Annual Report and Financial Statements

For the year ended 31 March 2022

Community Benefit Society registration number. RS007018
Regulator of Social Housing (RSH) registration number. 4808

Contents

Board Members, Company Secretary, Executive Directors and Others

Board

Yashar Turgut	Chair – Board Member	Appointed 26 May 2021
Nicole Kershaw	CEO	Appointed to the Board on 2 December 2021
Stephen Mole	Chair – Board Member	Resigned 26 May 2021
Graham Aitken	Board Member	Retired 15 September 2021
Suzanne Richards	Board Member – Council Nomination	Retired 15 September 2021
Nadim Ahmad	Chair of ED&I Committee – Resident Board Member	Retired 30 March 2022
John Atkins	Board Member	Resigned 21 April 2022
Thomas Fenton	Chair of Audit & Risk Committee – Board Member	Retired 30 March 2022
John Hughes	Vice Chair – Board Member	Retired 30 March 2022
Slawomir Pawlik	Resident Board Member	Retired 30 March 2022
Angela Robinson	Chair of Remuneration & Governance Committee – Board Member	Resigned 20 April 2022
Susan Webster	Chair of Place Committee – Board Member	Resigned 21 April 2022
Lyndsey McDonald	Resident Board Member	Resigned 17 May 2022
Joanne Seymour	Chair of Remuneration & Governance Committee – Board Member	Appointed 2 December 2021
Sue Lock	Chair of Place Committee – Board Member	Appointed 18 May 2022
Gordon Perry	Chair of Audit & Risk Committee – Board Member	Appointed 18 May 2022
Dave Bullock	Chair of Growth Committee – Board Member	Appointed 18 May 2022
Cath Wilson	Senior Independent Director (From 31 August 2022)	Appointed 23 June 2022

Company Secretary

Christopher Murphy		Appointed 28 February 2022

Executive Directors

Nicole Kershaw	Chief Executive	
John McGrail	Chief Finance Officer	Resigned 31 March 2022
Anna Bishop	Chief Operating Officer	
Charlotte Grover	Chief Transformation Officer	Appointed 14 June 2021
Barry Wears	Chief Finance Officer	Appointed 25 April 2022

Registered Office

Lovell House
Archway 6
Hulme
Manchester
M15 5RN

Company registration Number

RS007018

Regulator of Social Housing Number

4808

External auditor

BDO LLP
3 Hardman Street
Manchester M3 3AT

Internal auditor

PricewaterhouseCoopers LLP
1 Hardman Square
Manchester M3 3EB

Treasury Advisors

Savills Financial Consultants
33 Margaret Street
London W1G 0JD

Bankers

Royal Bank of Scotland
1 Spinningfield Square
Manchester M3 3AP

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1st floor, 3 Hardman Street
Manchester M3 3HF

Funders

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Royal Bank of Scotland
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139 St Vincent Street
Glasgow G2 5JF

Legal and General Assurance Society Limited
1 Coleman Street
London EC2R 5AA

Chairs Introduction

I have great pleasure in presenting One Manchester Group's financial statements for the year ended 31 March 2022. Thank you for taking the time to read them.

Just over a year ago I took over the role of Chair of One Manchester Group. Inevitably the pandemic influenced our planning and thinking. As we are coming out of the pandemic, we have moved to a hybrid mode of working and concentrated on working within easy reach of our communities. During the year, after an In-Depth Assessment by the Regulator of Social Housing, we retained our V1/G1 for financial viability and governance. I am confident that we will continue to build our services on the solid foundations that merited the award of V1/G1.

The economic and social environment within which we work continues to change rapidly with housing taking a more prominent place in the government's priorities. The Queen's speech included new legislation to be brought forward on social housing regulation, renters' reforms, levelling up and procurement. The Social Housing Regeneration Bill strengthens the rights of social tenants and ensures better quality and safer homes. To better respond to this challenging environment for the benefit of our customers we revised our corporate priorities in line with the challenges we face. In addition, we are committed to improving our environment by investigating ways to reduce our carbon footprint as well as striving to achieve carbon net zero.

We live in demanding times, with growing inequalities, poverty, cost of living pressures, climate change and the impact of Covid. We will continue to collaborate with partners to help reduce the impact of these challenges for the benefit of our customers and residents.

I am pleased that we are an early adopter of the NHF 'Together with Tenants' charter and have placed our customers' voice at the heart of our decision making. We continue to enhance how we listen to our customers and are committed to continuously improving our services. We will also continue to co-operate with partners to help tackle homelessness, improve people's life chances and support food banks and local enterprises to increase the prosperity of our communities.

We are more than just a landlord and are committed to providing good homes, great services and real opportunities for our customers and communities. We are working tirelessly to create inclusive, connected and sustainable places where people can thrive and live well.

Since I became the Group Chair almost all my meetings have been virtual. I look forward to meeting colleagues, customers, residents, partners and the members of our Board in person in the near future.

An organisation is as good as its people, and I have been extremely impressed by the dedication of our colleagues and their commitment to our shared purpose, vision and shared values. I would like to thank them for their endeavours. Recently, a number of board members stepped down and new ones appointed to further strengthen our governance. I would like to thank those who retired for their contribution and wish them the best for the future. I look forward to welcoming and working with the new members.

Yashar Turgut
Group Chair

Report of the Board

Principal activities and review of the business

The One Manchester Group was formed on 1 April 2015 and comprises the Group parent (One Manchester Limited) and three subsidiaries: One Manchester Treasury Limited, One Manchester Property Limited and One Manchester Developments Limited. One Manchester Limited is a Charitable Community Benefit Society (registration number RS007018) and a Registered Social Housing Provider with the Regulator of Social Housing (registration number 4808).

These group financial statements include the accounts of One Manchester Developments Limited, One Manchester Treasury Limited, and One Manchester Property Limited.

One Manchester Limited is the largest social landlord in central, south and east Manchester, owning and managing more than 12,000 homes.

The principal activity of the Group is the provision, management, maintenance and improvement of affordable social housing. In addition, the Group is working closely with key agencies for the wider public benefit of its communities; to improve and regenerate those communities and provide a positive environment for people to live in. The strategic report considers these activities in further detail.

Each subsidiary has its own Board of Directors. The One Manchester Limited Board acts as the Group Parent and oversees the activities of these wholly owned subsidiaries namely:

- One Manchester Developments Limited (company number 09246629). A 100% owned subsidiary of One Manchester Limited and a private limited company. It was established to enable non-charitable, non-core activity to be undertaken.
- One Manchester Treasury Limited (company number 09456700). A 100% owned subsidiary of One Manchester Limited and a private limited company. It was established to facilitate efficient treasury management for the Group.
- One Manchester Property Limited (company number 11384233). A 100% owned subsidiary of One Manchester Limited and a private limited company. It was established to enable non-charitable, non-core activity to be undertaken.

Qualifying third party indemnity provisions

The Group has qualifying third party indemnity provisions in place for the Board members of One Manchester Limited.

Compliance with Governance & Financial Viability Standard

The Regulator of Social Housing's (RSH) Governance & Financial Viability Standard (the "Standard"), was updated in April 2015 and reviewed in July 2017. This review emphasised the importance of the Board's responsibility for health and safety of residents, strengthened stress testing and ensured organisations were keeping live their Assets & Liabilities Registers, and used the information contained within them in strategic decision-making. The Standard was accompanied by a new Code of Practice, which provides guidance to registered providers, to ensure compliance with the Standard.

> "One Manchester Limited is the largest social landlord in central, south and east Manchester, owning and managing more than 12,000 homes."

> Our Board is continually monitoring the business plan in relation to these pressures and are appropriately stress testing the business plan for deteriorating conditions including higher interest and inflation, and lower rent levels and rent collection.

The overall required outcomes of the Standard are:

- To ensure that there are effective governance arrangements that deliver the aims, objectives and intended outcomes for tenants and potential tenants in an effective, transparent and accountable manner.
- To manage resources effectively to ensure registered providers viability is maintained, ensuring that social housing assets are not put at risk. The Standard requires registered providers to assess their compliance with the Standard at least annually and boards are required to report their compliance with the Standard within their annual accounts.

The definition of assurance means that this is not just an internal and external audit issue. Boards need to determine how they are obtaining assurance to demonstrate to the Regulator of Social Housing:

- A clear understanding of asset values, related security, potential losses, and potential chains of recourse. Note that boards need to know exactly what information will be required in the event of distress and social housing asset exposure to value the assets without delay.
- Evidence of application of the principles.
- The assurance they receive on quality of records.

A full In-depth Assessment was carried out in July 2021 and the top rating of G1/V1 was again confirmed in October 2021.

Compliance with the Standard was assessed by the Board in August 2022 for the year ending 31 March 2022. After considering the self-assessment against the Standard the Board can confirm that the Group complies with the Standard.

The Group has also adopted the National Housing Federation Code of Governance (2020). A self-assessment against the Code is carried out annually. The Board can confirm that the Group materially complies with the Code.

Going concern

The Group's business activities, its current financial position, and factors likely to affect its future development are set out within the Strategic Report. The Group has in place long-term debt facilities that provide adequate resources to finance the committed reinvestment and development programmes, along with the Group's day to day operations. The Group also has an updated long-term Business Plan, taking in to account the impact of the current economic volatility (inflation, Ukraine, the after effects of the pandemic and Brexit) that demonstrates the Group can service these debt facilities whilst continuing to comply with lenders' covenants. A series of stress tests have also been carried out to evidence the impact of various scenarios. The group also has a long-term business plan which shows that it can service these debt facilities whilst continuing to comply with lenders' covenants. The 2022 business plan has been updated and reflects the current economic circumstances experienced including higher interest, higher inflation and supply chain uncertainty. Our Board is continually monitoring the business plan in relation to these pressures and are appropriately stress testing the business plan for deteriorating conditions including higher interest and inflation, and lower rent levels and rent collection.

On this basis, the board has a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future, being a period of at least twelve months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

Internal Control and Risk Management

The Board is the ultimate governing body and is responsible for ensuring that an adequate system of internal control and risk management is in place and for reviewing its effectiveness.

Internal Control

The system of internal control is designed to manage and reduce, not eliminate, risk and provide reasonable assurance that key business objectives will be met. It also gives assurance to the preparation and reliability of financial and performance information and the safeguarding of the Group's assets. The Board recognises that no system of internal control can provide absolute assurance or eliminate all risk.

Risks may be defined as those factors which may adversely affect the achievement of the Group's objectives. The internal control framework manages and mitigates risks by identifying those risks and ensuring controls are in place.

The key elements of internal control include:

- Corporate governance arrangements including the adoption of the National Housing Federation Code of Governance (2020) and gap analysis.
- Board approved terms of reference and delegated authorities for Audit and Risk Committee, Equality, Diversity and Inclusion Committee, Place Committee, Remuneration and Governance Committee and Growth Committee.

- Following extensive consultation with stakeholders, the Board agreed a new three-year Corporate Plan for 2022/2025 at its meeting in June 2022.
- Strategic and Business Planning processes within which the Board approves strategy and Business Plan objectives supported by a performance monitoring framework.
- Development, monitoring and approval of the long-term financial Business Plan updated with the annual budgeting cycle and in response to all significant environmental changes that includes robust stress testing and assessment of key risks and respective mitigation analysis.
- An In-Depth Assessment was undertaken by the Regulator confirming the top ratings of G1/V1 in October 2021.
- The review and approval of annual budgets by the Board; review of results against the approved budget, and revised forecasts prepared at regular intervals. The annual budgeting cycle informs, and is informed, by the long-term financial Business Plan when setting the overall resources of the organisation, in both the short and medium term.
- The Board approves the annual Treasury Strategy to control exposures in connection with treasury management activities, regular monitoring of loan covenants and requirements for new loan facilities.
- Performance indicators generated monthly to identify trends are reported to Board quarterly to monitor progress towards objectives and to identify intervention.
- A Delegatory framework incorporating Financial Regulations and Scheme of Delegation.
- Board approved a revised Value for Money strategy in May 2021, reinforcing our commitment to the Group's economy, efficiency and effectiveness objectives.
- Financial appraisals of all proposed major investments in new properties and place regeneration initiatives that are subject to individual approval by the Executive Leadership Team, Growth Committee or Group Board and as defined within the Delegatory Framework.
- A Group-wide risk management system (including health and safety) which identifies, evaluates and manages the significant risks faced by the Group.
- The Board has approved a set of financial "Golden Rules" to support quantification of the Group's financial risk appetite to augment covenant headroom monitoring and stress testing. The 2022/23 Business Plan has also been reviewed against these Golden Rules as part of the Board adopting the updated plan in June 2022.
- Audit & Risk Committee develop and approve a risk based internal audit plan receiving internal audit reports, tracking implementation of recommendations. The Audit & Risk committee uses the services of PricewaterhouseCoopers (PwC) to provide internal audit services.
- Formal recruitment, retention, training and development policies for all colleagues.
- A Board approved Whistle Blowing Policy.
- A Board approved Probity Policy.
- A Board approved Anti-Money Laundering Policy and an Anti-fraud policy, together with a Fraud Response Plan, including tenancy fraud.
- Ongoing programme of Board training.
- A Business Continuity Plan (BCP), including scenario testing with all relevant colleagues, facilitated by an external specialist.

The effectiveness of the controls is assured by:

- Independent assurance by internal auditors as to the existence and effectiveness of the risk management activities described by management.
- Board and Audit & Risk Committee review and approval.
- External audit.
- External regulatory scrutiny, including In Depth Assessments, and other reports.
- Review and assurance by management.

The internal control framework, the risk management process and fraud register are subject to regular review by internal audit, which has responsibility for providing independent assurance to the Board via its Audit & Risk Committee. All reports to Board and Committees consider risk and risk appetite and separately the Board and Audit & Risk Committee considers the overarching risk strategy, map and controls.

A fraud register is maintained and is reviewed by the Audit and Risk Committee on an annual basis. During the year, there were no dismissals in relation to fraud. In addition, instances of fraud in relation to tenancies have been investigated and, where fraud has taken place, these are actioned and recorded.

The Audit & Risk Committee has received the Chief Executive's annual review of the effectiveness of the system of internal control for the Company and the annual report of the internal auditor and has reported its findings to the Board. The report concluded that controls were good and worked effectively.

The Board confirms that there is an on-going process for identifying, evaluating and managing the significant risks faced by the Group. This process has been in place throughout the year under review and up to the date of the Annual Report and Financial Statements and is reviewed at least quarterly by the Board. The Board has responsibility for the Group as a whole.

Risk management

The One Manchester Board has overall responsibility for risk management with a particular focus on the degree and type of risk it is prepared to take in achieving its overall objectives. This is set within the context of the rapidly changing external environment in which housing associations are operating, subject to policy, market, economic change and reputational risks which can have a fundamental impact on our business. Risk is formally reported quarterly to the Board. The One Manchester Risk Management Policy, last reviewed in 2021, articulates the commitment to robust and effective risk management, how it views risk, its approach to its management and the actions it takes to manage and mitigate risk throughout the business.

Key risks

The Board maintains a Corporate Risk Register which captures those risks across the business that could have the most significant impact on the achievement of its Corporate Plan. The Board considered the following as the key risks for the 2021/22 financial year:

Risk	Key controls and risk mitigation
STRATEGIC	
1. Strategic Choices Recognition of the competing pressures and trade-offs in setting the direction and utilising OM's financial capacity and resources.	Updated Corporate Plan. Business Planning assumptions for 40 year plan with robust assumptions to understand funding availability towards zero carbon. Shaping our Future Change Programme. Governance Board established with members of the ELT and a NED meeting monthly with quarterly progress reports to OM Board.
2. Macroeconomic risk The full impact of Covid, Brexit and the recent conflict in Ukraine continue to develop with labour market and supply chain disruption, increased prices and rising inflation. Recognition of the economic pressures on our customers.	Detailed stress testing of the OM Business Plan. Risk assessment of 2022/23 budget and identification of mitigation plan. Review of energy supplies. Developing alternative suppliers for OM's goods and services to help maintain the continuity of OM's key business functions. Watching brief to enable quick response to issues arising. Weekly detailed reports to ELT and Board on the Crisis Response Programme with clear Key Metrics and decision making.
3. Growth (New supply and housing market) The need for all risks associated with the development, rental and sale of the full range of products of new units to be understood including the potential impact on financial viability and the achievement of strategic objectives.	Growth Risk Register splits associated risks into separate components and details the mitigations. Consideration of alternative site options. Regular and in depth review by Director of Development. Development Appraisal Group. Oversight by Growth Committee. Legal advice on contractor performance appraisal modelling tool.
FINANCIAL	
4. Financing The risk of reliance on debt to fund strategic objectives such as investment in new and existing housing and weaker operating margins and lower interest cover therefore.	Close monitoring of covenants and golden rules, especially in relation to growth programme in place. Corporate Plan assumptions reflected in the Business Plan which informs resource and funding requirements. Annual review of Treasury Strategy with external advisors. Aligned with the refresh of the Business Plan. External support in Business Planning from Savills. New efficiency plan based on Shaping our Future Program.
5. Affordability A lack of affordable, decent housing has a real consequences on people's lives. Interventions required to enable some customer groups gain access to quality, affordable housing. Further affected by the impact of slow wage growth, rising inflation and benefit changes.	Income management. Review and improvement plan. Targeted work to monitor and act on fastest increasing rent arrears. Work with MCC in advance of annual rent increase to support housing benefit entitlement. Hardship fund of £200k included in 2022/23 Budget.
OPERATIONS	
6. Stock Quality The need for investment in stock to meet the evolving requirements of the new Decent Homes Standard and the decarbonisation agenda. The need for robust data on the quality of stock and an effective repairs and maintenance service.	Stock Condition Surveys (SCS) carried out at least once every 5 years with the resultant data migrated into the Asset Management database, this is in addition to adhoc technical surveys. Investment program developed annually which is informed by the data falling out of the SCS. Cyclical and Reactive Maintenance Program. Asset Management Strategy & Implementation Plan, Repairs Policy, Lettable Standard, Voids Standard in place. Implementation Plan aligns to the Decent Homes + Standard and is reported to the Board annually.
7. Service Delivery and accountability to tenants Failure to provide effective and transparent communication with customers and improve the services they receive (in line with the direction of the White Paper for Social Housing).	Shaping our future programme to deliver new operating model to improve service delivery and communications with tenants. Getting to know our customers campaign to understand the diverse needs of customer base. New operating model across 3 areas which includes conducting a home visit with every tenant to update our data and information along with identifying any current repair issues and identifying any support that may be required. Gap analysis of the requirement of the Social Housing White Paper. Annual Customer Report.

Risk	Key controls and risk mitigation
8. Culture and Change The need to demonstrate engagement and performance to our residents. The commitment to improving equality, diversity and inclusion, highlighting and tackling inequality and discrimination with a workforce that reflects the communities serves.	Shaping our Future Change Programme. Detailed strategic plan and a clear set of priorities agreed with Board. Access to reliable information and membership of a range of local and national forums. EDI Manager, EDI Committee reports to Board. Governance Board established with members of the Executive Team and a NED. Strategy and working practices, policies , service delivery scrutinised by the Housing Diversity Network.
SAFETY	
9. Health and Safety Properties must meet all the relevant statutory health and safety obligations.	Specialist software for managing and monitoring compliance programme. Policies covering all compliance areas. Fire Policy and Management procedures. Dedicated Fire Officer employed and Two Building Safety Managers. Cladding project risk register. Flammable cladding has been replaced across all high rise buildings owned by OM. Programme of Fire Risk Assessments undertaken by a BAFE accredited contractor. Reporting on compliance.
DATA SECURITY	
10. Data Integrity & Security Accurate, up-to-date, complete, and consistent data are fundamental for the Board and the need to manage the ongoing risks arising from agile working and cyber threats.	Third party multi-level cyber security architecture. Up to date firewalls and anti-virus protection. Phishing & Ransomware Attack on-going awareness campaign for colleagues. Phishing awareness software that regularly tests colleagues. Phishing awareness training for "high risk" colleagues, e.g. senior management and individuals with privileged information access. Cyber Security Action Group. Data Protection Policy reviewed 2021. Data Protection Officer. Management and staff communications, updates, briefings. Information Security Policy. Penetration testing.

Risk	Key controls and risk mitigation
BRAND AND REPUTATION	
11. Brand and Reputation Strategic decisions and competing demands from different stakeholders may have an adverse impact on some of these stakeholders such as tenants, local communities, national and local government, lenders, regulators and the media. Failure to have regard to stakeholders' expectations can have serious ramifications for OM's reputation and that of the sector as a whole.	Performance Monitoring of Strategic Objectives by SLT & ELT KPIs External Stakeholder Marketing Strategy Manchester and Greater Manchester Strategic Plans Customer Coalition Customer Surveys Customer insight and engagement initiatives OM Scrutiny Panel Colleague voice

Audit

All the current Directors have taken all necessary steps to make themselves aware of any information needed by the Group's auditors for the purposes of their audit and to establish that the auditor is aware of that information. The Directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP has expressed their willingness to continue. A resolution for the re-appointment of BDO LLP as auditor of the Association will be proposed at the forthcoming Annual General Meeting on 21 September 2022.

By order of the Board

Chris Murphy
Company Secretary

21 September 2022

Strategic Report

Our purpose and vision

One Manchester is a provider of housing and community services that currently owns and manages over 12,000 homes in central, south and east Manchester.

Our purpose is to be more than just a landlord. We provide good quality homes, great services and real opportunities for our customers and communities.

Our vision is to create inclusive, connected and sustainable places where people can thrive and live well.

Times are challenging, with growing inequalities, poverty, cost of living pressures, climate change and the impact of Covid. One Manchester is committed to working in partnership with other organisations to address these issues for the benefit of customers the City and Greater Manchester. At the same time, One Manchester is determined to provide better quality, safer homes and be more accountable to customers. We want those who live in our homes, both now and in the future, to prosper and live well as part of a thriving Manchester.

Strategies to achieve our purpose and vision

Our 2021/22 corporate plan outlines five priorities that have been the focus in year. These enabled us to ensure delivery on promises to colleagues, customers, residents, communities and partners so that everyone connected to One Manchester can benefit from the city's growth and success. The detail below is a review of strategic achievement measures against these five corporate priorities for 2021/22.

Value for Money (VfM) sits across all our strategies and our multi-year savings plan, and asset and growth plans are detailed in the VfM section of this Report. VfM also is a recurrent theme in the review below, incorporating the individual contribution of each priority to the business as a whole.

Strategic Priority 1: Strategic Influence

During 2021/22 One Manchester achieved progress as follows against this priority area:

- Mapped Health and Inequality impacts of pandemic on communities and customer demographics, and created partnerships to mitigate impacts.
- Created Digital Skills, technology and access roadmap; built and developed strategic opportunities to influence and shape future Digital access for customers and communities.
- Accelerated the green skills and retrofit academy model, creating training, placement and employment opportunities for customers, building pathways with key sectors and organisations and exploring relevant funding streams.
- Reviewed and aligned Employment and Skills offer to emerging priorities at a local and regional level, to meet future need and commissioning opportunities. This included leading the highly successful Greater Manchester Kickstart programme, working with other social housing providers, to provide work placements for 18 – 25 year olds affected by the pandemic.

Strategic Priority 2: Customer Focus

During 2021/22 One Manchester achieved progress as follows against this priority area:

- To reinforce the health and safety of our customers, we continued to implement a bespoke tracking system to automate the reporting of the secondary compliance areas such as fire alarm testing, emergency lighting, smoke & CO alarm testing and site inspections including Independent Living Schemes, playgrounds and blocks.
- We are implementing extensive additional fire-safety measures in all of our high-rise buildings (over and above legislative requirements) including fire-stopping works and retro-fitting sprinklers.
- In recognition of the impact of Covid on our customers, we implemented a customer-in-need programme and hardship fund, contacting all our customers to offer support, and provided food, white-goods, medicine delivery support and introduced initiatives to reduce isolation.
- To understand our customers better we initiated a "getting to know our customers" programme covering ED&I, digital inclusion, economic circumstances and satisfaction. This data will provide valuable insight to co-create future services.
- We participated in an action research project in relation to fuel poverty in partnership with Electricity North West. We are currently reviewing the findings.
- Worked with MCC and others to support and promote Digital inclusion for our customers, including access, use and cost.
- Reviewed One Manchester's Older Persons Offer including a review of the future sustainability of our IL schemes and the offers in place for people living in non-specialist homes.
- We continued to develop the Customer Co-creation Panels to further support the voice of the customer in our everyday activities.
- After extensive discovery work, we launched the Shaping our Future strategy to improve the customer offer, and are implementing new operating models in our front-line services to create exceptional customer experience.

"Our vision is to create inclusive, connected and sustainable places where people can thrive and live well."

Strategic Priority 3: Thriving Communities

During 2021/22 One Manchester achieved progress as follows against this priority area:

- We have implemented a full, five year Asset Management Strategy.
- Developed a Health and Housing approach taking into consideration living with Covid and the effect of inequalities in our communities.
- Developed an approach to environmental improvement including the identification of funding to deliver longer term sustainability.
- Initiated a deep-dive into our repairs service, aimed at identifying service improvements and efficiencies.
- Undertook extensive engagement with our partners and stakeholders, and produced a new stakeholder map for all our twelve neighbourhoods.
- We published bespoke place-plans based on data and intelligence for each of our twelve neighbourhoods.
- We initiated a programme to ensure that we have full stock condition survey data on every home every five years.

Strategic Priority 4: Growth

During 2021/22 One Manchester achieved progress as follows against this priority area:

- Continued progress with the Homes England programme.
- Completed implementation of Development Health check including overhaul of KPIs, reporting and procedures, and introduction of new growth structure.
- Completed the review of the OM Growth Strategy and priorities for 2022/27.

Strategic Priority 5: Healthy Organisation

During 2021/22 One Manchester achieved progress as follows against this priority area:

- Undertook a robust review, including stress testing and external verification of the long-term Business Plan including reviewing mitigations to stresses.
- Successfully retained V1/G1 rating from the Regulator.
- Reviewed and analysed the impact of the current climate on certain groups, customers and colleagues and provided focussed support.
- Fully reviewed the Governance, Risk & Assurance department and implemented a new team structure.
- Continued with the Shaping our Future business change programme, completing the "discovery" stage of the programme, and implementing structural changes to our senior leadership team resulting in close to £500k annualised efficiency savings.

Updated Priorities

Following extensive consultation with stakeholders, the Board has approved a new Corporate Plan for 2022/25 with three new corporate priorities:

Strategic Priority 1: People

Customers and colleagues are at the centre of everything we do. We're committed to keeping everyone safe and treating people equally and fairly. We're determined to listen more to customers and use their feedback to shape brilliant services. We want to recruit and keep talented colleagues who feel rewarded and inspired to do great work.

Strategic Priority 2: Place

Where you live can determine what happens in your life. We want to help people succeed by providing quality, affordable, secure homes to rent and buy – and build more to meet future needs. We're investing in sustainable communities that people are proud to live in.

Strategic Priority 3: Prosperity

We want customer and communities to thrive, so we're committed to tackling inequalities and creating opportunities. We're determined to build more homes and regenerate more places. To help more people find work and training, make their money go further, and live well.

Behind each of the strategic priorities, we have identified three focus areas for 2022/23. This is a dynamic corporate plan, responding to a time of great change in the housing sector. The focus areas behind the priorities for 2023/24 will be approved by the Board at the same time as the Business Plan and budget.

Business model

The Corporate Plan is overseen and directed by the Group Board and Executive Team. The Plan is delivered though the operating model of One Manchester Limited. Property services are delivered in-house, with a directly employed team responsible for gas safety, responsive maintenance, grounds maintenance and estate cleaning.

The One Manchester Group adopted an efficient treasury structure upon its formation of the treasury vehicle, One Manchester Treasury Limited, which provides the private finance facilities for the Group. This structure allows for a more efficient use of the Group's security and private finance facilities enabling more efficient borrowing costs. The loan facilities and lending covenants apply to the whole Group which collectively form the loan facility obligors.

The treasury section of the financial review of the year ended 31 March 2022 details the current, historic and undrawn facilities.

One Manchester Developments Limited is the vehicle through which the Group develops new housing, performing the role of principal development contractor for the Group, ensuring efficient development of new homes in accordance with our growth and diversification strategic priority.

To address the lack of housing supply in the region we are a partner in a joint venture between RPs and the GMCA to set up an investment fund to deliver over 500 homes for sale.

The total contribution to be invested by One Manchester is £2.99m with the contributions forecast to complete at the end of the 2022/23 financial year.

The Group (for the purposes of statutory reporting in 2021/22) comprises:

- One Manchester Limited, the Group parent and a Registered Social Housing Provider.
- One Manchester Developments Limited.
- One Manchester Treasury Limited.
- One Manchester Property Limited.

One Manchester Group Structure:

The graphics below shows the group structure and the relationships between the members as at the balance sheet date of 31 March 2022.

A Charitable CBS (Community Benefit Society) conducts business on behalf of its community and invests its profits into the Society for the benefit of its community.

A CLS (Company Limited by Shares) is a limited company which gift aids its trading surpluses in a tax efficient manner.

Financial review of the year ended 31 March 2022

Overall, the Group, before actuarial gain, generated a surplus of £13.2m (2021: £11.8m) for the period, against a budgeted surplus of £13.6m. The main factors contributing to the variance of £0.4m, were as follows:

- Income streams were £2.4m lower than budgeted, with rent £0.9m lower due to the combined impact of delayed development handovers and sales of housing properties to tenants. There was also a shortfall of £0.5m in sales of shared ownership properties, a shortfall in grants released of £0.5m and a combined shortfall in commercial and market rent of £0.5m.
- Management costs were £2.9m higher than budgeted with £1m of additional pension servicing costs and an extra £0.9m expenditure on consultancy and agency costs as backfill for arising out of the restructuring and to support new, key corporate projects. Changes to the estimated value of costs which could be capitalised from IT investment projects reduced the amounts which could be capitalised from implementation costs by £0.3m. There were additional neighbourhood management costs of £0.2m in part due to extra council tax payments on empty properties.
- Changes to the programme of major works, additional responsive repair demands and responding to the effects of the pandemic, resulted in an additional spend of £1.3m.
- Depreciation charges were higher than budgeted by £0.7m due to higher levels of asset write-off following major refurbishments.
- Surpluses on the sale of Right to Buy and Right to Acquire properties were higher than budgeted by £4.7m as demand over the year resulted in 106 properties being sold.
- Interest charges were lower than budgeted by £0.8m as the Group continued to take advantage of the reduced borrowing rates from recent deals and capitalised costs relating to development schemes.

Group Financial Results

	2022 £ '000	2021 £ '000
Highlights of Comprehensive Income		
Turnover	**63,353**	59,624
Operating costs	**(50,857)**	(44,373)
Operating surplus	**20,845**	20,191
Surplus after taxation, before actuarial gain	**13,180**	11,839
Actuarial gain / (loss)	**16,225**	(6,960)
Total comprehensive income for the year	**29,405**	4,879
Highlights of Financial Position		
Social housing properties Net Book Value at cost	**257,357**	231,006
Non-social housing properties at valuation	**49,439**	43,988
Cash at bank and in hand	**50,733**	50,493
Net current assets	**24,824**	37,648
Debt drawn	**(193,810)**	(185,050)
Revenue reserve	**63,311**	33,906
Number of homes in management		
Social housing	**11,938**	11,878
Market rent	**310**	315
Total	**12,248**	**12,193**

The Group Statement of Comprehensive Income is on page 46.

Company Financial Performance

The Company achieved a surplus for the year of £13.2m largely in line with Group performance.

Group Financial Performance

Group turnover increased in the year by £3.7m, to £63.4m. The increase results from higher income generated from shared ownership property sales of £3m more than the previous year, this is specific to the schemes underway each year. There was also an additional £1m from social housing rents. This was offset by lower income from non-social housing rents of £0.2m.

Operating costs (including costs of sale) increased in year by £6.5m to £50.9m. The key variances were:

- An increase in service cost expenditure of £0.2m, incorporating inflation and cost provision to new properties handed over.
- An increase in management costs of £2.6m which include a £1.0m charge to reflect changes to actuarial assumptions made by the pension scheme administrators at SHPS and GMPF and also increases in employee costs.
- An increase on planned and routine maintenance of £0.8m. This is due to both an increased number of repairs and costs.
- A decrease to the major repairs programme of £0.5m, which is due to timing delays.
- An increase in the cost of providing for bad debts, with an additional £0.6m being provided.
- £0.5m of exceptional costs in the year which relate to restructuring costs in relation to the Shaping our Future programme.
- Cost of sales from Shared Ownership property sales increased year on year by £2.1m, in line with the increase of handovers from the development programme.

The total Comprehensive Income for the year was £29.4m (2021: £4.9m). The surplus generated in 2022 was £24.5m higher than the March 2021 position. However, the key difference between the two years is that in the year ended March 2021 there was an actuarial loss of £7m on the pension schemes, whereas in the year ended March 2022 there was an actuarial gain of £16.2m, an overall difference of £23.2m.

Cladding & Fire Safety

Following the tragic fire and loss of life at Grenfell Tower, the Department of Communities and Local Government (DCLG) required all registered providers of social housing to identify high-rise buildings that were clad with similar materials. One Manchester Group has sixteen high-rise developments, of between nine and sixteen floors, with Aluminium Composite Material (ACM) cladding. The cladding on all sixteen blocks has now been replaced with a new cladding system. The programme has been funded from internal resources supplemented by £6.9m of Government support (out of a total projected programme spend of £15.6m).

The Group is committed to ensuring the continuing safety of its customers, often going over and above the minimum statutory requirement. To that end, at the beginning of 2020, a programme commenced to install sprinklers to the high-rise tower blocks. This is a £3m programme, to be completed over 3 years.

Fire alarm installation has also been completed to all communal areas. Heat detectors have been installed to over 80% of flats in blocks, with the remainder being accessed on a programme that will be supported by in-house resource where access is difficult.

Group Financial Position

The financial position remains strong with social housing properties shown at historic cost of £257.3m (2021: £231.3m), representing an increase of 11%.

This is due to an additional £26.8m from new development handovers and capital work to existing properties of £8.3m, offset by property disposals through RTB and RTA (discussed above) and depreciation. This compares to an underlying valuation, on an Existing Use Value – Social Housing (EUV-SH) basis of the Group's properties used as security of £361.8m at the end of the period. This valuation does not include those additional properties owned, developed or acquired but not currently used as security, totalling 3,826 units, which could be valued and charged subject to legal due diligence.

We currently have 310 investment properties (our market rent properties) which are held at current Market Value. The total value of the investment properties including those under construction is £49.4m. Market values in a number of our areas have seen some upward movement since the prior year, resulting in a surplus on revaluation of £0.5m for the 2021/22 financial year.

The cash balances have increased by £0.2m.

- The underlying business generated £21.7m of cash (2021: £14.2m) before debt servicing of £12.4m (interest and capital repayments).
- The spend on investing activities during the year was £21.6m (2021: £26.1m). This includes expenditure of £26.9m (2021: £24.6m) on the construction of new housing properties less sales receipts of £10.6m (2021: £5.3m).
- There have been loan drawdowns of £12.5m in the year (2021: £32.7m)

Overall the cash position stayed much the same during the year. Cash generated from normal operations and from the sale of housing assets funded the investment in existing homes and new properties. The payment of interest and loan repayments were funded by the drawdown of the last tranche of the private placement with L&G. The revenue reserve now shows an accumulated gain of £63.1m (2021: £33.9m gain), reflecting the surplus made during the financial year.

Group Performance	2022	2021
Group Operating Surplus as % of Turnover (excluding fixed asset disposal surplus)	**19.7%**	25.6%
Rent losses (voids and bad debts as % of rent and service charge receivable)	**4.02%**	3.34%
Current Rent arrears (gross arrears as % of net rent and service charge receivable)	**7.47%**	6.87%
Rent collected % excluding current arrears	**99.57%**	99.2%
Average re-let time in days	**17**	54.5
Net debt to turnover	**2.26**	2.26

Covenants	2022	2021
Interest cover per loan agreements (Barclays & RBS/L&G)	**2.5/2.54**	2.17
Net Debt per unit £'s	**11,905**	11,361
Asset Cover (Barclays / RBS / L&G)	**188%/197%/131%**	175%
Effective interest rate	**4.27%**	4.55%

Financial Covenants

The Group has three financial covenants, being:

- Interest cover – calculated as the sum of: Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA), add surplus from property sales, less capitalised major repairs; expressed as a ratio in comparison to net interest paid. In 2021/22, the tightest ratio was 2.5 (2021: 2.17) which provide significant headroom against the minimum ratio of 1.10.
- Net debt per unit – has increased to £11.9k (2021: £11.4k) being significantly less than the £20k per unit maximum. This movement recognises the increase in drawn debt to £193.7m (2021: £185.1m) relating to our L&G (£12.5m) facilities, offset by higher cash holdings at £50.7m (2021: £50.5m). Loans drawn have financed an increase in new development activity during the year (Cost less Grant of £20.3m 2022, 2021: £27.5m).
- Asset cover – expressed as a percentage of the EUV-SH of the properties divided by the drawn loan facilities, resulting in cover for 2022 of 149% across the combined facility (2021: 175%) significantly exceeding the tightest covenant requirement of 110%.

Cash Flow

The Group has had a net inflow of cash and cash equivalents during the year of approximately £0.2m (2021: net inflow £10.5m). The cash balance at 31 March 2022 was £50.7m (2021: £50.5m). Cash inflows and outflows for the year under review are set out in the Group Statement of Cash Flows. Net cash inflows from operating activities are principally from the management of housing stock.

The most significant net cash outflows are from investing activities; the spend on development and acquisition of new properties £23.2m (2021: £32.1m), and major repairs capital expenditure to existing properties of £8.4m (2021: £4.8m). Debt repayments of £3.8m were made in the year (2021: £3.4m) and £8.1m of interest was paid (2021: £8.2m).

Treasury Management

- Treasury management is the responsibility of the Board. The strategy is approved by the Board annually, with quarterly review and monitoring reports provided throughout the year.
- Borrowings at the financial year-end were £193.8m (2021: £185.1m) from Barclays Bank Plc, Royal Bank of Scotland Plc (RBS) and Legal and General Investment Management (L&G); the Group also has fully secured facilities of an additional £50m (2021: £62.5m) available to draw.
- The Treasury Strategy aims to ensure that loans are not all due for repayment in any one year. The Barclays debt of £71m and the RBS debt of £51m have agreed phased repayments until 2035. The effective interest rate in the year was 4.27% (2021: 4.55%).
- The Group's approved long term financial Business Plan confirms the existing secured facilities and cash balances meets its development and planned investment for a period of three years.
- The Group manages the risk of fluctuations in interest rates through a mixture of variable and fixed rate debt. At 31 March 2022 the Group had 3.5% of debt on a variable interest rate, 96.5% was on a fixed rate (the Group's Treasury Policy states that a minimum of 70% of debt should be fixed). The fixed rate loans are on an embedded basis and the Group has no standalone derivatives.
- The Group borrows only in sterling so does not have any currency risk. Any cash surpluses are invested in approved UK institutions in accordance with the approved Group Treasury Management practices.

Accounting policies

The policies are set out in pages 53 to 60 of the financial statements. Accounting policies are consistent across the Group.

Value for Money

Value for money statement, priorities and future direction

This Value for Money (VfM) review for 2021/22 reports against the activity and achievements of One Manchester reflecting: progress against our five priorities (reported on separately above); progress within the business and against our VfM metrics; the overall One Manchester Social Housing Cost Per Unit and ongoing savings plans. This review is set against the challenging background of the operating environment in 2021/22 which was dominated by Covid and the implications from the conflict in Ukraine. Whilst continuing to manage the business, support our customers and continue to deliver services, new homes and major asset investment to existing homes. The Board committed to investing in the equipment and materials to ensure colleagues could work safely through Covid whilst also establishing a customer hardship fund.

One Manchester believes that it fully complies with the requirements of the VfM Standard and a separate compliance statement has been prepared, reviewed and adopted by the Board.

Our Value for Money Approach

- To enhance the return on our assets, focus resources on our growth programme and existing housing stock but also encompassing our offices and people.
- To make best use of our resources by buying intelligently, reviewing our procurement and contract management arrangements.
- To increase productivity, focussed on the best use of information systems and technology.
- Maximising income on both market and social rental elements.
- Improve the efficiency, quality and performance of our maintenance service.
- Achieve growth without a corresponding increase in our overheads.

To support our five corporate priorities One Manchester Board adopted a new 4 year Value for Money strategy in May 2021 covering the period 2021-2025. The strategy has 6 VfM objectives or themes.

The themes within the strategy are:

1. Best use of assets and resources.
2. Maximise our social value.
3. Maximise our procurement opportunities.
4. Regulatory compliance and scrutiny.
5. Deliver value for our customers.
6. Deliver value for our stakeholders.

Our approach to VfM during 2021/22 is considered in more detail below, and VfM is embedded within the earlier five corporate priorities and the wider commentary throughout the accounts.

Our VfM achievements will also be reflected in our customer and corporate reports issued later in the year.

> "Throughout the Business Plan process, the Board has been looking at a structured approach and a programme that could deliver both the balance of the 5 year saving plan, started in 2021/22."

Delivering value for stakeholders

The VfM work in 2021/22 was set against the context of the current climate and the practical necessity to support our communities and maintain core services as much as possible.

Through the challenges of 2021/22 key services were maintained and One Manchester actively supported service users in a number of ways. Outbound calls offered welfare and food support and our money advice services continued to support with debt advice. A revenue customer hardship fund was also put in place.

Income collection challenges and cost pressure delays were also a feature of the current economic operating environment. With the potential for impact on our operating margin and VfM savings plan a considerable amount of work was undertaken in building and setting the Board approved, budget for 2022/23, which recognised cost pressures.

One Manchester saw a reduction in operating margin from 33.5% (actual – 2020/21) to 32.9% (actual – 2021/22), this is mainly due to increased management costs. Further ongoing work following the Covid lockdown and current economic climate has set an updated efficiency target for 2022/23 of £1m and this will now focus on the implementation of our "Shaping Our Future" programme.

Our £1.5m 3 year savings target (which began in 2020/21) is underway and will now be absorbed into our longer and overall VfM "Shaping Our Future" programme with an overall VfM target of £4m; this is described in more detail below.

Amended Savings Plan

The detailed review of the 2021/22 Budget showed that costs were not sustainable if we were to (a) achieve and maintain a desired operating margin of around 30%, (b) control our Overall Social Housing Cost per Unit Measure and (c) begin to generate additional surpluses to start to meet the emerging medium term challenges of a post Covid economic downturn, possible further austerity, and investment in carbon reduction and energy efficiency in our existing and new stock.

The savings targets were therefore updated in the March 2021 Plan to include the following savings next five years:

- Year 1 (2021/22) £0.8m.
- Year 2 (2022/23) £1.01m.
- Year 3 (2023/24) £0.99m.
- Year 4 (2024/25) £0.79m.
- Year 5 (2025/26) £0.42m.

Throughout the Business Plan process, the Board has been looking at a structured approach and a programme that could deliver both the balance of the 5 year saving plan, started in 2021/22, but also provide a springboard to a more comprehensive overhaul of the business and operations through the Shaping Our Future programme. The Board's objective is also to ensure One Manchester remains cost effective, efficient and with good overall Social Housing Cost Per Unit metrics and most importantly deliver exceptional customer service. Accordingly, Board approved the commencement of the discovery phase of the Shaping our Future programme in July 2020, to enable One Manchester to navigate the significant and competing demands faced by the organisation and the wider housing sector, as we adapt to living with Covid and the current economic pressures.

The programme identified five major drivers for change at the outset, representing many of the macro issues facing One Manchester along with increased pressures from balancing investment in existing stock against new supply, building safety and achieving net zero carbon.

Following the initial 'discovery' phase of the programme and the restructure of the Senior Leadership Team, the Board approved, in July 2021, the implementation of the Shaping our Future programme.

Delivering value for our stakeholders and regulatory compliance and scrutiny

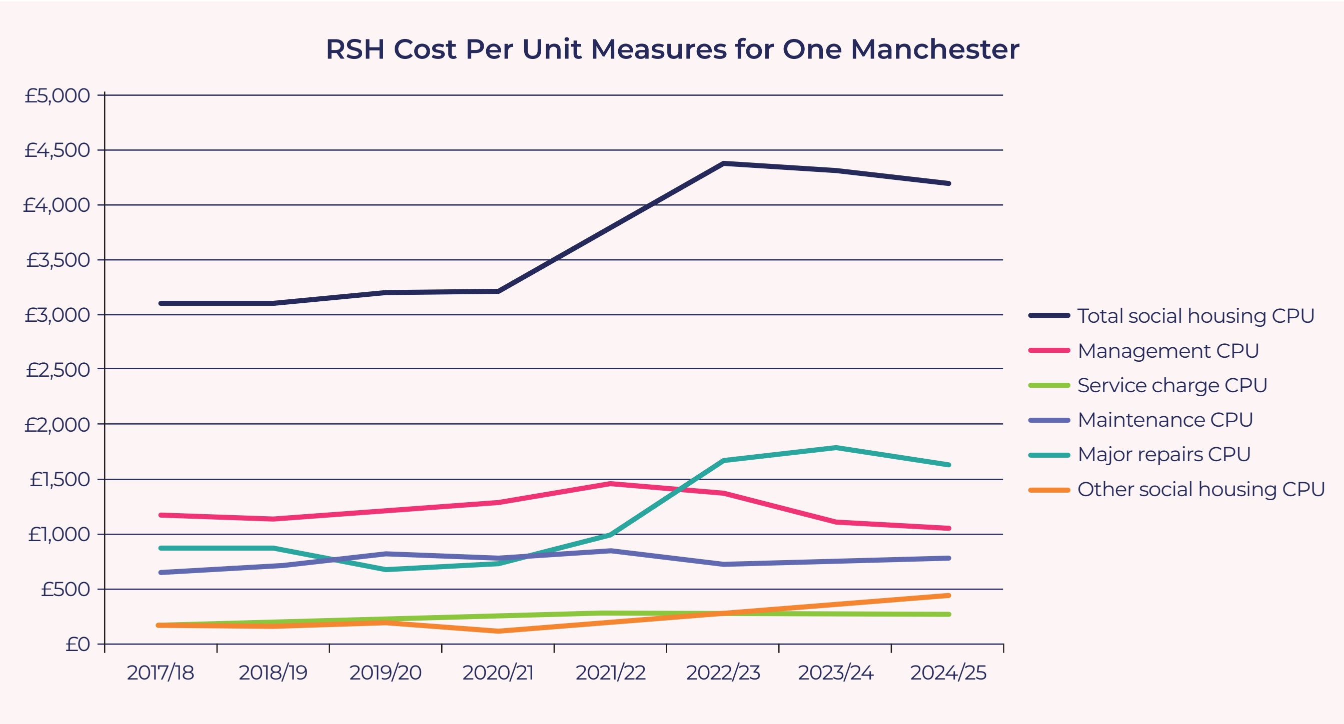
In reviewing the Corporate Plan, the VfM strategy, the Business Plan and Budget we have been guided by the following principles:

- Benchmarking data (unit cost measures and analysis of our headline numbers).
- Using Global Accounts to understand our costs for delivering services, the quality this provides and how we compare with others.
- Understanding our unit costs is a key VfM measure against the Value for Money Standard (the "VfM Standard") and we have adopted and included all the VfM Standard's VfM core measures in the Metrics tables below.
- Broadening VfM objective 2 as "Our Costs and Metrics" provides a simple way to adopt the key measures of the VfM Standard as detailed below.
- Recognising that our revenue costs, and our income will be the direct drivers in our operating margin. We have a rigorous decision making process in place to challenge what we spend, the how and why.
- Gearing, ROCE and the EBITDA measures provide an indication of meeting our covenant commitments, measuring financial returns against our wider charitable objectives and further debt capacity.
- By utilising the 'headline social housing cost per unit' (CPU), we can see how we fare with others in the sector. Using this methodology, in 2020/21 One Manchester had a CPU of £3,206 which was impacted by both Covid additional costs and slowdowns in major and reactive repairs. Our outturn for 2021/22 is £597 higher per unit, this is mainly due to increased costs on both management costs (as we invest to save through Shaping our Future and increased pension contributions) and major repairs spend. Our current and future direction analysis below is particularly important to us in maintaining and managing our future financial strength.
- Clearly as major repairs investment climbs over the next few years that ranking is more challenging. In addition, our focus remains on maintaining our management costs at the mid sector average will be a key priority over the next 3 to 4 years. Shaping our Future is a key vehicle to deliver those efficiencies.
- Unit growth, part of the Metrics table, is a separate strand under our third VfM objective – Our assets, place and growth.

The table below details historic actual to 2020/21; accounts for 2021/22 and budgeted and Business Plan predicted overall SHCPU and breakdown through to 2024/25.

Table 1: unit cost measures – actual and target

	Actual					Business Plan		
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Total social housing CPU	£3,075	£3,077	£3,195	£3,206	£3,803	£4,345	£4,318	£4,213
Management CPU	£1,174	£1,137	£1,234	£1,296	£1,457	£1,369	£1,109	£1,055
Service charge CPU	£184	£204	£251	£275	£291	£278	£282	£284
Maintenance CPU	£645	£714	£825	£789	£857	£744	£777	£787
Major Repairs CPU	£875	£873	£687	£724	£999	£1,674	£1,797	£1,649
Other social housing CPU	£196	£149	£198	£122	£199	£280	£353	£438
Stock numbers	11,878	11,794	11,944	11,878	11,938	11,948	12,098	12,271



The increase from 2020/21 to 2021/22 is largely due to increased expenditure in management costs and major repairs as we invest to save through Shaping our Future and increased pension contributions.

Whilst maintenance costs start to fall from 2022/23, we see a corresponding planned increase in major repairs spend in the medium term, reflecting our investment programme works.

The major repairs increase of circa £675 per unit between 2021/22 and 2022/23 raises the predicted overall headline cost significantly and reflects both the latest major repairs programme and upfront investment in our Grey Mare Lane regeneration project. This increased investment then climbs steadily over the next two years as major reinvestment ramps up.

Table 2: sector comparison – actual and target overall cost per unit 2021/22

	One Manchester £'000/Unit – Actual 2018/19 – 2021/22 Costs and Projected Costs 2022/23 to 2024/25													
	2018/19		2019/20		2020/21		2021/22		2022/23		2023/24		2024/25	
	Actual CPU	Quartile Position	Actual CPU	Quartile Position	Actual CPU	Quartile Position	Draft Actual CPU	Quartile Position	Estimated CPU	Estimated Quartile Position	Estimated CPU	Estimated Quartile Position	Estimated CPU	Estimated Quartile Position
Management	1.14	🟡	1.23	🟡	1.30	🔴	1.46	🔴	1.37	🔴	1.11	🟡	1.06	🟡
Service Costs	0.20	🟢	0.25	🟡	0.28	🟡	0.29	🟡	0.28	🟡	0.28	🟡	0.28	🟡
Maintenance	0.71	🟢	0.82	🟢	0.79	🟢	0.86	🟢	0.74	🟢	0.78	🟢	0.79	🟢
Major Repairs	0.87	🟡	0.69	🟢	0.72	🟡	1.00	🔴	1.67	🔴	1.80	🔴	1.65	🔴
Other Costs	0.15	🟡	0.20	🟡	0.12	🟡	0.20	🟡	0.28	🟡	0.35	🟡	0.44	🟡
Headline Social Housing Cost	3.08	🟢	3.20	🟡	3.21	🟡	3.80	🟡	4.35	🟡	4.32	🟡	4.21	🟡

Regulator of Social Housing (RSH) All RP Sector Data – 2020/21							
		Management	Service Costs	Maintenance	Major Repairs	Other Costs	Headline Social Housing Cost
Upper	🔴	1.24	0.72	1.34	0.95	0.56	4.36
Median	🟡	1.01	0.44	1.07	0.71	0.24	3.67
Lower	🟢	0.80	0.24	0.24	0.56	0.12	3.19

In sector comparative terms, our overall cost per unit remains in the median quartile throughout this period as the increased investment in planned maintenance is partly offset by efficiency savings in the management costs and better control of routine maintenance.

Management costs are predicted to be at the upper quartile in 2022/23 dropping to the median quartile for the following two years as efficiency savings take effect.

The upper quartile figures or major works reflects the commitment to improve customer homes through significant investment.

Value for Money Metrics

The table below details historic actual, accounts for 2021/22 and budgeted and Business Plan targets through to 2024/25.

Table 3: value for money metrics – actual and target (as at March 2021)

		Actual				Projected		
	VfM Metrics	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
1	Reinvestment	14.82%	13.18%	13.62%	13.68%	18.17%	21.11%	12.95%
	% New Supply Delivered (Social Housing Units)	0.27%	2.13%	0.08%	1.46%	0.91%	2.11%	2.36%
2a	No. New Supply Delivered (Social Housing Units)	32	254	9	174	111	258	291
	Closed Social Housing Units	11,794	11,944	11,878	11,938	11,948	12,098	12,271
	% New Supply Delivered (Non-Social Housing Units)	1.51%	0.16%	0.10%	0.00%	0.05%	0.49%	0.18%
2b	No. New Supply Delivered (Non-Social Housing Units)	192	21	13	0	6	63	23
	Closed Housing Units (Social & Non-Social) plus Leasehold	12,698	12,892	12,853	12,899	12,915	13,128	13,324
3	Gearing (Net Book Value of Housing Properties)	58.00%	54.30%	57.30%	54.70%	65.00%	65.00%	66.00%
4	EBITDA MRI Interest Cover	163.35%	159.60%	158.80%	97.70%	63.66%	127.01%	127.86%
5	Headline Social Housing Cost per Unit	£3,077	£3,195	£3,206	£3,803	£4,345	£4,318	£4,213
6a	Operating Margin (Social Housing Lettings only)	33.13%	26.12%	25.66%	18.73%	22.70%	30.57%	31.27%
6b	Operating Margin (Overall)	29.45%	23.70%	25.22%	19.72%	23.01%	30.41%	30.86%
7	Return on Capital Employed (ROCE)	10.06%	6.58%	6.19%	3.65%	6.42%	7.16%	6.15%
	Other Metrics	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
1	EBITDA MRI Social Housing Lettings Interest Cover	168.43%	172.50%	141.90%	114.50%	41.90%	84.00%	105.40%
2	Net Debt to Social Housing Lettings Turnover	2.27	2.8	3.3	3.3	3.0	3.5	3.8

Note: The detailed calculation of the metrics follow specific definitions to ensure consistency across the sector. The referenced values below follow those definitions.

This table presents the key metrics at the core of the VfM Standard. Specific commentary can be found below:

- Reinvestment: this has been consistent over the period of the table with the increases in 2022 – 2024 reflecting the refurbishment works at Grey Mare Lane.
- New Supply: the growth in new home delivery is starting to reflect the handover stage of the Growth Plan which runs to 2027/28 and will deliver 2373 homes. The Board are currently reviewing the future direction to take the business beyond this point to ensure the momentum is maintained.
- The total growth in our social housing stock is impacted by continued disposals; a number of tenants retain the Right-to-Buy or Right-to-Acquire as a vehicle to home ownership. One Manchester saw 106 properties sold in the year.
- Gearing: The debt profile continues to increase as we invest in current and new homes. This debt will be paid back over the life of the Business Plan by the cashflows generated by the new homes which will allow or further investment activity.
- EBITDA MRI does not include surplus from sales of housing assets. The dip in 2021/22 and 2022/23 reflects the major investment in fire safety and regeneration works being delivered. Funders covenants still have significant headroom due to the allowance of surplus from sales and agreed carve outs.
- Operating Margin: our planned operating margin performance has been impacted this year with increased management and major repair costs. Work has been completed, including the Shaping our Future savings plan to increase our margin back up to the 30% by 2023/24.
- ROCE: at 3.65 for 2021/22 against 6.19% for 2020/21 is a significant reduction. This is due to only a slight increase in operating surplus between years from £19.98m to £20.85m in 2021/22 but against a much stronger balance sheet asset base with total fixed assets increased from £285m to £317m- an increase of £32m and current assets from £60m to £61m an increase of £1.5m. Our future ROCE remains around the 6% level.
- EBITDA MRI Social Housing follows the pattern of the base EBITDA measure and as noted does tighten in later years (2022/23 is increased major repairs capital) as the business continues to invest in its new homes' growth programme with associated increased interest costs.

The following table sets out how our 2021/22 performance compares to relevant peer groups (NB: LSVT 7-12 Years North West was not selected, as there are only seven organisations in that group).

Table 4: value for money metrics 2020/2021 – global accounts sector comparison

VfM Metric	OM 2021	OM 2022	OM Trend	All RP's (155 Total)		LSVT North West (21 total)		LSVT > 12 Years (65 total)	
				Median 2021	Variance	Median 2021	Variance	Median 2021	Variance
Reinvestment	13.62%	13.68%	↑	5.85%	7.84%	9.40%	4.28%	6.04%	7.64%
New supply – social	0.08%	1.46%	↑	1.28%	0.18%	0.82%	0.64%	1.28%	0.18%
New supply – non-social	0.10%	0%	↓	0.20%	0.20%	0.10%	0.10%	0.20%	0.20%
Gearing	57.3%	54.7%	↓	44.45%	10.25%	32.93%	21.77%	48.20%	6.50%
Interest cover EBITDA MRI	158.8%	97.7%	↓	189.0%	91.30%	265.50%	167.80%	208.22%	110.52%
Operating margin – social housing	25.7%	18.73%	↓	26.90%	8.17%	24.00%	5.27%	27.40%	8.67%
Operating margin – overall	25.2%	19.72%	↓	24.40%	4.68%	23.80%	4.08%	25.10%	5.38%
ROCE	6.2%	3.65%	↓	3.40%	0.25%	4.70%	1.05%	4.03%	0.38%

Overall, the results in this table reflect One Manchester's positive decisions to invest in major works on its customers homes and to leverage its assets to create capacity to build more new homes as detailed throughout this report. Work is underway to drive efficiencies in management costs and procurement, which is reflected in the CPU metrics in table 2 above and are a more accurate approach to understanding the underlying performance of the business given the number of contingent variables within the high level metrics.

The following paragraphs provide more detail to the figures in this table.

- The reinvestment metric looks at the investment in properties (existing stock as well as new supply) as a percentage of the value of total properties held. It demonstrates that finances are being put to good use by maintaining and improving stock as well as adding to the asset base. Nationally, at the median, RPs are spending the equivalent of 5.85% of their assets' value on reinvestment. Stock transfer organisations have higher median reinvestment rates
- At 13.68% we are markedly above the LSVT NW median. This new and existing homes investment indicates that we are fulfilling our promises to tenants by investing funds to improve stock and develop new homes.
- New supply: at the median, RPs are developing new social housing, nationally of 1.48% of their stock in a year. Our combined result of 1.46% is in line with our growth.
- Gearing measures, the ratio of debt to assets, use a concept similar to mortgage lenders' loan to value measure. While a gearing ratio above the median may demonstrate willingness to leverage assets to fund development, this measure has no real polarity. Gearing can also be affected by funders' lending covenants, which may set conditions in relation to borrowing levels.

- The results show the majority of RP's appear to use borrowing prudently with ratios below 45%. Associations with development programmes tend to have higher gearing than those without – our result of 54.7%, higher than the median results, demonstrates that and reflects the reinvestment metric, but only in part.
- It should be noted that the majority of historic debt was generated to support decent homes 'catch-up' repairs, and as we move forward, our debt profile increases to support the development programme. In addition, the bulk of our stock is historic social stock from both originating associations and came across at transfer at nil value and the current carrying value of this stock purely reflects the investment programme works undertaken on them through Decent Homes. The value of assets is therefore more a reflection of Existing Use Value – Social Housing valuations. Open market values utilised for Right to Buy calculations (and before significant tenant discounts) demonstrate that properties in the open market are of a scalar 3 or 4 times at least their current book values. These values applied in the calculation would demonstrate a much-reduced gearing calculation.
- EBITDA MRI measures financial performance before factoring in financing decisions, accounting decisions or tax environments. It approximates cash generated; presenting it as a percentage of interest shows the level of headroom on meeting interest payments for outstanding debt. This metric is meaningful for RP's who borrow to invest and cover interest payments with their operating surplus. Whilst it is important for earnings to cover interest payments, a high interest cover ratio could mean there is additional capacity for investment. As a result, this measure also has neutral polarity. At the median points, RPs earnings are more than 1.89 their interest payments. Our between year values at approx. 0.98 shows a lower performance. This is due to increasing major repairs costs and wider interest costs supporting both the new homes programme and an increasing spend in major repairs, towards the latter years of the table. This mirrors the cost per unit impact of increasing major repairs in the latter years.
- The overall operating margin measures the amount of surplus generated from turnover on a RP's day-to-day activities and is a key measure of operational efficiency as it is influenced by both income and expenditure. Various factors can affect an operating margin including rent charges (lower rents mean lower margins). Margins of 20%+ indicate financial stability and whilst clearly impacted in 2021/22 by cost pressures, One Manchester has generally good performance against the sector norms, with the margin expected to increase in the later years.
- ROCE – Return on Capital Employed – shows how well a RP is using both its capital and debt to generate a capital return. It is a commonly used ratio to assess the efficient investment in capital resources. The metric supports RP's with a wide range of capital investment programmes. However, it can be influenced by the nature of a RP's property portfolio e.g. balance between market and social rent, age of stock, historic debt and basis of valuation. Generally, higher returns are seen as better and the national median point was 3.4%. Our result of 3.65% represents a positive measure against the sector median although tempered by the relatively low carrying value of the social housing asset base.

VfM theme – Best Use of Assets and resources

Decisions of the Board were made during the period to support the management in delivering services and ensuring that the focus on assets and resources were sustained with the following focus areas:

- Maintaining the condition of our existing properties, investing in place and building new homes, which is critical to safeguarding financial strength through the strategy to develop over 2,000 new homes.
- Asset Performance Evaluation (APE) modelling – to measure the long-term sustainability of, and to enable the identification of, cost appropriate options to improve both the financial performance and social return on investment of our stock.
- Use a Net Present Value (NPV) calculation as an indicator of the financial return on investment in our existing properties.
- Stock condition surveys (completed by independent third party) to support and inform the delivery of our Asset Management Strategy which was updated and presented at the May 2021 Board.
- Place leadership is a core component of One Manchester's vision. We seek out opportunities to extend our service offer and build upon our strong links with our communities.
- In constructing our growth plans, we develop a range of housing products that fit with the place and meet the demands of a thriving City and support the residential growth strategy of Manchester and the region.
- Moving forward with our master planning opportunities.
- Maximising income on both commercial and social rental element.

Asset Management Strategy

Further Stock Condition Surveys have been carried out equating to 99.9% of our homes having been surveyed within the last 5 years. The updated results have been incorporated within the Group's Business Plan to form the basis of our annual asset investment programme budget as well as our 5-year plan and 40-year projections. In-house Stock Condition Surveys (with external validation) are to be undertaken going forward to have continuous updated information on a rolling 5-year basis.

In addition, as part of the annual review of the Business Plan, we have re-appraised our approach to some of our lifecycles (including kitchens and bathrooms) and brought some of these forward in accordance with industry standard and best practice.

The Group's Asset Performance Evaluation model (APE) is updated annually. In addition to this, we use the CROHM model to evaluate the energy performance to individual properties. This informs our investment decisions based on financial viability (on a net present value basis), sustainability (measured using key community performance indicators) and the level of energy performance, enabling us to target underperforming areas in our asset management and Place area plans.

We have carried out a range of energy improvements with the aim of reducing customers' fuel bills and thus contributing to alleviating fuel poverty in the communities where we operate. The range of measures includes traditional improvements – energy efficient boilers, loft, cavity, and external wall insulation but also includes renewable measures such as ground and air source heating and solar PV solutions. We continue to explore opportunities to pilot innovative solutions that will have long-term benefits for our customers, our communities and contribute to local and national targets for achieving net zero carbon (NZC). Our work in Grey Mare Lane in 2021 and 2022 will provide a real pathfinder in whole house NZC options and solutions by providing valuable data which will help inform future works across the rest of our housing stock.

Our programme to install sprinklers to tower blocks has commenced and will be completed in 22/23. This is in addition to the installation of Fire Alarms and heat detectors already installed and fire compartmentation works due to be completed over the next 2 years.

A programme to replace the heating systems at the three high-rise blocks (Platt Court, Worsley Court and Bickerdike Court) is underway and due to be completed in 22/23.

We are also involved in a bid for social housing decarbonisation funding to provide a replacement heating system to Hamilton Court. If this bid is successful, the existing system will be replaced with a renewable solution.

> "Our programme to install sprinklers to tower blocks has commenced and will be completed in 22/23."

Governance

The Board of One Manchester Limited is the Parent Board for the One Manchester Group and as of 31 March 2022 comprised 7 members as follows:

- 5 Independent Board members who are neither employees, Residents or Local Authority Persons.
- 1 Resident Board Member.
- The CEO.

The Company Secretary and Executive Leadership Team attend all meetings of the Board.

There are five committees that have been established by the Board:

- Audit and Risk
- Remuneration and Governance
- Place
- Growth
- Equality, Diversity & Inclusion

Three other subsidiary companies complete the One Manchester Group namely: One Manchester Treasury Limited, One Manchester Developments Limited and One Manchester Property Limited (all being subsidiaries of One Manchester Limited). They all have their own separate Boards but their activities are monitored by the Parent Board. The CEO and CFO serve on the Boards of the subsidiaries of One Manchester Limited.

Board members are remunerated within the National Housing Federation recommended scale and the Board remuneration scale was last reviewed by an independent third party on 23 March 2022.

Board Composition

On 26 May 2021, the Chair of the Board, Stephen Mole, stood down and the Board welcomed his successor, Yashar Turgut, who was elected by shareholders at the Annual General Meeting on 28 September 2021.

Following the new Chair's appointment, and the recommendations made during the IDA in Summer/Autumn 2021, the Board undertook a robust analysis of its skills.

As a result, and prior to the Board meeting on 31 March 2021, four incumbent members chose to retire leaving, as noted above, five independent members on the Board.

During April, One Manchester undertook a programme of recruitment to replace the members who had retired and in this period three further members chose to step down leaving three independent members and the CEO on the Board until the new members were appointed at the meeting on 18 May 2022. Under the provisions of the Rules the Board was nevertheless quorate during this period.

Recruitment to the Board continues, with the One Manchester customer Board member being appointed on 31 August 2022 as its latest member.

Code of Governance

One Manchester Limited has adopted the National Housing Federation Code of Governance (2020) ('the Code') for itself and its subsidiaries.

The 4 main principles of the Code are:

- **Mission and values:** The board sets and actively drives the organisation's social purpose, mission, values and ambitions, and through these embeds within the organisation resident focus, inclusion, integrity, openness and accountability.
- **Strategy and delivery:** The board sets the organisation's plans and strategies and exercises demonstrable and effective oversight of their delivery.
- **Board effectiveness:** The organisation is led by a skilled and diverse board which regularly reviews and capably manages its own performance and effectiveness, and ensures that it complies with this code.
- **Control and assurance:** The board actively manages the risks faced by the organisation, and obtains robust assurance that controls are effective, and that plans and compliance obligations are being delivered.

One Manchester Limited and its subsidiaries comply in full with the National Housing Federation Code of Governance (2020).

By order of the Board

Chris Murphy
Company Secretary

21 September 2022

Directors' Responsibilities

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

Co-operative and Community Benefit Society law and social housing legislation require board members to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

In preparing these financial statements, the Board is required to:

- Select suitable accounting policies and then apply them consistently.
- Make judgments and estimates that are reasonable and prudent.
- State whether applicable UK accounting standards and current Statement of Recommended Practice (SORP) for Registered Housing Providers have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and association will continue in business.

The Board is responsible for keeping adequate accounting records that are sufficient to show and explain the group and association's transactions and disclose with reasonable accuracy at any time the financial position of the group and association and enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. They are also responsible for safeguarding the assets of the Group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board is responsible for ensuring that the report of the Board is prepared in accordance with the Statement of Recommended Practice: Accounting by registered social housing providers 2018.

Financial statements are published on the Group's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Group website is the responsibility of the Board. The Board's responsibility also extends to the ongoing integrity of the financial statements contained therein.

Statement of compliance

The Board has sought assurance of the Group's compliance with all regulatory requirements. A key element of the Regulator for Social Housing, Governance and Financial Viability Standard is the requirement to comply with all relevant laws. The Board has taken reasonable steps to seek necessary assurance. On this basis the Board confirms that the Group complies with the requirements of the Regulator of Social Housing Governance & Financial Viability Standard.

Auditor

A resolution to appoint BDO LLP, as auditor for 2022/23, will be put to the AGM members on 21 September 2022.

Disclosure of information to the auditor

The board members who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the board members have confirmed they have taken all the steps that they ought to have taken as board members in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Independent Auditor's Report to the Members of One Manchester Limited for the year ended 31 March 2022

Opinion on the financial statements

In our opinion, the financial statements:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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

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

Other information

The board are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information including the Strategic Report, Report of the Board of Management, Statement of the Boards Responsibilities for the Report and Financial Statements and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where we are required by the Co-operative or Community Benefit Societies Act 2014 or the Housing and Regeneration Act 2008 to report to you if, in our opinion:

- the information given in the Report of the Board for the financial year for which the financial statements are prepared is not consistent with the financial statements;
- adequate accounting records have not been kept by the parent Association; or
- a satisfactory system of control has not been maintained over transactions; or
- the parent Association financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the board

As explained more fully in the board members responsibilities statement the board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the board members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the board are responsible for 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 the board either intend to liquidate the Group or the Association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

Based on our understanding of the Group and the sector in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to their registration with the Regulator of Social Housing, and we considered the extent to which non-compliance might have a material effect on the Group Financial Statements or their continued operation. We also considered those laws and regulations that have a direct impact on the financial statements such as compliance with the Accounting Direction for Private Registered Providers of Social Housing and tax legislation.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results, revenue being recognised in the correct period and management bias in accounting estimates.

The audit procedures to address the risks identified included:

- agreement of the financial statement disclosures to underlying supporting documentation;
- challenging assumptions made by management in their significant accounting estimates in particular in relation to the fair value of investment properties, the useful economic lives of tangible fixed assets, recoverability of balances outstanding as at year end and the defined benefit pension liability;
- discussions with, and inquiries of, management and those charged with governance, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- enquiries to confirm with management that there was no legal correspondence during the period, or post year end, requiring review;
- obtaining an understanding of the control environment in monitoring compliance with laws and regulations;
- completing substantive and analytical procedures depending on revenue stream to ensure revenue has been included within the appropriate accounting period;
- identifying and testing journal entries, in particular manual journals posted to revenue and cash; and
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC and the Regulator of Social Housing.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

Use of our report

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

BDO LLP, Statutory Auditor
3 Hardman Street
Manchester
United Kingdom

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Group Statement of Comprehensive Income

For the year ended 31 March 2022

	Note	2022 £ '000	2021 £ '000
Turnover: continuing activities	3	**63,353**	59,624
Cost of sales	3	**(3,290)**	(1,125)
Operating costs	3	**(47,567)**	(43,464)
Surplus on the disposal of housing properties	6	**8,349**	4,940
Operating surplus	3,5	**20,845**	19,975
Interest receivable and other income	7	**181**	240
Interest payable and similar charges	8	**(8,309)**	(8,468)
Movement in fair value of investment properties	15	**463**	92
Surplus on ordinary activities before taxation		**13,180**	11,839
Tax on surplus on ordinary activities	12	**-**	-
Surplus for the financial year		**13,180**	11,839
Other comprehensive income:			
Actuarial gain / (loss) relating to pension scheme	11	**16,225**	(6,960)
Total comprehensive income for the year		**29,405**	4,879

The consolidated results relate wholly to continuing activities.

The notes on pages 53 to 100 form part of these financial statements.

Association Statement of Comprehensive Income

For the year ended 31 March 2022

	Note	2022 £ '000	2021 £ '000
Turnover: continuing activities	3	**63,353**	59,624
Cost of sales	3	**(3,290)**	(1,125)
Operating costs	3	**(47,534)**	(43,414)
Surplus on the disposal of housing properties	6	**8,349**	4,940
Operating surplus	3,5	**20,878**	20,025
Interest receivable and other income	7	**195**	240
Interest payable and similar charges	8	**(8,514)**	(8,574)
Gift aid from subsidiary undertakings	9	**202**	237
Movement in fair value of investment properties	15	**463**	92
Surplus on ordinary activities before taxation		**13,224**	12,020
Tax on surplus on ordinary activities	12	**-**	-
Surplus for the financial period and Total comprehensive income		**13,224**	12,020
Other comprehensive income:			
Actuarial gain / (loss) relating to pension scheme	11	**16,225**	(6,960)
Total comprehensive income for the year		**29,449**	5,060

The results relate wholly to continuing activities.

The notes on pages 53 to 100 form part of these financial statements.

Group Statement of Financial Position

At 31 March 2022

	Note	2022 £ '000	2021 (restated) £ '000
Tangible fixed assets			
Housing properties	13	**257,357**	231,006
Other tangible fixed assets	14	**10,146**	9,794
Investment properties	15	**49,439**	43,988
Fixed Asset Investments	19	**751**	297
Total non-current assets		**317,693**	285,085
Current assets			
Stock	17	**4,626**	3,939
Debtors	18	**6,216**	5,609
Cash at bank and in hand		**50,733**	50,493
		61,575	60,041
Creditors: amounts falling due within one year	20	**(36,721)**	(22,393)
Net current assets		**24,854**	37,648
Total assets less current liabilities		**342,547**	322,733
Creditors: amounts falling due after more than one year	21	**(290,139)**	(284,589)
Pension assets	11	**13,839**	7,456
Pension liability	11	**(2,676)**	(11,434)
Net pension asset/ (liability)		**11,163**	(3,978)
Net asset		**63,571**	34,166
Capital and reserves			
Income and expenditure reserve		**63,311**	33,906
Restricted Reserves		**260**	260
Total reserves		**63,571**	34,166

The notes on pages 53 to 100 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board on 21 September 2022 and are signed on its behalf by:

Yashar Turgut
Chair

Chris Murphy
Company Secretary

Gordon Perry
Chair of Audit & Risk Committee

Association Statement of Financial Position

At 31 March 2022

	Note	2022 £ '000	2021 (restated) £ '000
Tangible fixed assets			
Housing properties	13	**257,890**	231,345
Other tangible fixed assets	14	**10,146**	9,794
Investment properties	15	**49,439**	43,988
		317,475	285,127
Current assets			
Stock	17	**4,626**	3,956
Debtors	18	**6,334**	5,847
Cash at bank and in hand		**49,558**	49,592
		60,518	59,395
Creditors: amounts falling due within one year	20	**(35,245)**	(21,632)
Net current assets		**25,273**	37,763
Total assets less current liabilities		**342,748**	322,890
Creditors: amounts falling due after more than one year	21	**(290,139)**	(284,589)
Pension assets	11	**13,839**	7,456
Pension liability	11	**(2,676)**	(11,434)
Pension asset / (liability)	11	**11,163**	(3,978)
Net asset		**63,772**	34,323
Capital and reserves			
Income and expenditure reserve		**63,772**	34,323
Total reserves		**63,772**	34,323

The notes on pages 53 to 100 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board on 21 September 2022 and are signed on its behalf by:

Yashar Turgut
Chair

Chris Murphy
Company Secretary

Gordon Perry
Chair of Audit & Risk Committee

Group Statement of Changes in Reserves

2022	Income & Expenditure Reserve £ '000
Balance at 1 April 2021	**33,906**
Surplus for the year	**13,180**
Actuarial gain on defined benefit pension schemes	16,225
Total comprehensive income for the year	**29,405**
Balance at 31 March 2022	**63,311**
Restricted reserve	260
Total reserves at 31 March 2022	**63,571**

2021	Income & Expenditure Reserve £ '000
Balance at 1 April 2020	**29,027**
Surplus for the year	**11,839**
Actuarial loss on defined benefit pension schemes	(6,960)
Total comprehensive income for the year	**4,879**
Balance at 31 March 2021	**33,906**
Restricted reserve arising on revaluation	260
Total reserves at 31 March 2021	**34,166**

The notes on pages 53 to 100 form part of these financial statements.

Association Statement of Changes in Reserves

2022	Income & Expenditure Reserve £ '000
Balance at 1 April 2021	**34,323**
Surplus for the year	**13,224**
Actuarial gain on defined pension schemes	16,225
Other comprehensive income for the year	29,449
Balance at 31 March 2022	**63,722**

2021	Income & Expenditure Reserve £ '000
Balance at 1 April 2020	**29,263**
Surplus for the year	**12,020**
Actuarial loss on defined pension schemes	(6,960)
Other comprehensive income for the year	5,060
Balance at 31 March 2021	**34,323**

The notes on pages 53 to 100 form part of these financial statements.

Group Statement of Cash Flows

For the year ended 31 March 2022

	2022 £ '000	2021 £ '000
Cash flows from operating activities		
Surplus for the year	**13,180**	11,839
Adjustments for:		
Depreciation of Fixed Assets – Housing properties	**6,838**	6,807
Depreciation of Fixed Assets – Other	**1,091**	1,002
Grant amortisation	**(3,859)**	(3,904)
Impairment	**-**	216
Difference between pension contributions and costs	**1,084**	537
Surplus on disposal of fixed assets	**(8,349)**	(4,940)
Increase in stock	**(687)**	(2,518)
Increase / (Decrease) in debtors	**(607)**	(178)
(Decrease) / Increase in creditors	**1,612**	(2,652)
Interest receivable	**(181)**	(240)
Interest payable	**8,309**	8,296
Movement on fair value of investment property	**(463)**	(92)
Cash from operations	**17,968**	14,173
Corporation Tax paid	**-**	-
Net cash generated from operating activities	**17,968**	14,173
Cash flows from investing activities		
Net proceeds from sales of fixed asset properties	**10,758**	5,269
Investment in Joint Venture	**(442)**	(247)
Social Housing Improvement Programme	**(8,366)**	(4,894)
Purchase of Investment Property	**(4,988)**	(5,209)
Construction of Housing Properties	**(23,206)**	(24,571)
Purchase of other fixed assets	**(1,829)**	(1,334)
Social Housing Grants received	**10,024**	4,653
Interest received	**181**	240
Net cash used in investing activities	**(17,868)**	(26,093)
Cash from financing activities		
Interest paid	**(8,529)**	(6,932)
Loans repaid	**(3,831)**	(3,393)
Loans received	**12,500**	32,700
Net cash inflow from financing activities	**140**	22,375
Net increase in cash and cash equivalents in the year	**240**	10,455
Cash and cash equivalents at beginning of year	**50,493**	40,038
Cash and cash equivalents at end of year	**50,733**	50,493

Notes to the Financial Statements

1. Legal status

One Manchester Limited was registered as a Co-operative and Community Benefit Society on 6 October 2014 and is registered with the Regulator of Social Housing as a Registered Provider.

2. Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention in accordance with applicable law and UK Generally Accepted Accounting Practice (UK GAAP).

For One Manchester Limited, this includes the Co-operative and Community Benefit Societies Act 2014 (and related group accounts regulations), the Housing and Regeneration Act 2008, FRS 102 "the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland", the Statement of Recommended Practice (SORP) for Registered Social Housing Providers 2018, "Accounting by registered social housing providers", the Accounting Direction for Private Registered Providers of Social Housing 2019 and with the Financial Conduct Authority (FCA).

One Manchester Limited is a Public Benefit Entity and its principal activity is noted in the Report of the Board of Management on page 6.

The numbers in the financial statements are represented in pound sterling and rounded to the nearest thousand unless otherwise stated.

The financial statements are prepared on a going concern basis.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies.

Parent company disclosure exemptions

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- only one reconciliation of the number of shares outstanding at the beginning and end of the period has been presented as the reconciliations for the group and the parent company would be identical;
- no cash flow statement has been presented for the parent company;
- disclosures in respect of the parent company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the group as a whole; and
- no disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the group as a whole

2. Accounting Policies (continued)

Basis of consolidation

The consolidated financial statements present the results of One Manchester and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The accounts of the following companies are included in the consolidation:

- One Manchester Limited
- One Manchester Developments Limited
- One Manchester Treasury Limited
- One Manchester Property Limited

One Manchester Limited has the right to appoint members to the Board of the subsidiaries and thereby exercises control over them. One Manchester Limited is the ultimate parent undertaking.

One Manchester Developments Limited is a property development business that provides build project management services to the Group.

One Manchester Treasury Limited is an investment company providing treasury services to the trading entities of the Group.

One Manchester Property Limited (company number 11384233) was incorporated on 26 May 2018. It was established to enable potential non-charitable, non-core activity to be undertaken.

Going concern

The Group's business activities, its current financial position, and factors likely to affect its future development are set out within the Strategic Report. The Group has in place long-term debt facilities that provide adequate resources to finance the committed reinvestment and development programmes, along with the Group's day to day operations. The Group also has an updated long-term Business Plan, taking in to account the impact of the current economic volatility (inflation, Ukraine, the after effects of the pandemic and Brexit) that demonstrates the Group can service these debt facilities whilst continuing to comply with lenders' covenants. A series of stress tests have also been carried out to evidence the impact of various scenarios. The group also has a long-term business plan which shows that it can service these debt facilities whilst continuing to comply with lenders' covenants. The 2022 business plan has been updated and reflects the current economic circumstances experienced including higher interest, higher inflation and supply chain uncertainty. Our Board is continually monitoring the business plan in relation to these pressures and are appropriately stress testing the business plan for deteriorating conditions including higher interest and inflation, and lower rent levels and rent collection.

2. Accounting Policies (continued)

On this basis, the board has a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future, being a period of at least twelve months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

Income

Income is measured at the fair value of the consideration received or receivable. The group generates the following material income streams:

- Rental income receivable (after deducting lost rent from void properties available for letting).
- Service charges receivable.
- Revenue grants.
- Amortisation of Social Housing Grant and Gap funding grant.
- Proceeds from the sale of land and property, including the first tranche sale of shared ownership properties.

Rental income is recognised from the point when properties under development reach practical completion and are formally let. Revenue Grants are receivable when the conditions for receipt of agreed grant funding have been met. Charges for support services funded under Supporting People are recognised as they fall due under the contractual arrangements with Administering Authorities. Income from first tranche sales of shared ownership property and sales of properties built for sale is recognised at the point of legal completion of the sale.

Schemes managed by agents

Income is shown as rent receivable and management fees payable to agents are included in operating costs.

Should the Group carry the financial risk on property managed by agents, all the income and expenditure arising from the property during the year will be included in the Statement of Comprehensive Income. Should an agency carry the financial risk, then the Statement of Comprehensive Income will include only that income and expenditure that relates solely to the Group.

Service charges

The Group adopts the variable method for calculating and charging service charges to its tenants and leaseholders. Expenditure is recorded when a service is provided and charged to the relevant service charge account or to a sinking fund. Income is recorded based on the estimated amounts chargeable.

2. Accounting Policies (continued)

Pension costs

Contributions to the Group's defined contribution pension scheme are charged to the Income Statement in the year in which they become payable.

The Group participates in two funded defined benefit schemes, the Social Housing Pension Scheme (SHPS), and the Greater Manchester Pension Fund (GMPF – 4 separate schemes).

GMPF

The difference between the fair value of the assets held in the group's defined benefit pension scheme and the scheme's liabilities measured on an actuarial basis using the projected unit method are recognised in the group's statement of financial position as a pension asset or liability as appropriate. The carrying value of any resulting pension scheme asset is restricted to the extent that the group is able to recover the surplus either through reduced contributions in the future or through refunds from the scheme.

SHPS

For financial years ending on or after 31 March 2019, it has been possible to obtain sufficient information to enable the Company to account for the scheme as a defined benefit scheme, similar to the GMPF.

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

Guaranteed Minimum Pension Equalisation

Employers and employees who contracted out of the additional state pension, paid lower NI contributions. However, for those with pensionable service between 17 May 1990 and 6 April 1997, the pension scheme was required to provide a GMP which was at least equal to the additional state pension foregone.

GMPs are taken at different ages – women at 60 and men at 65. This results in inequality in the GMP value at the point at which benefits are taken. Any scheme that operated a formerly contracted out DB scheme must equalise benefits for men and women.

McCloud Judgement

A series of changes by the government meant public sector workers were moved to new pension schemes in 2015. They were typically offered less generous terms than the one they were to move out of. As part of the changes, transitional arrangements were put in place where older workers could stay in the more generous schemes, while younger workers had to transfer to the new schemes. The court of appeal ruled that these arrangements offered to some workers amounted to unlawful discrimination. The government published its decision in February 2021 to allow those scheme members affected by these arrangements a "deferred choice underpin", allowing those affected members, retiring before October 2023, to choose which benefits to receive.

2. Accounting Policies (continued)

Holiday pay accrual

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

Taxation

The charge for taxation for the year is based on the surpluses arising from non-charitable activities which are liable to tax.

Deferred taxation is provided in full on timing differences which result in an obligation at the Statement of Financial Position date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise, based on current tax rates and law.

Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax balances are not discounted.

Value Added Tax

The majority of the Group's income, being rents, is exempt for VAT purposes and this gives rise to a partial exemption calculation for VAT recovery. Expenditure is therefore primarily recorded inclusive of VAT with the small proportion that can be recovered credited to the Statement of Comprehensive Income. The balance of VAT payable or recoverable at the year-end is included as a current liability or asset.

Finance costs

Finance costs are charged to the Income Statement over the term of the debt using the effective interest rate method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument and amortised over the period of the related loan.

Tangible fixed assets – Social Housing Properties

Housing properties are valued under the historical cost basis and stated at cost less depreciation and impairment (where applicable).

The cost of housing land and property represents their purchase price and any directly attributable costs of acquisition which may include an appropriate amount for staff costs and other costs of managing development.

Directly attributable costs of acquisition includes capitalised interest calculated, on a proportional basis, using finance costs on borrowing which has been drawn in order to finance the relevant construction or acquisition. Where housing properties are in the course of construction, finance costs are only capitalised where construction is on-going and has not been interrupted or terminated.

2. Accounting Policies (continued)

Expenditure on major refurbishment to properties is capitalised where the works increase the net rental stream over the life of the property. An increase in the net rental stream may arise through an increase in the net rental income, a reduction in future maintenance costs, or a subsequent extension in the life of the property. Where staff costs are directly attributable to the major refurbishment works, these are included within the amounts capitalised. All other repair and replacement expenditure is charged to the Statement of Comprehensive Income.

Housing properties in the course of construction are included in Property Plant & Equipment and held at cost less any impairment, and are transferred to completed properties when ready for letting.

Expenditure on shared ownership properties are split proportionately between current and fixed assets based on the elements relating to expected first tranche sales. The first tranche proportion is classified as a current asset and the related sales proceeds are included in turnover. The remaining element is classed as a fixed asset and included in housing properties at cost, less any provisions needed for depreciation or impairment.

Gains and losses on disposal of social housing property are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the statement of comprehensive income.

Depreciation of housing property

Assets in the course of construction are not depreciated until they are completed and ready for use to ensure that they are depreciated only in periods in which economic benefits are expected to be consumed.

The cost of all other housing property (net of accumulated depreciation to date and impairment, where applicable) and components is depreciated over the useful economic lives of the assets on the following basis:

Freehold land is not depreciated. Housing properties are split between the structure and the major components which require periodic replacement. The costs of replacement or restoration of these components are capitalised and depreciated over the determined average useful economic life as follows:

Component description	Economic useful life (years)
Structure	100
Kitchen	20
Bathroom	30
Roofs	70
Doors	40
Boiler	15
Rewiring	40
Windows	40
Central Heating	40
Lifts	30
Over cladding	60
Fire Sprinklers	25

2. Accounting Policies (continued)

Leasehold properties are depreciated over the length of the lease except where the expected useful economic life of properties is shorter than the lease; when the lease and building elements are depreciated separately over their expected useful economic lives.

Gap Funding

The Group has been partly funded through Gap Funding Grant from Homes England. This grant was provided to meet the Decent Homes Standard, regenerate the area and improve the environment. Such funding is accounted for by reference to the accounting treatment of the grant eligible costs so funded. The funding of revenue costs is regarded as revenue income with Turnover, and the funding of capitalised additions to Housing Properties is carried as deferred income in the Statement of Financial Position and released to the Statement of Comprehensive Income on a systematic basis over the useful economic lives of the assets for which it was received.

Government grants

Grants received in relation to assets that are presented at historic cost have been accounted for using the accrual model set out in FRS 102 and the Housing SORP 2018. Grant is carried as deferred income in the statement of financial position and released to the Statement of Comprehensive Income on a systematic basis over the useful economic lives of the asset for which it was received. In accordance with Housing SORP 2018, the useful economic life of the housing property structure has been selected.

Where Social Housing Grant (SHG) funded property is sold, the grant becomes recyclable and is transferred to a recycled capital grant fund until it is reinvested in a replacement property. If there is no requirement to recycle or repay the grant on disposal of the assets any unamortised grant remaining within creditors is released and recognised as income within the Statement of Comprehensive Income.

Grants relating to revenue are recognised in Income Statement over the same period as the expenditure to which they relate once performance related conditions have been met.

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

Recycled Capital Grant Fund

On the occurrence of certain relevant events, primarily the sale of dwellings, Homes England can direct the Group to recycle capital grants or to make repayments of the recoverable amount. The Group adopts a policy of recycling, for which a separate fund is maintained. If unused within a three year period, it will be repayable to Homes England with interest. Any unused recycled capital grant held within the recycled capital grant fund, which it is anticipated will not be used within one year is disclosed in the Statement of Financial Position under "creditors due after more than one year". The remainder is disclosed under "creditors due within one year".

2. Accounting Policies (continued)

Disposal Proceeds Fund

Receipts from Right to Acquire (RTA) sales are required to be retained in a ring fenced fund that can only be used for providing replacement housing. The sales receipts less eligible expenses are credited to the Disposal Proceeds Fund. Any sales receipts less eligible expenses held within the Disposal Proceeds Fund, which it is anticipated will not be used within one year is disclosed in the Statement of Financial Position under "creditors due after more than one year". The remainder is disclosed under "creditors due within one year".

Investment properties

Investment properties consist of commercial properties and other properties not held for social benefit or for use in the business. Investment properties, including assets in the course of construction, are measured at cost on initial recognition and subsequently carried at fair value at each reporting date. Fair value is determined annually by an external valuer and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Statement of Comprehensive Income.

Impairment of fixed assets

The housing property portfolio for the Group is assessed for indicators of impairment at each accounting date. Where indicators are identified then a detailed assessment is undertaken to compare the carrying amount of assets or cash generating units for which impairment is indicated to their recoverable amounts. An option appraisal is carried out to determine the option which produces the highest net realisable value. Valuations on rental return or potential sale proceeds are obtained and used to inform the options. The Group looks at the net realisable value, under the options available, when considering the recoverable amount for the purposes of impairment assessment. The recoverable amount is taken to be the higher of the fair value less costs to sell or value in use of an asset or cash generating unit. The assessment of value in use may involve considerations of the service potential of the assets or cash generating units concerned or the present value of future cash flows to be derived from them appropriately adjusted to account for any restrictions on their use.

For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Where the recoverable amount of an asset or cash generating unit is lower than its carrying value an impairment is recorded through a charge to Statement of Comprehensive Income.

Tangible fixed assets – Other

Other tangible fixed assets, other than investment properties, are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

2. Accounting Policies (continued)

The group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to Statement of Comprehensive Income during the period in which they are incurred.

Depreciation of other tangible fixed assets

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

Asset description	Economic Useful Life (years)
Freehold & Leasehold offices	40
Furniture, Fixtures & Fittings	4
Computers & applications	3
Plant & equipment	4
Motor vehicles	4

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the Statement of Comprehensive Income.

Stock and Properties held for Sale

Stock is stated at the lower of cost and net realisable value. Cost comprises materials, direct labour and direct development overheads. Net realisable value is based on estimated sales proceeds after allowing for all further costs to completion and selling costs.

Properties developed for outright sale are included in current assets as they are intended to be sold, at the lower of cost or estimated selling price less costs to complete and sell.

At each reporting date, stock and properties held for sale are assessed for impairment. If there is evidence of impairment, the carrying value is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Statement of Comprehensive Income.

Debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the Statement of Income in other operating expenses.

2. Accounting Policies (continued)

Recoverable amount of rental and other trade receivables

The Group estimates the recoverable value of rental and other receivables and impairs the debtor by appropriate amounts. When assessing the amount to impair it reviews the age profile of the debt, historical collection rates and the class of debt.

Rent and service charge agreements

The Group has made arrangement with individuals and households for arrears payments of rent and service charges. These arrangements are effectively loans granted at nil interest rate.

Loans, Investments and short term deposits

All loans, investments and short term deposits held by the Group are classified as basic financial instruments in accordance with FRS 102. These instruments are initially recorded at the transaction price less any transaction costs (historical cost), FRS 102 requires that basic financial instruments are subsequently measured at amortised cost. Loans and investments that are payable or receivable within one year are not discounted.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

Leased assets

Rentals payable under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the lease term.

Leased assets: Lessor

Where assets are leased to a third party analysis of the lease is undertaken to determine if the lease gives rights approximating to ownership of the asset to the lessee. The group accounts for lessor transaction based on this analysis:

- where rights are granted to the lessee approximating to ownership (finance leases), the assets are treated as if they have been sold outright, and
- where rights are not granted to the lessee approximating to ownership (operating leases), their annual rentals are credited to Statement of Comprehensive Income on a straight-line basis over the term of the lease.

Provision for liabilities

The Group has recognised provisions for liabilities of uncertain timing or amounts including those for major repairs on stock transfers and leaseholders, overage for gap funding and restructuring.

Provisions are measured at the best estimate of the expenditure required to settle the obligation at the Statement of Financial Position date.

2. Accounting Policies (continued)

Where the effect of the time value of money is material the amount expected to be required to settle the obligation is recognised at the present value using a discount rate. The unwinding of the discount is recognised as a finance cost in the Statement of Comprehensive Income in the period it arises.

Contingent liabilities

A contingent liability is recognised for a possible obligation, for which it is not yet confirmed that a present obligation exists that could lead to an outflow of resources; or for a present obligation that does not meet the definitions of a provision or a liability as it is not probable that an outflow of resources will be required to settle the obligation or when a sufficiently reliable estimate of the amount cannot be made.

A contingent liability exists on grant repayment which is dependent on the disposal of related property.

Reserves

Income received, and expenditure incurred, for restricted purposes is separately accounted for within restricted funds. Realised and unrealised gains and losses on assets held by these funds are also allocated to the fund.

Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the following judgements have had the most significant effect on amounts recognised in the financial statements.

- **Indicators of impairment of the Group's tangible and intangible assets**

Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit. The Group have considered the measurement basis to determine the recoverable amount of assets where there are indicators of impairment based on EUV-SH or depreciated replacement cost. The members have also considered impairment based on their assumptions to define cash generating units.

Other key sources of estimation uncertainty:

- **Tangible fixed assets**

Tangible fixed assets, other than investment properties, are depreciated over their useful economic lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors.

For housing property assets, the assets are broken down into components based on assessment of the properties. Individual useful economic lives are assigned to these components.

2. Accounting Policies (continued)

Rental and other trade receivables (debtors)

The estimate for receivables relates to the recoverability of the balances outstanding at the year end. A review is performed on an individual debtor basis to consider whether each debt is recoverable.

Borrowings – Negative compensation and funding indemnity clauses

The Group's loan facilities have been assessed as basic financial instruments. The Group's fixed rate loan facilities allow early payment of the principal and accrued interest in relation to fixed interest tranches. There is an indemnity clause that requires the borrower to pay a compensation premium to the lender if market rates have fallen since the inception of the loan. There is also a clause that means that if market rates have increased, the borrower (i.e. the Group) would benefit from a compensation premium.

The Group does not consider that the clause allowing the Group to potentially receive a compensation premium upon early repayment of some or all of the fixed rate loan liability makes this financial instrument 'non-basic' or 'other' as outlined in FRS 102 section 11. The Group considers that this particular loan clause is specifically compliant with section 11.9b) and 11.9c) of FRS 102 and that the substance of this loan arrangement was always that it was always intended to be a simple fixed rate loan arrangement.

Fair Value of Investment Properties

The group carries its investment properties at fair value, with changes in fair value recognised in the Statement of Comprehensive Income. The group engaged independent valuation specialists to determine the fair value at the Statement of Financial position date. The valuer used a valuation technique based on a discounted cash flow model. The determined fair value of the investment property is the most sensitive to the estimated yield as well as the long term vacancy rate. The key assumptions used to determine the fair value of investment property are further explained in note 15 of the financial statements.

Pension

The critical underlying assumptions in relation to the estimate of the pension defined benefit scheme obligation include standard rates of inflation, mortality, discount rate and anticipated future salary increases. Variations in these assumptions have the ability to significantly influence the value of the liability or asset recorded and annual defined benefit expense.

Notes to the Financial Statements (continued)

3. Turnover, operating costs and operating surplus

Group	Year ended 31 March 2022				Year ended 31 March 2021			
	Turnover £ '000	Cost of Sales £ '000	Operating costs £ '000	Operating surplus/ (deficit) £ '000	Turnover £ '000	Cost of Sales £ '000	Operating costs £ '000	Operating surplus/ (deficit) £ '000
Social housing lettings	**55,023**	**-**	**(44,717)**	**10,306**	54,072	-	(40,506)	13,566
Other social housing activities								
First tranche shared ownership sales	**4,359**	**(3,290)**	**-**	**1,069**	1,372	(1,125)	-	247
Development costs not capitalised	**-**	**-**	**(359)**	**(359)**	-	-	(447)	(447)
	4,359	**(3,290)**	**(359)**	**710**	1,372	(1,125)	(447)	(200)
Non-social housing activities								
Place, Skills, Heath & Wellbeing	**40**	**-**	**(1,240)**	**(1,200)**	63	-	(1,404)	(1,341)
Market rent lettings	**3,201**	**-**	**(1030)**	**2,171**	3,006	-	(835)	2,171
Other	**730**	**-**	**(221)**	**509**	1,111	-	(272)	839
	3,971	**-**	**(2,491)**	**1,480**	4,180	-	(2,511)	1,669
	63,353	**(3,290)**	**(47,567)**	**12,496**	59,624	(1,125)	(43,464)	15,035
Surplus: Disposal of fixed asset housing property (note 6)				**8,349**				4,940
				20,845				19,975

Notes to the Financial Statements (continued)

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

Association	Year ended 31 March 2022				Year ended 31 March 2021			
	Turnover £ '000	Cost of Sales £ '000	Operating costs £ '000	Operating surplus/ (deficit) £ '000	Turnover £ '000	Cost of Sales £ '000	Operating costs £ '000	Operating surplus/ (deficit) £ '000
Social housing lettings	**55,023**	**-**	**(44,684)**	**10,339**	54,072	-	(40,455)	13,617
Other social housing activities								
First tranche shared ownership sales	**4,359**	**(3,290)**	**-**	**1,069**	1,372	(1,125)	-	247
Development costs not capitalised	**-**	**-**	**(359)**	**(359)**	-	-	(447)	(447)
	4,359	**(3,290)**	**(359)**	**710**	1,372	(1,125)	(447)	(200)
Non-social housing activities								
Place, Skills, Heath & Wellbeing	**40**	**-**	**(1,240)**	**(1,200)**	63	-	(1,404)	(1,341)
Market rent lettings	**3,201**	**-**	**(1030)**	**2,171**	3,006	-	(835)	2,171
Other	**730**	**-**	**(221)**	**509**	1,111	-	(273)	838
	3,971	**-**	**(2,491)**	**1,480**	4,180	-	(2,512)	1,668
	63,353	**(3,290)**	**(47,534)**	**12,529**	59,624	(1,125)	(43,414)	15,085
Surplus: Disposal of fixed asset housing property (note 6)				**8,349**				4,940
				20,878				20,025

Notes to the Financial Statements (continued)

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

Particulars of income and expenditure from social housing lettings

Group – Year ended 31 March 2022	2022					2021
	General needs housing £ '000	Supported housing & housing for older people £ '000	Low-cost home ownership £ '000	Intermediate Rent £ '000	Total £ '000	Total £ '000
General needs housing						
Rent receivable net of identifiable service charges	45,874	843	1,948	505	**49,170**	48,175
Service charge income	1,512	459	21	6	**1,998**	1,993
Capital grant amortisation	3,571	98	148	38	**3,855**	3,904
Turnover from social housing lettings	**50,957**	**1,400**	**2,117**	**549**	**55,023**	54,072
Management	16,651	464	685	190	**17,990**	15,385
Services	3,238	88	138	34	**3,498**	3,270
Routine maintenance	7,540	207	314	82	**8,143**	7,498
Planned maintenance	1,885	52	78	20	**2,035**	1,873
Major repairs expenditure	2,974	82	124	32	**3,212**	3,812
Major repairs expenditure – Cladding & Fire Safety	268	7	11	3	**289**	53
Bad debts	1,143	31	48	12	**1,234**	590
Depreciation of housing properties	6,332	174	263	69	**6,838**	6,807
Depreciation of other assets	1,009	28	44	10	**1,091**	1,002
Loss on disposal of other fixed assets	359	10	14	4	**387**	-
Impairment	-	-	-	-	**-**	216
Operating costs on social housing lettings	**41,399**	**1,143**	**1,719**	**456**	**44,717**	40,506
Operating surplus on social housing lettings	**9,558**	**257**	**398**	**93**	**10,306**	13,566
Void losses	751	52	28	24	**855**	1,084

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

Association – Year ended 31 March 2022	2022					2021
	General needs housing £ '000	Supported housing & housing for older people £ '000	Low-cost home ownership £ '000	Intermediate Rent £ '000	Total £ '000	Total £ '000
General needs housing						
Rent receivable net of identifiable service charges	45,874	843	1,948	505	**49,170**	48,175
Service charge income	1,512	459	21	6	**1,998**	1,993
Capital grant amortisation	3,571	98	148	38	**3,855**	3,904
Turnover from social housing lettings	**50,957**	**1,400**	**2,117**	**549**	**55,023**	54,072
Management	16,620	463	684	190	**17,957**	15,334
Services	3,238	88	138	34	**3,498**	3,270
Routine maintenance	7,540	207	314	82	**8,143**	7,498
Planned maintenance	1,885	52	78	20	**2,035**	1,873
Major repairs expenditure	2,974	82	124	32	**3,212**	3,812
Major repairs expenditure – Cladding & Fire Safety	268	7	11	3	**289**	53
Bad debts	1,143	31	48	12	**1,234**	590
Depreciation of housing properties	6,332	174	263	69	**6,838**	6,807
Depreciation of other assets	1,009	28	44	10	**1,091**	1,002
Loss on disposal of other fixed assets	359	10	14	4	**387**	-
Impairment	-	-	-	-	**-**	216
Operating costs on social housing lettings	**41,368**	**1,142**	**1,718**	**456**	**44,684**	40,455
Operating surplus on social housing lettings	**9,589**	**258**	**399**	**93**	**10,339**	13,617
Void losses	751	52	28	24	**855**	1,084

Notes to the Financial Statements (continued)

4. Accommodation in management

At the end of the year, units managed for each class of accommodation were as follows:

Group	2021 No.	Additions No.	Disposals No.	2022 No.
Social housing				
General housing (social rents)				
Social Rents	11,237	**26**	**(104)**	**11,159**
Supported housing	4	**3**	**(1)**	**6**
Housing For Older People	240	**-**	**-**	**240**
Intermediate Rent	200	**39**	**(2)**	**237**
Affordable rent GN	111	**71**	**(2)**	**180**
Low-Cost home ownership – shared ownership	86	**40**	**(7)**	**119**
	11,878	**179**	**(116)**	**11,941**
Non-social housing				
Market rent (investment properties)	315	**-**	**(5)**	**310**

Association	2021 No.	Additions No.	Disposals No.	2022 No.
Social housing				
General-housing (social rents)				
Social Rents	11,237	**26**	**(104)**	**11,159**
Supported housing	4	**3**	**(1)**	**6**
Housing For Older People	240	**-**	**-**	**240**
Intermediate Rent	200	**39**	**(2)**	**237**
Affordable rent GN	111	**71**	**(2)**	**180**
Low-Cost home ownership – shared ownership	86	**40**	**(7)**	**119**
	11,878	**179**	**(116)**	**11,941**
Non-social housing				
Market rent (investment properties)	315	**-**	**(5)**	**310**

5. Operating surplus

This is arrived at after charging:

	Group		Association	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Depreciation of housing properties	**6,838**	6,807	**6,839**	6,807
Depreciation of other tangible fixed assets	**1,091**	1,002	**1,091**	1,002
Operating lease rentals:				
- vehicles, office equipment & computers	**317**	438	**317**	438
- land & buildings	**21**	22	**21**	22
Auditor's remuneration (including VAT)				
- for external audit services	**56**	54	**45**	43
- for non-audit services (tax advisory, other)	**4**	3	**4**	3

6. Surplus on disposal of fixed assets – housing properties

Group and Association	Shared Ownership 2022 £'000	Other Housing 2022 £'000	Total 2022 £'000	Total 2021 £'000
Housing Properties:				
Disposal proceeds	409	9,983	**10,392**	6,103
Cost of Disposals	(294)	(2,328)	**(2,622)**	(1,628)
Selling Costs	(3)	(88)	**(91)**	(62)
Grant Recycled	-	-	**-**	-
Grant Disposed	-	670	**670**	527
	112	8,237	**8,349**	4,940

In line with emerging practice, the surplus on disposal of fixed assets has been presented as part of the operating surplus.

Disposal proceeds attributable to MCC have been included in the cost of disposals for £1,230k.

Notes to the Financial Statements (continued)

7. Interest receivable and other income

	Group		Association	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Interest receivable and bank deposits	**36**	68	**50**	68
Net pension fund interest (note 11)	**145**	172	**145**	172
	181	240	**195**	240

8. Interest payable and similar charges

	Group		Association	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Loans and bank overdrafts	**8,712**	8,784	**8,917**	8,899
Capitalised Interest	**(862)**	(626)	**(862)**	(626)
Bank charges	**15**	12	**15**	11
Amortisation of Financing Costs	**199**	196	**199**	188
Interest on Disposal Proceeds Fund	**2**	1	**2**	1
Net pension fund interest (note 11)	**158**	70	**158**	70
Interest on SHPS liability (note 11)	**85**	31	**85**	31
	8,309	8,468	**8,514**	8,574

Capitalised Interest

Interest cost of **£862k** (2021: £626k) was capitalised in the year in relation to new property development. Interest is capitalised at a rate of 4.27% of borrowings and is capitalised when directly related to a scheme.

Capitalised Interest – Housing property developments

The cumulative amount of interest capitalised on housing property is **£2.6m** (2021: £1.8m).

Capitalised Interest – Investment property developments

The cumulative amount of interest capitalised on investment property is **£669k** (2021: £610k).

9. Gift aid

	Group		Association	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Gift aid received from subsidiary undertakings	-	-	**202**	237
	-	-	**202**	237

A gift aid payment of £143,869 (2021: £61,543) was received on 16 December 2021 in respect of the period ended 31 March 2021 from One Manchester Developments Limited.

A gift aid payment of £58,027 (2021: £175,123) was received on 16 December 2021 in respect of the period ended 31 March 2021 from One Manchester Treasury Limited.

10. Group & Association Employees, Board members and Executive Directors

All employees of One Manchester Group are employed on joint contracts of employment for all companies within the Group and at any time may be engaged on work for any of the Group's companies.

Employees

Average monthly number of employees expressed in full time equivalents:	2022 No.	2021 No.
Administration	**94**	83
Neighbourhood Services	**160**	154
Property Services	**194**	179
Total Full time equivalents based on a 35 hour working week:	**448**	416

Employee costs:	2022 £ '000	2021 £ '000
Wages and salaries	**15,026**	13,831
Social security costs	**1,301**	1,290
Pension costs	**2,923**	2,626
	19,250	17,747

Notes to the Financial Statements (continued)

10. Group & Association Employees, Board members and Executive Directors (continued)

Salary bandings for all Employees (including Directors) earning over £60,000 as at the end of March 2022 was as follows:

Bands	2022	2021
£60,000-£69,999	**2**	10
£70,000-£79,999	**5**	5
£80,000-£89,999	**1**	-
£90,000-£99,999	**-**	1
£100,000-£109,999	**-**	2
£110,000-£119,999	**2**	-
£130,000-£139,999	**-**	-
£140,000-£149,999	**1**	1
£150,000-£159,999	**-**	-
	11	19

Board members and Executive Directors

	2022 £ '000	2021 £ '000
Aggregate remuneration paid to Directors (including Pension contributions)	**528**	491
Aggregate remuneration paid to Board members	**82**	81
Emoluments paid to the highest paid Director, Chief Executive excluding pension contributions		
Chief Executive	**149**	149

The Chief Executive is a member of the Social Housing Pension Scheme (SHPS). They were an ordinary member of the pension scheme and no enhanced or special terms apply. The Company does not make any further contribution to an individual pension arrangement for the Chief Executive.

Directors comprise the Chief Executive and Executive Directors as listed within the Company Information section at the front of the financial statements.

These individuals are those considered by the group to be the key management personnel.

10. Group & Association Employees, Board members and Executive Directors (continued)

Board Member	Remuneration for the period to 31 March 2022	One Manchester Board	Audit & Risk Committee	Place Committee	Growth Committee	Remuneration & Governance Committee	Equality, Diversity & Inclusion Committee
Graham Aitken	3,322.67	Resigned 15/09/2021	Resigned 15/09/2021	Resigned 15/09/2021			
John Atkins	7,251.24	Resigned 18/05/2022			Resigned 18/05/2022		
Steven Mole	3,585.31	Resigned 26/05/2021			Resigned 26/05/2021	Resigned 26/05/2021	
Nadim Ahmad	6,989.70	Resigned 30/03/2022	Resigned 27/01/2021	Resigned 30/03/2022			Resigned 30/03/2022
Suzanne Richards	-	Resigned 15/09/2021				Resigned 15/09/2021	
John Hughes (Vice Chair & Senior Independent Director)	8,923.20	Resigned 30/03/2022			Resigned 30/03/2022	Resigned 30/03/2022	
Angela Robinson	7,251.24	Resigned 18/05/2022				Resigned 18/05/2022	
Thomas Fenton	7,251.24	Resigned 30/03/2022	Resigned 30/03/2022		Resigned 30/03/2022		
Slawomir Pawlik	6,134.16	Resigned 30/03/2022	Resigned 30/03/2022	Resigned 27/1/21			
Lyndsey McDonald	6,134.16	Resigned 18/05/2022	Appointed 27/1/21	Resigned 27/1/21	X		Appointed 27/1/21
Susan Webster	6,989.70	Resigned 18/05/2022		Resigned 18/05/2022		Resigned 18/05/2022	
Yashar Turgut (Chair)	12,342.57	Appointed 26/5/21				Ex Officio 26/5/21	
Joanne Seymour	2,022.49	Appointed 02/12/2021				Appointed 01/06/2022	
Sue Lock	0 Annual Fee will be 7,258	Appointed 01/06/2022		Appointed 01/06/2022			
Gordon Perry	0 Annual Fee will be 7,258	Appointed 01/06/2022	Appointed 01/06/2022	Appointed 01/06/2022			
Dave Bullock	0 Annual Fee will be 7,258	Appointed 01/06/2022			Appointed 01/06/2022		
Cath Wilson (Senior Independent Director – from 31 August 2022)	0 Annual Fee will be 9,000	Appointed 01/06/2022	Appointed 01/06/2022		Appointed 01/06/2022		

11. Pensions – Group

Social Housing Pension Scheme

The group participates in the Social Housing Pension Scheme (the Scheme), a multi-employer scheme which provides benefits to some 500 non-associated employers. The Scheme is a defined benefit scheme in the UK.

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

The last triennial valuation of the scheme for funding purposes was carried out as at August 2021. This valuation revealed a deficit of £1,560m. A Recovery Plan has been put in place with the aim of removing this deficit by 31 March 2028.

The next valuation has an effective date of 30 September 2023, results are expected in August / September 2024.

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

Notes to the Financial Statements (continued)

11. Pensions – Group (continued)

Social Housing Pension Scheme (continued)

Period Ended 31 March 2022	Assets £'000	Obligations £'000	Net (liability) / asset £'000
Fair Value of plan assets	11,373	-	11,373
Present value of funded liabilities	-	(15,280)	(15,280)
Opening position at 1 April 2021	**11,373**	**(15,280)**	**(3,907)**
Service costs			
Current service cost	-	(310)	(310)
Expenses			
Past service costs (including curtailments)	-	(10)	(10)
Total service cost	**-**	**(320)**	**(320)**
Net interest			
Interest income on plan assets	255	-	255
Interest cost on defined benefit obligation	-	(340)	(340)
Total net interest	**255**	**(340)**	**(85)**
Total defined benefit cost recognised in Profit or (Loss)	**-**	**-**	**-**
Cashflows			
Plan participants contributions	-	-	-
Employer contributions	483	-	483
Benefits paid	(217)	217	-
Expected closing position	**266**	**217**	**483**
Remeasurements			
Changes in demographic assumptions	-	204	204
Changes in financial assumptions	-	1,527	1,527
Scheme experience	1,354	(768)	586
Return on assets excluding amounts included in net interest	-	-	-
Total remeasurements recognised in Other Comprehensive Income (OCI)	**1,354**	**963**	**2,317**
Fair value of plan assets	13,248	-	13,248
Present value of funded liabilities	-	(14,760)	(14,760)
Closing position as at 31 March 2022	**13,248**	**(14,760)**	**(1,512)**

Notes to the Financial Statements (continued)

11. Pensions – Group (continued)

Social Housing Pension Scheme (continued)

Period Ended 31 March 2021	Assets £'000	Obligations £'000	Net (liability) / asset £'000
Fair Value of plan assets	9,674	-	9,674
Present value of funded liabilities	-	(11,127)	(11,127)
Opening position at 31 March 2020	**9,674**	**(11,127)**	**(1,453)**
Service costs			
Current service cost	-	(299)	(299)
Expenses	-	(10)	(10)
Past service costs (including curtailments)	-	-	-
Total service cost	**-**	**(309)**	**(309)**
Net interest			
Interest income on plan assets	228	-	228
Interest cost on defined benefit obligation	-	(259)	(259)
Total net interest	**228**	**(259)**	**(31)**
Total defined benefit cost recognised in Profit or (Loss)	**-**	**-**	**-**
Cashflows			
Plan participants contributions			
Employer contributions	555	-	555
Benefits paid	(335)	335	-
Expected closing position	**220**	**335**	**555**
Remeasurements			
Changes in demographic assumptions	-	(49)	(49)
Changes in financial assumptions	-	(3,921)	(3,921)
Scheme experience	1,251	50	1,301
Return on assets excluding amounts included in net interest	-	-	-
Total remeasurements recognised in Other Comprehensive Income (OCI)	**1,251**	**(3,920)**	**(2,669)**
Fair value of plan assets	11,373	-	11,373
Present value of funded liabilities	-	(15,280)	(15,280)
Closing position as at 31 March 2021	**11,373**	**(15,280)**	**(3,907)**

Notes to the Financial Statements (continued)

11. Pensions – Group (continued)

Social Housing Pension Scheme (continued)

Financial assumptions

	31 March 2022 % per annum	31 March 2021 % per annum
Discount rate	**2.77**	2.22
Inflation (RPI)	**3.40**	3.20
Inflation (CPI)	**3.11**	2.87
Salary growth	**4.11**	3.87
Allowance for commutation of pension for cash at retirement	**75% of Maximum allowance**	75% of Maximum allowance

Mortality assumptions

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

	2022 No. of years	2021 No. of years
Retiring in 2022		
Males	**21.1**	21.6
Females	**23.7**	23.5
Retiring in 2042		
Males	**22.4**	22.9
Females	**25.2**	25.1

Notes to the Financial Statements (continued)

11. Pensions – Group (continued)

Social Housing Pension Scheme (continued)

Assets	31 March 2022 (£000s)	31 March 2021 (£000s)
Absolute Return	**531**	628
Alternative Risk Premia	**437**	428
Cash	**45**	-
Corporate Bond Fund	**884**	672
Credit Relative Value	**440**	358
Currency Hedging	**(52)**	-
Distressed Opportunities	**474**	328
Emerging Markets Debt	**385**	459
Fund of Hedge Funds	**-**	1
Global Equity	**2,542**	1,813
High Yield	**114**	341
Infrastructure	**944**	758
Insurance-Linked Securities	**309**	273
Liability Driven Investment	**3,697**	2,891
Liquid Credit	**-**	136
Long Lease Property	**341**	223
Net Current Assets	**37**	69
Opportunistic Illiquid Credit	**445**	289
Opportunistic Credit	**47**	312
Private Debt	**340**	271
Property	**358**	236
Risk Sharing	**436**	414
Secured Income	**494**	473
Total assets	**13,248**	11,373

None of the fair values of the assets shown above includes any direct investments in the employer's own financial instruments or any property occupied by, or other assets used by, the employer.

11. Pensions – Group (continued)

Social Housing Pension Scheme (continued)

Scheme assets and liabilities	2022 £ '000	2021 £ '000
Fair value of plan assets	**13,248**	11,373
Present value of funded liabilities	**(14,760)**	(15,280)
Net defined benefit liability	**(1,512)**	(3,907)

Amounts charged/(credited) to income statement	2022 £ '000	2021 £ '000
Current service cost	**310**	299
Expenses	**10**	10
Amounts charged to operating costs	**320**	309
Interest income on plan assets	**255**	228
Interest cost of scheme liabilities	**(340)**	(259)
Net interest (credit)	**(85)**	(31)

Amounts charged/(credited) to other comprehensive income	2022 £ '000	2020 £ '000
Changes in demographic assumptions	**204**	(49)
Changes in financial assumptions – liabilities	**1,527**	(3,921)
Scheme experience (Obligations)	**(768)**	50
Scheme experience (Assets)	**1,354**	1,251
Net actuarial movements in other comprehensive income	**2,317**	(2,669)

Notes to the Financial Statements (continued)

11. Pensions – Group (continued)

Greater Manchester Pension Fund (GMPF)

The GMPF is a multi-employer scheme, administered by Tameside Metropolitan Borough Council ("TMBC") under the regulations governing the Local Government Pension Scheme, a defined benefit scheme.

The Group contributes to three schemes within the GMPF as detailed below:

GMPF Scheme 1

Employees participating in this scheme are those, which transferred from Manchester City Council (MCC) in 2003 with the transfer of housing stock to the Company at that time. MCC has entered into an agreement with TMBC and the Company whereby the contributions payable by the Company are set in relation to the current service cost only (being based on contribution rates applied to MCC employees). In accordance with the provisions set out in FRS 102, the scheme is treated as a defined contribution scheme as the Company's contributions are linked to those of another employer and the actuary has indicated that it is not possible to allocate assets and liabilities to the Company's staff on a consistent and reliable basis given the degree of cross-subsidy that exists and the relative size of the Company compared with other members of the scheme. The income statement charge for the period represents the employer contributions payable.

The Company paid contributions at the rate of 18.5% during the accounting period. The employers' contribution to the scheme in the period amounted to £75,201 (2021: £74,974). Member contributions vary between 5.8% and 8.5%. Future contribution rates will be set at the same level as MCC.

GMPF Scheme 2

Employees participating in this scheme are those that transferred from Manchester City Council (MCC) on 30 March 2009 with the transfer of East Manchester housing stock to the Company and those new starters between the 2003 transfer and the 2009 transfer. The most recent formal actuarial valuation was completed as at 31 March 2019 by a qualified independent actuary.

Expected employer contributions for the year 2022/23 are £253,000. Actuals 2021/22: £253,000).

Notes to the Financial Statements (continued)

11. Pensions – Group (continued)

Changes in Fair Value of Plan Assets, Defined Benefit Obligation and Net (Liability)/Asset for year ended 31 March 2022

Period Ended 31 March 2022	Assets £'000	Obligations £'000	Net (liability) / asset £'000
Fair Value of plan assets	49,788	-	49,788
Present value of funded liabilities	-	(42,332)	(42,332)
Opening position at 1 April 2021	**49,788**	**(42,332)**	**7,456**
Service costs			
Current service cost	-	(668)	(668)
Total service cost	**-**	**(668)**	**(668)**
Net interest			
Interest income on plan assets	989	-	989
Interest cost on defined benefit obligation	-	(844)	(844)
Total net interest	**989**	**(844)**	**145**
Total defined benefit cost recognised in Profit or (Loss)	**989**	**(1,512)**	**(523)**
Cashflows			
Plan participants contributions	88	(88)	-
Employer contributions	253	-	253
Benefits paid	(975)	975	-
Expected closing position	**50,143**	**(42,957)**	**7,186**
Remeasurements			
Changes in demographic assumptions	-	289	289
Changes in financial assumptions	-	2,600	2,600
Other experience	-	(75)	(75)
Return on assets excluding amounts included in net interest	3,839	-	3,839
Total remeasurements recognised in Other Comprehensive Income (OCI)	**3,839**	**2,814**	**6,653**
Fair value of plan assets	53,982	-	53,982
Present value of funded liabilities	-	(40,143)	(40,143)
Closing position as at 31 March 2022	**53,982**	**(40,143)**	**13,839**

Notes to the Financial Statements (continued)

11. Pensions – Group (continued)

Changes in Fair Value of Plan Assets, Defined Benefit Obligation and Net (Liability)/Asset for year ended 31 March 2021

Period Ended 31 March 2021	Assets £'000	Obligations £'000	Net (liability) / asset £'000
Fair value of plan assets	41,534	-	41,534
Present value of funded liabilities	-	(33,964)	(33,964)
Closing position as at 31 March 2020	**41,534**	**(33,964)**	**7,570**
Service costs			
Current service cost	-	(464)	(464)
Past service costs (including curtailments)	-	-	-
Total service cost	**-**	**(464)**	**(464)**
Net interest			
Interest income on plan assets	948	-	948
Interest cost on defined benefit obligation	-	(776)	(776)
Total net interest	**948**	**(776)**	**172**
Total defined benefit cost recognised in Profit or (Loss)	**948**	**(1,240)**	**(292)**
Cashflows			
Plan participants contributions	89	(89)	-
Employer contributions	274	-	274
Benefits paid	(929)	929	-
Expected closing position	**41,916**	**(34,364)**	**7,552**
Remeasurements			
Changes in demographic assumptions	-	(152)	(152)
Changes in financial assumptions	-	(8,160)	(8,160)
Other experience	-	344	344
Return on assets excluding amounts included in net interest	7,872	-	7,872
Total remeasurements recognised in Other Comprehensive Income (OCI)	**7,872**	**(7,968)**	**(96)**
Fair value of plan assets	49,788	-	49,788
Present value of funded liabilities	-	(42,332)	(42,332)
Closing position as at 31 March 2021	**49,788**	**(42,332)**	**7,456**

11. Pensions – Group (continued)

GMPF Scheme 3

Employees participating in this scheme are employees of City South Manchester Housing Trust prior to the merger. The most recent formal actuarial valuation was completed as at 31 March 2019 by a qualified independent actuary. Expected employer contributions for the year 2022/23 are £459,000 (Actuals 2021/22: £635,000).

Changes in Fair Value of Plan Assets, Defined Benefit Obligation and Net Liability for year ended 31 March 2022

Period Ended 31 March 2022	Assets £'000	Obligations £'000	Net (liability) / asset £'000
Fair value of plan assets	43,229	-	43,229
Present value of funded liabilities	-	(50,756)	(50,756)
Opening position at 31 March 2021	**43,229**	**(50,756)**	**(7,527)**
Service costs			
Current service cost	-	(1,233)	(1,233)
Past service cost	-	(136)	(136)
Total service cost	**-**	**(1,369)**	**(1,369)**
Net interest			
Interest income on plan assets	864	-	864
Interest cost on defined benefit obligation	-	(1,022)	(1,022)
Total net interest	**864**	**(1,022)**	**(158)**
Total defined benefit cost recognised in profit or (loss)	**864**	**(2,391)**	**(1,527)**
Cashflows			
Plan participants contributions	179	(179)	-
Employer contributions	635	-	635
Benefits paid	(778)	778	-
Expected closing position	**44,129**	**(52,548)**	**(8,419)**
Remeasurements			
Changes in demographic assumptions	-	313	313
Changes in financial assumptions	-	3,677	3,677
Other experience	-	(92)	(92)
Return on assets excluding amounts included in net interest	3,357	-	3,357
Total remeasurements recognised in Other Comprehensive Income (OCI)	**3,357**	**3,898**	**7,255**
Fair value of plan assets	47,486	-	47,486
Present value of funded liabilities	-	(48,650)	(48,650)
Closing position as at 31 March 2022	**47,486**	**(48,650)**	**(1,164)**

11. Pensions – Group (continued)

Changes in Fair Value of Plan Assets, Defined Benefit Obligation and Net Liability for year ended 31 March 2021

Period Ended 31 March 2021	Assets £'000	Obligations £'000	Net (liability) / asset £'000
Fair value of plan assets	35,564	-	35,564
Present value of funded liabilities		(38,422)	(38,422)
Opening position at 31 March 2020	**35,564**	**(38,422)**	**(2,858)**
Service costs			
Current service cost	-	(954)	(954)
Past service cost	-	(40)	(40)
Total service cost	**-**	**(994)**	**(994)**
Net interest			
Interest income on plan assets	818	-	818
Interest cost on defined benefit obligation	-	(888)	(888)
Total net interest	**818**	**(888)**	**(70)**
Total defined benefit cost recognised in profit or (loss)	**818**	**(1,882)**	**(1,064)**
Cashflows			
Plan participants contributions	214	(214)	-
Employer contributions	590	-	590
Benefits paid	(746)	746	-
Expected closing position	**36,440**	**(39,772)**	**(3,332)**
Remeasurements			
Changes in demographic assumptions	-	(161)	(161)
Changes in financial assumptions	-	(11,217)	(11,217)
Other experience	-	394	394
Return on assets excluding amounts included in net interest	6,789	-	6,789
Total remeasurements recognised in Other Comprehensive Income (OCI)	**6,789**	**(10,984)**	**(4,195)**
Fair value of plan assets	43,229	-	43,229
Present value of funded liabilities	-	(50,756)	(50,756)
Closing position as at 31 March 2021	**43,229**	**(50,756)**	**(7,527)**

11. Pensions – Group (continued)

Sum of GMPF Schemes 2 and 3

Scheme assets and liabilities	2022 £ '000	2021 £ '000
Fair value of plan assets	**101,468**	93,017
Present value of funded liabilities	**(88,793)**	(93,088)

Amounts charged/(credited) to income statement	2022 £ '000	2021 £ '000
Current service cost	**1,901**	1,418
Amounts charged to operating costs	**1,901**	1,418
Interest income on plan assets	**(1,853)**	(1,766)
Interest cost of scheme liabilities	**1,866**	1,664
Net interest charge / (credit)	**13**	(102)

Amounts charged/(credited) to other comprehensive income	2022 £ '000	2021 £ '000
Changes in demographic assumptions	**602**	(313)
Changes in financial assumptions – liabilities	**6,277**	(19,377)
Other experiences gains/(losses) – liabilities	**(167)**	738
Return on net assets excluding amounts in net interest	**7,196**	14,661
Net actuarial movements in other comprehensive income	**13,908**	(4,291)

GMPF Schemes 2 and 3 Key Assumptions

Financial assumptions

	31 March 2022 % per annum	31 March 2021 % per annum
Discount rate	**2.7**	2.3
Future salary increases	**3.95**	2.7
Future pension increases	**3.2**	1.9

11. Pensions – Group (continued)

Mortality assumptions

The post-retirement mortality assumptions adopted to value the benefit obligation at 31 March 2022 is based on the CMI2018 model (2021: CMI2013 model). The assumed life expectations on retirement at age 65 are:

	2022 No. of years	2021 No. of years
Current pensioners:		
Males	**20.3**	20.5
Females	**23.2**	23.1
Future Pensioners:		
Males	**21.6**	22.0
Females	**25.1**	25.0

Major categories of plan assets as a percentage of total plan assets

	2022 %	2021 %
Equities	**69**	69
Bonds	**13**	15
Properties	**8**	7
Cash	**10**	9

12. Tax on surplus on ordinary activities

The association did not suffer a tax charge during the period due to its charitable status and the charitable nature of its activities.

The group tax charge was £nil (2021: £Nil). There was no deferred tax charge or balances in the current or prior period.

Current tax reconciliation – Group	2022 £ '000	2021 £ '000
Surplus on ordinary activities before tax	**13,180**	11,839
Tax on surplus on ordinary activities at standard CT rate of 19% (2021: 19%)	**2,502**	2,249
Deferred tax not recognised	**-**	-
Charitable income not chargeable to tax	**(2,502)**	(2,249)
Over Provision in Previous Year	**-**	-
Actual current and total taxation charge / (Credit)	**-**	-

Notes to the Financial Statements (continued)

13. Tangible fixed assets – housing properties

Group	Social housing properties held for letting £ '000	Housing properties for letting under construction £ '000	Shared ownership properties completed £ '000	Shared ownership properties under construction £ '000	Total housing properties £ '000
Cost					
At 1 April 2021	259,021	33,259	5,823	6,297	**304,400**
Additions	-	24,041	-	2,804	**26,845**
Schemes Completed	21,050	(21,050)	1,612	(1,612)	**-**
Works to existing properties	8,366	-	-	-	**8,366**
Impairment	-	-	-	-	**-**
Disposals	(2,911)	-	(515)	-	**(3,426)**
At 31 March 2022	**285,526**	**36,250**	**6,920**	**7,489**	**336,185**
Depreciation					
At 1 April 2021	73,245	-	149	-	**73,394**
Charged in year	4,774	-	2,064	-	**6,838**
Eliminated on disposal	(1,403)	-	(1)	-	**(1,404)**
Eliminated on Impairment	-	-	-	-	**-**
At 31 March 2022	**76,616**	**-**	**2,212**	**-**	**78,828**
Net book value					
At 31 March 2022	**208,910**	**36,250**	**4,708**	**7,489**	**257,357**
At 31 March 2021	185,776	33,259	5,674	6,297	231,006

Interest cost of £803k (2021: £589k) was capitalised in the year in relation to new property development. The cumulative amount of interest capitalised on housing property is £2.6m (2021: £1.8m). Interest is capitalised at a rate of 4.27% of borrowings and is capitalised when directly related to a scheme.

Notes to the Financial Statements (continued)

13. Tangible fixed assets – housing properties (continued)

Association	Social housing properties held for letting £ '000	Housing properties for letting under construction £ '000	Shared ownership properties completed £ '000	Shared ownership properties under construction £ '000	Total housing properties £ '000
Cost					
At 1 April 2021	259,057	33,467	5,824	6,391	**304,739**
Additions	-	24,201	-	2,838	**27,039**
Schemes Completed	21,102	(21,102)	1,625	(1,625)	**-**
Works to existing properties	8,366	-	-	-	**8,366**
Impairment	-	-	-	-	**-**
Disposals	(2,911)	-	(515)	-	**(3,426)**
At 31 March 2022	**285,614**	**36,566**	**6,934**	**7,604**	**336,718**
Depreciation					
At 1 April 2021	73,245	-	149	-	**73,394**
Charged in year	4,774	-	2,065	-	**6,839**
Eliminated on disposal	(1,404)	-	(1)	-	**(1,405)**
Eliminated on Impairment	-	-	-	-	**-**
At 31 March 2022	**76,615**	**-**	**2,213**	**-**	**78,828**
Net book value					
At 31 March 2022	**208,999**	**36,566**	**4,721**	**7,604**	**257,890**
At 31 March 2021	185,812	33,467	5,675	6,391	231,345

Interest cost of £803k (2021: £589k) was capitalised in the year in relation to new property development. The cumulative amount of interest capitalised on housing property is £2.6m (2021: £1.8m). Interest is capitalised at a rate of 4.27% of borrowings and is capitalised when directly related to a scheme.

13. Tangible fixed assets – housing properties (continued)

Group Housing Properties Book Value net of depreciation and impairment

	2022 £ '000	2021 £ '000
Freehold land and buildings	**162,271**	192,804
Long leasehold land and buildings	**41,565**	38,202
Total	**203,836**	231,006

Group expenditure on works to existing properties

	2022 £ '000	2021 £ '000
Amounts capitalised	**8,366**	4,894
Amounts charged to income and expenditure account	**3,501**	3,865
Total	**11,867**	8,759

14. Group and Association Tangible fixed assets – other

	Freehold offices £ '000	Furniture fixtures and fittings £ '000	Computers and office equipment £ '000	Plant and equipment £ '000	Motor Vehicles £ '000	Total £ '000
Cost						
At 1 April 2021	11,763	658	4,661	166	18	**17,266**
Additions	365	41	1,423	-	-	**1,829**
Disposals	(410)	(278)	-	(1)	-	**(689)**
Reclassification	(36)	-	18	13	5	**-**
At 31 March 2022	**11,682**	**421**	**6,102**	**178**	**23**	**18,406**
Depreciation						
At 1 April 2021	3,559	436	3,338	121	17	**7,471**
Charged in year	244	142	675	26	4	**1,091**
Eliminated on Disposal	(32)	(269)	-	(1)	-	**(302)**
At 31 March 2022	**3,771**	**309**	**4,013**	**146**	**21**	**8,260**
Net book value						
At 31 March 2022	**7,911**	**112**	**2,089**	**32**	**2**	**10,146**
At 31 March 2021	8,204	222	1,323	45	1	9,795

Notes to the Financial Statements (continued)

15. Group Tangible fixed assets – investment properties

	Market Rent properties held for letting £ '000	Investment Properties under construction £ '000	Total £ '000
At 1 April 2021	40,745	3,243	**43,988**
Additions	57	4,931	**4,988**
Disposal	-	-	**-**
Schemes Completed	-	-	**-**
Revaluation	463	-	**463**
At 31 March 2022	**41,265**	**8,174**	**49,439**

Interest cost of **£59k** (2021: £37k) was capitalised in the year in relation to new property development. The cumulative amount of interest capitalised on investment property is **£669k** (2021: £610k). Interest is capitalised at a rate of 4.27% of borrowings and is capitalised when directly related to a scheme.

15. Association Tangible fixed assets – investment properties

	Market Rent properties held for letting £ '000	Investment Properties under construction £ '000	Total £ '000
At 1 April 2021	40,745	3,243	**43,988**
Additions	57	4,931	**4,988**
Disposals	-	-	**-**
Schemes Completed	-	-	**-**
Revaluation	463	-	**463**
At 31 March 2022	**41,265**	**8,174**	**49,439**

The Group's completed investment properties are valued annually on 31 March at fair value, determined by an independent, professionally qualified valuer.

The valuations were undertaken in accordance with the Royal Institution of Chartered Surveyors' (RICS) Appraisal and Valuation Manual. Investment properties are held at open market value subject to existing tenancies.

The surplus on revaluation of investment property arising of £463k (2021: surplus of £92k) has been credited to the Statement of Comprehensive Income for the year. The historic cost of investment properties is £41,500k (2021: £36,512k).

16. Investments in subsidiaries

The following are wholly owned subsidiaries of One Manchester Limited:

Name	Country of incorporation	Proportion of voting rights	Nature of Business
One Manchester Treasury Limited	UK	100%	Financing vehicle- funding
One Manchester Developments Limited	UK	100%	Property development
One Manchester Property Limited	UK	100%	Property development

The registered address of all companies are Lovell House, Archway 6, Hulme, Manchester, M15 5RN.

17. Stock Group

	2022 £ '000	2021 £ '000
Shared ownership properties:		
- Under construction	**4,626**	3,879
Materials stock	**-**	77
	4,626	3,956

Stock Association

	2022 £ '000	2021 £ '000
Shared ownership properties:		
- Under construction	**4,626**	3,879
Materials stock	**-**	77
	4,626	3,956

Notes to the Financial Statements (continued)

18. Debtors

	Group		Association	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Due within one year				
Rent and service charges receivable	**6,790**	6,258	**6,790**	6,258
Less: Provision for bad and doubtful debts	**(4,325)**	(3,234)	**(4,325)**	(3,234)
Net rent and service charges receivable	**2,465**	3,024	**2,465**	3,024
Other debtors	**2,281**	1,578	**2,277**	1,519
Amounts owed to group undertakings	**-**	-	**908**	297
Prepayments and accrued income	**1,470**	1,007	**684**	1,007
	6,216	5,609	**6,334**	5,847

19. Fixed Asset Investments

	Group	
	2022 £ '000	2021 £ '000
One Manchester Property Limited investment in Joint Venture	**751**	297

This JV investment is funded by the intercompany loan referred to on page 49.

20. Creditors: amounts falling due within one year

	Group		Association	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Trade creditors	**2,307**	4,224	**2,156**	2,234
Rent and service charges received in advance	**2,906**	2,734	**2,906**	2,734
RTB Sharing agreements – MCC Council	**1,358**	653	**1,358**	653
Accruals and deferred income	**12,042**	5,649	**8,823**	4,335
Other taxation / social security creditors	**683**	783	**683**	783
Disposal Proceeds Fund (note 22a)	**-**	-	**-**	-
Other creditors	**1,204**	651	**1,192**	625
Deferred capital grant (note 23)	**4,068**	3,868	**4,068**	3,868
Loans payable within one year (note 24)	**12,153**	3,831	**-**	-
Amounts owed to group undertakings	**-**	-	**14,059**	6,400
	36,721	22,393	**35,245**	21,632

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

	Group		Association	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Loans payable after one year (note 24)	**181,567**	181,220	**-**	-
Amounts owed to group undertakings	**-**	-	**181,567**	181,220
Less unamortised Arrangement Fees	**(2,292)**	(2,491)	**(2,292)**	(2,491)
Deferred capital grant (note 23)	**110,550**	105,658	**110,550**	105,658
Recycled Capital Grant Fund > 1 yr (note 22b)	**314**	202	**314**	202
	290,139	284,589	**290,139**	284,589

Notes to the Financial Statements (continued)

22. Recycled Capital Grant Fund (RCGF)

	Group		Association	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
At 1 April 2021 / 2020	**215**	48	**215**	48
Additions	**190**	154	**190**	154
Utilised	**(91)**	-	**(91)**	-
Balance at 31 March 2022 / 2021	**314**	202	**314**	202

23. Deferred capital grant – Group

	2022 £ '000	2021 £ '000
Net deferred capital grant at start of year	**109,526**	110,134
Total Grant received	**10,024**	4,653
Grant disposals	**(1,073)**	(843)
Grant Impairment Disposal	**-**	(514)
Grant amortisation	**(3,859)**	(3,904)
	114,618	109,526
Net deferred capital grant due in less than one year	**4,068**	3,868
Net deferred capital grant due in more than one year	**110,550**	105,658
	114,618	109,526

Gross accumulated capital grant received is £183,913k (2021:£173,888k). Total accumulated revenue grant received is £41,966k (2021: £41,966k).

24. Debt analysis

	Group		Association	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Within one year	**12,153**	3,831	**12,153**	3,831
Between one and two years	**8,567**	12,153	**8,567**	12,153
Between two and five years	**35,695**	27,147	**35,695**	27,147
After five years	**137,305**	141,920	**137,305**	141,920
	193,720	185,051	**193,720**	185,051

24. Debt analysis (continued)

Security

The bank loans are secured by a floating charge over the assets of the group and by fixed charges on individual properties.

The Group's loan facilities are sterling denominated. The interest rate profile of the Group's financial liabilities at 31 March was:

	2022 £ '000	2021 £ '000
Floating rate	**6,720**	10,550
Fixed rate	**187,000**	174,500
Total	**193,720**	185,050
Less: Arrangement fees	**(2,334)**	(2,491)
Total	**191,386**	182,559

The floating rate financial liabilities comprise bank loans and overdrafts that bear interest at rates based on the three-month LIBOR. As of 1st April 2022, any floating rate financial liabilities will have the cost of borrowing based on SONIA (Sterling Overnight Index Average) instead of LIBOR (London Interbank Offered Rate). The main difference being SONIA calculates interest on a cumulation of overnight rates where LIBOR would give a specific cost of borrowing over a period

Our financial liabilities using floating rates based on SONIA will see no increase or decrease based on us moving away from LIBOR. SONIA is an average of daily rates (over 3 months) taken at the close of business each day (using actual daily rates) where LIBOR uses a forecast to calculate the rate we would pay over a certain period (3, 6, 9 or 12 months for example). In a market not experiencing exceptional conditions the difference would be negligible.

Interest rates on fixed rate borrowings range between 2.29% and 7.08%, with a weighted average of 4.27%. There were no other changes to the loan agreements other than the replacement of LIBOR with SONIA and the FRS 102 practical expedient has been applied such that the adjustments to the contractual cash flows will be reflected as an adjustment to the effective interest rate. Therefore, the replacement of the loans' benchmark interest rate will not result in an immediate gain or loss recorded in profit or loss, which may have been required if the practical expedient was not available or adopted.

25. Net Debt Reconciliation

	As at 31 March 2021	Cash flows	Other Non-Cash Movements	As at 31 March 2022
Cash and Cash Equivalents				
Cash	50,493	240	-	50,733
Overdrafts	-	-	-	-
Cash Equivalents	-	-	-	-
	50,493	**240**	**-**	**50,733**
Borrowings				
Debt Due < 1 Year	(3,831)	(8,322)	-	(12,153)
Debt Due > 1 Year	(181,220)	(347)	-	(181,567)
	(185,050)	**(8,669)**	**-**	**(193,720)**
Total	**(134,557)**	**(8,429)**	**-**	**(142,987)**

26. Non-equity share capital

The shares provide members with the right to vote at general meetings, but do not provide any rights to dividends or distributions on a winding up. Income and Expenditure Reserves had an opening balance of £33,906k at 1 April 2021 with a surplus for the year of £13,180 during 2021/22 and an actuarial gain of £16,225k for 2021/22. Closing income and expenditure reserves balance was £63,311k at 31 March 2022.

27. Group financial commitments

Capital expenditure commitments were as follows:

	2022 £ '000	2021 £ '000
Expenditure contracted for but not provided in the accounts	**29,286**	46,865
Expenditure authorised by the Board, but not contracted	**26,433**	10,963
	55,719	57,828

27. Group financial commitments (continued)

Capital commitments for the Group will be funded as follows:

	2022 £ '000	2021 £ '000
Existing loan facilities	**15,280**	24,916
First tranche and outright sale of properties	**9,283**	8,393
Grants	**9,233**	2,560
Existing reserves	**21,923**	21,959
	55,719	57,828

28. Group operating leases

The association had minimum lease payments under non-cancellable operating leases as set out below:

	2022 £ '000	2021 £ '000
Motor Vehicles, office equipment and computers expiring:		
Within one year	**317**	234
One to five years	**26**	23
	343	257

	2022 £ '000	2021 £ '000
Land & Buildings expiring:		
Within one year	**21**	22
One to five years	**34**	52
Beyond five years	**4**	14
	59	88

29. Contingent liabilities

The Group had no contingent liabilities requiring disclosure at 31 March 2022 (2021: £Nil).

Notes to the Financial Statements (continued)

30. Financial Instruments – Group

The financial instruments may be analysed as follows:

	2022 £ '000	2021 £ '000
Financial Assets		
Financial Assets measured at historical cost:		
- Trade receivables	**2,465**	3,024
- Other receivables	**2,224**	2,357
- Current asset investments	**-**	-
- Cash and cash equivalents	**50,733**	50,493
	55,422	55,874

	2022 £ '000	2021 £ '000
Financial Liabilities		
Financial liabilities measured at amortised cost:		
- Loans payable	**193,720**	185,050
Financial liabilities measured at historical cost:		
- Trade creditors	**2,306**	6,352
- Other creditors	**132,714**	120,923
	328,740	312,325

Financial assets measured at historical cost comprise trade debtors, other debtors, and amounts owed by associated undertakings.

Financial liabilities measured at historical cost comprise trade creditors and other creditors.

31. Related parties

During the year, there were two tenant board members that resigned at the end of the year. The rent charged for the first of these tenant board members was £3,602 and their balance at the point of resignation was a credit balance of **£554** (31 March 2021: Credit balance of £386). The second of these was charged £4,101 and their balance at the point of resignation was a credit balance of **£549** (31 March 2021: Credit balance of £615).

A further tenant board member was appointed on 9 February 2022, during the period to 31 March 2022, they were charged £651 for rents and their balance at the year-end was a credit of £184.

Notes to the Financial Statements (continued)

31. Related parties (continued)

Two members of the Board (one who was co-opted) were local authority appointed and were councillors, these two members have resigned during the year. At 31 March 2022, there were no council nominated members in position within the board.

One Manchester Limited has 14.3% control over JV North and has paid **£33,660** (2021: £34,740) in costs during the year. There were no year-end balances with the Company (2021: £Nil).

The Company provides management services, other services, and loans to its subsidiaries. The Company also receives charges from its subsidiaries.

Intra-group management fees are receivable by the Company from its subsidiaries to cover the running costs the Company incurs on its behalf in managing the subsidiaries.

Intra-group interest is charged by the Company's subsidiary One Manchester Treasury Limited to Group subsidiaries at the rates incurred by the Group on its bank loans plus a margin of 0.1% **£89,140** (2021: 0.1% £88,190).

One Manchester Developments Limited was paid **£21,633,000** (2021: £18,090,000) for construction services and related costs by One Manchester Limited. One Manchester Developments is owed **£1,907,000** (2021: £2,264,000) by One Manchester Limited at the year end.

One Manchester Property Limited was paid **£491,650** (2021: £247,000) by One Manchester Limited for investment into the Joint Venture. One Manchester Property Limited was owed **£864,000** (2021: £6,735) at the end of the year.

32. Prior year adjustment

The financial statements of the comparative year 2021 have been restated to disclose the pension asset of £7,456,000 and pension liability of £11,434,000 on a gross basis on the Group and Association statement of financial position whereas this was previously incorrectly disclosed on a net basis as a pension liability of £3,978,000 on the Group and Association statement of financial position. This adjustment does not change the reported net assets or surplus of the group.

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