Financial Statements for the year ended 31 March 2022

Jigsaw

Jigsaw Homes Midlands

Creating homes. Building lives.

Contents

Company Information

Registration number	Co-operative and Community Benefit Societies Act 2014, number RS008378
Regulator of Social Housing Registration Number	L4532
Registered office	Cavendish Street Ashton-under-Lyne Tameside Greater Manchester OL6 7AT
Board members	T. Ryan (chair) D. Jackson D. Kelly (executive member) M. Kenyon M. McDermott K. Potts M. Rudkin S. Walker S. White
Senior management team	H. Roberts, Group Chief Executive B. Moran, Deputy Chief Executive P. Chisnell, Executive Director of Finance D. Kelly, Group Director of Neighbourhoods & Support A. Marshall, Group Director of Asset Management K. Marshall, Group Director of Development & People
Company Secretary	B. Moran
Bankers	National Westminster Bank Plc. Manchester City Centre Branch PO Box 305 Spring Gardens Manchester M60 2DB
Auditors	Beever and Struthers St George's House 215-219 Chester Road Manchester M15 4JE

1. Introduction

Our First Modular Housing Scheme

Development of 131 factory built affordable homes gets underway in Gedling.

Chair's Statement

On behalf of the board of management, I am very pleased to present the report and financial statements for Jigsaw Homes Midlands for the 2021/22 financial year.

This document sets out a comprehensive account of our activities during 2021/22 and provides an insight into the Association's efforts to deliver on its strategic priorities:

- Caring for our customers, our assets and neighbourhoods
- Maintaining a strong corporate foundation
- Valuing staff
- Growing the business

I would like to take this opportunity to outline our position on the most pressing current and developing issues in our operating environment and to signpost some of our priorities for the future.

Our Operating Environment

The nation is currently facing a great deal of economic uncertainty. The effects of the COVID-19 pandemic are unparalleled in modern times and its impacts on the economy have been complex and in some cases counterintuitive.

In 2021 it became abundantly clear that an emerging consequence of the pandemic was to put pressure on the availability of skilled labour and services. Certainly here at Jigsaw Homes Midlands, we have experienced some recent challenges in recruiting both employees and contractors.

Our response as a Group has been to enter into long term contracts for key building safety projects and to simplify and modernise how potential employees can apply for vacancies. A return to office-based working from June 2021 also enabled the Group to revisit its apprenticeship and graduate programmes and part of our solution to the shortage in skilled labour will be to "grow our own": we plan to recruit 21 apprentices and six graduate trainees in the coming months.

Supply chain disruption caused by the pandemic has resulted in shortages of materials ranging from rock wool to roof tiles, and from air source heat pumps to mobile phones. Maintaining supplies for our essential repairs and maintenance services is of utmost concern and in this respect the Association can take some assurance from the fact that our materials contractor is part of a very large worldwide organization, Saint-Gobain, with first-class procurement networks.

Cost inflation grew as an issue during the second half of 2021 and — exacerbated by the war in Ukraine — had become the dominant domestic political issue by the end of the 2021/22 financial year. Whilst there remains a degree of uncertainty in future headline inflation forecasts, the consensus is that double digit inflation in 2022/23 is now likely. Our response to this situation is complicated by the fact that some parts of the Group's value chain will increase in cost at higher rates than others.

As a business, we are financially strong enough to weather this inflationary environment. Many of our residents may not be however. We are greatly concerned about the financial impact of rising food and fuel costs on our residents, many of whom we know will have little wriggle room in their personal finances. We have invested in providing more financial support services to our residents, including money advice and hardship funds. We will also ensure that the decisions in the coming year that the board will need to take on the extent to which rents are increased will be made very carefully and transparently, in full knowledge of the trade-offs we need to make in the business, and the impact our decisions will have on our residents.

Changes in the regulatory picture are beginning to pick up speed and they are changes that we feel are sensible and fully welcome. We worked during the year to anticipate the regulator's renewed focus on consumer regulation, notably simplifying our complaints process and improving the visibility of customer feedback to the board. We will continue to work to improve the transparency of the business to stakeholders during the coming year and I feel we will be well positioned to comply with the new regulations in advance of their introduction which we anticipate to be in April 2024.

Despite the uncertainty in the economy, together with the other members of Jigsaw Group, we successfully accessed the capital markets in April 2022 by issuing a bond through Jigsaw Funding plc. The bond secured £360m of new funding and will provide a platform to support the building of 4,000 new energy efficient homes in the coming years.

In such a challenging environment, it is more important than ever to be ready to adapt to the unknown, both operationally and financially.

During the last two years we have successfully embedded new ways of communicating and getting things done in order to meet the operational challenges posed by the pandemic. Meanwhile, as these financial statements demonstrate, Jigsaw Homes Midlands stands on a very secure financial footing.

Our financial strength and proven ability to adapt give the board and myself great confidence that the Association not only remains well-placed to continue to deliver for our customers during uncertain times, but we will also play a significant part in helping the country recover from what has been a generation defining event.

Our Future Plans

Moving forward, we will continue to focus on addressing the themes identified through 2020's *Jigsaw Conversation* — a wide-ranging consultation exercise on our future direction with our tenants, employees and board members.

The themes we identified through this work were:

- Building safety—making our homes safer places to live in.
- Our homes and spaces—reducing our carbon footprint and improving our existing homes and green spaces.
- Our tenancy offer—looking at the types of homes we offer, improving our estates and offering more support for the mental well-being of our residents.
- Our future development product—looking at how we can work to create more sustainable and energy efficient homes in the future.

During the last year, we made a good start in taking this clear mandate forward. There is of course much more to do however, and addressing the environmental concerns of our stakeholders and progressing the net-zero carbon agenda in particular will require concerted focus for years to come.

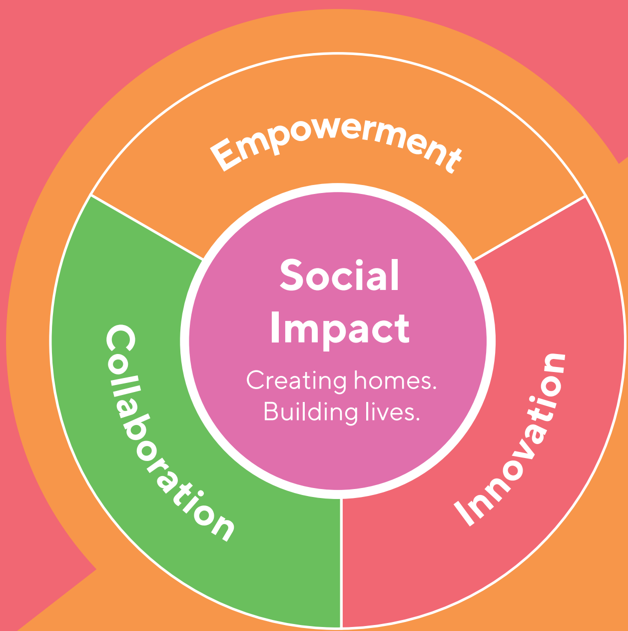
I look forward to working with my colleagues across the whole Jigsaw Group in 2022/23. Together we will make a real difference to the housing sector and for our current and future customers as we progress our mission of:

"Creating homes. Building lives."

Tim Ryan

Association Chair

our values



Our Vision

We want everyone to live in a home they can afford.

Our Mission

Creating homes. Building lives.

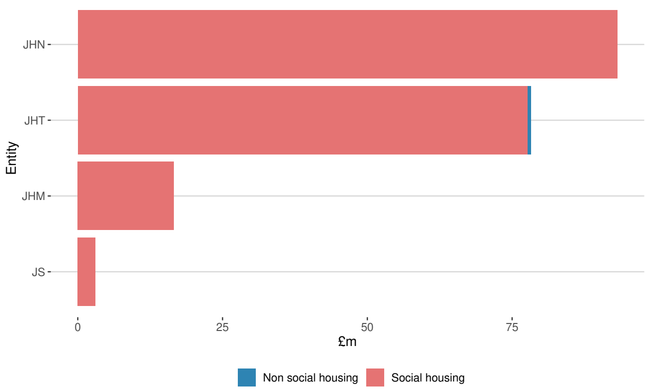
About Us

We are a member of Jigsaw Homes Group which comprises nine organisations working in unison to tackle inequality throughout the North West and East Midlands.

Following further work to simplify our corporate structure in the year (see Note 1 to the Financial Statements on page 35), the principal members of the Group are:

- Jigsaw Homes Midlands
- Jigsaw Homes North
- Jigsaw Homes Tameside
- Jigsaw Support

As measured by financial turnover, Jigsaw is the 31st largest housing group in the country[1]. The turnover of the Group's principal members during 2021/22 is shown in Figure 1 on the current page.



Source: financial statements 2021/22.

Figure 1: Our turnover in comparison to other members of the Jigsaw Group.

Our Activities

The Association builds, renovates and manages low-cost housing for rent and sale.

The core of our business is centred on the management of 3,508 homes — principally social housing for rent. The location of the homes we manage is shown in Figure 2 on this page. The Association is active in three local authority areas.

[1]Source: 2021 Global Accounts of private registered providers

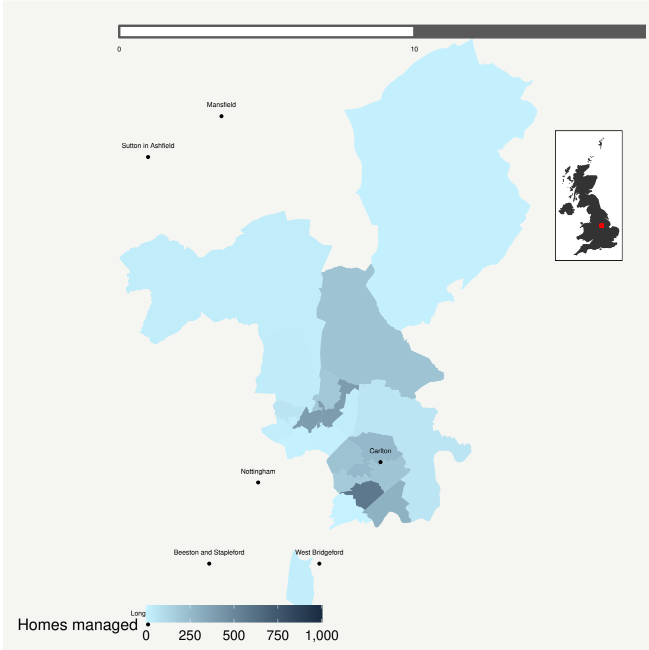


Figure 2: Location of housing stock — shading shows concentrations.

We work to help regenerate neighbourhoods and increase life opportunities for disadvantaged individuals and communities.

We also provide a range of supported housing services to help people live independently and to successfully maintain their tenancies. This work is often funded through external contracts that are delivered on a commercial basis.

Vision, Mission and Corporate Values

Vision

Our Vision is:

> "We want everyone to live successfully in a home they can afford."

Mission

We will do this by making a social impact focused on:

> "Creating homes. Building lives."

Corporate Values

We will ensure that the following values are evident through our work:

- Empowerment
- Collaboration
- Innovation

Cooperation, Collaboration and Partnerships

We recognise that we can often achieve more by working together with other organisations that share our aims. Jigsaw Homes Group is an active member of the National Housing Federation, the Northern Housing Consortium and Homes for the North.

The Group is also party to two joint venture companies with other housing associations:

- JV North — focused on pooling housing association buying power to procure development work; and
- Manchester Athena — focused on housing associations working together to deliver projects on employment, skills, and health and well-being.

2. Strategic Report

Growing Sustainability
Jigsaw Midlands residents grow their own food.

Review of the Year

Operational Performance

The Association has established a suite of performance measures to track performance against its corporate objectives. Year end Key Performance Indicator (KPI) performance is shown in Table 1 on the next page and is discussed below.

Caring for Our Customers, Our Assets and Neighbourhoods

Table 1 on the following page shows that 16 of the 23 KPIs established to monitor the delivery of this strategic objective were achieved in the year.

Although the pandemic proved to be less disruptive to the Association in 2021/22, its impacts continued to feed through to affect performance with respect to the following KPIs:

- Average Time for Non-Emergency Repairs.
- Enquiry Resolved at First Point of Contact.
- Median Void Lengths.

With the removal of government restrictions in 2021/22 and the return of public confidence in the summer months, demand for responsive repairs rebounded. The Association experienced in particular an increase in demand for non-essential repairs which residents had perhaps delayed reporting during the height of the pandemic.

The increase in demand when combined with the continued impact of sickness due to COVID-19 in our maintenance teams led to the development of a small backlog in non-essential repairs.

In response, the Association increased the resourcing of the repairs service by appointing additional external contractors which caused the *Responsive and Void Cost Per Unit* target to be exceeded and also diverted in-house teams from working on repairing empty homes to concentrate instead on repairs ordered by residents. This shift in resources contributed to the recorded increase in *Median Void Lengths*. Whilst non-essential repairs were taking longer than normal to fulfil, repeat calls from residents impacted the performance of the contact centre leading to the target for *Enquiry Resolved at First Point of Contact* to be missed.

At the year end the repairs backlog stood at c. 84 non-essential repairs. We anticipate that the backlog will be fully cleared by the autumn of 2022.

Maintaining a Strong Corporate Foundation

Table 1 shows that six of the six KPIs established to monitor the delivery of this strategic objective were achieved in the year.

A summary of the Association's recent financial results is shown in Table 2 on the next page and highlights of the Association's financial position are shown in Table 3 on page 15[2].

The board is pleased to report that *Operating Surplus* amounted to £4.1m or 25.0% of turnover.

With regard to loan finance, during the year the Association repaid £0.9m in line with agreed debt profiles. £0m of loan finance was drawn-down in the year. At the year end debt borrowings amounted to £19.1m, maturing as outlined in Note 17 to the financial statements.

Valuing Staff

Table 1 shows that 3 of the 4 KPI targets established to monitor the delivery of this strategic objective were achieved in the year.

The *Compliance With Mandatory Training* target was narrowly missed but positive progress was made in the year.

Notably, the year end result for *Employee Net Promoter Score* far exceeded target.

Growing the Business

Table 1 shows two of three KPIs established to monitor the delivery of this strategic objective achieved in the year.

The Association's on-site programme continued to be affected by delays arising from material supply issues and scarce availability of skilled labour, resulting in 'extension of time' claims from

[2] Figures prior to 2019 relate solely to Adactus Housing Group Ltd.

	KPI	KPI priority	Target	Actual	Trend
	Current Tenant Arrears	VH	4.06%	3.19%	↓
	Customer Net Promoter Score	VH	30	37	↑
	Income Collected	VH	99%	100.2%	—
●	CRM actions completed	H	80%	77.8%	↓
	Out-of-date Fire Risk Assessments	H	0	0	—
●	Satisfaction with Repairs	H	88.0%	81.6%	↓
	Void Loss	H	0.92%	0.82%	↑
	Average Time for Non-Emergency Repairs	M	15 days	12.7 days	↓
	Emergencies Attended and Made Safe within 24hrs	M	97.0%	99.1%	↓
●	Enquiry Resolved at First Point of Contact	M	75%	67.9%	↑
●	Lost/Abandoned Calls	M	10%	18.5%	↓
●	Median Void Length – General Needs	M	30 days	33 days	↑
	Median Void Length – Retirement Living	M	30 days	28 days	↑
	Money advice provided	M	250	301	↑
	Number of fire doors replaced	M	179	189	↑
	Number of Properties Below Level C	M	1,230	1,199	↑
●	Progress of Planned Programme	M	88%	85%	↑
	Properties compliant with gas safety requirements at quarter end	M	100%	100%	—
	Properties with Invalid Gas Certificates during Reporting Period	M	0	0	—
●	Responsive and Void Cost Per Unit	M	£758.28	£780.87	↓
	RIDDOR incidents	M	1	0	—
	Satisfaction of tenants with new home	M	70%	80%	↑
	Satisfaction with handling of ASB Case	M	70.0%	90.9%	↑
	EBITDA MRI Interest Cover	VH	206.04%	283.01%	↓
	Gearing	VH	13.2%	7.13%	↑
	Headline Social Housing Cost Per Unit	VH	£4,157.63	£3,781.05	↓
	Operating Margin	VH	12.37%	18.02%	↓
	Reinvestment	H	15.68%	19.43%	↑
	Return on Capital Employed	H	2.42%	5.39%	↓
●	Compliance With Mandatory Training	M	100%	98%	↑
	Employee Net Promoter Score	M	20	40	↓
	Employee Sickness	M	4.4%	3.76%	↓
	Employee Turnover	M	3.8%	3.19%	↓
	New Property Sales	H	6 units	15 units	↑
●	New Supply Delivered	H	0.48%	0.25%	↑
	Starts on Site	H	165 units	197 units	↑

● Out of target performance ↑ improving year-on-year trend ↓ deteriorating year-on-year trend — no change in trend.

Table 1: Quarterly KPI performance at year end (financial data based on unaudited management accounts.)

Year	Turnover £'000	Operating expenditure £'000	Operating surplus %	Retained surplus £'000	Retained surplus %
2018	14,747	10,857	31	3,880	26
2019	16,163	11,174	33	5,459	34
2020	16,440	10,635	41	5,257	32
2021	15,267	10,134	34	2,038	13
2022	**16,582**	**13,699**	**25**	**4,563**	**28**

The above figures are extracted from previous financial statements based on accounting standards effective at those dates.

Table 2: Five-year financial performance.

contractors. This led to the target for *New Supply Delivered* being missed at the year end.

In 2021/22 the Association delivered 9 units of affordable housing, as shown in Figure 3.

Figure 3: New affordable housing delivered in 2021/22.

The economic impact of housing development can be estimated through the National Housing Federation's Local Economic Impact Calculator.

An estimate of the impact of the Association's development activity during the year is shown in Table 4. 240 jobs are estimated to have been supported through the Association's investment in new development in the year.

Homes provided	Jobs supported	Impact
9	240	£13.1m

Table 4: Local economic impact of housing development 2021/22.

The Association's provision of new housing generates wider value for society as new housing provides people with better places to live.

Through careful architectural design, the Association's housing developments also contribute to improvements to the general built environment and towards efforts to reduce carbon emissions. Figure 4 on the next page presents a selection of the new housing delivered by the Association in 2021/22, showcasing high design standards.

The Association's *Development Strategy* will yield 619 new affordable homes between 2021 and 2028.

This is expected to inject an additional £58m into the local economies, supporting in excess of 1,066 jobs per annum.

At 31 March 2022, 300 properties were on-site.

Note: Please see the financial statements of our parent — Jigsaw Homes Group — for a full report on the value for money performance of the Group, including details of our performance with respect to the 2021 Value for Money metrics published by the Regulator of Social Housing.

The board's view of the key risks to the business and an explanation of how these are mitigated is included in the analysis of the Association's corporate risk position at the end of the financial year on page 21.

Figure 4: Good design in new housing 2021/22.

Year	**2022**	**2021**	**2020**	**2019**	**2018**
Housing properties at cost	79,017	65,367	60,429	57,701	52,978
Properties for sale	1,587	556	368	458	393
Cash at bank and short term deposits	13,181	19,031	17,231	14,211	10,464
Creditors amounts falling due within one year	6,287	4,768	2,936	3,299	3,937
Net current assets / (liabilities)	13,326	18,981	19,210	16,613	13,887
Total assets less current liabilities	85,557	78,431	74,582	70,156	66,717
Creditors amounts falling due after more than one year	26,949	22,969	22,701	23,271	23,478
Capital and reserves	53,607	49,044	47,006	41,749	36,290

The above figures are extracted from previous financial statements based on accounting standards effective at those dates.

Table 3: Consolidated financial position.

3. Governance

A Source of Joy

Midlands residents delight with the first installs of Air Source Heat Pumps.

Corporate Structure and Governance

In 2021/22 work continued to simplify the Group's corporate and governance arrangements[3], resulting in the structure shown in Figure 5 on the following page. Figure 5 highlights how the Group uses overlapped boards to simplify its governance arrangements and to make the best use of the shared skill-set of board members and directors.

Table 5 on the next page sets out the demographics of the board in comparison to the diversity of the Association's residents and to the wider region.

Board Members Serving at the End of the Financial Year

Tim Ryan

Chair of the board

Attendance: 7/7 100% (Board), 7/7 100% (Group Board)

Tim is director of Volute Ltd, a digital development agency which creates websites, apps and learning management systems for universities, the NHS and private sector organisations. He is a registered architect and previously had a career in social housing property development.

Dianne Jackson

Attendance: 7/7 100%

Dianne is a qualified accountant and leads finance and non-finance teams at Nova Education Trust to ensure, through collaborative working across departments, strategic and fiscal objectives are achieved. Dianne has board experience as the chair of Notts County Football In the Community and also as a board member at Portland College.

Donna Kelly

Group Director of Support and Neighbourhoods

Attendance: 6/7 86%

Donna is Group Director of Support and Neighbourhoods. She is responsible for all of Jigsaw's Neighbourhood Plans and support services.

[3]See Note 1 to the Financial Statements on page 35 for details.

She has over 26 years experience in supported housing, with many years spent in management and director roles.

Donna is also the Chair for the National Housing Federation's Regional and National Health and Housing Group.

Melvin Kenyon

Attendance: 7/7 100% (Board), 4/4 100% (R&A Committee)

Melvin brings a wealth of knowledge from his prior executive roles in both the private and public sectors along with substantial risk management experience. Melvin currently also serves as a non-executive director of Ongo Homes and he is a member of Nottingham Trent University's Audit & Risk Committee.

Michael McDermott

Attendance: 7/7 100%

Mike has worked in a range of senior management roles with a number of building societies for more than thirty years including twelve years as chief executive of a society, close to Chesterfield. More recently, Mike has provided support governance, risk and compliance consultancy to firms in the financial services sector as well as general advice and support to small and medium sized businesses. He also sits as a trustee on a pension scheme and as a governor at an academy in the Midlands.

Karen Potts

Attendance: 6/7 86%

Karen is a member of the Chartered Institute of Procurement and Supply and a director of a small consultancy business providing procurement advice. She has 25 years' procurement experience in the public and private sectors having previously held the position of head of IT procurement with Royal Mail and the National College of Teaching and Leadership. Outside of work Karen is chair of governors at a primary school and is currently chair of the board of trustees for Two Counties Multi-Academy Trust.

Michelle Rudkin

Attendance: 4/7 57%

Michelle currently works as a teaching assistant. She has previously been a tenant inspector and

Demographic	Local Area	Tenants	Board
% who are women	51	60	56
% who are ethnic minorities	11	12	11
% who have a disability	23	>16	–
% who are lesbian, gay or bisexual	2.7 +/- 0.5	NK	–
% who identify with a religion	62	NK	33
% who were educated at state school	c. 93	NK	89
Average age (years)	41	53	59

Source: ONS data: gender; ethnicity; disability; sexuality; religion; age, the region used is East Midlands, national data is used in the case of schooling.

Table 5: Demographic composition of the board.

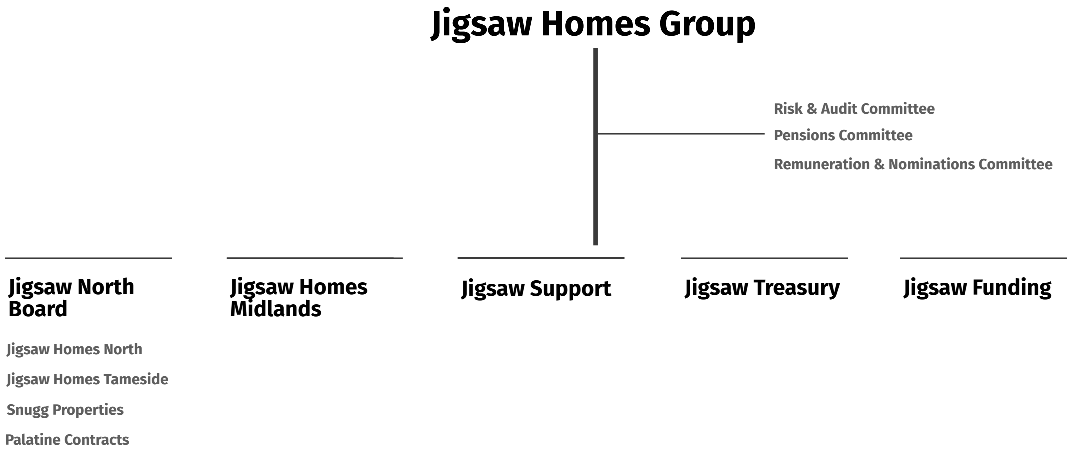


Figure 5: Corporate and governance structure — board meetings for the organisations that fall under Jigsaw North are held contemporaneously using overlapped meetings.

was involved in the tender vetting process for Gedling Homes' repair service before this was brought in-house.

Shamshad Walker

Attendance: 5/7 71% (Board), 3/4 75% (R&A Committee)

Shamshad is a marketing consultant with a strong track record helping businesses, charities, and the public sector to communicate more effectively online with their clients. She is a lecturer at Nottingham Trent University and runs training workshops for organisations such as NatWest and the Law Society. Shamshad has 22 years' experience working for the NHS in roles including strategic planning, annual business planning, service development, stakeholder engagement and working on multi-disciplinary projects.

Stephen White

Attendance: 7/7 100%

Stephen has a wealth of knowledge and experience of the social housing sector having held senior management roles at both Anchor Trust and also as Director of Operations and Care at Tuntum Housing Association, a BME-led housing association, where he also served as Deputy Chief Executive before retiring in 2016.

Corporate Responsibility

Employees

The Association recognises that the success of the business depends on the quality of its managers and employees. It is the policy of the Association that training, career development and promotion opportunities should be available to all employees.

The board is aware of its responsibilities on all matters relating to health & safety. The Group has prepared detailed health & safety policies and provides employee training and education on health & safety matters.

Diversity and Inclusion

The Association recognises its responsibilities to provide equality of opportunity, eliminate discrimination and promote good relations in its activities as a landlord, managing agent, employer, contractor, partner and purchaser.

We are totally opposed to all forms of discrimination on the grounds of race, national origin, ethnic origin, nationality, religion or belief, gender, gender reassignment status, marital status, pregnancy or maternity, sexual orientation, disability or age.

The Association's policy in this area is available to download from the Jigsaw website: search for "equality and diversity".

Modern Slavery and Human Trafficking Statement

The Association is absolutely committed to preventing slavery and human trafficking in its corporate activities and to ensuring that its supply chains are free from slavery and human trafficking.

The Association's policy in this area is available to download from the Jigsaw website: search for "modern slavery".

Risk Management and Internal Controls

The board has overall responsibility for the system of internal control and risk management across the Association and for reviewing its effectiveness. The board also take steps to ensure the Association adheres to the Regulator of Social Housing's *Governance and Financial Viability Standard and its associated Code of Practice*. Risk & Audit Committee is responsible to the board for monitoring these arrangements and reporting on their effectiveness.

Risk Management

Figure 6 on the following page summarises the Association's risk map at 31 March 2022. The assessment shows 53 risks which could impact on the delivery of the Association's corporate objectives categorised by the impact areas of 'People', 'Strategic', 'Financial', 'Business Interruption' and 'Reputation'.

Figure 6 shows how the Group's risk register is dominated by 'People' risks — predominantly health & safety and safeguarding concerns. We have adopted comprehensive policies in both of these areas to ensure that these risks are given due attention.

The board's assessment is that the risks posed to the business from the ongoing COVID-19 pandemic have evolved in the last 12 months. The threat of Non-Cyber Business Disruption to the entire business has returned to pre-pandemic levels due to the fact that further lockdowns or significant restrictions on corporate activity now appear to be unlikely. More specific risks that have been exacerbated by the pandemic relating material supply issues and a shortage of skilled labour have however been added to our risk register in the year.

The Group's controls work to mitigate the likelihood or impact of risks. As a result, the residual assessment of all risks fall within the acceptable levels defined in the Group's *Risk Management Strategy*.

Our most significant residual risks are:

- Ineffective Safeguarding of Staff, Customers and Third Parties.
- Failure of Controls Leads to Death or Injury from Fire.
- Requirements for carbon neutrality prove cost prohibitive.
- Death or Serious Injury (Staff / 3rd Party).
- Disruption to material supply chain impacts development.
- Non-Cyber Disruption.
- Cyber Disruption.
- Loss of Skills and Knowledge.

In accordance with the Group's *Risk Management Strategy*, the risk map is reviewed quarterly by the Group's Risk & Audit Committee and by board. The committee presides over a programme of internal audit work which is based on the risks identified.

Internal Controls Assurance

The board acknowledges its overall responsibility for establishing and maintaining the whole system of internal control and for reviewing its effectiveness.

The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and to provide reasonable assurance against material misstatement or loss.

The process for identifying, evaluating and managing the significant risks faced by the Association is ongoing and has been in place throughout the period commencing 1 April 2021 up to the date of approval of this document.

Key elements of the control framework include:

- Formal policies and procedures are in place, including the documentation of key processes and rules for the delegation of authorities (Scheme of Delegation). These policies and procedures are reviewed by the board and executive management team on an agreed cycle.
- A performance management framework is in place to provide monitoring information to the board and management. Employee progress against agreed, documented objectives is formally reviewed.

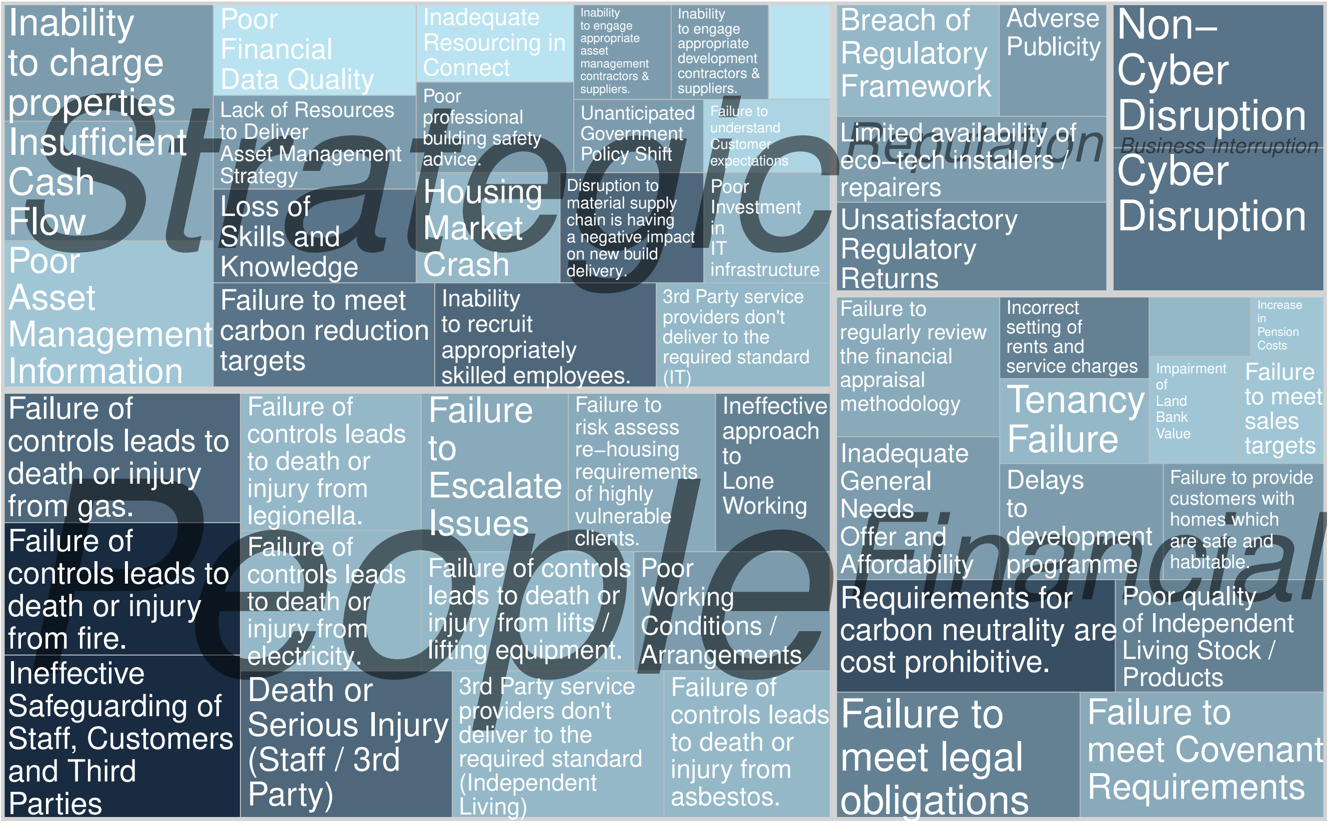


Figure 6: Risk analysis.

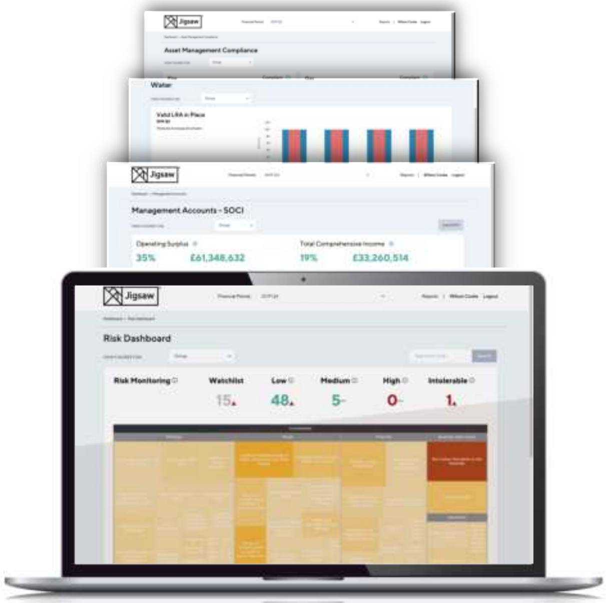


Figure 7: Examples from the Group's suite of performance dashboards.

- Management report regularly on risks and how these are managed.
- The board receives quarterly information on the financial performance of the business together with a summary of key performance indicators covering the main business risks.
- Forecasts and budgets are prepared which allow the board and management to monitor financial objectives and risks. Monthly management accounts are prepared promptly and reported to board on a quarterly basis; with significant variances from budget investigated and accounted for. This reporting includes the monitoring of all loan covenants.
- There is a robust approach to treasury management supported by third party advisors.
- Regular monitoring of loan covenants and requirements of new loan facilities is in place.
- All significant new initiatives and projects are

subject to formal appraisal and authorisation procedures by the appropriate board with clear links to the requirements of the Risk Management Policy.

- The Remuneration and Nominations Committee has oversight of the Association's approach to board appraisal, recruitment and succession.
- Experienced and suitably qualified employees are responsible for important business functions.
- A co-sourced internal audit service is provided by the Group, incorporating a team managed by a qualified, full-time employed audit manager complemented by third party expertise. The Risk & Audit Committee approves the annual audit plan and reviews internal audit reports as well as those from management and any third-party reviews including reports from tenant scrutiny.
- The Risk & Audit Committee reports quarterly to the board and reviews the assurance procedures, ensuring that an appropriate range of techniques is used to obtain the level of assurance required by the board.
- Risks are identified, assessed and documented in a risk register with details of how each risk will be managed. The risk register is reviewed on a quarterly basis by the executive management team and Risk & Audit Committee. Quarterly risk updates are also provided to each board within the Group. Internal audit independently reviews the risk identification procedures and control process implemented by management and reports to Risk & Audit Committee.
- The executive management team also reports to the board on significant changes in the business and external environment which affect significant risks.
- The Group's *Probity and Anti-Fraud Policy* clearly lays out the approach to be taken with respect to whistle-blowing, anti-corruption and fraud.
- The Risk & Audit Committee and board review and approve this statement of the Association's internal controls assurance.
- A theft and fraud register is maintained by the Group Company Secretary and any fraud is reported to the Risk & Audit Committee.

Figure 8: Our tenant scrutiny panels undertake deep-dive investigations into areas voted for by tenants.

The Association uses various financial instruments including loans, cash and other items such as rent arrears and trade creditors that derive directly from its operations. The main purpose of these financial instruments is to raise finance for the delivery of the Association's objectives.

The existence of these financial instruments exposes the Association to a number of financial risks. The main risks arising from the Association's financial instruments are considered by board to be interest rate risk, liquidity risk and credit risk. In accordance with its *Risk Management Policy* and *Treasury Management Strategy*, the board reviews and agrees policies for managing each of these risks as summarised below.

Interest Rate Risk

The Association finances its operations through a mixture of retained surpluses and bank borrowings. The Association's exposure to interest rate fluctuations on its borrowings is managed by the use of both fixed and variable rate facilities.

The Association currently borrows from a variety of lenders at both fixed and floating rates of interest. The Association's *Treasury Management Strategy* targets the level of fixed rates of interest to be up to 100% of its loan portfolio. At the year-end 100% (2021: 100%) of borrowings were at fixed rates between 7.2% and 7.2% with an average borrowing rate of 7.2%.

Liquidity Risk

The Association seeks to manage financial risk by ensuring sufficient liquidity is available to meet its foreseeable needs and to invest cash assets safely and wisely.

The Association has a clear focus on cash collection and monitors cash-flow forecasts closely and regularly, to ensure it has sufficient funds to meet its business objectives, pay liabilities when they fall due and ensure adequate liquidity with respect to emerging risks.

With respect to short term liquidity, at the year-end the Association had access to £13.2m (2021: £19m) of both cash balances and short term investments held as cash together with in excess of £0m (2021: £0m) of undrawn committed bank facilities.

Credit Risk

The Association operates a prudent policy in respect of funding counterparties and aims to minimise the risk of financial loss or liquidity exposure associated with any counterparty. Short term investments are widely diversified and are kept at a minimum by temporarily repaying revolving credit facilities in order to manage working capital requirements. During 2022 all cash investments were held with counterparties which met the requirements of Group's *Treasury Management Strategy*.

The Association seeks to minimise the credit risk relating to tenant rent arrears through its robust recovery procedures, providing support to existing tenants where necessary and by undertaking affordability assessments with applicants for new tenancies. The Group's money advice service provides the necessary support to tenants and the Group's arrears recovery team closely monitors tenant arrears as a whole.

Compliance

This document has been prepared in accordance with applicable reporting standards and legislation. The board confirms that the Association has complied with the regulator's *Governance and Financial Viability Standard*.

Code of Governance

During 2021/22 the Association's Code of Governance was *Code of Governance 2020* (National Housing Federation, 2020). The board is pleased to report full compliance with the Code with the following exception:

The Group has decided not to impose a six year limit on the term of office of existing board members as this would have required 11 board members to step down by March 2022. Rather, the Group has adopted a board member recruitment strategy which seeks to smooth the churn of board members in order to minimise disruption in the board room and ensure continued good governance. New board members will be appointed on the expectation that they will normally serve a maximum of six years.

Regulatory Framework

The Association is subject to the Regulator of Social Housing's Regulatory Framework. The board is pleased to report full compliance.

Statement of Responsibilities of the Board for the Report and Financial Statements

The board members are responsible for preparing the report of the board and the financial statements in accordance with applicable law and regulations.

Under the Co-operative and Community Benefit Societies Act 2014 and social housing legislation the board are required 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 members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the *Statement of Recommended Practice for registered housing providers: Housing SORP 2018* have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Association will continue in business.

The board members are responsible for keeping adequate accounting records that are sufficient to show and explain the transactions of the Association and disclose with reasonable accuracy at any time the financial position of the 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 2022. They are also responsible for safeguarding the assets of the Association and hence 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 for registered housing providers: Housing SORP 2018*.

Financial statements are published on the Association'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 Association's website is the responsibility of the board members. The board members' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Going Concern

Based on the following assessment the board is comfortable that the Association continues to be a going concern and have therefore produced financial statements on a going concern basis.

The Association's activities, its current financial position and factors likely to affect its future development are set out within the Strategic Report.

The board approved the Association's 2022/23 budget prior to the start of the financial year and approved the Association's thirty year financial plan shortly afterwards. The board is content that these plans were affordable and that the financial statements should be prepared on a going concern basis.

The board reviewed a range of scenarios and stress tests in order to fully understand the potential impact on the thirty year financial plan and the Group's loan covenant position. This considered how alternate projections for inflation, interest rates and house prices impact on the Group's loan covenant position. The alternate projections for inflation, interest rates and house prices arise from three different macroeconomic scenarios:

1. A central forecast based on estimates published in the Economic and Fiscal Outlook by The Office for Budget Responsibility in the short to medium term and in the longer term on sector norms as advised by the Association's treasury advisors.
2. The 2021 biennial Bank of England exploratory stress test scenario which considers the impact of climate change on the economy.
3. A *Black Swan Event* which — perhaps stretching the limits of plausibility — combines the worst independent ten year movements in recent memory of each macroeconomic variable[4] into a single unprecedentedly challenging scenario.

For the purposes of the stress test, the board has selected scenarios where combinations of key risks unexpectedly materialise to present medium and long term impacts to the business. We also explored both the medium and long term impacts occurring at the same time to present the business with an unprecedentedly challenging *Perfect Storm* of severe materialised risks.

The board continues to review the financial plan with the executive team to make any necessary changes and continue to work with our customers and stakeholders to deliver our services.

The Association has in place long-term debt facilities and sufficient liquidity which provide adequate resources to finance committed reinvestment and development programmes, along with the Association's day to day operations. The Association's long-term financial plans show that it is able to service debt facilities whilst continuing to comply with lenders' covenants.

The board is, to the best of its knowledge, satisfied that covenant compliance is maintained throughout the life of the plan on the basis that the thirty year financial plan has been stress tested to withstand significant composite risks materialising without breaching lender covenants, thus confirming the future viability of the Association.

Auditor

All of the current board members have taken the steps that they ought to have taken to ensure they are aware of any information needed by the Association's auditor for the purposes of their audit, and to establish that the auditor is aware of that information. The board members are not aware of any relevant audit information of which the auditor is not aware.

Beever and Struthers has expressed their willingness to continue in office as the Association's auditors.

Approved by the Board on 7th September 2022 and signed on its behalf on 22nd September 2022 by:

Tim Ryan

Association Chair

[4] Specifically the house price movements experienced during 2008–2018, interest rate movements in 1971–1980, increases in inflation experienced between 1960–1969, and the rent reductions imposed during 2016–2020.

We’ll Meet Again

Bingo brings Housing for Over 55 s residents together again after Covid.

4. Financial Statements

Independent Auditor's Report to the Members of Jigsaw Homes North

Opinion on the Financial Statements

We have audited the financial statements of Jigsaw Homes Midlands ("the Association") for the year ended 31 March 2022 which comprises the statement of Association comprehensive income, the Association statement of financial position, the Association statement of changes in equity, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2022 and of 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 Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

Basis for Opinion

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

Conclusions Relating to Going Concern

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

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

Other Information

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

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

We have nothing to report in this regard.

Matters on Which We Are Required to Report by Exception

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

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

Responsibilities of the Board

As explained more fully in the Statement of Board Responsibilities set out on page 25, 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 Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board either intends to liquidate the 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.

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

Extent to Which the Audit Was Capable of Detecting Irregularities, Including Fraud

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

In identifying and addressing risks of material misstatement in respect of irregularities, including fraud and noncompliance with laws and regulations, our procedures included the following:

- We obtained an understanding of laws and regulations that affect the Association, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws and regulations that we identified included the Co-operative and Community Benefit Societies Act 2014, the Statement of Recommended Practice for registered housing providers: Housing SORP 2018, the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2022, tax legislation, health and safety legislation and employment legislation.
- We enquired of the Board and reviewed correspondence and Board meeting minutes for evidence of non-compliance with relevant laws and regulations. We also reviewed controls the Board have in place, where necessary, to ensure compliance.
- We gained an understanding of the controls that the Board have in place to prevent and

detect fraud. We enquired of the Board about any incidences of fraud that had taken place during the accounting period.

- The risk of fraud and non-compliance with laws and regulations and fraud was discussed within the audit team and tests were planned and performed to address these risks. We identified the potential for fraud in the following areas: laws related to the construction and provision of social housing recognising the nature of the Association's activities and the regulated nature of the Association's activities.
- We reviewed financial statements disclosures and tested to supporting documentation to assess compliance with relevant laws and regulations discussed above.
- We enquired of the Board about actual and potential litigation and claims.
- We performed analytical procedures to identify any unusual or unexpected relationships that might indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud due to management override of internal controls we tested the appropriateness of journal entries and assessed whether the judgements made in making accounting estimates were indicative of a potential bias

Use of Our Report

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

Beever and Struthers

Beever and Struthers, Statutory Auditor

27 September 2022

St George's House
215–219 Chester Road
Manchester
M15 4JE

Statement of Comprehensive Income

Year ended 31 March 2022	**Notes**	**2022 £'000**	**2021 £'000**
Turnover	3	16,582	15,267
Cost of sales	3	(556)	(72)
Operating expenditure	3	(13,699)	(10,134)
Profit on disposal of fixed assets	5	1,748	67
Operating surplus	**8**	**4,075**	**5,128**
Interest receivable	6	7	(38)
Interest and financing costs	7	(1,424)	(1,659)
Surplus for the year		**2,658**	**3,431**
Other comprehensive income			
Actuarial gain in respect of pension schemes	25	1,905	(1,393)
Total comprehensive income for the year		**4,563**	**2,038**

The Financial Statements and notes on pages 32 to 57 were approved and authorised for issue by the Board on 7th September 2022 and signed on its behalf on 22nd September 2022 by:

T. Ryan
Chair

B. Moran
Secretary

D. Kelly
Executive Member

Statement of Financial Position

At 31 March 2022	**Notes**	**2022 £'000**	**2021 £'000**
Fixed assets			
Tangible fixed assets	11	72,231	59,450
		72,231	**59,450**
Current assets			
Stock	12	1,587	556
Trade and other debtors	13	4,845	4,162
Cash and cash equivalents	14	13,181	19,031
		19,613	**23,749**
Less: Creditors: amounts falling due within one year	15	(6,287)	(4,768)
Net current assets		**13,326**	**18,981**
Total assets less current liabilities		**85,557**	**78,431**
Creditors: amounts falling due after more than one year	16	(26,949)	(22,969)
Provisions for liabilities			
Pension provision	25	(1,447)	(2,689)
Other provisions		(3,554)	(3,729)
Total net assets		**53,607**	**49,044**
Reserves			
Revenue reserve		53,607	49,044
Total reserves		**53,607**	**49,044**

The Financial Statements and notes on pages 32 to 57 were approved and authorised for issue by the Board on 7th September 2022 and signed on its behalf on 22nd September 2022 by:

T. Ryan
Chair

B. Moran
Secretary

D. Kelly
Executive Member

Statement of Changes in Equity

	Revenue reserve £'000	Total £'000
Balance at 31 March 2020	**47,006**	**47,006**
Surplus from Statement of Comprehensive Income	3,431	3,431
Actuarial gain in respect of pension schemes (Note 25)	(1,393)	(1,393)
Balance at 31 March 2021	**49,044**	**49,044**
Surplus from Statement of Comprehensive Income	2,658	2,658
Actuarial gain in respect of pension schemes	1,905	1,905
Balance at 31 March 2022	**53,607**	**53,607**

The results for the year relate wholly to continuing activities and the notes on pages 35 to 57 form an integral part of these financial statements.

Notes to the Financial Statements

1. Legal Status

Jigsaw Homes Midlands is incorporated in England under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Regulator of Social Housing as a Private Registered Provider of Social Housing.

The registered office is Cavendish 249, Cavendish Street, Ashton-under-Lyne, Tameside, OL6 7AT.

The Association is a member of the Jigsaw Homes Group Structure (the Group), of which Jigsaw Homes Group Limited is the parent company. At the year end, the Group comprised the following principal entities:

Name	Incorporation	RSH registration	Parent
Cavendish Property Developments Limited	Companies Act 2006	Non-registered	JHG
Jigsaw Funding PLC	Companies Act 2006	Non-registered	JHG
Jigsaw Homes Midlands	Co-operative and Community Benefit Societies Act 2014	Registered	JHG
Jigsaw Homes North	Co-operative and Community Benefit Societies Act 2014	Registered	JHG
Jigsaw Homes Tameside	Companies Act 2006	Registered	JHG
Jigsaw Support	Co-operative and Community Benefit Societies Act 2014	Non-registered	JHG
Jigsaw Treasury Limited	Companies Act 2006	Non-registered	JHG
Palatine Contracts Limited	Companies Act 2006	Non-registered	JHN
Snugg Properties Limited	Companies Act 2006	Non-registered	JHN

Table 6: Principal group members.

The board of Jigsaw Homes North is the corporate trustee of the James Tomkinson Memorial Cottages Trust.

During the year, the following changes to the Group's corporate structure were made:

- In June 2021 AKSA Housing Association Limited transferred its engagements to Jigsaw Homes North.
- In June 2021 Beech Housing Association Limited transferred its engagements to Jigsaw Homes North.
- In October 2021 Chorley Community Housing Limited transferred its engagements to Jigsaw Homes North.
- In February 2022 Jigsaw Funding plc was incorporated.

2. Principal Accounting Policies

Basis of Accounting

The financial statements have been prepared in accordance with applicable law, the United Kingdom Accounting Generally Accepted Accounting Practice (UK GAAP) and the Statement of Recommended Practice for registered housing providers: Housing SORP 2018 (SORP). The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Association's accounting policies.

The financial statements are prepared on the historical cost basis of accounting as modified by the revaluation of investments and are presented in pounds sterling.

The Association has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 11 Basic Financial Instruments; and
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Jigsaw Homes Group Limited as at 31 March 2022 and these financial statements may be obtained from their registered office.

Going Concern

Based on the following assessment the board is comfortable that the Association continues to be a going concern and have therefore produced financial statements on a going concern basis.

The Association's activities, its current financial position and factors likely to affect its future development are set out within the Strategic Report.

The Board approved the Association's 2022/23 budget prior to the start of the financial year and approved the Association's thirty year financial plan shortly afterwards. The board is content that these plans were affordable and that the financial statements should be prepared on a going concern basis.

The board reviewed a range of scenarios and stress tests in order to fully understand the potential impact on the thirty year financial plan and the Group's loan covenant position. This considered how alternate projections for inflation, interest rates and house prices impact on the Group's loan covenant position. The alternate projections for inflation, interest rates and house prices arise from three different macroeconomic scenarios:

1. A central forecast based on estimates published in the Economic and Fiscal Outlook by The Office for Budget Responsibility in the short to medium term and in the longer term on sector norms as advised by the Association's treasury advisors.
2. The 2021 biennial Bank of England exploratory stress test scenario which considers the impact of climate change on the economy.
3. A *Black Swan Event* which — perhaps stretching the limits of plausibility — combines the worst independent ten year movements in recent memory of each macroeconomic variable[5] into a single unprecedentedly challenging scenario.

For the purposes of the stress test, the board has selected scenarios where combinations of key risks unexpectedly materialise to present medium and long term impacts to the business. We also explored both the medium and long term impacts occurring at the same time to present the business with an unprecedentedly challenging *Perfect Storm* of severe materialised risks.

The board continues to review the financial plan with the executive team to make any necessary changes and continue to work with our customers and stakeholders to deliver our services.

[5]Specifically the house price movements experienced during 2008–2018, interest rate movements in 1971–1980, increases in inflation experienced between 1960–1969, and the rent reductions imposed during 2016–2020.

The Association has in place long-term debt facilities and sufficient liquidity which provide adequate resources to finance committed reinvestment and development programmes, along with the Association's day to day operations. The Association's long-term financial plans show that it is able to service debt facilities whilst continuing to comply with lenders' covenants.

The board is, to the best of its knowledge, satisfied that covenant compliance is maintained throughout the life of the plan on the basis that the thirty year financial plan has been stress tested to withstand significant composite risks materialising without breaching lender covenants, thus confirming the future viability of the Association.

Judgements and Key Sources of Estimation Uncertainty

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

Development expenditure

The Association capitalises development expenditure in accordance with the accounting policy described on page 40. Initial capitalisation of costs is based on management's judgement when a development scheme is confirmed, usually when board approval has taken place including access to the appropriate funding. In determining whether a project is likely to cease, management monitors the development and considers if changes have occurred that result in impairment.

Categorisation of housing properties

Property assets are classified as investment property or property, plant and equipment depending on the intended use of the property.

The Association has undertaken a detailed review of the intended use of all housing properties. In determining the intended use, the Association has considered if the asset is held for social benefit or to earn commercial rentals.

Impairment

The Association has to make an assessment as to whether an indicator of impairment exists. In making the judgement, management consider the detailed criteria set out in the SORP to identify factors which are considered to be a trigger for impairment. The Association is then required to determine the level at which the recoverable amount is to be assessed. The Association has identified a cash generating unit for impairment assessment purposes at a property scheme level.

Other key sources of estimation and assumptions:

Tangible fixed assets

Other than investment properties, tangible fixed assets are depreciated over their useful 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. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Pension and other post-employment benefits

The cost of defined benefit pension plans and other post-employment benefits are determined using actuarial valuations. The cost of these benefits and the present value of the net pension obligation depend on a number of factors, including life expectancy, salary increases and the discount rate on corporate bonds. Management review these factors in the actuarial valuations when determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends. Variations in these assumptions could significantly impact the liability.

Impairment of non-financial assets

Reviews for impairment of housing properties are carried out when a trigger has occurred and any impairment loss in a cash generating unit is recognised by a charge to the Statement of Comprehensive Income. Impairment is recognised where the carrying value of a cash generating unit exceeds the higher of its net realisable value or its value in use. A cash generating unit is normally a group of properties at scheme level whose cash income can be separately identified.

Following the assessment of the indicators of impairment, it was viewed that the COVID-19 pandemic was a potential trigger for impairment in relation to stock and work in progress. Following a review, no adjustment to carrying values was required.

Turnover and Revenue Recognition

Turnover represents rental income receivable, amortised capital grant, revenue grants from local authorities and Homes England, income from the sale of shared ownership and other properties developed for outright sale and other income recognised in relation to the period when the goods or services have been supplied.

Rental income is recognised when the property is available for let, net of voids. Income from property sales is recognised on legal completion.

Revenue is recognised on completion if the sale of goods or services is short-term in nature. Where this is not the case, revenue is recognised in proportion to the stage of completion at the reporting date. Revenue recognition commences only when the outcome of the goods and services rendered can be reliably measured, by reference to individual terms and conditions within each service contract, and it is probable that the economic benefits associated with the contract will flow to the Association, otherwise it is recognised to the extent costs are incurred.

Supporting People contract income received from Administering Authorities is accounted for as 'Charges for support services'.

Service charge income and costs are recognised on an accruals basis. The Association operates both fixed and variable service charges on a scheme by scheme basis in full consultation with residents. Where variable service charges are used the charges will include an allowance for the surplus or deficit from prior years, with the surplus being returned to residents by a reduced charge and a deficit being recovered by a higher charge. Until these are returned or recovered they are held as creditors or debtors in the Statement of Financial Position.

Where periodic expenditure is required a provision may be built up over the years in consultation with residents. Until costs are incurred this liability is held in the Statement of Financial Position within long term creditors.

Loan Interest Costs

Loan interest costs are calculated using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the loan and is determined on the basis of the carrying amount of the financial liability at initial recognition.

Loan Finance Issue Costs

Loan finance issue costs are amortised over the life of the related loan. Loans are stated in the Statement of Financial Position at the amount of the net proceeds after issue, plus increases to account for any subsequent amounts amortised. Where loans are redeemed during the year, any redemption penalty and any connected loan finance issue costs are recognised in the Statement of Comprehensive Income in the year in which the redemption took place.

Value Added Tax

The Association charges VAT on some of its income and is able to recover part of the VAT it incurs on expenditure. All amounts disclosed in the financial statements are inclusive of VAT to the extent that it is suffered by the Association and not recoverable.

Tangible Fixed Assets and Depreciation

Housing properties

Housing properties are stated at cost, less accumulated depreciation. Donated land/assets or assets acquired at below market value from a government source, e.g. a local authority, are accounted for as a non-monetary government grant and are included as an asset and equal liability in the Statement of Financial Position at the fair value less consideration paid.

Housing properties under construction are stated at cost and are not depreciated. These are reclassified as housing properties on practical completion of construction.

Cost includes the cost of acquiring land and buildings, directly attributable development costs and borrowing costs directly attributable to the construction of new housing properties during their development.

The costs of shared ownership properties are split between current and fixed assets on the basis of the first tranche portion. The first tranche portion is accounted for as a current asset and the sale proceeds shown in turnover. The remaining element of the shared ownership property is accounted for as a fixed asset and subsequent sales treated as sales of fixed assets.

Freehold land is not depreciated.

Improvements to housing properties that are expected to provide incremental future benefits are capitalised and added to the carrying amount of the property. Any works to housing properties which do not replace a component or result in an incremental future benefit are charged as expenditure in the surplus or deficit in the Statement of Comprehensive Income.

Where a housing property comprises two or more major components with substantially different useful economic lives (UELS), each component is accounted for separately and depreciated over its individual UELS. Expenditure relating to subsequent replacement or renewal of components is capitalised as incurred.

The Association depreciates freehold housing properties by component on a straight-line basis over the estimated UELS of the component categories.

UELS for identified components are as follows:

Component	Years
Boilers	15
Kitchens	20
Lifts	25–30
Bathrooms	30
Doors	30
Windows	30
Roofs	60–80
Structure	100

Table 7: Useful Economic Lives.

Other fixed assets

Other tangible fixed assets are stated at historical cost less accumulated depreciation. 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. Depreciation is charged on a straight-line basis over the expected economic useful lives of the assets at the following rates:

Asset type	Rate
Land & buildings	3.33% on cost or length of lease
Furniture, fixtures & fittings	10% per annum on cost
Office & computer equipment	25% per annum on cost
Motor vehicles	25% per annum on cost

Table 8: Fixed Asset Depreciation Rates.

Capitalisation of Interest and Administration Costs

Interest on loans financing development is capitalised up to the date of the completion of the scheme and only when development activity is in progress.

Administration costs relating to development activities are capitalised only to the extent that they are incremental to the development process and directly attributable to bringing the property into their intended use.

Property Managed by Agents

Where the Association carries the majority of the financial risk on property managed by agents, income arising from the property is included in the Statement of Comprehensive Income.

Where the agency carries the majority of the financial risk, income includes only that which relates solely to the Association.

In both cases, the assets and associated liabilities are included in the Statement of Financial Position.

Leasing

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

Reverse premiums and similar incentives received on leases to enter into operating lease agreements are released to Statement of Comprehensive Income over the term of the lease.

Assets held under finance leases are included in the Statement of Financial Position and depreciated in accordance with the Association's accounting policies. The present value of future rentals is shown as a liability. The interest element of rental obligations is charged to the income statement for the period of the lease in proportion to the balance of capital repayments outstanding.

Stock and Properties Held for Sale

Stock of materials are stated at the lower of cost and net realisable value being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

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 amount 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.

Sinking Fund

Unexpended amounts collected from leaseholders for major repairs on leasehold schemes and any interest received are included in creditors.

Impairment of Financial Assets

Financial assets are assessed at each reporting date to determine whether there is any objective evidence that a financial asset or group of financial assets is impaired. If there is objective evidence of impairment, an impairment loss is recognised in the Statement of Comprehensive Income immediately.

Financial instruments are assessed for impairment either individually or grouped on the basis of similar credit risk characteristics.

An impairment loss is measured as follows on the following instruments measured at cost or amortised cost:

- For an instrument measured at amortised cost, the impairment loss is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.
- For an instrument measured at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that the entity would receive for the asset if it were to be sold at the reporting date.

If, in a subsequent period, the amount of an impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed either directly or by adjusting an allowance account. The reversal cannot result in a carrying amount (net of any allowance account) which exceeds what the carrying amount would have been had the impairment not previously been recognised. The amount of the reversal is recognised in the Statement of Comprehensive Income immediately.

Development Agreement

A development agreement is in place with Gedling Borough Council where investment works have been identified and any VAT incurred can be reclaimed. On the Statement of Financial Position, the long term debtor and long term provision balances show the commitment to carry out the work and the liability for the cost of the work. These will both be released to the Statement of Comprehensive Income as the work is completed over the life of the agreement.

Social Housing Grant (SHG) and Other Government Grants

Where developments have been financed wholly or partly by social housing and other grants, the amount of the grant received has been included as deferred income and recognised in turnover over the estimated useful life of the associated asset structure (not land), under the accruals model. SHG received for items of cost written off in the Statement of Comprehensive Income is included as part of turnover.

When SHG in respect of housing properties in the course of construction exceeds the total cost to date of those housing properties, the excess is shown as a current liability.

SHG must be recycled by the Association under certain conditions, if a property is sold, or if another relevant event takes place. In these cases, the SHG can be used for projects approved by Homes England. However, SHG may have to be repaid if certain conditions are not met. If grant is not required to be recycled or repaid, any unamortised grant is recognised as turnover. In certain circumstances, SHG may be repayable, and, in that event, is a subordinated unsecured repayable debt.

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

Non-Government Grants

Grants received from non-government sources are recognised under the performance model. If there are no specific performance requirements the grants are recognised when received or receivable. Where grant is received with specific performance requirements it is recognised as a liability until the conditions are met and then it is recognised as turnover.

Recycling of Capital Grant

Where SHG is recycled, as described above, the SHG is credited to a fund which appears as a creditor in the Statement of Financial Position, until used to fund the acquisition of new properties. Where recycled grant is known to be repayable it is shown as a creditor within one year in the Statement of Financial Position.

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

Disposal Proceeds Fund (DPF)

Receipts from the sale of certain properties less the net book value of the property and the costs of disposal were credited to the DPF until 6 April 2017. In these cases, the creditor can be carried forward until it is used to fund the acquisition of new social housing so long as this is before 6 April 2020 or the Association has sought permission from the Regulator of Social Housing to extend this period.

Retirement Benefits

Defined benefit pensions schemes

Under defined benefit accounting, for all such schemes the Association participates in, the scheme assets are measured at fair value. Scheme liabilities are measured on an actuarial basis using the projected unit credit method and are discounted at appropriate high quality corporate bond rates. The net surplus or deficit is presented separately from other net assets on the Statement of Financial Position. The current service cost and costs from settlements and curtailments are charged to operating surplus. Past service costs are recognised in the current reporting period. Interest is calculated on the net defined benefit liability. Re-measurements are reported in other comprehensive income.

Defined contribution pensions schemes

In relation to defined contribution schemes in which the Association participates in, contributions payable are charged to the Statement of Comprehensive Income in the period to which they relate.

Reserves

The Association designates those reserves which have been set aside for uses which, in the judgement of the board, prevent them from being regarded as part of the general reserves of the Association.

General reserves reflects accumulated surpluses for the Association which can be applied at its discretion for any purpose.

3. Turnover

3a) Turnover, cost of sales, operating expenditure and operating surplus.

	2022				
	Turnover £'000	**Cost of sales £'000**	**Operating expenditure £'000**	**Disposal of property, plant & equipment £'000**	**Operating surplus £'000**
Social housing lettings (Note 3c)	15,181	–	(13,699)	–	1,482
Other social housing activities:					
First tranche low cost home ownership sales	1,022	(556)	–	–	466
Other activities	379	–	–	–	379
Non-social housing activities:					
Disposal of fixed assets (Note 5)	–	–	–	1,748	1,748
Total	**16,582**	**(556)**	**(13,699)**	**1,748**	**4,075**

3b) Turnover, cost of sales, operating expenditure and operating surplus.

2021

	Turnover £'000	Cost of sales £'000	Operating expenditure £'000	Disposal of property, plant & equipment £'000	Operating surplus £'000
Social housing lettings (Note 3c)	14,778	–	(10,134)	–	4,644
Other social housing activities:					
First tranche low cost home ownership sales	130	(72)	–	–	58
Other activities	359	–	–	–	359
Non-social housing activities:					–
Other rental					**–**
Disposal of fixed assets (Note 5)	–	–	–	67	67
Total	**15,267**	**(72)**	**(10,134)**	**67**	**5,128**

3c) Turnover, operating expenditure and operating surplus from social housing lettings.

	General housing £'000	Supported housing and housing for older people £'000	Low cost home ownership £'000	Total 2022 £'000	Total 2021 £'000
Income					
Rent receivable net of identifiable service charges and net of voids	10,097	3,596	138	13,831	13,501
Service charge income	965	344	13	1,322	1,252
Amortised government grants	21	7	–	28	25
Turnover from social housing lettings	**11,083**	**3,947**	**151**	**15,181**	**14,778**
Operating expenditure					
Management	2,695	960	37	3,692	2,537
Service charge costs	987	352	14	1,353	1,496
Routine maintenance	1,865	665	26	2,556	2,337
Planned maintenance	3,223	1,148	44	4,415	2,628
Major repairs expenditure	455	160	–	615	36
Bad debts	56	20	1	77	140
Property lease charges	7	2	–	9	11
Depreciation of housing properties	692	246	9	947	920
Depreciation of other fixed assets	8	3	–	11	11
Other costs	18	6	–	24	18
Operating expenditure on social housing lettings	**10,006**	**3,562**	**131**	**13,699**	**10,134**
Operating surplus on social housing lettings	**1,077**	**385**	**20**	**1,482**	**4,644**
Void losses	94	33	1	128	186

4. Accommodation Owned, Managed and in Development

	2022 Owned	No. of units Managed	2021 Owned	No. of units Managed
Social Housing				
General needs housing				
Social rent	2,195	–	2,215	–
Affordable rent	160	–	149	–
Sheltered housing for older people	819	–	819	–
Supported housing	–	–	11	–
Low-cost home ownership	34	–	30	–
Leasehold where the Group owns the freehold	300	–	295	–
Total units social housing	**3,508**	**–**	**3,519**	**–**

The Association owns 0 (2021: 0) properties which are managed by others.

In Development	**2022 No. of units**	**2021 No. of units**
Social Housing		
General needs housing		
Affordable rent	224	108
Low-cost home ownership	76	28
Total units social housing	**300**	**136**

Movement in the year (owned properties)	**No.of units**
Opening number of units at 1 April 2021	**3,519**
New units developed	
Affordable rent	1
Shared Ownership	8
Units sold	
Social Housing	
General needs housing	
Social rent	(18)
Shared Ownership	(4)
Other adjustments	
Social Housing	
General needs housing	
Social rent	(2)
Affordable rent	10
Supported housing	(11)
Leasehold where the Group owns the freehold	5
Closing number of units at 31 March 2022	**3,508**

5. Profit on Disposal of Fixed Assets

	2022 £'000	2021 £'000
Proceeds of sales	2,278	1,054
Carrying value	(510)	(967)
Incidental costs	(20)	(20)
Total loss	**1,748**	**67**

6. Interest Receivable

	2022	2021
	£'000	£'000
Bank interest receivable	7	(38)
Total	**7**	**(38)**

Interest receivable was over-accrued in the 2020 year, therefore 2021 is a negative amount.

7. Interest and Financing Costs

	2022	2021
	£'000	£'000
Loans and bank overdrafts	1,460	1,674
Interest on pension deficit (Note 25)	50	18
Interest capitalised on housing properties under construction	(86)	(33)
Total	**1,424**	**1,659**

The weighted average interest on borrowings of 7.2% (2021: 7.2%) was used for calculating capitalised finance costs.

8. Operating Surplus

	2022	2021
	£'000	£'000
The operating surplus is stated after charging:		
Auditor's remuneration (excluding VAT):		
Audit of subsidiaries	12	10
Fees payable to the company's auditor & its associates for other services to the Group		
Taxation advice	–	–
Operating lease rentals:		
Land and buildings	206	208
Depreciation:		
Depreciation of housing properties	947	920
Depreciation of other fixed assets	11	11

In 2021 the Association's then auditors BDO also provided tax compliance, tax advice and other services. In 2022 the Association's auditors Beever and Struthers provided audit services only.

9. Directors' Remuneration

The group chief executive, executive directors and non-executive directors are remunerated by Jigsaw Homes Group Limited. Their costs are recharged to all Group subsidiaries on an on-going basis.

10. Employee Information

	2022	**2021**
The average number of persons employed during the year expressed in full time equivalents (35 hours per week) was:		
Management and administration	7	9
Housing, support and care	82	73
Total	**89**	**82**

	2022	**2021**
	£'000	**£'000**
Staff costs		
Wages and salaries	2,646	2,584
Social security costs	242	235
Other pension costs	408	411
Total	**3,296**	**3,230**

During the year, there were no employees who received more than £60,000 per annum in remuneration.

11. Tangible Fixed Assets

Housing properties	**Social housing properties for letting completed £'000**	**Social housing properties for letting under construction £'000**	**Shared ownership properties completed £'000**	**Shared ownership properties under construction £'000**	**Total housing properties £'000**
Cost					
At start of the year	60,871	1,821	2,276	399	65,367
Additions to properties acquired	–	10,678		4,593	15,271
Capitalised administration costs		221		116	337
Interest capitalised		48		38	86
Transfers to/from stock			216	(1,416)	(1,200)
Component replacements	280				280
Components replaced cost	(38)				(38)
Schemes completed	35	(35)	949	(949)	–
Disposals cost	(326)		(760)		(1,086)
At end of the year cost	**60,822**	**12,733**	**2,681**	**2,781**	**79,017**
Depreciation and impairment					
At start of the year	5,988	–	18	–	6,006
Charge for the year	926		21		947
Components replaced	(38)				(38)
Disposals	(40)		(7)		(47)
At end of the year	**6,836**	**–**	**32**	**–**	**6,868**
Net book value:					
At 31 March 2022	**53,986**	**12,733**	**2,649**	**2,781**	**72,149**
At 31 March 2021	54,883	1,821	2,258	399	59,361

The weighted average interest on borrowings of 7.2% (2021: 7.2%) was used for calculating capitalised finance costs.

The Association considers its housing schemes to represent separate cash generating units (CGUs) when assessing for impairment in accordance with the requirements of FRS102 and the SORP. During the current year, the Association has carried out a review of impairment. This review involved an assessment of existing social housing properties to determine if there has been any indicator of impairment in the current financial year. This review is done at a scheme level, which is deemed to be an appropriate level of a cash generating unit of housing property assets. Where any potential indicator as defined in FRS 102.27 *Impairment of Assets* is identified, a review of the affected scheme is undertaken to determine if an impairment is required.

Examples of key indicators for impairment include:

- Change in government policy, regulation or legislation which has a material detrimental impact.
- A change in demand for a property that is considered irreversible.
- Material reduction in the market value of properties intended to be sold.
- Obsolescence of a property or part of a property.

An assessment was carried out to identify impairment indicators linked to the fixed assets at year end. Perhaps of most note is the fact that COVID-19 has not to date had a detrimental impact on the market value of housing properties and demand remains healthy. There were no indicators identified that required a full impairment review to be carried out using the depreciated replacement cost methodology. Details of Social Housing Grant received during the year are provided in Note 18 on page 51.

	2022 £'000	**2021 £'000**
Works to existing properties in the year:		
Improvement works capitalised	280	130
Amounts charged to expenditure	7,586	5,002
Total	**7,866**	**5,132**

Other fixed assets	**Furniture and equipment £'000**	**Total other fixed assets £'000**
Cost		
At start of the year	105	105
Additions	4	4
At end of the year	**109**	**109**
Depreciation and impairment		
At start of the year	16	16
Charge for the year	11	11
At end of the year	**27**	**27**
Net book value:		
At 31 March 2022	**82**	**82**
At 31 March 2021	89	89

12. Stock

	2022 £'000	**2021 £'000**
Work in progress	1,467	267
Materials stock	120	289
Total	**1,587**	**556**

13. Trade and Other Debtors

	2022 £'000	**2021 £'000**
Rent arrears	937	920
Less: provision for bad debts rents	(402)	(553)
Sub-total	**535**	**367**
Trade debtors	28	70
Less: provision for bad debts trade	(28)	(43)
Sub-total	**–**	**27**
Prepayments and accrued income	1	27
Amounts owed by group undertakings	633	4
Other debtors	316	312
Total due within one year	**1,485**	**737**
Debtors due after more than one year	3,360	3,425
Total	**4,845**	**4,162**

A number of tenants in arrears are in formal repayment agreements with the Association. An assessment of the net present value of those repayment agreements was carried out. The potential adjustment identified was insignificant and was less than the provision for bad debts against those tenancies. On this basis, no adjustment has been made in the financial statements in relation to the net present value of the repayment agreements.

The debtor due after more than one year represents the obligation to have refurbishment work carried out to the properties transferred to Jigsaw Homes Midlands (then named Gedling Homes) net of monies budgeted to be spent in 2022/23.

Gedling Borough Council entered into a contract with Jigsaw Homes Midlands (then named Gedling Homes) for it to carry out these improvement works on its behalf. Essentially the "benefit" (commitment owed) to Jigsaw Homes Midlands under the contract has created a debtor which is effectively offset by the provision stated in Note 15. The debtor will reduce as Jigsaw Homes Midlands completes the contracted work.

14. Cash and Cash Equivalents

	2022	2021
	£'000	**£'000**
Cash at bank	13,181	19,031
Total	**13,181**	**19,031**

15. Creditors: Amounts Falling Due Within One Year

	2022	2021
	£'000	**£'000**
Trade creditors	492	458
Amounts owed to group undertakings	2,093	739
Intercompany loans (Note 17)	1,335	1,135
Rents and service charges paid in advance	452	473
Other taxation and social security payable	2	53
Accruals and deferred income	656	500
Deferred capital grant (Note 18)	28	28
Other creditors	1,229	1,382
Total	**6,287**	**4,768**

16. Creditors: Amounts Falling Due After More Than One Year

	2022	2021
	£'000	**£'000**
Deferred capital grant (Note 18)	9,404	4,070
Intercompany loans (Note 17)	17,545	18,899
Total	**26,949**	**22,969**
Provision for liabilities and charges		
Development agreement (VAT shelter)		
with Gedling Borough Council	3,554	3,729
Total	**3,554**	**3,729**

The provision for the development agreement/VAT shelter represents the best estimate of the costs of contracted works for the repair and improvement of transferred properties incurred under the development agreement. The provision will be utilised as the works are actually completed. See Note 13 for further details.

17. Debt Analysis

	2022	2021
	£'000	£'000
Social housing loans / intercompany loans		
Loans repayable by instalments:		
Within one year	1,335	1,135
In one year or more but less than two years	976	1,335
In two years or more but less than five years	4,408	3,788
In five years or more	12,350	13,946
Less: loan issue costs	(189)	(170)
Total loans	**18,880**	**20,034**

In May 2020, the Group consolidated its treasury arrangements under Jigsaw Treasury Limited. At this point the Jigsaw Homes Midlands became a member of the combined borrowing group managed by Jigsaw Treasury Limited whereby all its external funding was transferred to and replaced by intercompany loans with Jigsaw Treasury Limited. Therefore the disclosure above has been produced for comparative purposes whereby current figures represent intercompany loans with Jigsaw Treasury Limited and the figures for the previous year are the corresponding figures for the loans with external funding providers. All loans are repayable with interest chargeable at varying rates from 1% to 7.2% during the year.

The interest rate profile of the association at 31 March 2022 was	Total	Variable rate	Fixed rate	Weighted average rate	Weighted average term
	£'000	£'000	£'000	%	Years
Instalment loans	19,069	–	19,069	7.22	11
Total loans	**19,069**	**–**	**19,069**	**7.22**	**11**

At 31 March 2022 the Association had the following borrowing facilities:	£'000
Undrawn facilities	–
Total	**–**

18. Deferred Capital Grant

	2022	2021
	£'000	£'000
At start of the year	4,098	2,204
Grant received in the year	5,362	1,783
Released to income in the year	(28)	(25)
Additions from DPF (Note 19)	–	136
At end of the year	**9,432**	**4,098**
Amount due to be released within one year	28	28
Amount due to be released after more than one year	9,404	4,070
Total	**9,432**	**4,098**

19. Disposal Proceeds Fund

	2022	2021
	£'000	£'000
At the start of the year	–	136
Amounts utilised in the year	–	(136)
At the end of the year	**–**	**–**

The regulator's requirements and power to recover disposal proceeds fund balances ceased to be effective on 6 April 2020, however the Association will apply the funds as it would have previously, despite the rules no longer applying.

20. Reserves

Revenue reserves records retained earnings and accumulated losses. Share capital represents the nominal values of shares that have been issued.

21. Capital Commitments

	2022	2021
	£'000	£'000
Capital expenditure contracted for but not provided for in the Financial Statements	28,981	13,310
Capital expenditure authorised by the Board but not yet been contracted for	981	27,408
Total	**29,962**	**40,718**
The Association expects these commitments to be financed with:		
Social housing grant	1,695	6,772
Proceeds from the sales of properties	5,315	5,053
Committed loan facilities and surpluses generated from operating activities	22,952	28,893
Total	**29,962**	**40,718**

The above figures include the full cost of shared ownership properties contracted for.

22. Operating Leases

Operating lease payment obligations are as follows:

	2022	2021
	£'000	£'000
Land and buildings:		
Within one year	73	73
In one year or more but less than five years	180	253
Total	**253**	**326**

Lease agreements do not include contingent rent or restrictions. Leases for land & buildings include renewal periods after five years throughout the lease.

23. Grant and Financial Assistance

	2022	2021
	£'000	£'000
The total accumulated government grant and financial assistance received or receivable at 31 March:		
Held as deferred capital grant (Note 18)	9,432	4,098
Recognised as income in Statement of Comprehensive Income	9,535	9,507
Total	**18,967**	**13,605**

24. Related Parties

	Income £'000	Expenditure £'000	Interest £'000	Gift Aid £'000	Debtors/ (Creditors) £'000
Jigsaw Homes Group	–	(2,568)	–	–	348
Jigsaw Homes North	–	–	–	–	285
Jigsaw Homes Tameside	–	–	–	–	(17)
Palatine Contracts	–	(6,388)	–	–	(2,068)
Jigsaw Treasury Limited	–	–	(1,440)	–	(18,888)

The Jigsaw Group Structure is shown in Note 1.

Jigsaw Homes Group Limited provides core administration, finance, development, management and maintenance services for each of the Group's subsidiaries. All transactions are recharged from the Group under a management agreement at an agreed return on cost.

During the year one tenant of the Association, Michelle Rudkin, served as a member of the board. Their tenancy is on normal social housing terms and they were unable to use their position on the board to their advantage.

The Association alongside fellow registered provider members of the Group jointly and severally provides a guarantee that forms part of the security for the Group's borrowing arranged through Jigsaw Treasury Limited.

25. Pensions

Defined Benefit Pension Obligations

The Association participates in one pension scheme, the Nottinghamshire Local Government Pension Scheme (NLGPS). This scheme is a multi-employer defined benefit scheme. The scheme is funded and contracted out of the state scheme.

Nottinghamshire Local Government Pension Scheme (NLGPS)

Jigsaw Homes Midlands participates in the Nottinghamshire Local Government Pension Scheme (NLGPS). The NLGPS is a multi-employer defined benefit scheme under the regulations governing the Local Government Pension Scheme. This scheme is funded and is contracted out of the state scheme.

There is an actuarial valuation of the NLGPS every three years. The main purpose of the valuation is to determine the financial position of the NLGPS in order to determine the level of future contributions required so that the NLGPS can meet its pension obligations as they fall due.

The last formal valuation of the NLGPS pension scheme was performed at 31 March 2019 by a professionally qualified actuary using the Projected Unit Method. This valuation revealed a deficit of £405m.

Although under FRS102 accounting the Association has a notional pension deficit for accounting purposes, it does not have an actuarial deficit and therefore the Association does not make secondary contributions to the scheme. The pension scheme does not require a Recovery Plan.

During the year to 31 March 2022 Jigsaw Homes Midlands paid contributions at the rate of 17.9% (2021: 17.9%). Member contributions varied between 5.5% and 12.5%.

Financial Assumptions and Particulars of Amounts Recognised in the Financial Statements

The major assumptions used by the actuary in assessing scheme liabilities as at 31 March 2022 together with the analysis of amounts recognised in the financial statements are as follows:

Statement of Financial Position Items

	NLGPS
	£'000
2022 by scheme	
Present value of funded benefit obligations	17,005
Fair value of plan assets	15,558
Deficit	**1,447**
2021 by scheme	
Present value of funded benefit obligations	16,649
Fair value of plan assets	13,960
Deficit	**2,689**

Components of Pension Cost for the Period

	NLGPS
	£'000
2022 by scheme	
Service cost	1,002
Net interest cost	50
Administrative expenses	7
Total pension cost recognised in Statement of Comprehensive Income	**1,059**
2021 by scheme	
Service cost	711
Net interest cost	18
Administrative expenses	5
Total pension cost recognised in Statement of Comprehensive Income	**734**

Statement of Comprehensive Income

	NLGPS
	£'000
2022 by scheme	
Experience on plan assets (excl amounts in net interest cost) – gain	1,013
Experience gains and losses on the plan liabilities – loss	(46)
Re-measurements – demographic assumptions	–
Re-measurements – financial assumptions	938
Total – gain	**1,905**
2021 by scheme	
Experience on plan assets (excl amounts in net interest cost) – gain	2,094
Experience gains and losses on the plan liabilities – gain	206
Re-measurements – demographic assumptions	137
Re-measurements – financial assumptions	(3,830)
Total – loss	**(1,393)**

Change in Benefit Obligations

	NLGPS
	£'000
2022 by scheme	
Benefit obligation at 1 April	**16,649**
Current service cost	1,002
Interest on pension liabilities	332
Member contributions	142
Experience on plan liabilities – loss	46
Re-measurements (liabilities)	
(Gain)/loss on demographic assumptions	–
Gain on financial assumptions	(938)
Benefits/transfers paid	(228)
	17,005
2021 by scheme	
Benefit obligation at 1 April	12,247
Current service cost	711
Interest on pension liabilities	287
Member contributions	139
Past service costs including curtailments	–
Experience on plan liabilities – gain	(206)
Re-measurements (liabilities)	
Gain on demographic assumptions	(137)
loss on financial assumptions	3,830
Benefits/transfers paid	(222)
	16,649

Change in Plan Assets

	NLGPS
	£'000
2022 by scheme	
Fair value of plan assets at 1 April	**13,960**
Interest on plan assets	282
Return on assets less interest	1,013
Administration expenses	(7)
Employer contributions	396
Member contributions	142
Benefits/transfers paid	(228)
Fair value of plan assets at 31 March	**15,558**
2021 by scheme	
Fair value of plan assets at 1 April	**11,288**
Interest on plan assets	269
Return on assets less interest	2,094
Administration expenses	(5)
Employer contributions	397
Member contributions	139
Benefits/transfers paid	(222)
Fair value of plan assets at 31 March	**13,960**

Asset Allocation

	2022	2021
	£'000	**£'000**
Equities	9,425	8,895
Government bonds	458	494
Other bonds	1,061	1,043
Property	1,999	1,481
Cash/liquidity	871	746
Infrastructure	924	757
Inflation linked pooled funds	820	544
Total	**15,558**	**13,960**

Financial Assumptions

	2022	2021
	%	**%**
Rate of CPI inflation	3	2
Pension increase rate	3	3
Salary Increase rate	3	3
Discount rate	3	2

Defined Contribution Pension Obligations

The Association participates in defined contribution schemes where the amount charged to the statement of comprehensive income represents the contributions payable to the scheme in respect of the accounting period.

26. Ultimate Controlling Party

The ultimate controlling party of the Association is Jigsaw Homes Group Limited, which is an entity registered under the Co-operative and Community Benefit Societies Act 2014 and a registered provider of social housing under the Housing Act. The consolidated financial statements of Jigsaw Homes Group Limited can be obtained via the Group's website at www.jigsawhomes.org.uk or from Cavendish 249, Cavendish Street, Ashton-under-Lyne, Tameside, OL6 7AT.

27. Post-year Events

Throughout 2021/22, the Group worked on its debut bond issuance which was announced to the market in April 2022. Through these efforts, the Group successfully secured a £360m Sustainability Bond, issued by new group member, Jigsaw Funding plc, on a 30 year tenor and a coupon of 3.375%, with a £100m retained element.

Funds will be used to support the delivery of 4,000 new energy efficient homes for social and affordable rent over the next five years.

Creating homes. Building lives.

Jigsaw Homes Midlands

Cavendish 249
Cavendish Street
Ashton-under-Lyne
OL6 7AT

https://www.jigsawhomes.org.uk
0300 111 1133
info@jigsawhomes.org.uk