirteen Homes Limited

Thirteen Homes is a private limited company registered at Companies House and a wholly owned subsidiary of Thirteen.

Thirteen Homes is responsible for the delivery of new homes for sale.

Thirteen Property Development Limited

Thirteen Property Development is a private limited company registered at Companies House and a wholly owned subsidiary of Thirteen.

The company is responsible for contracting of new homes delivery for Thirteen.

Thirteen Social Enterprises Limited

Thirteen Social Enterprises is a private limited company registered at Companies House. The company has been dormant throughout the year and remains dormant.

Gus Robinson Developments Limited

Gus Robinson Developments is a private limited company registered at Companies House. It is a subsidiary of Thirteen Homes and supports Thirteen's new home delivery plan.

Gus Robinson Homes Limited

Gus Robinson Homes is a private limited company registered at Companies House and is a subsidiary of Gus Robinson Developments. The company has been dormant throughout the year and remains dormant.

Woodside Homes Limited

Woodside Homes is a private limited company registered at Companies House and is a joint venture of which Thirteen Homes owns 50% of the shareholding.

Operating environment and risk management

The Thirteen Board

The Thirteen Board is committed to achieving the highest standards of corporate governance in its oversight of the delivery of Thirteen's strategic plan and priorities, risk management, values and ethics. During the financial year, we continued to follow corporate governance best practice and complied with the requirements of the NHF Code of Governance 2020, which the board agreed to adopt in November 2020 to take effect from April 2021.

A board of ten non-executive directors and one executive director (the Chief Executive) currently governs the group, supported by its subsidiary board, Thirteen Homes, and four committees, remuneration, audit and risk, finance, and development & investment, with day-to-day management delegated to the executive team. The chairs of each of the four committees hold positions as non-executive directors on the Thirteen Board, with the balance made up of six independent non-executive directors, including the chair of Thirteen.

The Chief Executive becomes a board member at the start of employment.

Thirteen Homes Board

The Thirteen Homes Board consists of three non-executive directors (the chair plus two independent members) and one executive director (the Chief Executive). The board is responsible for developing and delivering against the Thirteen Homes' and Gus Robinson Developments' business plans to ensure they support the delivery of the objectives within Thirteen Housing group's strategic plan, as well as monitoring performance in relation to Thirteen Homes' developments and the activities of Gus Robinson Developments.

Gus Robinson Developments Board

The Gus Robinson Developments Board has been strengthened and consists of three executive directors (the Chief Executive, Chief Finance Officer and Executive Director of Development) and one independent non-executive member. This board is responsible for overseeing operational performance of GRD and progress in delivering its business plan.

All board directors within Thirteen Group have been appointed, with the support of an external consultant, to achieve a complementary blend of skills and experience to ensure that the boards possess the necessary competencies to carry out their duties. This is supported by a board performance review programme as well as board induction, development and training.

Non-executive board directors are appointed for a fixed term of six years, subject to an annual performance review and the continued requirement for their skills and experience, unless the board determines a different period prior to the appointment. Non-executive board directors appointed under this article retire at the end of their fixed term but may be reappointed by the board up to a maximum term of nine years if required.

Remuneration paid to non-executive directors of the group in the financial year was £165,367 (2021: £165,000). A breakdown of remuneration paid to each non-executive director is included in Note 10 to the financial statements.

Committee Structure

Each committee has dedicated terms of reference and delegated responsibility for specific functions, to provide the board with assurance on internal control, risks, compliance, financial viability, investments and employee relations.

Audit and Risk Committee - provides assurance to the board that we are complying with our statutory duties. Its role is to scrutinise self-assessments against regulatory and legal requirements and to monitor, review and challenge the group's strategic assurance framework, including external and internal auditor reports, compliance and risk management arrangements and controls. This in turn provides assurance to the board that we comply with regulatory and legislative requirements and have an effective and adequate internal control system which reflects the nature, size and strategy of the group.

Finance Committee - responsible for our financial health and effective long-term financial planning to support our strategic plan and priorities. Its role is to review, on behalf of the board, all decisions in respect of lending and borrowing, to scrutinise new lending instruments and arrangements, and generally monitor the performance of our loan portfolio.

Development and Investment Committee - responsible for considering new business and commercial growth projects and opportunities, including development and regeneration projects, and making recommendations to the Thirteen Board for approval.

Remuneration Committee - provides a formal and transparent mechanism for developing payments, remuneration, recruitment, talent and succession and performance review policies and arrangements for executives and board directors and overseeing our people responsibilities.

Customer Committee – The board has agreed the establishment of a Customer Committee, to oversee feedback on and performance and delivery of services that impact on our customers, including care and support services. The chair will be a Thirteen board member and the committee will be made up of customer members and one independent non-executive member.

Executive directors

The executive directors are employed and participate in the group's pension schemes on the same terms as other staff and hold no interest in Thirteen's shares. They act as executives within the authority delegated by the board.

Directors' indemnities

As permitted by the articles of association, the directors have the benefit of an indemnity which is a qualifying third-party indemnity provision. The indemnity was in force throughout the last financial year and is currently in force. The group also purchased and maintained directors' and officers' liability insurance in respect of itself and its directors throughout the financial year.

Board and committee membership and attendance

Board	Board Attendance
Andrew Wilson	13/14
Annette Clarke	16/16
Anthony Riley	20/20
Catherine Wilburn	7/9
Chris Newton	9/9
David Swann (to Nov 2021)	10/12
George Garlick (to Apr 2022)	11/11
Ian Wardle (to Sept 2022)	8/9
Jane Earl (from Apr 2022)	1/1
Mark Simpson	14/14
Richard Buckley	9/10
Robert Cuffe	16/16
Salma Yasmeen (from Nov 2021)	2/2

Finance Committee
Andrew Wilson (Chair)
David Swann (to Nov 2021)
George Garlick (to Apr 2022)
Jane Castor
Miriam Harte (to Sept 2021)
Neil Pattison
Nick Taylor
Richard Buckley (from Feb 2022)
Vishnu Reddy

Audit and Risk Committee
Andrew Wilson
Annette Clark (Chair)
Jane Castor
Keith Hurst (to Sept 2021)
Miriam Harte (to Sept 2021 / from Jan 2022)
Robert Cuffe (from May 2021)

Thirteen Homes Board
Anthony Riley (Chair)
Laura Mack
Richard Buckley (to Nov 2021)
Vishnu Reddy
Zoe Lewis (to July 2021)

Gus Robinson Developments Board
Andrew Wilson (from June 2021)
Craig Taylor (to Aug 2021)
Ian Wardle (to Sept 2021)
Jane Castor
Steve Bell (to Feb 2022)

Remuneration Committee
Caroline Moore
Gustavo Imhof (from Oct 2021)
Mark Simpson (Chair)
Nadeem Ahmad (to Sept 2021)
Rob Goward
Stephanie Taylor (from Oct 2021)

Development & Investment Committee
Anthony Riley (Chair)
Katie Ball
Neil Pattison
Nick Taylor

Governance

Compliance

In December 2021 the Regulator of Social Housing ("RSH") refreshed its assessment of Thirteen Housing Group's compliance with the governance and financial viability standard, based upon assurance obtained through the annual stability check process, as set out in regulating the standards. The governance and financial viability grades for Thirteen were confirmed as G1/V1. This reaffirmed the rating received in November 2020 following RSH's in-depth assessment of Thirteen. This judgement is the highest rating achievable and confirms a continuing culture of strong governance, financial viability and sound financial management arrangements. The board has carried out its annual assessment of compliance with the RSH's regulatory framework to confirm compliance with the governance and financial viability standard, reviewing performance against the economic regulatory standards and receiving assurance from our involved customers that we are compliant with the consumer standards.

NHF Merger Code

We have signed up to the voluntary NHF Merger Code and comply with the principal recommendations within the code. No discussions were held with other housing associations during 2022/23.

Modern Slavery Act 2015

We are committed to understanding modern slavery risks and ensuring we comply with our legal and statutory responsibilities. We have a statement of compliance with the requirements of the act, which details the actions we take to ensure that slavery and human trafficking do not exist in any part of the group or supply chain. The statement is reviewed annually by the board and is available on our website.

Consumer regulation and tenant safety

Over the last year, Thirteen has continued to involve customers in strategic decision making and in developing and monitoring our approach and commitment to the Charter for Social Housing Residents and requirements of the Building Regulator.

Meaningful engagement with customers in high rise homes is ongoing through visits, surveys and telephone calls, to establish views on the safety of buildings. Feedback shows that the information we provide is helpful and the majority of customers feel safe in their homes and know who to contact should need arise.

Following publicity on damp and mould in rented properties, our involved customers undertook an in-depth review of how Thirteen deals with reports and complaints about dampness.

They reviewed previous cases reported through our repairs system, discussed processes and arrangements with colleagues, and interviewed and completed customer journey maps with people who had reported damp or mould. Customers presented their findings to the Thirteen Board, which approved recommendations for process improvements, which were implemented, and customers carry out follow-up reviews to ensure they are embedded, and issues resolved.

Thirteen tenants also took part in the Northern Housing Consortium tenants' jury, launched to consider how residents, social landlords and others tackle climate change. Participants are selected at random to consider specific issues, producing recommendations for policymakers. Six Thirteen tenants were selected for the jury, made up of 30 customers from project partners, including Karbon Homes, Yorkshire Housing, Salix Homes and First Choice Homes.

The jury looked at retrofitting, understanding tenants' preferences on how it should be undertaken in homes. The report and recommendations were published, and customers are working with us to develop our response.

Tackling stigma in social housing is a key area of focus and we are working with the Chartered Institute of Housing, colleagues and customers on this complex issue to understand its impact, help identify it, raise awareness and consider the actions we can take to eliminate it.

Customers have continued to assess our compliance with the regulator's consumer standards, reporting outcomes and recommendations to the Thirteen Board, and have been involved in a range of service improvements, through consultation and feedback, testing systems and processes, reviewing policy and scrutinising operational performance, reporting findings and recommendations to the board.

Tenant safety

Customer safety is paramount to the group. To complement our existing process of planned building safety inspections, maintenance programmes, production of high-rise fire strategies and building safety case files, we are extending the digitalisation of compliance KPIs and performance. This will expand transparency in providing a 'live' compliance dashboard, offering accurate and up-to-date legislative adherence and contractor management information.

The dashboard is monitored and managed on a daily basis with summary data produced using the RAG format to afford proactive early management in addressing emerging issues.

During 2021/22 we completed 361 fire risk assessments across 75 complex buildings, which resulted in 937 actions raised, of which 99.6% were completed within timescales. We commenced our domestic flat door inspection programme, with 2,060 properties accessed. We have also recorded a 31.8% reduction in false fire alarms and an 85.7% reduction in actual fires since 2020.

With the recent passing of the Building Safety Act and to ensure we are building safety regulator 'ready' we are developing a building safety action plan which will include completion of customer engagement strategies for our high-rise residents, with progress and updates to be presented to a building safety forum.

Streamlined energy and carbon report

At Thirteen we are committed to reducing our environmental impacts.

Measuring and setting targets to reduce our carbon footprint is key to achieving this, providing an understanding of the emissions from our business activities and will help focus efforts to reduce our impacts.

To achieve this reduction, we must focus on the bigger picture – how what we do impacts customers, homes and businesses. We are looking at what needs to be done to deliver sustainable homes that are fit for the future and suit our customers. We'll also discover how we add value through initiatives like tackling fuel poverty, while continually educating customers. We'll look at how we reduce emissions from service delivery, from the energy we purchase to the way we travel and materials we purchase.

The development of our approach will see everyone at Thirteen take responsibility for reducing their impacts and help us become a much greener organisation.

Streamlined energy and carbon report

Results:

The total scope 1&2 carbon emissions for Thirteen in 2021/22 were **4,310 tonnes** of CO2 equivalent (tCO2e). This equates to a **13.9% reduction** in tCO2e emitted when compared to the baseline year of 2019/20 (5,003 tCO2e emitted in 2019/20). This reduction in scope 1&2 emissions, plus an increase in turnover, has seen the intensity ratio of tCO2e/£MT fall to **22.57 in 2021/22** from 27.04 in 2019/20 (16.5% reduction).

The reduction in scope 1&2 emissions has also resulted in a **fall of 5.6%** in the tCO2e/FTEs calculation (3.23 in 2019/20 to 3.05 in 2021/22). When scope 3 is added into the calculation; Thirteen emissions had **reduced by 12.9% in 2021/22** (6,198 tCO2e) when compared to 2019/20 (7,114 tCO2e).

When comparing the scope 1&2 2021/22 emissions (4,310 tCO2e) to the previous year of 2020/21 (4,323 tCO2e) the carbon released is almost identical, with a reduction of 0.3% in 2021/22. Add in scope 3 and this figure improves to a **reduction of 1.5%**. Thirteen have sustained the level of emissions that were seen during a year which included lockdowns.

When comparing scope 1&2 2021/22 intensity ratios with those in 2020/21; the turnover ratio (tCO2e/£MT) has **reduced by 5.3%** to 22.57. However, the FTE ratio (tCO2e/FTEs) has **increased by 3.7% to 3.05**, due to the decrease in FTE levels from 1,470 in 2020/21 to 1,414 in 2021/22.

In summary we are pleased to report that the group delivered a reduction in emissions during a year which included reduced activity due to the Covid-19 pandemic.

		2021/22				2020/21				2019/20			
		Emissions in kWh	Emissions in tCO2e	Intensity ratios		Emissions in kWh	Emissions in tCO2e	Intensity ratios		Emissions in kWh	Emissions in tCO2e	Intensity ratios	
				tCO2e/ £MT	tCO2e/ FTe			tCO2e/ £MT	tCO2e/ FTe			tCO2e/ £MT	tCO2e/ FTe
Scope 1 Emissions	Gas	6,449,349	1,181.3			5,889,167	1,082.8			6,309,974	1,160.1		
	Fleet Fuel	6,111,111	1,472.2			5,845,139	1,409.3			6,749,830	1,656.8		
	F Gas	0	0.0			0	0.0			n/a	18.6		
Scope 2 Emissions	Purchased Electricity	7,802,283	1,656.7			7,851,380	1,830.5			8,841,003	2,167.7		
Total direct emissions		**20,362,743**	**4,322.6**	**22.57**	**3.05**	**19,585,686**	**4,322.6**	**23.83**	**2.94**	**21,540,807**	**5,003.3**	**27.04**	**3.23**
Scope 3 Emissions	Business mileage	452,362	103.1			399,237	99.0			1,054,546	261.7		
	Amenity Gas	9,407,298	1,723.0			9,421,831	1,732.4			9,420,229	1,731.9		
	Amenity Electric	289,248	61.4			580,147	135.3			496,416	117.4		
Total indirect emissions		**10,148,909**	**1,887.5**	**9.88**	**1.33**	**10,401,215**	**1,966.7**	**10.84**	**1.34**	**10,971,191**	**2,111.0**	**11.41**	**1.36**
Total Emissions		**30,511,652**	**6,289.2**	**32.45**	**4.38**	**29,986,901**	**6,289.2**	**34.67**	**4.28**	**32,511,998**	**7,114.3**	**38.45**	**4.59**

Methodology: The group's carbon footprint has been calculated in line with the government's streamline carbon emissions reporting guidelines through an operational control approach. The date period is 1st April 2021 to 31st March 2022 and includes all scope 1&2 emissions within the operational control of the group. Scope 3 emissions for car business travel undertaken by employees and amenity energy use in multi-occupancy buildings, used by our customers, has also been included. The methodology adopted is in line with the Greenhouse Gas Protocol[1] and the BEIS Environmental Reporting Guidelines[2]. The calculations were completed on the SmartCarbonTM Calculator[3] using the UK government emissions factors[4].

Estimations and exclusions: This data used does omit additional emissions from properties acquired from Clarion. This data has been requested and will be added at the earliest availability.

Energy efficiency measures taken and planned: 914,000 kWh of energy was produced via photovoltaic panels on our office buildings and domestic properties, preventing the emission of 194 tCO2e within 2021/22. The development of our approach to reduce our environmental impacts and carbon footprint will set the direction for further energy efficiency measures. We have set our target to be net zero on our direct scope 1&2 emissions by 2035. Our target for net zero emissions including scope 3 is 2050. Our commitment is outlined in priority four of our strategic plan, which gives further details on how we will deliver against these targets.

Carbon offsetting: Through a partnership with Forest Carbon, Thirteen has purchased 2,362 trees across 1.02 hectares of new woodland on the outskirts of Crook, County Durham, named St Jon's Wood. From the growth of these trees Thirteen have purchased a potential 727 tonnes of carbon capture credits. This equates to 16.8% of Thirteen's scope 1&2 emissions for 2020/21. These credits are registered and independently audited in line with the Woodland Carbon Code.

References:

1. The GHG Protocol Corporate Accounting and Reporting Standard. Revised Edition (2015) World Resource Institute and World Business Council for Sustainable Development.
2. Environmental Reporting Guidelines: Including streamlined energy and carbon reporting guidance (March 2019) UK Government Department for Business, Environment and Industrial Strategy.
3. SmartCarbon Calculator: https://www.smartcarboncalculator.com/
4. Greenhouse gas reporting: conversion factors 2021 - Full set (for advanced users). More at this link: https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2021

Financing our priorities

The current economic climate highlights a number of risks to the financial health of the group. Delivery of repairs and maintenance to existing properties and delivery of new homes through our development programme are both impacted by the availability of materials and sub-contractors, as well as rising inflation. Inflation is also a risk in other areas, such as fuel and utilities, impacting not only the group but also customers and colleagues.

The group financial plan was last reviewed and approved by board in May 2022 and incorporated these highlighted risks, including the latest economic assumptions as provided by our treasury advisors, updated development plans for an ambitious but realistic target of 3,534 homes over the next six years and delivery of strategic objectives. While this programme is less ambitious than previous years, it exposes the group to less risk, while delivering a robust financial plan

Continued investment in our assets and customers is paramount and In total we plan to invest c£6bn in the delivery of new affordable homes, maintaining and improving existing homes and neighbourhoods, and delivery and improvement of services to our customers. We currently haven't included the cost of de-carbonising existing homes as there is a lack of clarity on the technology, timing and cost to be able to model impact on the financial plan. Pilot programmes are in place to inform future decision making, and once further data is available to enable a strategy to be developed, this will be incorporated into a future iteration of our financial plan.

The plan has been robustly stress tested to understand the potential impact of identified risks, to the group, the stress tests being linked to our strategic risks and on a number of single and multi-variant scenarios. Stress testing identifies risks with greater sensitivities and risk to the plan. A mitigating action plan has been developed to ensure appropriate action can be identified and taken should any of these risks materialise. Risks, stress testing and mitigations have been discussed with the board to ensure its understanding and input.

The financial plan continues to be loan covenant compliant with headroom to our golden rules and delivers a robust set of VfM metrics.

Statement of board's responsibilities

The board is responsible for preparing the annual report and financial statements in accordance with applicable law and regulations.

The Co-operative and Community Benefit Societies Act 2014 and registered social housing legislation require the board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Registered Social Landlord (RSL) and of the surplus or deficit for that period. In preparing these financial statements, the board is required to:

- Select suitable accounting policies and apply them consistently
- Make judgements and estimates that are reasonable and prudent
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare financial statements on the going concern basis, unless it is inappropriate to presume that the RSL will continue in business.

The board is responsible for keeping proper accounting records that are sufficient to show and explain the RSL's transactions and disclose with reasonable accuracy at any time the financial position of the RSL and to enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014 and Regulations thereunder the Housing and Regeneration Act 2008 and the Accounting Direction for Social Housing in England 2022. It is also responsible for safeguarding the assets of the RSL and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The board is responsible for the maintenance and integrity of the society's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor

KPMG LLP was appointed independent auditor for Thirteen Housing Group Limited on 2 March 2022.

This report was approved by the board of Thirteen Housing Group Limited on 21 September 2022 and signed by order of the board by:

Jane Earl
Chair of Thirteen Housing Group

Independent auditor's report to the member of Thirteen Housing Group Limited

Opinion

We have audited the financial statements of Thirteen Housing Group Limited ("the association") for the year ended 31 March 2022 which comprise the group and association statements of comprehensive income, group and association statements of changes in reserves, group and association statements of financial position, group statement of cash flows and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view, in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, of the state of affairs of the group and the association as at 31 March 2022 and of the income and expenditure of the group and the association for the year then ended;
- comply with the requirements of the Co-operative and Community Benefit Societies Act 2014; and
- have been prepared in accordance with 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the group and the association in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The association's board has prepared the financial statements on the going concern basis as they do not intend to liquidate the group or association or to cease their operations, and as they have concluded that the group's and association's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the board's conclusions, we considered the inherent risks to the group's business model and analysed how those risks might affect the group's and the association's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the board's use of the going concern basis of accounting in the preparation of the financial statements is appropriate; and
- we have not identified, and concur with the board's assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the the group's and the association's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the group or the association will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of the board, the Audit and Risk Committee, internal audit and inspection of policy documentation as to the group's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading board and Audit and Risk Committee minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition. In particular, the risk that income from contracts is overstated and recorded in the wrong period and the risk that group management may be in a position to make inappropriate accounting entries, and the risk of bias in accounting estimates and judgements such as pension assumptions.

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of the group-wide fraud risk management controls

We also performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those containing key words, those made to unrelated accounts, those made to unusual combination accounts and those posted and approved by the same user.
- Assessing significant accounting estimates for bias.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors and other management (as required by auditing standards), and from inspection of the group's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

The group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related co-operative & community benefit society legislation), taxation legislation, pensions legislation and specific disclosures required by housing legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Whilst the group is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements.

Other information

The association's board is responsible for the other information, which comprises the Strategic Report and the report of the board of directors. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work, we have not identified material misstatements in the other information.

Matters on which we are required to report by exception

Under the Co-operative and Community Benefit Societies Act 2014 we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

Independent auditor's report to the member of Thirteen Group Limited

Board's responsibilities

As explained more fully in their statement set out on page 59, the association's board is responsible for: the preparation of financial statements which give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and the association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to liquidate the group or the association or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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

Debra Chamberlain
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
8 Princes Parade
Liverpool
L3 1QH

27 September 2022

Group and association statements of comprehensive income

For the year ended 31 March 2022

	Note	Group		Association	
		2022 £'000	2021 £'000	2022 £'000	2021 £'000
Turnover	3	192,211	181,365	175,491	166,161
Cost of sales	3	(23,703)	(22,128)	(7,574)	(6,041)
Operating expenditure	3	(127,609)	(124,097)	(125,214)	(121,846)
Gain on disposal of fixed assets	6	3,767	1,724	3,767	1,779
Operating surplus	5	44,666	36,864	46,470	40,053
Impairment of goodwill	15	-	(1,708)	-	-
Impairment of loans receivable	20	-	-	(3,043)	(1,896)
Impairment of fixed assets	13	(133)	-	-	-
Change in valuation of investment properties	14	352	-	352	-
Interest receivable	7	25	37	810	707
Interest payable and similar charges	8	(16,041)	(15,547)	(16,036)	(15,538)
Gift Aid		-	-	100	239
Surplus on ordinary activities before taxation		28,869	19,646	28,653	23,565
Tax on surplus on ordinary activities	11	-	(311)	-	-
Surplus for the year		28,869	19,335	28,653	23,565
Actuarial gain/(loss) in respect of pension schemes	29	35,515	(22,804)	35,383	(22,880)
Movement on deferred tax	11	(48)	(14)	-	-
Total comprehensive (expense)/income for the year		64,336	(3,483)	64,036	685

The results relate wholly to continuing activities. The accompanying notes form part of these financial statements.

The financial statements on pages 68 to 107 were approved and authorised for issue by the board of directors on 21 September 2022 and signed on its behalf by:

Jane Earl
Chair

Christine Willetts
Interim Group Chief Executive

Jane Castor
Secretary

Group and association statements of changes in reserves For the year ended 31 March 2022

Group

	Income and Expenditure Reserve £'000	Restricted Reserve £'000	Revaluation Reserve £'000	Total Reserves £'000
As at 1 April 2020	359,677	920	275,709	636,306
Surplus for the year	19,335	-	(40)	19,295
Other comprehensive expense	-	-	-	-
Derecognition of old SHPS provision	(22,818)	-	-	(22,818)
Transfer with the revaluation reserve	3,589	-	(3,589)	-
Transfer with the restricted reserve	482	(482)	-	-
As at 31 March 2021	360,265	438	272,080	632,783
Surplus for the year	28,869	-	-	28,869
Other comprehensive expense	35,467	-	-	35,467
Transfer with the revaluation reserve	9,286	-	(9,286)	-
Reverse previous revaluation	-	-	(1,296)	(1,296)
As at 31 March 2022	433,887	438	261,498	695,823

Association

	Expenditure Reserve £'000	Restricted Reserve £'000	Revaluation Reserve £'000	Total Reserves £'000
As at 1 April 2020	363,454	920	275,717	640,091
Surplus for the year	23,565	-	-	23,565
Other comprehensive expense	(22,880)	-	-	(22,880)
Transfer with the revaluation reserve	3,581	-	(3,581)	-
Transfer with the restricted reserve	482	(482)	-	-
As at 31 March 2021	368,202	438	272,136	640,776
Surplus for the year	28,653	-	-	28,653
Other comprehensive expense	35,383	-	-	35,383
Transfer with the revaluation reserve	9,286	-	(9,286)	-
Reverse previous revaluation	-	-	(1,032)	(1,032)
As at 31 March 2022	441,524	438	261,818	703,780

The revaluation reserve relates entirely to the revaluation of housing properties. Restricted reserves are made up of unexpended grants and donations to be applied for specific purposes.

The accompanying notes form part of these financial statements.

Group and association statements of financial position For the year ended 31 March 2022

	Note	Group		Association	
		2022 £'000	2021 £'000	2022 £'000	2021 £'000
Fixed assets					
Tangible fixed assets	12,13	1,201,053	1,109,436	1,200,985	1,108,755
Investment properties	14	8,922	8,570	8,922	8,570
Intangible assets and goodwill	15	59	78	-	-
Homebuy loans receivable	16	874	908	874	908
Financial assets	17	1	1	-	-
Investments in subsidiaries	18	-	-	50	50
Total fixed assets		1,210,909	1,118,993	1,210,831	1,118,283
Current assets					
Stock	19	8,863	13,932	1,243	6,470
Trade and other debtors	20	21,417	20,033	34,290	30,707
Cash and cash equivalents	21	86,592	111,647	84,832	109,682
		116,872	145,612	120,365	146,859
Creditors: amounts falling due within one year	22	(85,673)	(54,778)	(81,274)	(47,580)
Net current assets		31,199	90,834	39,091	99,279
Total assets less current liabilities		1,242,108	1,209,827	1,249,922	1,217,562
Creditors: amounts falling due after more than one year	23	(478,048)	(479,767)	(477,986)	(479,757)
Provisions for liabilities					
Defined benefit pension liability	29	(68,237)	(97,277)	(68,156)	(97,029)
Total net assets		695,823	632,783	703,780	640,776
Reserves					
Income and expenditure reserve		433,887	360,265	441,524	368,202
Revaluation reserve		261,498	272,080	261,818	272,136
Restricted reserve		438	438	438	438
Total Reserves		695,823	632,783	703,780	640,776

The accompanying notes form part of these financial statements.

The financial statements on pages 68 to 107 were approved and authorised for issue by the board of directors on 21 September 2022 and signed on its behalf by:

Jane Earl
Chair

Christine Willetts
Interim Group Chief Executive

Jane Castor
Secretary

Group statement of cash flows For the year ended 31 March 2022

	Note	2022 £'000	2021 £'000
Net cash generated from operating activities	32	72,543	56,751
Cash flow from investing activities			
Purchase of tangible fixed assets		(128,598)	(63,401)
Proceeds from sale of tangible fixed assets		24,289	14,537
Loans repaid by home owners	16	34	59
Grants received		34,199	19,759
Interest received	7	25	37
		(70,051)	(29,009)
Cash flow from financing activities			
Interest paid		(16,297)	(14,612)
New secured loans		-	61,000
Repayments of borrowings		(11,250)	(52,228)
		(27,547)	(5,840)
Net change in cash and cash equivalents		(25,055)	21,902
Cash and cash equivalents at beginning of the year		111,647	89,745
Cash and cash equivalents at end of the year		86,592	111,647

The accompanying notes form part of these financial statements.

Notes to the financial statements

1. Statement of compliance

Thirteen Housing Group Limited is a housing association. It is registered as a community benefit society under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Regulator of Social Housing.

2. Accounting policies

Basis of preparation

The financial statements of the group and company are prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP), including FRS 102, the Financial Reporting Standard applicable in the UK and Ireland (FRS 102) and the Housing SORP 2018: statement of recommended practice for registered social housing providers ("SORP"), and comply with the Accounting Direction for Private Registered Providers of Social Housing 2022. The association is a public benefit entity, as defined by FRS 102.

The financial statements are presented in thousands sterling (£'000) to the nearest thousand, except where stated otherwise.

The following the exemptions have been applied to the individual accounts:

- Presentation of a statement of cash flows and related notes, and
- Presentation of financial instruments disclosures.

The following companies have taken the advantage of the exemption from audit under Section 479A of the Companies Act 2006. Accordingly, as the ultimate parent undertaking, Thirteen Housing Group has consented to the exemption and in accordance with Section 479C of the Companies Act 2006, has guaranteed all outstanding liabilities of the following companies as at 31 March 2022 until they are satisfied in full:

	Company Number
Thirteen Property Development Limited	5577930
Thirteen Commercial Services Limited	4448871

Measurement convention

The financial statements are prepared on the historical cost basis, except for investment properties which are held at fair value through the income and expenditure and financial instruments that must be held at fair value through the income and expenditure.

Going concern

The financial statements have been prepared on a going concern basis as the board have a reasonable expectation that the group has resources to continue to meet its financial obligations for 12 months from the date of approval of the financial statements. This expectation is informed by the approved annual budget, the 30-year business plan and the Treasury Policy.

The business plan is subject to rigorous stress testing that includes, but is not limited to, combinations of adverse cost inflation, interest rate increases, increases in void loss and arrears and contractor failure. Specific consideration has been given to whether the group can meet its financial obligations and comply with its loan covenants under numerous credible scenarios including:

- Inflation is higher than at any point in the last 40 years, affecting subcontractor and material purchases, and the recoverability of customer arrears
- Triennial valuations on the defined benefit pension schemes
- Changes to the decarbonisation timeline.

Committed and forecast expenditure over the next 12 months can be met from the group's available cash and existing, undrawn facilities which exceeds £226.9m.

Basis of consolidation

The financial statements consolidate the financial statements of Thirteen Housing Group and its subsidiaries. Subsidiaries are consolidated from the date of their acquisition, being the date on which the group obtains control and continue to be consolidated until the date that such control ceases. Control comprises the power to govern the financial and operating policies of the investee so as to obtain benefit from its activities.

Intra-group transactions, balances and unrealised surpluses on transactions between group entities are eliminated in full on consolidation.

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements of the parent company. A list of subsidiaries is provided in note 18.

Significant judgements and estimates

The following are the significant management judgements and estimates that have been made when applying the accounting policies of the group and association.

Investment property classifications and valuation

Management have assessed that all properties, except those let at market rent, are held primarily for their social benefit and as such have been classified as property, plant and equipment. Market rent properties are classified as investment properties and are held at fair value. Investment properties are valued by a qualified, external valuers at least every 3 years.

Impairment assessment

Indicators of impairment are considered annually for cash-generating units and the recoverable amount assessed if an indicator exists. Properties, including garages, at Lime Crescent have been impaired, further details are provided in note 12.

Management must apply judgement in determining the level of cash-generating units and consider size, tenure and geographical location when doing so. Management must estimate the recoverable amount for cash-generating units with indicators of impairment and apply the principles of the SORP, using the depreciated replacement cost method for estimating value in use for properties held for social benefit.

Property components and lives

Management consider the assigned lives of assets and individual components annually. The useful lives were determined from historic asset replacement profiles and by benchmarking against similar organisations. The useful lives assigned are disclosed in note 12.

Financial instrument classifications

Management have chosen to apply the recognition and measurement provisions of IAS 39 Financial Instruments as permitted by FRS 102. The standard requires management to apply judgement when classifying financial instruments.

Recoverability of housing properties for sale

Properties for sale are stated at the lower of cost and estimated selling price less costs to sell, this estimate being based on current market values

Recoverability of rental arrears

The recoverability of each customer's rent arrears is estimated based on their payment history over the preceding year.

Valuation of construction contracts

Gus Robinson Developments Limited is a subsidiary of the group and delivers construction contracts that are delivered over more than one year. Turnover is recognised based on the stage of completion of the contract which is determined by taking the value of costs completed as a proportion of the total costs. Estimation uncertainty arises on the total costs of the contract, however, these are estimated by quantity surveyors with significant experience in delivering such contracts.

Defined benefit obligations

The pension liability and service cost recognised within the financial statements is based on a number of underlying assumptions. These include; inflation, mortality rates, salary changes, interest and investment rates and discount factors. Management utilise pension actuarial experts to help determine the appropriate assumptions and calculations to apply. The key assumptions are presented in note 29.

Notes to the financial statements

Turnover

Turnover comprises rent and service charge income (net of void losses), proceeds from the sale of first tranche sales of low-cost home ownership and properties built for outright sale, grants and contract income and income from the sale of goods and rendering of services, which includes construction contracts. Turnover also includes amortisation of deferred social housing grant ("SHG") which is recognised in the income and expenditure account under the accrual model.

Rent and service charge income (net of void losses) is recognised from the date the property is first let. Income is raised weekly in advance in the housing management system and so adjustment is made in the financial statements to recognise only income related to the financial year.

Grants and contract income is recognised when it is entitled to be received under the terms of the contract. Where contracts include an element that is subject to certain conditions being satisfied (eg "payment by results") this element is recognised once it has been verified that those conditions have been met.

Income from the sale of properties is recognised at the point of legal completion of the sale.

Income from the sale of other goods and rendering of services is recognised in the period in which the services are provided and, in the case of construction contracts, in accordance with the stage of completion of the contract.

Long term contracts

Gus Robinson Developments deliver construction contracts that may be delivered over more than one year. At each reporting date, the percentage stage of completion is determined for each contract by reference to the costs incurred to date as a proportion of the total expected cost. Turnover is accrued or deferred according to the to the stage of completion such that a consistent margin is recognised over the term of the contract when the following conditions are satisfied:

- The amount of revenue can be measured reliably
- It is probable that the consideration will be received
- The stage of completion of the contract at the end of the reporting period can be measured reliably
- The costs incurred and the costs to complete the contract can be measured reliably.

Turnover from contract variations is only recognised once the variation has been accepted by the customer. Provision is made for onerous contracts once they are identified.

Value added tax ("VAT")

The majority of the group's supplies are exempt from VAT. Input VAT is recovered where a taxable supply made and output VAT is charged. Non-recoverable input VAT in relation to non-taxable supplies is expensed to the statement of comprehensive income.

Thirteen has a partial exemption arrangement and has entered VAT shelter arrangements with local authorities to recover VAT on improvement works to certain properties. The VAT recovered through these arrangements is credited to operating costs.

Interests in joint ventures

The association has contractual agreements with other participants to engage in joint activities that do not create an entity carrying on trade or business of its own. The association accounts for its own share of assets, liabilities and cash flows in such joint arrangements, measured in accordance with the terms of the arrangement.

Reserves

The group establishes restricted reserves for funds that are subject to external restrictions and must be applied for specific purposes. The reserve comprises unexpended grants.

The revaluation reserve comprises the difference between the deemed cost of housing properties and the carrying value on transition to FRS 102. The difference in depreciation on the deemed cost and historic cost is credited to the revenue reserve annually.

Further accounting policies are presented with the relevant note.

3. Particulars of turnover, cost of sales, operating expenditure and operating surplus

Group - continuing activities

	Turnover £'000	Cost of sales £'000	Operating expenditure £'000	Gain on disposal of assets £'000	2022 Operating surplus (deficit) £'000
Social housing lettings	157,897	-	(113,413)	-	44,484
Other social housing activities					
First tranche low-cost home ownership sales	4,294	(3,701)	-	-	593
Supporting people contract income	1,074	-	(1,213)	-	(139)
Charges for support services	714	-	(807)	-	(93)
Revenue grants from local authorities and other agencies	2,778	-	(3,134)	-	(356)
Development costs not capitalised	-	-	(401)	-	(401)
Community / neighbourhood services	179	-	(4,857)	-	(4,678)
Management services	332	-	(135)	-	197
Other	195	-	(73)	-	122
	9,566	(3,701)	(10,620)	-	(4,755)
Activities other than social housing					
Properties developed for outright sale	9,469	(7,694)	-	-	1,775
Commercial building and construction	11,728	(12,308)	(1,420)	-	(2,000)
Student accommodation	466	-	(369)	-	97
Market rent	168	-	(101)	-	67
Commercial units	655	-	(503)	-	152
Garages	754	-	(347)	-	407
Management services	417	-	(329)	-	88
Restructuring costs	-	-	-	-	-
Other	1,091	-	(507)	-	584
Right to Buy, Right to Acquire and staircasing sales	-	-	-	3,767	3,767
	24,748	(20,002)	(3,576)	3,767	4,937
Total	192,211	(23,703)	(127,609)	3,767	44,666

Notes to the financial statements

3. Particulars of turnover, cost of sales, operating expenditure and operating surplus

Group - continuing activities

	Turnover £'000	Cost of sales £'000	Operating expenditure £'000	Gain on disposal of assets £'000	2021 Operating surplus (deficit) £'000
Social housing lettings	150,067	-	(105,440)	-	44,627
Other social housing activities					
First tranche low-cost home ownership sales	5,581	(4,651)	-	-	930
Supporting people contract income	1,328	-	(1,647)	-	(319)
Charges for support services	1,435	-	(1,780)	-	(345)
Revenue grants from local authorities and other agencies	1,188	-	(1,474)	-	(286)
Development costs not capitalised	-	-	(1,313)	-	(1,313)
Community / neighbourhood services	17	-	(3,554)	-	(3,537)
Management services	586	-	(452)	-	134
Other	597	-	(66)	-	531
	10,732	(4,651)	(10,286)	-	(4,205)
Activities other than social housing					
Properties developed for outright sale	3,531	(2,570)	-	-	961
Commercial building and construction	13,104	(14,907)	(782)	-	(2,585)
Student accommodation	405	-	(387)	-	18
Market rent	166	-	(216)	-	(50)
Commercial units	702	-	(666)	-	36
Garages	721	-	(350)	-	371
Management services	1,120	-	(776)	-	344
Restructuring costs	-	-	(1,965)	-	(1,965)
Other	817	-	(3,229)	-	(2,412)
Amortisation of goodwill	-	-	-	-	-
Right to Buy, Right to Acquire and staircasing sales	-	-	-	1,724	1,724
	20,566	(17,477)	(8,371)	1,724	(3,558)
Total	181,365	(22,128)	(124,097)	1,724	36,864

3. Particulars of turnover, cost of sales, operating expenditure and operating surplus

Association - continuing activities

	Turnover £'000	Cost of sales £'000	Operating expenditure £'000	Gain on disposal of assets £'000	2022 Operating surplus (deficit) £'000
Social housing lettings	157,888	-	(113,409)	-	44,479
Other social housing activities					
First tranche low-cost home ownership sales	4,294	(3,701)	-	-	593
Supporting people contract income	1,074	-	(1,213)	-	(139)
Charges for support services	714	-	(807)	-	(93
Revenue grants from local authorities and other agencies	2,778	-	(3,134)	-	(356)
Development costs not capitalised	-	-	(401)	-	(401)
Community / neighbourhood services	179	-	(4,857)	-	(4,678)
Management services	332	-	(135)	-	197
Other	195	-	(73)	-	122
	9,566	(3,701)	(10,620)	-	(4,755)
Activities other than social housing					
Properties developed for outright sale	5,140	(3,873)	-	-	1,267
Market rent	168	-	(101)	-	67
Commercial units	655	-	(503)	-	152
Garages	754	-	(347)	-	407
Management services	424	-	(418)	-	6
Restructuring costs	-	-	-	-	-
Other	896	-	184	-	1,080
Right to Buy, Right to Acquire and staircasing sales	-	-	-	3,767	3,767
	8,037	(3,873)	(1,185)	3,767	6,746
Total	175,491	(7,574)	(125,214)	3,767	46,470

3. Particulars of turnover, cost of sales, operating expenditure and operating surplus

Association - continuing activities

	Turnover £'000	Cost of sales £'000	Operating expenditure £'000	Gain on disposal of assets £'000	2021 Operating surplus (deficit) £'000
Social housing lettings	150,059	-	(105,436)	-	44,623
Other social housing activities					
First tranche low-cost home ownership sales	5,581	(4,651)	-	-	930
Supporting people contract income	1,328	-	(1,647)	-	(319)
Charges for support services	1,435	-	(1,780)	-	(345)
Revenue grants from local authorities and other agencies	1,188	-	(1,474)	-	(286)
Development costs not capitalised	-	-	(1,313)	-	(1,313)
Community / neighbourhood services	17	-	(3,554)	-	(3,537)
Management services	586	-	(452)	-	134
Other	597	-	(66)	-	531
	10,732	(4,651)	(10,286)	-	(4,205)
Activities other than social housing					
Properties developed for outright sale	2,046	(1,390)	-	-	656
Student accommodation	-	-	-	-	-
Market rent	166	-	(216)	-	(50)
Commercial units	702	-	(666)	-	36
Garages	721	-	(350)	-	371
Management services	1,125	-	(845)	-	280
Restructuring costs	-	-	(1,965)	-	(1,965)
Other	610	-	(2,082)	-	(1,472)
Right to Buy, Right to Acquire and staircasing sales	-	-	-	1,779	1,779
	5,370	(1,390)	(6,124)	1,779	(365)
Total	166,161	(6,041)	(121,846)	1,779	40,053

3. Particulars of turnover, cost of sales, operating expenditure and operating surplus

Particulars of income and expenditure from social housing lettings

Group	General needs housing £'000	Supported housing and housing for older people £'000	Low cost home ownership £'000	2022 Total £'000	2021 Total £'000
Rent receivable net of identifiable service charges	131,320	13,633	3,654	148,607	141,460
Service charge income	3,672	3,678	319	7,669	7,407
Amortised government grants	941	232	76	1,249	1,200
Government grants taken to income	337	35	-	372	-
Turnover from social housing lettings	136,270	17,578	4,049	157,897	150,067
Management	(20,445)	(3,924)	(658)	(25,027)	(23,923)
Service charge costs	(8,568)	(4,933)	(200)	(13,701)	(11,679)
Routine maintenance	(30,669)	(3,078)	(264)	(34,011)	(30,067)
Planned maintenance	(4,784)	(734)	(98)	(5,616)	(5,436)
Major repairs expenditure	(7,500)	(1,543)	-	(9,043)	(10,403)
Bad debts	(2,532)	(228)	(63)	(2,823)	(406)
Property lease charges	-	-	-	-	(578)
Depreciation of housing properties	(20,070)	(2,059)	(754)	(22,883)	(22,948)
Impairment of housing properties	(309)	-	-	(309)	-
Operating expenditure on social housing lettings	(94,877)	(16,499)	(2,037)	(113,413)	(105,440)
Operating surplus on social housing lettings	41,393	1,079	2,012	44,484	44,627
Void losses	(2,202)	(826)	(82)	(3,110)	(4,126)

3. Particulars of turnover, cost of sales, operating expenditure and operating surplus

Particulars of income and expenditure from social housing lettings

Association	General needs housing £'000	Supported housing and housing for older people £'000	Low cost home ownership £'000	2022 Total £'000	2021 Total £'000
Rent receivable net of identifiable service charges	131,320	13,624	3,654	148,598	141,452
Service charge income	3,672	3,678	319	7,669	7,407
Amortised government grants	941	232	76	1,249	1,200
Government grants taken to income	337	35	-	372	-
Turnover from social housing lettings	136,270	17,569	4,049	157,888	150,059
Management	(20,445)	(3,920)	(658)	(25,023)	(23,919)
Service charge costs	(8,568)	(4,933)	(200)	(13,701)	(11,679)
Routine maintenance	(30,669)	(3,078)	(264)	(34,011)	(30,067)
Planned maintenance	(4,784)	(734)	(98)	(5,616)	(5,436)
Major repairs expenditure	(7,500)	(1,543)	-	(9,043)	(10,403)
Bad debts	(2,532)	(228)	(63)	(2,823)	(406)
Property lease charges	-	-	-	-	(578)
Depreciation of housing properties	(20,070)	(2,059)	(754)	(22,883)	(22,948)
Impairment of housing properties	(309)	-	-	(309)	-
Operating expenditure on social housing lettings	(94,877)	(16,495)	(2,037)	(113,409)	(105,436)
Operating surplus on social housing lettings	41,393	1,074	2,012	44,479	44,623
Void losses	(2,202)	(826)	(82)	(3,110)	(4,126)

4. Accommodation in management and development

At the end of the year, accommodation in management for each class of accommodation was as follows:

Group and association	2022 Number of properties	2021 Number of properties
Social housing		
General housing		
- social rent	25,866	24,984
- affordable rent	4,207	3,857
Supported housing and housing for older people		
- social rent	2,616	2,588
- affordable rent	470	471
Low-cost home ownership	1,129	1,094
Total owned	34,288	32,994
General housing managed for others	84	90
Supported housing managed for others	30	30
Leasehold properties	716	712
Total owned and managed	35,118	33,826
Non-social housing		
Market rented	84	87
Student accommodation	125	125
Leasehold properties	87	86
Total owned and managed	35,414	34,124
Accommodation in development at the year end	516	803

The group built and acquired 1,722 units in the year, which after a reduction in stock of 428 through sales and demolition, increased the total social housing units owned by 1,294 to 34,288.

Notes to the financial statements

5. Operating surplus

	Group 2022 £'000	Group 2021 £'000	Association 2022 £'000	Association 2021 £'000
This is arrived after charging:				
Depreciation of social housing properties	22,248	22,948	22,248	22,948
Impairment of housing properties	309	-	309	-
Depreciation of other tangible fixed assets	5,228	5,155	5,180	5,131
Impairment of other tangible fixed assets	133	-	-	-
Operating lease rentals				
- Land and buildings	457	483	457	483
- Office equipment and computers	109	60	109	60
- Motor vehicles	1,772	1,760	1,772	1,760
Auditors' remuneration (excluding VAT)				
- For audit services	220	178	220	178
- For taxation services	-	73	-	73
- For other assurance services	-	39	-	39

Auditors' remuneration includes fees for all audited entities within Thirteen Housing Group.

6. Gain on disposal of fixed assets

Group	Proceeds £'000	Costs of sales £'000	2022 Total £'000	2021 Total £'000
Right to Buy	2,926	(2,277)	649	517
Right to Acquire	4,113	(1,745)	2,368	940
Low-cost home ownership staircasing	1,979	(1,726)	253	270
Other	404	(397)	7	65
Gain on disposal of housing property assets	9,422	(6,145)	3,277	1,792
Gain/(loss) on disposal of other fixed assets	1,104	(614)	490	(68)
Surplus	10,526	(6,759)	3,767	1,724

Association	Proceeds £'000	Costs of sales £'000	2022 Total £'000	2021 Total £'000
Right to Buy	2,926	(2,277)	649	517
Right to Acquire	4,113	(1,745)	2,368	940
Low cost home ownership staircasing	1,979	(1,726)	253	270
Other	404	(397)	7	65
Gain on disposal of housing property assets	9,422	(6,145)	3,277	1,792
Gain/(loss) on disposal of other fixed assets	1,104	(614)	490	(13)
Surplus	10,526	(6,759)	3,767	1,779

7. Interest receivable

	Group 2022 £'000	Group 2021 £'000	Association 2022 £'000	Association 2021 £'000
Interest receivable from current accounts	25	37	25	37
Loan interest receivable	-	-	785	670
	25	37	810	707

8. Interest payable and similar charges

Borrowing costs

Interest on borrowings are capitalised to housing properties during the period of construction, either on borrowings specifically taken to finance development, or an average cost of borrowings based on net borrowings applied to the net development cost after deducting social housing grant receivable. The average interest rate used was 4.1% (2021: 4.5%).

Pension scheme finance costs represents the return on assets, less interest cost on defined benefit obligations. Further details are provided in note 29.

	Group 2022 £'000	Group 2021 £'000	Association 2022 £'000	Association 2021 £'000
Interest payable on loans and overdrafts	14,971	14,718	14,971	14,716
Amortisation of borrowing costs	114	110	114	110
Interest payable charged to other activities	(2)	(125)	(2)	(125)
	15,083	14,703	15,083	14,701
Less: Interest capitalised on housing properties under construction	(1,149)	(849)	(1,149)	(849)
	13,934	13,854	13,934	13,852
Pension scheme finance costs	2,107	1,693	2,102	1,686
	16,041	15,547	16,036	15,538

9. Employees

The average number of persons employed during the year expressed as full time equivalents (37 hours per week) was:

	Group		Association	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Administration	281	257	245	251
Regeneration and development	52	79	52	27
Housing, support and care	1,081	1,134	1,081	1,134
	1,414	1,470	1,378	1,412

Employee costs:

	Group		Association	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Wages and salaries	46,858	46,287	45,305	44,632
Social security costs	4,449	4,443	4,294	4,268
Other pension costs	4,467	4,368	4,421	4,318
	55,774	55,098	54,020	53,218
Restructuring costs	269	2,298	269	2,298
	56,043	57,396	54,289	55,516

Other pension costs exclude current service costs accounted for under section 28 of FRS 102. For group and association these service costs exceeded the cash contributions by £4.3m for the financial year (2021: £1.6m).

Payments to the Social Housing Pension Scheme to fund past deficits were also excluded from other pension costs. These payments amounted to £0.9m for the financial year (2021: £0.9m) for the group and association.

The full-time equivalent number of staff who received remuneration over £60,000, including basic pay and pension contributions:

	Group		Association	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
£60,000 to £70,000	21	24	19	21
£70,001 to £80,000	18	14	18	12
£80,001 to £90,000	4	6	4	5
£90,001 to £100,000	9	3	8	3
£100,001 to £110,000	7	3	6	3
£110,001 to £120,000	4	3	3	3
£120,001 to £130,000	-	2	-	1
£140,001 to £150,000	-	1	-	1
£150,001 to £160,000	2	2	2	2
£160,001 to £170,000	3	2	3	2
£240,001 to £250,000	-	1	-	1
£250,001 to £260,000	1	-	1	-

10. Key management personnel

Key management personnel are defined as the Chief Executive and the executive directors:

	2022 £'000	2021 £'000
Aggregate amount payable to directors (including benefits in kind)	1,169	888
Pension contributions	153	126
	1,322	1,014

The Chief Executive was the highest paid director. The remuneration of the Chief Executive, excluding pension contributions, was £215,000 (2021: £215,000).During the year, the Chief Executive, was an ordinary member of the Local Government Pension scheme. The group did not make any further contribution to an individual pension arrangement for the Chief Executive.

Non-executive directors

Emoluments paid to non-executive directors of the group amounted to £165,367 (2021: £165,000), and reimbursement for expenses amounted to £1,091 (2021: £1,089). An analysis of these payments is shown below (difference on basic salary total due to rounding):

	2022 £'000	2021 £'000
Andrew Wilson	8	6
Annette Clark	12	12
Anthony Riley	16	12
Behzad Parniani	1	-
Caroline Anne Moore	6	4
Catherine Harte	4	6
Catherine Wilburn	8	3
Christine Storrs	-	6
Christopher Newton	8	8
Claire Bell	1	-
Clare Brayson	-	9
David Swann	8	12
George Garlick	20	20
Gogu Vishnu Reddy	6	6
Gustavo Imhof	1	-
Jane Earl	2	-
Kate Ball	3	-
Kayleigh Fuller	1	-
	105	104

	2022 £'000	2021 £'000
Keith Hurst	1	3
Laura Mack	6	6
Mark Simpson	12	9
Nadeem Ahmed	4	4
Neil Pattison	6	6
Nicholas Taylor	6	6
Richard Buckley	8	12
Robert Cuffe	8	3
Robert Goward	3	3
Salma Yasmeen	3	-
Stephanie Taylor	1	-
Steve Nelson	-	5
Winsome Small	1	-
Zoe Lewis	1	4
Expenses less than £500	1	1
	61	62
Total	166	166

11. Tax on surplus on ordinary activities

Current tax	Group 2022 £'000	Group 2021 £'000	Association 2022 £'000	Association 2021 £'000
UK corporation tax on surplus for the year	-	-	-	-
Adjustments in respect of prior years	-	-	-	-
Total current tax charge	-	-	-	-
Deferred tax				
Origination and reversal of timing differences	-	233	-	-
Changes in tax rates	-	-	-	-
Adjustment for prior period	-	78	-	-
Total deferred tax credit	-	311	-	-
Total charge/(credit) for the year	-	311	-	-
Deferred tax charged/(credited) to other comprehensive income	48	14	-	-
	48	14	-	-

Factors affecting tax charge for the current year

The tax charge for the year is lower (2021: lower) than the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained below:

Current tax	Group 2022 £'000	Group 2021 £'000	Association 2022 £'000	Association 2021 £'000
Surplus on ordinary activities before tax	28,869	19,646	28,653	23,565
Theoretical tax at UK corporation tax rate of 19% (2021: 19%)	5,485	3,733	5,444	4,477
Effects of:				
Charitable activities not taxable	(6,281)	(4,895)	(5,743)	(4,390)
Expenses not deductible for tax purposes	606	13	578	-
Effects of group relief	-	-	(279)	(87)
Deferred tax not provided	126	-	-	-
Unrecognised Losses	128	763	-	-
Capital losses not recognised	-	653	-	-
Adjustment in respect of previous years	-	78	-	-
Pension fund prepayment	-	11	-	-
Qualifying charitable donations	(64)	(45)	-	-
Total charge/(credit) for the year	-	311	-	-
Corporation tax liability	-	-	-	-

11. Tax on surplus on ordinary activities

	Group		Association	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Deferred tax liability/(asset)				
Short term timing differences	52	4	-	-
Deferred tax:				
1 April 2020	4	(321)	-	-
Charge/(Credit) to the income statement	-	311	-	-
Charge/(Credit) to other comprehensive income	48	14	-	-
Adjustment in respect of previous years	-	-	-	-
31 March 2021	52	4	-	-

The Finance Bill 2021 increased the main rate of corporation tax from 19% to 25% with effect from 1 April 2023 with profits between £50,000 and £250,000 subject to a marginal relief to provide a gradual increase in the effective corporation tax rate. There is an unrecognised deferred tax asset of £1,847,366 which is measured at 19% (2021: 19%).

12. Tangible fixed assets – housing properties

Housing properties

Housing properties are classified as property, plant and equipment where they are held for social benefit. Housing properties are principally properties available for rent and properties subject to shared ownership leases.

As a result of the group restructure that took place on 1 July 2017, housing properties, as with all assets and liabilities, were transferred to Thirteen Housing Group Limited at their carrying value and are subsequently held at deemed cost, rather than being adjusted to fair value in accordance with section 19.29 of FRS 102.

Land is initially recognised at cost and considered annually for any indicators of impairment. The group holds no speculative land with a carrying value.

The association measured additions to existing properties and properties under construction at cost. Costs include the direct costs of acquisition including fees, development staff costs, development period interest and expenditure incurred on improvements.

Expenditure on improvements that enhance the economic benefits of an asset by increasing its rental stream, reducing future maintenance costs or significantly extending its useful economic life or that restores or replaces a component that has been treated separately for depreciation purposes is capitalised.

Shared ownership and other shared equity schemes

The cost of unsold shared ownership properties, including those under construction, are split proportionally between current and fixed assets according to the expected percentage of the first tranche sale. The cost of the expected first tranche is included in current assets in stock with the remainder being included in fixed assets. The remainder is reclassified to fixed assets if a first tranche sale is lower than expected.

Depreciation of housing properties

Freehold land and assets under construction are not depreciated. Depreciation of buildings is provided on the cost so as to write down the net book value of housing properties to their estimated residual value. Depreciation is calculated on a straight line basis over the useful economic life. Properties held on leases are amortised over the life of the lease or their estimated useful economic lives in the business, if shorter.

Major components are treated as separable assets and depreciated over their expected useful economic lives, or the lives of the structure to which they relate if shorter. The lives for components in year are as follows:

Component	Years
Land	Not depreciated
Structure	25-125
Structural works	25-125
Short leasehold	Over life of lease
Roofs	50
Kitchens	20
Bathrooms	30
Windows	30
Doors	30

Component	Years
Electrical	30-50
Heating	30
Boiler only	15
Compliance & security	12
Aids & adaptations	15
Environmental works	15
Air source heat pumps	20
Solar/PV panels	25

Impairment

Indicators of impairment are considered annually for cash-generating units and the recoverable amount assessed if an indicator exists. Where there is evidence of impairment, fixed assets are written down to their recoverable amount, being the higher of fair value less costs to sell and the value in use. Management use the depreciated replacement cost method for estimating value in use for properties held for social benefit. Any such write down is charged to the statement of comprehensive income, unless it is a reversal of a past revaluation surplus.

Management must apply judgement in determining the level of cash-generating units and consider size, tenure and geographical location when doing so.

Key indicators included in management's review include; materially higher development costs not identified during planning, changes in governmental policy, demand for properties, the market value of properties and obsolescence of properties.

The impairment (£0.4m) relates to properties, including garages, at Lime Crescent where demand has been sufficiently low (2021: £nil).

12. Tangible fixed assets – housing properties (continued)

Borrowing costs

Interest on borrowings are capitalised to housing properties during the period of construction, either on borrowings specifically taken to finance development, or an average cost of borrowings based on net borrowings applied to the net development cost after deducting social housing grant receivable. The average interest rate used was 4.1% (2021: 4.5%).

The cumulative amount of interest capitalised to the reporting date is £13.9m (2021: £13.0m).

Group and association	Social housing properties held for letting £'000	Housing properties for letting under construction £'000	Completed shared ownership housing properties £'000	Shared ownership properties under construction £'000	Total housing properties £'000
Historical or deemed cost					
At 1 April 2021	1,075,199	68,880	81,223	5,532	1,230,834
Development of new properties	-	39,778	-	12,670	52,448
Newly built properties acquired	-	-	-	-	-
Works to existing properties	16,507	-	-	-	16,507
Interest capitalised	-	937	-	212	1,149
Schemes completed	41,318	(41,318)	11,401	(11,401)	-
Disposals	(14,064)	(2,777)	(1,935)	-	(18,776)
Transfer to current assets	-	(45)	-	(1,907)	(1,952)
Acquired from other RP	50,658	-	-	-	50,658
At 31 March 2022	1,169,618	65,455	90,689	5,106	1,330,868
Accumulated depreciation and impairment					
At 1 April 2021	152,340	3,795	6,595	169	162,899
Depreciation charged in year	21,522	-	726	-	22,248
Impairment charged in year	418	-	-	-	418
Depreciation released on disposal	(4,433)	-	(101)	-	(4,534)
Impairment released on disposal	(7,661)	-	-	-	(7,661)
At 31 March 2022	162,186	3,795	7,220	169	173,370
Net book value					
At 31 March 2022	**1,007,432**	**61,660**	**83,469**	**4,937**	**1,157,498**
At 31 March 2021	922,859	65,085	74,628	5,363	1,067,935

12. Tangible fixed assets – housing properties (continued)

	Group		Association	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Total accumulated social housing grant receivable at 31 March was:				
Held as deferred income	216,687	157,682	216,687	157,682
Recognised in the statement of comprehensive income	77,948	76,530	77,948	76,530
	294,635	234,212	294,635	234,212
Housing properties book value, net of depreciation				
Freehold	1,142,682	1,053,675	1,142,682	1,053,641
Long leasehold	13,919	13,919	13,919	13,919
Short leasehold	897	375	897	375
	1,157,498	1,067,969	1,157,498	1,067,935
Expenditure on works to existing properties				
Improvement works capitalised	16,507	13,786	16,507	13,786
Components capitalised to other fixed assets	8,360	1,933	8,360	1,933
Amounts charged to expenditure	9,043	10,403	9,043	10,403
	33,910	26,122	33,910	26,122

13. Tangible fixed assets – other

Other tangible fixed assets

Other fixed assets are measured at cost. Only costs that can be directly attributed to acquiring the asset and bringing it into use are capitalised. Other fixed assets are depreciated over their useful economic lives on a straight-line basis to their residual value. Freehold land is not depreciated.

The principal useful economic lives used for the depreciation of other fixed assets are:

Component	Years
Freehold buildings	25-125
Leasehold property	Life of lease
Furniture and fittings	5
Computers	5

Component	Years
Motor vehicles	5
Other plant and equipment	10
Market rented equipment	10
Service chargeable fittings	3-35

Impairment

The impairment (£0.1m) relates to properties, including garages, at Lime Crescent where demand has been sufficiently low (2021: £nil).

Group	Freehold land and buildings £'000	Furniture fittings and ICT / office equipment £'000	Other plant and equipment £'000	Motor vehicles £'000	Total cost £'000
Cost					
At 1 April 2021	26,311	38,019	2,992	206	67,528
Additions	610	10,363	56	-	11,029
Revaluation	(496)	-	-	-	(496)
Disposals	(3,853)	(12,416)	(314)	(143)	(16,726)
Transfers to current assets	(135)	-	-	-	(135)
At 31 March 2022	22,437	35,966	2,734	63	61,200
Accumulated depreciation					
At 1 April 2021	2,761	21,839	1,265	196	26,061
Charged in year	242	4,805	179	2	5,228
Impairment adjustment	133	-	-	-	133
Revaluation	(233)	-	-	-	(233)
Released on disposal	(734)	(12,417)	(250)	(143)	(13,544)
At 31 March 2022	2,169	14,227	1,194	55	17,645
Net book value					
At 31 March 2022	**20,268**	**21,739**	**1,540**	**8**	**43,555**
At 31 March 2021	23,550	16,180	1,727	10	41,467

13. Tangible fixed assets – other (continued)

Association	Freehold land and buildings £'000	Furniture fittings and ICT / office equipment £'000	Other plant and equipment £'000	Motor vehicles £'000	Total £'000
Cost					
At 1 April 2021	25,680	37,864	2,741	167	66,452
Additions	610	10,363	56	-	11,029
Disposals	(3,853)	(12,416)	(314)	(143)	(16,726)
At 31 March 2022	22,437	35,811	2,483	24	60,755
Accumulated depreciation					
At 1 April 2021	2,674	21,762	1,029	167	25,632
Charged in year	229	4,783	168	-	5,180
Released on disposal	(734)	(12,417)	(250)	(143)	(13,544)
At 31 March 2022	2,169	14,128	947	24	17,268
Net book value					
At 31 March 2022	**20,268**	**21,683**	**1,536**	**-**	**43,487**
At 31 March 2021	23,006	16,102	1,712	-	40,820

14. Investment properties

Investment property

Investment property consists of properties not held for social benefit and office accommodation that is leased commercially. Investment property is carried at fair value which is considered to be its open market value. Changes in fair value are recognised in income and expenditure.

External valuation of all investment properties held by the association was carried out at 31 March 2022 by Greig Cavey Commercial Limited, apart from the office at Northshore which was valued by Dodds Brown LLP. Valuations are completed in accordance with the RICS Valuation Standards. The valuations were undertaken on the basis of market value as individual units with the assumption of vacant possession or that the tenant who is in occupation occupies under an assured shorthold tenancy, is not a protected tenant and vacant possession can be secured if required.

	Group		Association	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
At 1 April	8,570	8,665	8,570	8,570
Disposals	-	(95)	-	-
Gain/(loss) from adjustment in fair value	352	-	352	-
At 31 March	8,922	8,570	8,922	8,570

15. Intangible assets and goodwill

Amortisation

Amortisation is charged on a straight-line basis over the useful economic life of intangible assets, less the estimated residual value. The principle useful economic lives are:

Component	Years	Component	Years
Property designs	5	Software	3

The property designs and software assets have been developed by Thirteen Homes.

Goodwill

Management is required to determine the finite useful life over which goodwill is to be amortised on a systematic basis. If a reliable estimate of the useful life cannot be determined, the life will not exceed 10 years.

The goodwill arose on acquisition of Gus Robinson Developments in 2019 by Thirteen Homes, the useful life has been assessed as 10 years. Goodwill is assessed annually for impairment by comparing the carrying value to the recoverable amount and was fully impaired in 2021. Management considered it reasonable to impair the goodwill in full given the trading conditions in the medium term and the subsidiary's re-focus on delivering group contracts only.

The association has no intangible assets or goodwill (2021: nil).

Group	Goodwill £'000	Property designs £'000	Software £'000	Total £'000
Cost				
At 1 April 2021	1,964	98	43	2,105
Additions	-	-	-	-
At 31 March 2022	1,964	98	43	2,105
Accumulated amortisation				
At 1 April 2021	1,964	20	43	2,027
Charged in year	-	19	-	19
At 31 March 2022	1,964	39	43	2,046
Net book value				
At 31 March 2022	**-**	**59**	**-**	**59**
At 31 March 2021	-	78	-	78

16. HomeBuy loans receivable

The association received HomeBuy grant representing a percentage of the market value of a property in order to advance interest free loans to a homebuyer. The loans meet the definition of concessionary loans and are shown as a fixed asset investments on the statement of financial position.

Group and association	2022 £'000	2021 £'000
At 1 April	908	967
Loans repaid	(34)	(59)
At 31 March	874	908

17. Financial assets

Thirteen Homes has a joint arrangement with Woodside Homes, under which 50% of the shares of Woodside Homes Limited are held by Thirteen Homes. The shareholding in Woodside Homes has been included in financial assets measured at cost less impairment.

The association has no financial assets (2021: nil).

Group	2022 £'000	2021 £'000
At 1 April	1	1
Transferred in	-	-
At 1 April and 31 March	1	1

18. Investments in subsidiaries

Association	2022 £'000	2021 £'000
Cost		
At 1 April	50	50
Additions	-	-
At 1 April and 31 March	50	50

The association has the following investments in subsidiaries, all of which have been consolidated into the group financial statements:

	Regulated /Non-regulated	Nature of Business	Ownership 2022	Ownership 2021
Thirteen Homes	Non-regulated	Property development	100%	100%
Thirteen Commercial Services	Non-regulated	Property management	100%	100%
Thirteen Property Development	Non-regulated	Build and design	100%	100%
Thirteen Social Enterprise	Non-regulated	Community investment	100%	100%
Gus Robinson Developments	Non-regulated	Property development	100%	100%
Gus Robinson Homes	Non-regulated	Property development	100%	100%

18. Investments in subsidiaries (continued)

All subsidiaries are directly owned by the association apart from Gus Robinson Developments which is indirectly owned through Thirteen Homes and Gus Robinson Homes which is indirectly owned through Gus Robinson Developments. The association has the right to appoint members to the boards of the subsidiaries and thereby exercises control over them. Thirteen Social Enterprises and Gus Robinson Homes were dormant throughout the financial year.

The registered address for all entities is 2 Hudson Quay, Windward Way, Middlesbrough TS2 1QG.

None of the subsidiary entities are registered providers of social housing.

During the financial year the association provided services to the above unregistered group companies as follows:

Company	Nature of the transaction	2022 £'000	2021 £'000
Thirteen Commercial Services	Management services	174	184
Thirteen Commercial Services	Repair and cleaning services	89	9
Thirteen Homes	Management services	220	110
Thirteen Property Developments	Management services	20	10
	On a cost sharing basis with no profit element	503	313

In addition, interest was chargeable by the association on intra-group loans, as follows:

Company	Nature of the transaction	2022 £'000	2021 £'000
Thirteen Homes	Interest on intra-group loan	642	571
Gus Robinson Developments	Interest on intra-group loan	143	97
		785	668

Interest is charged on the intra-group loans at a fixed rate of 4.5%.

Thirteen Commercial Services provided services to the association as follows:

Company	Nature of the transaction	2022 £'000	2021 £'000
Thirteen Housing Group	Management services on a cost sharing basis	107	103
	with no profit element	107	103

Thirteen Property Development provided services to the association as follows:

Company	Nature of the transaction	2022 £'000	2021 £'000
Thirteen Housing Group	Build and design services on an agreed fee	20	10
	with no profit element	20	10

19. Stock

Stocks and properties for sale

Properties for sale are valued at the lower of cost and net realisable value and include units developed for outright sale and first tranches of shared ownership properties and work in progress. Net realisable value is based on estimated sales price after allowing for further costs of completion and disposal.

Stocks of raw materials are valued at the lower of cost and net realisable value.

	Group		Association	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
First tranche shared ownership properties:				
Completed	506	1,364	506	1,364
Works in progress	592	2,240	592	2,240
Outright sale properties:				
Completed	280	2,866	145	2,866
Works in progress	7,485	7,431	-	-
Raw materials and consumables	-	31	-	-
	8,863	13,932	1,243	6,470

20. Trade and other debtors

Bad debts

The recoverability of each customer's rent arrears is estimated based on their payment history over the preceding year. Former customer arrears are provided for in full. Where there is a policy in the organisation not to collect 100% of the income chargeable, the amount not collectable is provided immediately.

The provision for bad debts on the sales ledger are estimated based on historic recoverability based on the age of the debts at the reporting date, adjusted for any known reasons that might affect recoverability for specific debtors.

Write offs must be approved by the board and are only considered once all avenues for collection have been exhausted.

Intra-group loans

The association has extended revolving credit facilities to Thirteen Homes and Gus Robinson Developments which collectively will not exceed £50.0m at any given time. The facilities have a fixed interest rate of 4.5% and are repayable in November 2027 and January 2030 respectively.

The association has continued to impair the loan made to Gus Robinson Developments (cumulatively £4.9m (2021: £1.9m)). Management considered it prudent to impair, but not write off, the loan in full given the trading conditions in the medium term and uncertainties around the new business model.

20. Trade and other debtors (continued)

	Group 2022 £'000	Group 2021 £'000	Association 2022 £'000	Association 2021 £'000
Due within one year				
Rent and service charges arrears	7,794	7,264	7,775	7,243
Less: provision for bad debts	(3,720)	(3,608)	(3,714)	(3,598)
	4,074	3,656	4,061	3,645
Other debtors	2,340	4,754	1,397	2,316
Amounts recoverable on long term contracts	149	1,231	-	-
Social housing grant receivable	4,965	-	4,965	-
VAT reclaimable	261	75	190	-
Amounts owed by group undertakings	-	-	133	217
Prepayments and accrued income	9,269	9,779	8,933	8,783
	21,058	19,495	19,679	14,961
Due after more than one year				
VAT reclaimable	359	538	359	538
Amounts owed by group undertakings	-	-	14,252	15,208
	21,417	20,033	34,290	30,707

21. Cash and cash equivalents

	Group 2022 £'000	Group 2021 £'000	Association 2022 £'000	Association 2021 £'000
Money market investments	30,086	55,086	30,086	55,086
Deposit accounts	50,730	28,713	50,730	28,713
Cash at bank and in hand	5,776	27,848	4,016	25,883
	86,592	111,647	84,832	109,682

22. Creditors: amounts falling due within one year

	Group		Association	
	2022	**2021**	**2022**	**2021**
	£'000	**£'000**	**£'000**	**£'000**
Loans and overdrafts (note 27)	7,684	5,658	7,684	5,658
Rents and service charges received in advance	5,564	5,073	5,560	5,060
Social housing grant received in advance	44,259	19,245	44,259	19,245
Deferred capital grant (note 24)	1,395	1,272	1,395	1,272
Development creditors	5,531	3,237	5,531	3,237
Other taxation and social security	1,090	1,136	1,060	1,062
Other creditors	5,824	8,483	3,698	3,692
Deferred tax	-	4	-	-
Amounts owed to group undertakings	-	-	419	169
Accruals and deferred income	13,438	9,834	10,780	7,349
Leaseholder sinking funds	888	836	888	836
	85,673	54,778	81,274	47,580

Group and association loans and overdrafts includes accrued interest payable of £1.4m (2021: £2.6m).

Amounts owed to group undertakings are payable on demand with no interest accruing.

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

	Group		Association	
	2022	**2021**	**2022**	**2021**
	£'000	**£'000**	**£'000**	**£'000**
Loans (note 27)	328,835	343,390	328,835	343,390
Borrowing costs unamortised	(1,790)	(1,856)	(1,790)	(1,856)
Deferred capital grant (note 24)	149,444	137,175	149,434	137,165
Recycled capital grant fund (note 25)	1,507	1,058	1,507	1,058
Deferred tax liability	52	-	-	-
	478,048	479,767	477,986	479,757

24. Deferred capital grant

Social housing grant

Social housing grant ("SHG") is receivable from Homes England and is used to support the build and development of housing properties. It is held on the statement of financial position and amortised to the statement of comprehensive income over the life of the property asset which the grant was received for under the accruals method.

SHG due, or received in advance, is included as a current asset or liability. SHG is subordinated to the repayment of loans.

SHG released on the sale of a property may be repayable but is normally available to be recycled and is credited to the recycled capital grant fund (RCGF). The individual disposal of components does not create a relevant event for recycling purposes. Should the entire property be disposed, the association must recycle the full related grant so a contingent liability is disclosed to reflect this.

Other grants

Other grants may be receivable from local authorities and other organisations. Capital grants are utilised to reduce the capital costs of housing properties, including land costs. The accounting treatment for capital grants is dependent upon the source of the funding:

- Grants from government sources are held on the statement of financial position as a deferred capital grant, and amortised to the statement of comprehensive income statement over the life of the structure of the property
- Grants from non-government sources are recognised in the statement of comprehensive income once any conditions attached to the receipt of the funding has been met.

Grants in respect of revenue expenditure are credited to the statement of comprehensive income in the same financial year as the expenditure to which they relate.

	Group £'000	Association £'000
Cost		
At 1 April	157,290	157,278
Received during the period	14,505	14,505
Disposals	(801)	(801)
At 31 March	170,994	170,982
Accumulated amortisation		
At 1 April	18,843	18,841
Released to income in the period	1,418	1,418
Released on disposal	(106)	(106)
At 31 March	20,155	20,153
Net book value		
At 31 March 2022	**150,839**	**150,829**
At 31 March 2021	138,447	138,437

	Group £'000	Association £'000
Amounts to be released within one year	1,395	1,395
Amounts to be released in more than one year	149,444	149,434
	150,839	150,829

25. Recycled capital grant fund

Group and association		2022 £'000	2021 £'000
At 1 April		1,058	1,126
Inputs to the RCGF:	Grant recycled	801	322
	Interest accrued	3	10
Recycling of grant:	New build	(355)	(400)
At 31 March		1,507	1,058
Amounts 3 years old or older		-	-

26. Disposal proceeds fund

Group and association	2022 £'000	2021 £'000
At 1 April	-	471
Transfer to deferred capital grant	-	(471)
At 31 March	-	-
Amounts 3 years old or older	-	-

27. Analysis of changes in net debt

Group	At 1 April 2021 £'000	Cash Flows £'000	Non-Cash Movements £'000	At 31 March 2022 £'000
Cash and cash equivalents	(111,647)	25,055	-	(86,592)
Housing loans due in one year	5,658	(5,658)	7,684	7,684
Housing loans due after one year	343,390	(6,871)	(7,684)	328,835
	237,401	12,526	-	249,927

Association	At 1 April 2021 £'000	Cash Flows £'000	Non-Cash Movements £'000	At 31 March 2022 £'000
Cash and cash equivalents	(109,682)	24,850	-	(84,832)
Housing loans due in one year	5,658	(5,658)	7,684	7,684
Housing loans due after one year	343,390	(6,871)	(7,684)	328,835
	239,366	12,321	-	251,687

28. Non-equity share capital

Shares of £1 each issued, but not fully paid:

Group and association	2022 £'000	2021 £'000
At 1 April	10	11
Issued during the year	2	2
Cancelled during the year	(1)	(3)
At 31 March	11	10

There are no other issued shares. The shares provide members with the right to vote at general meeting, but do not provide any rights to dividends or distributions on a winding up.

29. Pension provisions

The group participates in the following pension schemes:

Scheme	Description
Social Housing Pension Scheme ("SHPS")	multi-employer defined benefit scheme
Teesside Pension Fund ("LGPS")	multi-employer defined benefit scheme
Gus Robinson Developments Limited Pension & Assurance Scheme ("GRD")	closed defined benefit scheme
Aegon	defined contribution scheme
Peoples pension	defined contribution scheme for Gus Robinson employees

Defined benefit schemes

Plan assets are measured using market values. Defined benefit obligations are measured using a projected unit method that are discounted at the current rate of return on high quality corporate bond yields of equivalent term and currency to the liability. Pension scheme assets (to the extent that they are recoverable through a refund or reduction in future contributions) or deficits are recognised in full. Service and finance costs are recognised in the income and expenditure with actuarial changes in the fair value of plan assets and obligations being recognised in other comprehensive income.

Net deficits recognised on the balance sheet are as follows:

	Group		Association	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Social Housing Pension Scheme	7,209	16,508	7,209	16,508
Teesside Pension Fund	60,947	80,521	60,947	80,521
Gus Robinson Developments Pension Fund	81	248	-	-
	68,237	97,277	68,156	97,029

29. Pension provisions (continued)

The results of the defined benefit schemes are presented in aggregate.

Breakdown of amounts recognised in profit and loss

	Group		Association	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Current service cost	9,922	6,932	9,919	6,929
Amounts charged to operating costs	9,922	6,932	9,919	6,929

	Group		Association	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Net interest cost	2,107	1,693	2,102	1,686
Amounts charged to other finance costs	2,107	1,693	2,102	1,686

Analysis of amounts recognised in other comprehensive income

	Group		Association	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Total actuarial (loss)/gain	35,515	(22,804)	35,383	(22,880)
	35,515	(22,804)	35,383	(22,880)
Cumulative actuarial (loss)/gain	(22,823)	(58,338)	(23,031)	(58,414)

Reconciliation of funded status to balance sheet

	Group		Association	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Present value of scheme liabilities	(343,616)	(338,844)	(340,063)	(335,284)
Fair value of assets	275,379	241,567	271,907	238,255
Net liability recognised in the balance sheet	(68,237)	(97,277)	(68,156)	(97,029)

Changes to the present value of the defined benefit obligation

	Group		Association	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Opening scheme liabilities	(338,844)	(267,207)	(335,284)	(263,927)
Current service cost	(9,922)	(6,932)	(9,919)	(6,929)
Interest cost	(7,256)	(6,213)	(7,182)	(6,142)
Actuarial (losses)/gains on scheme liabilities	7,954	(63,208)	7,962	(62,904)
Benefits paid	7,067	7,857	6,975	7,759
Contributions by participants	(2,501)	(2,494)	(2,501)	(2,494)
Curtailments	(114)	(647)	(114)	(647)
Closing defined benefit obligation	(343,616)	(338,844)	(340,063)	(335,284)

29. Pension provisions (continued)

Changes to the fair value of assets

	Group 2022 £'000	Group 2021 £'000	Association 2022 £'000	Association 2021 £'000
Opening fair value of scheme assets	241,567	196,001	238,255	193,078
Interest income on assets	5,149	4,520	5,080	4,456
Remeasurement gains on assets	27,561	40,404	27,421	40,024
Contributions by employer	5,668	6,005	5,625	5,962
Contributions by participants	2,501	2,494	2,501	2,494
Benefits paid	(7,067)	(7,857)	(6,975)	(7,759)
Closing fair value of scheme assets	275,379	241,567	271,907	238,255

Plan assets

The major categories of plan assets, measured at fair value are:

	Group 2022 £'000	Group 2021 £'000	Association 2022 £'000	Association 2021 £'000
Equity	161,341	164,236	159,131	162,173
Debt	1,353	985	1,353	985
Bonds	4,235	3,198	3,521	2,440
Property	37,960	27,369	37,842	27,272
Cash	35,469	15,936	35,238	15,756
Other assets	35,022	29,843	34,822	29,629
	275,379	241,567	271,907	238,255

Actuarial assumptions

	LGPS 2022 % pa	LGPS 2021 % pa	SHPS 2022 % pa	SHPS 2021 % pa	GRD 2022 % pa	GRD 2021 % pa
Discount rate	2.7	2.1	2.7	2.2	2.7	2.1
CPI inflation	3.2	2.7	3.2	2.9	3.1	2.6
Salary growth	4.2	3.7	4.2	2.9	3.8	3.4

29. Pension provisions (continued)

Mortality assumptions

The mortality assumptions are based on the recent actual mortality experience of members within the fund and allow for expected future mortality improvements. Sample life expectancies at age 65 resulting from these mortality assumptions are shown below.

Future lifetime from age 65:

	LGPS		SHPS		GRD	
	2022 Years	2021 Years	2022 Years	2021 Years	2022 Years	2021 Years
Aged 65 at 31 March						
Males	21.9	21.9	21.1	21.6	20.0	19.2
Females	23.6	23.6	23.7	23.5	22.0	21.1
Aged 45 at 31 March						
Males	23.3	23.3	22.4	22.9	21.3	20.5
Females	25.4	25.4	25.2	25.1	23.5	22.6

An analysis of the non-cash impact of all pension schemes on the reported operating surplus is detailed as:

	2022 £'000	2021 £'000
SHPS		
Current service cost	3,423	2,104
Contributions paid during year	(2,931)	(2,852)
Teesside Pension Fund		
Current service cost	6,431	4,825
Past service cost (including curtailment)	114	647
Contributions paid during year	(2,694)	(3,110)
Non-cash pension charge to operating surplus	4,343	1,614

SHPS Defined benefit scheme

We have been notified by the Trustee of the Scheme that it has performed a review of the changes made to the Scheme's benefits over the years and the result is that there is uncertainty surrounding some of these changes. The Trustee has been advised to seek clarification from the court on these items. This process is 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 given the current level of uncertainties, it is not possible to calculate the impact of this issue, particularly on an individual employer basis with any accuracy at this time. No adjustment has been made in these financial statements in respect of this potential issue.

No specific judgements have been made regarding the impact of Covid 19 pandemic on pension results. The actuarial results reflect the impact of market movements for asset returns, given assumptions set.

Defined contributions schemes

Payments in the defined contribution schemes are recognised as an expense in the income and expenditure account when they fall due. Amounts not paid are shown as a liability in the statement of financial position. During the year, contributions of £61k (2020: £118k) were made into defined contribution schemes.

30. Capital commitments

Breakdown of amounts recognised in profit and loss

	Group		Association	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Capital expenditure contracted for, but not provided for	106,089	93,667	103,884	92,811
Capital expenditure authorised by the board, but not contracted	215,048	148,388	201,752	136,009
	321,137	242,055	305,636	228,820

The capital commitments for the development of new property assets will be financed from the associations cash balance (£84.8m), drawing on approved loan facilities (£140.3m), social housing grants (£71.1m), future sales (£28.2m). The balance of funding is determined as the development schemes occur and commitments are realised.

31. Contingent liabilities

The Pensions Trust

Group and association

Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the scheme or the scheme winding up.

The broup has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the Social Housing Pension Scheme, based on the financial position of the Scheme as at 30 September 2021. As of this date the estimated employer debt for the group was £44.6m (2021: £40.9m). No provision has been made in the financial statements for this amount as the possibility of the liability arising is considered to be remote.

ARCC consortium

Group and association

In February 2015, the association established the Achieving Real Change in the Community (ARCC) consortium with eight partners, including three local authorities, to deliver a rehabilitation contract in the Durham Tees Valley area. The contract ended in June 2021, but the consortium has obligations under the contract that extend to 2024. The association would be liable for their share of any obligation that the consortium cannot meet itself, although the likelihood of this is considered remote given ARCC has cash reserves to meet remaining obligations. No provision has been made in the financial statements.

Social housing grant

Group and association

The group has an obligation to recycle or repay social housing grant if properties are disposed of. In addition to the amount disclosed in creditors, £77.8m of grant has been credited to reserves to date through amortisation (2021: £76.5m). The timing of any future repayment, if any, is uncertain.

Government grant of £14.3m arising from the 23 July 2021 stock acquisition that is recognised as a contingent liability. The grant is recyclable in the event of the housing properties being disposed. See note 39 for more information.

32. Net cash generated from operating activities

Group		2022 £'000	2021 £'000
Surplus for the year		28,869	19,335
Adjustments for non-cash items:			
Depreciation of tangible fixed assets	5	27,476	28,103
Impairment of tangible fixed assets	5	551	-
Amortisation of intangible fixed assets	15	19	24
Increase in stock		(4,239)	(3,108)
(Increase)/decrease in trade and other debtors		3,510	2,033
Increase/(decrease) in trade and other creditors		1,738	(6,149)
Pension costs less contributions payable		6,475	3,267
Carrying amount of fixed assets disposals		20,125	13,458
Revaluation on investment property		(352)	-
Impairment of goodwill		-	1,708
Income taxes credited		-	-
Adjustments for investing or financing activities:			
Proceeds from sale of assets		(24,289)	(14,537)
Government grants utilised in the year	24	(1,249)	(1,200)
Interest and financing costs	8	13,934	13,854
Interest received	7	(25)	(37)
Net cash generated from operating activities		72,543	56,751

33. Operating leases

Group and association

Operating leases where the group and association is the lessee

The future minimum lease payments which the group and association is committed to make under non-cancellable operating leases are as follows:

	2022 £'000	2021 £'000
Land and buildings		
Payments due:		
Not later than one year	399	369
Later than one year and not later than five years	849	716
Later than five years	876	415
	2,124	1,500
Office and other equipment		
Payments due:		
Not later than one year	92	46
Later than one year and not later than five years	66	47
Later than five years	41	-
	199	93
Motor vehicles		
Payments due:		
Not later than one year	798	1,772
Later than one year and not later than five years	117	1,098
Later than five years	-	-
	915	2,870

Operating leases where the group and association is the lessor

The group owns 48 (2021: 49) retail units that are leased to third parties on non-cancellable leases. Rents are set in accordance with market conditions. The latest expiry date is January 2029 with a review in February 2024. The group also leases two properties to specialist housing providers on non-cancellable leases.

The future minimum rentals receivable under non-cancellable operating leases are as follows:

	2022 £'000	2021 £'000
Land and buildings		
Payments due:		
Not later than one year	348	320
Later than one year and not later than five years	711	680
Later than five years	347	446
	1,406	1,446

34. Related party transactions

Group and association

Disclosures in relation to key management personnel are included within note 10.

The group participates in five pension schemes, the Social Housing Pension Scheme; a multi-employer defined benefit pension scheme, the Teesside Pension Fund; a multi-employer defined benefit pension scheme, Gus Robinson Developments Limited Pension & Assurance Scheme; a closed defined benefit pension scheme, and Aegon; a defined contribution pension scheme and the People's Pension scheme. Transactions between the group and the pension schemes are detailed in note 29. The balances included in creditors as due to the pension providers is £601,208 (2021: £23,485). Balances outstanding at year end will be settled in cash by 22nd after the month they relate to.

Through declarations of interest from key management personnel, the following related party transactions are required to be disclosed:

- The association paid Middlesbrough College £3,624 in course fees. No balances were outstanding at the reporting date. Zoe Lewis is the principal of Middlesbrough College
- The association paid Teesside University £18,750 in course fees and £160,000 in scholarship fees. No balances were outstanding at the reporting date. Mark Simpson is a Pro Vice-Chancellor of Teesside University.

The association has applied the exemptions available under paragraph 33.1A of FRS 102 not to disclose transactions with other group companies. Transactions between unregistered group companies are disclosed in note 18.

35. Agreements to improve existing properties

Group and association

Agreements to purchase improved properties from the local authority and separately to deliver those improvements transferred to Thirteen Housing Group between 2008-12. Whilst the local authority retained an obligation to improve the properties, the group was contracted to deliver those improvements. The underlying substance is that the properties were purchased in their existing condition at the agreed price to which the group would undertake the specified improvements. Management have offset the asset arising from the local authorities' obligation to improve the properties against the group's liability to perform the improvement works.

At the point of entering the agreement, the estimated gross value of the improvements for Erimus Housing and Housing Hartlepool were £185m and £86m respectively which have been completed.

The estimated gross value of the improvements for Tristar Homes was £217m. At 31 March 2022 the gross value of invoiced work on which VAT had been reclaimed was £88.6m (2021: £78.7m).

36. Joint ventures

Group and association

The association accounts for its own share of assets, liabilities, and cash flows in joint arrangements, measured in accordance with the terms of the arrangement.

The association is part of a joint venture with Middlesbrough Borough Council to improve the condition and sustainability of areas in North Ormesby by purchasing or leasing properties that are unoccupied or are situated in areas suffering from environmental and social decline. Under this agreement the association and Middlesbrough Borough Council agreed to invest £0.8m each into an investment fund. During the year ending 31 March 2022, the association made no further payments (2021: £0.2m) in relation to the investment fund. To 31 March 2022, the association has invested £1.0m in total. A receivable of £0.2m was recognised from Middlesbrough Borough Council for 2021-22 to settle this joint arrangement.

The association is also part of a further joint venture with Middlesbrough Borough Council to redevelop the area known as Grove Hill in Middlesbrough. Under this agreement both parties agreed to invest £2.7m each into a fund to enable the site assembly of the Grove Hill area. During the year ended 31 March 2022, the association made no further payments (2021: £nil) in relation to the investment fund. To 31 March 2022, the association has invested £2.7m in total, although this includes £1.4m internal development costs not considered eligible for the investment fund. A payable of £0.5m has been agreed with Middlesbrough Borough Council to settle the original investment fund obligation and has been recognised in the financial statements.

Thirteen Homes has a joint arrangement with Woodside Homes, under which 50% of the shares of Woodside Homes passed to Thirteen Homes. The shareholding in Woodside Homes has been included under financial assets at cost.

37. Financial assets and liabilities

Financial instruments

The group has chosen to apply the recognition and measurement provisions of IAS 39 Financial Instruments and to follow the disclosure requirements of FRS 102 Section 11 and 12.

The group has not elected to hold any financial instruments at fair value through profit or loss.

Financial assets

The group and association initially recognises financial assets at fair value. Financial assets are classified at initial recognition and on any subsequent reclassification event in one of four primary categories:

- Financial assets at fair value through profit or loss

  These are either: held for trading because they acquired for the purpose of selling or are a derivative; or are designated as such. They are initially recognised fair value, excluding transaction costs. At each reporting date, they are re-measured at fair value with change being recognised in the statement of comprehensive income as interest receivable or payable. The group has not designated any non-derivatives as fair value through profit or loss

- Loans and receivables

  These are non-derivative financial assets with fixed and determinable payments that are not quoted in an active market and have not been designated as either fair value through profit or loss or as available for sale. Such assets are measured at amortised cost using the effective interest method. Gains and losses are recognised in the statement of comprehensive income when loans and receivables are derecognised or impaired

- Held to maturity

  These are non-derivative financial assets with fixed and determinable payments and a fixed maturity date where the group or association has an intention and ability to hold them to maturity. Gains and losses are recognised in the statement of comprehensive income when loans and receivables are derecognised or impaired

- Available for sale

  These are non-derivative financial assets that are designated as such, or are not classified in any of the other categories. These are held at fair value with gains or losses being recognised in the statement of changes in equity. If there is no active market for a financial asset and it is not appropriate to determine fair value using valuation techniques, financial assets are carried at amortised cost.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss. Impairment provisions for bad and doubtful debts are calculated based on customer payment history with 100% of former tenant arrears being provided for.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Financial liabilities

The group and association classifies financial liabilities at initial recognition and on any subsequent reclassification event into one of two primary categories:

- Financial liabilities at fair value through profit or loss

  These are derivatives initially measured at fair value, excluding transaction costs. At each reporting date, they are re-measured at fair value with change being recognised in the statement of comprehensive income as interest receivable or payable. The group has not designated any non-derivatives as fair value through profit or loss

- Other financial liabilities

  All other financial liabilities are held at amortised cost using the effective interest rate method, this includes loans, overdrafts and trade payables. Loans include un-amortised issue costs.

Embedded derivatives

Embedded derivatives are identified upon initial recognition of a financial instrument. Embedded derivatives are held at amortised cost if their economic characteristics and risks are closely related to the host contract and the host contract is not held at fair value through profit or loss. Embedded derivatives that are not closely related to the host contract and the host contract itself is not held at fair value through profit or loss are accounted for separately to the host contract at fair value through profit or loss.

37. Financial assets and liabilities (continued)

Financial instruments (continued)

Hedge accounting

The group does not have any hedges in place.

The group's policy on managing financial risk is explained in the strategic report.

The financial instruments may be analysed for group and association as follows:

	Group		Association	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Financial assets				
Financial assets measured at fair value through profit or loss	-	-	-	-
Financial assets that are debt instruments measured at amortised cost				
- Rent receivable	4,074	3,656	4,061	3,645
- Amounts owed by group undertakings	-	-	14,385	15,425
- Other receivables and prepayments	17,343	16,377	15,844	11,637
- Cash and cash equivalents	86,592	111,647	84,832	109,682
	108,009	131,680	119,122	140,389
Financial assets that are equity instruments measured at cost less impairment	-	-	-	-
Financial liabilities				
Financial liabilities measured at fair value through profit or loss				
- Derivative financial instruments (a)	-	-	-	-
Financial liabilities measured at amortised cost				
- Loans and overdrafts (b)	336,519	349,048	336,519	349,048
- Rent in advance	5,564	5,073	5,560	5,060
- Amounts owed to group undertakings	-	-	419	169
- Other creditors and accruals	221,590	180,424	216,762	173,060
	563,673	534,545	559,260	527,337

(a) Loan notes issued by the association include a prepayment option that is not closely related to the host loan. The embedded derivative has been accounted for separately from the host loan, but its fair value at the reporting date is nil (2021: nil). The value of the host loan is £100.0m and is itself measured at amortised cost.

(b) The loan portfolio includes loans with prepayment options, all of which are considered closely related to the loan itself and would compensate the lender for lost interest, apart from the loan notes issuance described in (a).

Liquidity

Loans of £315.4m (2021: £317.2m) have fixed rates of interest between 2.3% and 11.8%.

Loans of £19.8m (2021: £29.2m) have variable rates of interest up to 1.5% over LIBOR.

Final instalments fall to be repaid in the period from 2022 to 2056.

All loans are secured by fixed charges over the group's properties.

At the reporting date, the group and association had undrawn loan facilities of £140.3m (2021: £140.0m).

Loans are repayable as follows:

Maturity profile of outstanding borrowing at 31 March 2022 for group and association:

37. Financial assets and liabilities (continued)

Financial instruments (continued)

	2022 £'000	2021 £'000
Within one year or on demand	7,684	5,658
One year or more but less than two years	13,116	6,799
Two years or more but less than five years	51,764	55,394

Within one year or on demand includes accrued interest of £1.4m (2021: £2.6m)

38. Post balance sheet events

The association transferred all its assets and liabilities out of the Social Housing Pension Scheme ("SHPS") into a new defined benefit scheme on 1 July 2022 that replicates all of the existing benefits.

On 1 September 2022, the assets and liabilities associated with the Gus Robinson Developments defined benefit pension scheme transferred to Thirteen Housing Group.

39. Stock acquisition

On 23 July 2021, the association acquired stock from another social landlord. Housing properties with a fair value of £51.3m were purchased. This value includes original government grant funding of £14.3m which has an obligation to be recycled in accordance with the original grant funding terms and conditions. The association is responsible for the recycling of the grant in the event of the housing properties being disposed.

Associated current customer arrears and advances were brought onto the statement of financial position at their fair value of £0.1m and £0.2m respectively.

40. Ultimate parent undertakings and controlling party

The ultimate parent undertaking and controlling party is Thirteen Housing Group Limited, a community benefit society registered under the Co-operative and Community Benefit Societies Act 2014 and a registered provider of social housing with the Regulator of Social Housing (RSH).

Thirteen Housing Group Limited is the parent undertaking of the largest group of undertakings to consolidate these financial statements at the reporting date. The consolidated financial statements of Thirteen Housing Group Limited are available from the group's registered office at 2 Hudson Quay, Windward Way, Middlesbrough TS2 1QG.

Other company information

Registrations

Registered as a community benefit society under the Co-operative and Community Benefit Societies Act 2014, number 7522
Registered by the Regulator of Social Housing, number L4522

Board

Chair	Jane Earl (from 01/03/22) George Garlick (to 28/02/22)
Senior Independent Director	Mark Simpson (to 31/03/22 from 01/09/22) Annette Clark (from 01/04/22 to 31/08/22)
Other Members	Andrew Wilson (from 28/07/22) Annette Clark Anthony Riley Katy Wilburn Christopher Newton David Swann (to 30/11/21) Ian Wardle (to 02/09/22) Richard Buckley Bob Cuffe Salma Yasmeen (from 01/01/22) Rob Goward (from 28/07/22)

Executive Directors

Group Chief Executive	Ian Wardle (to 31/07/22)
Interim Group Chief Executive	Christine Willetts (from 01/08/22)
Chief Finance Officer and Company Secretary	Jane Castor
Executive Director of Business Change and Improvement	Barbara Heather Ashton
Executive Director of Business Growth	Christine Willetts
Executive Director of Assets	Paul Jenkins
Executive Director of Customer Services	David Ripley
Managing Director of Thirteen Developments	Craig Taylor (to 13/08/21)
Executive Director of Development	Joy Whinnerah (from 28/02/22)

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