Financial Statements for the year ended 31 March 2021

Creating homes. Building lives.

Jigsaw

Jigsaw Homes North
(formerly Adactus Housing Association Limited)

Contents

Company Information

Registration number	Co-operative and Community Benefit Societies Act 2014, number 16668R
Regulator of Social Housing Registration Number	LH0131
Registered office	Cavendish 249 Cavendish Street Ashton-under-Lyne Tameside OL6 7AT
Board members	R. Barker (chair) S. Akhtar C. Beaumont L. Garsden A. Leah P. Lees J. Mutch L. Picart (appointed May 2021) H. Roberts (executive member)
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	BDO LLP 3 Hardman Street Manchester M3 3AT

1. Introduction

Walk to the windowsill

Residents planted seeds and herbs for home cooking.

Chair's Statement

On behalf of the board of management, I am very pleased to present the report and financial statements for Jigsaw Homes North for the 2020/21 financial year.

This document sets out a comprehensive account of our activities during 2020/21 and provides an insight into the Association's efforts to deliver on its strategic priorities:

- Caring for our customers, our assets and neighbourhoods
- Building 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.

Responding to COVID-19

Not many people will look back on the last year with fondness, but my colleagues on the board, our executive team and employees can all at least take some satisfaction from the quality of the Association's local response to the global COVID-19 pandemic.

Our initial focus as the pandemic emerged was to ensure that we acted swiftly to protect the safety of our employees and customers. To this end we prioritised the continued safe provision of essential services such as supported housing and repairs services and we tripled our capacity for home working within a matter of days of the announcement of the first national lockdown on 23 March 2020.

Our work throughout the subsequent months was of course impacted by the restrictions placed on our activity as part of the government's lockdown measures. Our development ambitions for the year were affected by the temporary closure of sites In addition, the delivery of services inside the homes of our tenants were delayed due to the fact that some tenants were understandably reticent to permit visitors. Whilst we found this to be a particular issue in the early part of the first national lockdown of March–June 2020, access to the homes of our tenants has continued to present us with some challenges throughout the last 12 months with a corresponding reduction in some non-urgent work including some elements of our planned maintenance programmes.

We have worked hard however to successfully manage the challenge of COVID-19 by securing personal protective equipment, introducing COVID Secure methods of working and through regular communications with tenants, we provided assurance that vital work such as gas inspections and urgent repairs could be carried out safely and these services fully recovered.

As the year progressed, we all became more accustomed to new ways of working and getting things done. Many of our employees found themselves working at home and living online—communicating through video conferencing and collaborating via the web. We also adjusted our service delivery to the constraints of the times. To mention just a few examples: we made thousands of well-being calls to our tenants, assisting and keeping in touch with the most vulnerable throughout the year; we introduced a meal delivery service to the flats of our older tenants; we directly financed and supported foodbanks through the *Jigsaw Foundation*; and we issued much-needed winter warmer and energy advice packs.

Our response to the pandemic has once again proven that *necessity is the mother of invention* and whilst some of the new ways of working we introduced are perhaps best seen as temporary measures, others have genuine promise to progress the organisation. We will take stock of the lessons learned through a review in the coming year.

At the time of writing, the pandemic is not yet over and its aftershocks may well continue to repeat for years to come with effects that we cannot yet fully foresee. Our stress testing analysis continues to demonstrate however that the Association 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 that we can continue to play our part in the nation's economic recovery, particularly through investment in our homes and through our house building programme.

The pandemic has brought into sharp relief unfairness in our society—perhaps most clearly manifested in the disproportionate deaths due to COVID-19 within black, Asian and minority ethnic communities. More generally, we have seen how those who live on the lowest incomes and live in the poorest housing have been most impacted by health inequality, food poverty, a lack of financial resilience and indeed by a lack of trust in social and health institutions. I sincerely believe that Jigsaw Homes North has a part to play in helping to address these issues both through our day-to-day work as a social landlord, but also by working together with our fellow Group member Jigsaw Support.

More positively, the national response to the pandemic also presents us with hope. The success of the government's programme to bring *Everybody In* reduced rough sleeping to practically zero overnight and saved hundreds of lives in the process. The success of this scheme proves what can be achieved with political will, national resources and focused effort.

At Jigsaw Homes North, the experience of this generation-defining event has certainly made us a better team. My hope is that it may also lead to wider change to make us a better society.

Our Future Plans

Last year in my introduction to this document I explained that our Group had reached a crossroads. The board anticipated that the foundational internally-focused work involved with the creation of a new Group of our size would essentially be completed during 2020. I noted that it was time to begin to look outwards, now as a stronger organisation, to reassess the difference we would be able to make to the world around us.

To help us to achieve this, in 2020 the Group launched the *Jigsaw Conversation* to consult on our future direction. The aim of this work was to align our plans with the priorities of our tenants, employees and board members and to better understand the issues our key stakeholders felt we could do more to tackle. Launching a wide-ranging consultation programme in the midst of a global pandemic was not without its challenges but I am pleased to report that through this work we were able to gain the views of close to 700 individuals—employees, residents and board members.

The Jigsaw Conversation identified clear themes which fit well with what the board want the organisation to deliver. The themes are:

- 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.

Notably, environmental concerns and the zero carbon agenda in particular were at the root of many of the issues identified. In this context I am proud to announce that we have now committed to become a carbon neutral business by 2050, adopting an ambitious Sustainability Strategy during the year. As part of this work, in October 2020 the Group became an early adopter of the Good Economy's voluntary reporting framework for housing providers to report Environmental, Social and Corporate Governance (ESG) performance in a transparent, consistent and comparable way, so you can expect to receive clear updates on our progress during the coming years.

I must emphasise that the themes highlighted by the Jigsaw Conversation present us with significant challenges which will touch every part of our business. They will require concerted focus for years to come. However, although the scale of the task may be huge, it is certainly not insurmountable and we begin this new stage in our journey from a position of organisational strength and with great confidence.

I am really pleased that we have identified such a clear mandate from those who are most impacted by our work. We will now move to more direct contact with our key partners, our funders and local authority colleagues in particular, to explore how we can work together to address these very important issues.

As a final postscript to this account of the financial year, I am pleased to report that as part of the ongoing work to reduce the number of corporate entities in the Group, Jigsaw Homes North accepted a transfer of engagements from fellow group members Aksa Housing Association and Beech Housing Association Limited, in June 2021.

At the time of writing, work was underway to progress a transfer of engagements from Chorley Community Housing Limited which we expect to complete well before the close of 2021.

Roli Barker

Association Chair

Our vision:

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

Our mission:

Creating homes. Building lives.

Our values and behaviours:

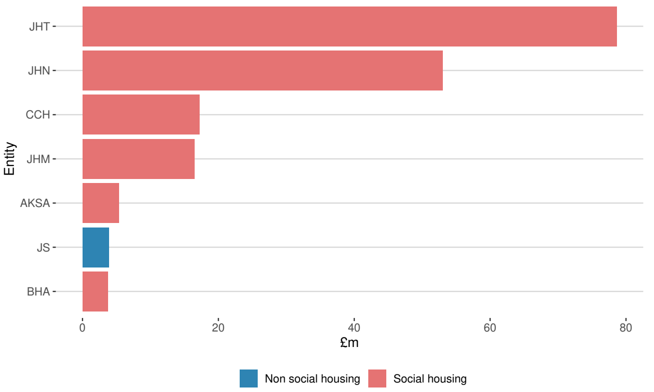
About Us

Our Group comprises ten 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 37), the principal members of the Group are:

- Chorley Community Housing Limited
- Jigsaw Homes Midlands
- Jigsaw Homes North
- Jigsaw Homes Tameside
- Jigsaw Support

As measured by financial turnover, Jigsaw is the 34th largest housing group in the country[1]. The turnover of the Group's principal members during 2020/21 is shown in Figure 1 on the current page.



Source: financial statements 2020/21.

Figure 1: Turnover analysis — the vast majority of the Group's turnover is based on social housing activities. Note that AKSA and BHA transferred their engagements to Jigsaw Homes North in June 2021.

Our Activities

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

The core of our business is centered on the management of 10,246 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 22 local authority areas.

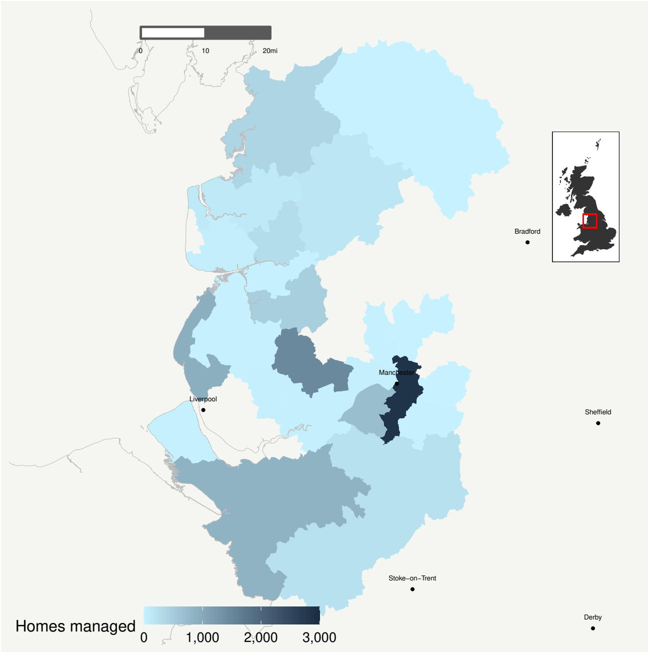


Figure 2: Location of housing stock — shading shows concentrations.

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:

> "Creating homes. Building lives."

[1] https://www.gov.uk/government/publications/2019-global-accounts-of-private-registered-providers

Corporate Values

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

- Empowerment
- Social Impact
- Efficiency
- Collaboration
- Innovation

2. Strategic Report

Summer Fun

Residents in Collyhurst and North Manchester take part in gardening activities.

Review of the Year

Operational Performance

The Association has established a suite of performance measures to track performance against its corporate objectives. Year-end 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 11 of the 22 KPIs established to monitor the delivery of this strategic objective were achieved in the year.

The COVID-19 pandemic resulted in three national lockdowns during 2020/21 and a series of regional restrictions which impacted on the Association's operations. Understandably, we also found that many tenants refused visitors to their homes — particularly during the early months of the pandemic — and fewer people chose to move home during the year.

These aspects of the pandemic's impact therefore resulted in the following targets being missed in the final quarter of 2020/21:

- Median Void Length.
- Number of Properties Improved to SAP-D or above.
- Properties with Invalid Gas Certificates during Reporting Period.
- Satisfaction with Repairs.

During the early months of the 2020/21 financial year, whilst the first national lockdown was in place, we developed a backlog in gas and fire safety works. We understand that our experience was fairly typical in the housing sector, but this situation was of course a matter of concern for the board and one that was given due focus. The board is satisfied that reasonable and appropriate steps were taken to gain access to all properties that required gas or fire safety works. Furthermore we are pleased to report that as the first national lockdown eased somewhat in June and July 2020, and public confidence returned, we were able to increase access rates and the services recovered. The impact of subsequent lockdowns on our performance in this area was much diminished.

Of the remaining targets that were not achieved in this area, two were "very high" or "high" priority KPIS: *Customer Net Promoter Score* and *CRM Actions Completed*.

Year-end performance for Customer Net Promoter Score was 2 against a KPI target of 30. This KPI continued to display wide variation across the Group's members and also between quarters within the year. Due to the nature of how Net Promoter Score is calculated, it is prone to wider sampling error than other measures of satisfaction. We undertook research during the year to identify the drivers of Net Promoter Score and found that there are some linkages to the age of the tenant, the balance of their rent account, the number of times they ordered repairs in the last 12 months and the level of deprivation in the local area. We will explore these findings further with our tenants during the coming year, with a focus on how we can improve the repairs service to increase tenant satisfaction.

CRM Actions Completed was a new KPI that was set following the introduction of a new Customer Relationship Management system part-way through the year. Year-end performance was 70% against the 80% target. We believe that the target was missed due to staff adapting to the new system and expect it to be achieved in the coming year.

Building 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.

All KPI targets were achieved for this Corporate Objective.

A summary of the Association's recent financial results is shown in Table 2 on page 17 and highlights of the Association's financial position are shown in Table 3 on page 17[2].

The board is pleased to report that *Operating Surplus* amounted to £26.3m or 43% of turnover.

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

-	KPI	KPI priority	Target	Actual	Trend
	Caring for our customers our assets and neighbourhoods				
	Current Tenant Arrears	VH	3.23%	2.34%	↑
●	Customer Net Promoter Score	VH	30	16	↓
	Income Collected	VH	97.5%	99.2%	↑
●	CRM actions completed	H	80%	70%	↓
	Out-of-date Fire Risk Assessments	H	0	0	—
	Percentage of non compliant Jigsaw Support contracts	H	8%	8%	—
●	Satisfaction with Repairs	H	88.0%	87.2%	↓
	Void Loss	H	1.69%	1.02%	↑
	RIDDOR incidents	M	0	0	—
	Average Time for Non-Emergency Repairs	M	15 days	7.3 days	↑
●	Emergencies Attended and Made Safe within 24hrs	M	97.0%	96.5%	↓
	Enquiry Resolved at First Point of Contact	M	75%	N/A	—
●	Lost/Abandoned Calls	M	10%	13.4%	↓
●	Median Void Length – General Needs	M	30 days	49 days	↓
●	Median Void Length – Retirement Living	M	30 days	38 days	↓
	Median Void Length – Supported	M	7 days	2 days	↑
●	Number of Properties Improved to Level D or above	M	38	17	↓
	Progress of Planned Programme	M	88%	96%	↑
	Properties compliant with gas safety requirements at quarter end	M	100%	100%	—
●	Properties with Invalid Gas Certificates during Reporting Period	M	0	33	↓
●	Responsive and Void Cost Per Unit	M	£649.46	£723.67	↓
	Satisfaction with handling of ASB Case	M	70.0%	83.5%	↑
	Building a strong corporate foundation				
	EBITDA MRI Interest Cover	VH	289.9%	323.8%	↑
	Gearing	VH	40.2%	39.3%	↑
	Headline Social Housing Cost Per Unit	VH	£2543	£2,316	↑
	Operating Margin	VH	44.5%	45.1%	↑
	Reinvestment	H	9.0%	9.4%	↑
	Return on Capital Employed	H	4.2%	6.1	↑
	Valuing staff				
●	Compliance With Mandatory Training	M	98%	96.7%	↓
	Employee Net Promoter Score	M	20	52	↑
	Employee Sickness	M	4.4%	2.8%	↑
	Employee Turnover	M	3.8%	2.6%	↑
	Growing the business				
	New Supply Delivered	H	1.3%	3.8%	↑
	New Property Sales	H	93 units	97 units	↑
	Starts on Site	H	136units	359 units	↑

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

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

During the year, the Group consolidated the majority of its external third-party funding into Jigsaw Treasury Limited and Jigsaw Treasury Limited now acts as the main funding vehicle for all members of the Group.

With regard to loan finance, during the year the Association repaid £3.1m in line with agreed debt profiles. £10m of loan finance was drawn-down in the year. At the year-end debt borrowings amounted to £74.3m, maturing as outlined in Note 18 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. This was at least in part due to the strong endorsement by employees of the Association's response to the COVID-19 pandemic, with the speed of decision making and communication with employees particularly praised in feedback from employees.

Growing the Business

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

The Association's development targets were reduced during the year in response to the impact of the pandemic in the first quarter of 2020/21. Our programme recovered during the remainder of the year however and the revised targets were exceeded.

In 2020/21 the Group's members delivered 327 units of affordable housing, as shown in Figure 3.

The economic impact of housing development can be estimated through the National Housing Federation's CEBR database[3].

An estimate of the impact of the Association's development activity during the year is shown in

[3]http://www.housing.org.uk/topics/research/economic-impact-tool/

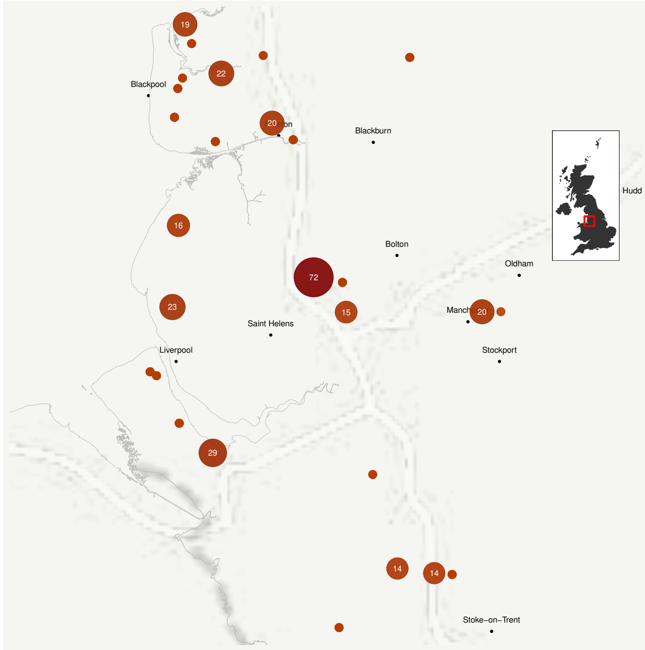


Figure 3: New affordable housing delivered in 2020/21.

Table 4. 771 jobs are estimated to have been supported through the Association's investment in new development in the year.

Homes provided	Jobs supported	Impact
327	771	£45m

Table 4: Local economic impact of housing development 2020/21.

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 Group's members in 2020/21, showcasing high design standards.

The Association's *Development Strategy* will yield 4,179 new affordable homes between 2021 and 2028.

This is expected to inject an additional £435.2m into the local economies, supporting in excess of 7,496 jobs per annum.

At 31 March 2021, 937 properties were on-site.

Following the delivery of its *Development Strategy*,

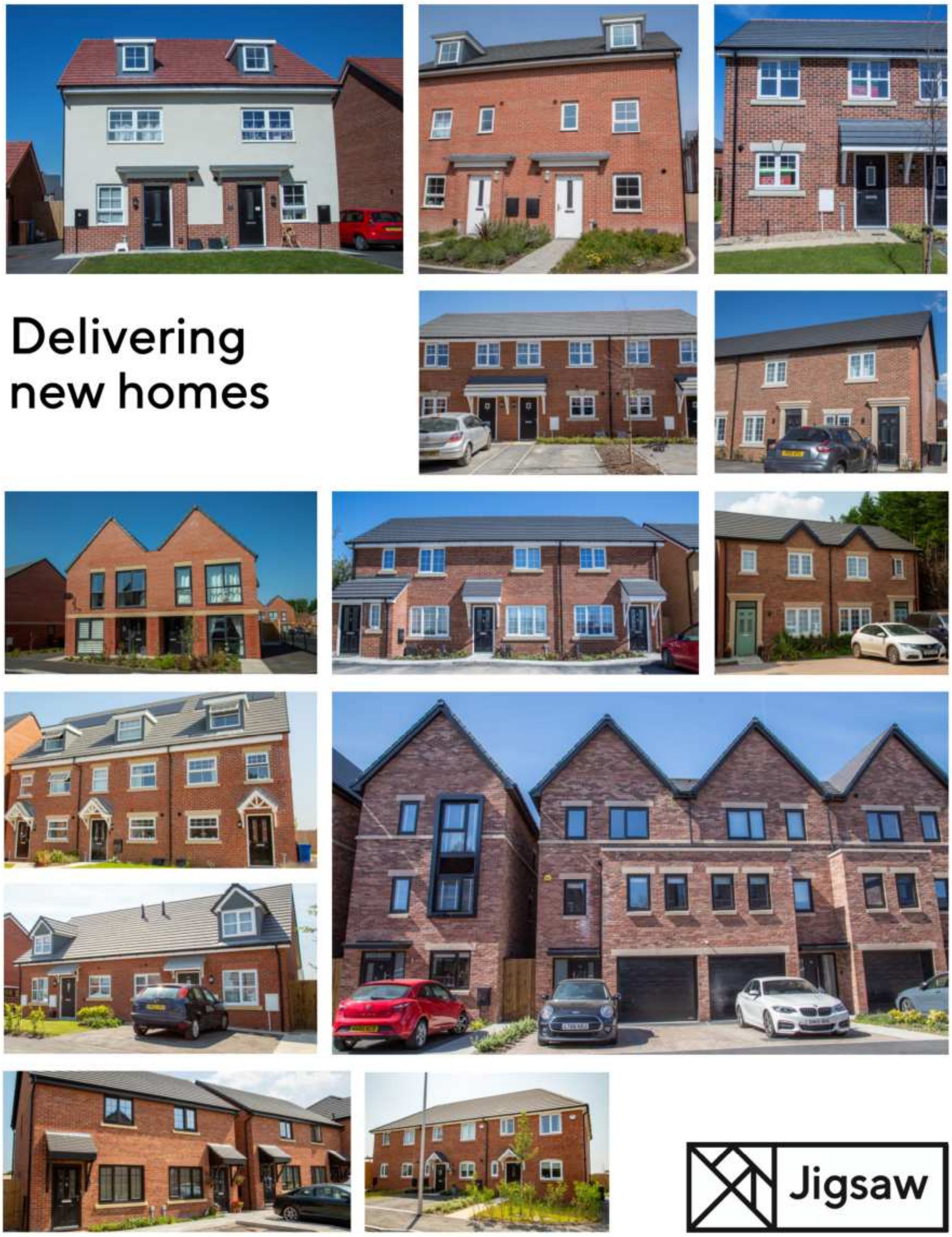


Figure 4: Good design in new housing 2020/21.

the Group's clear intention will be to deliver on our aim to maintain the output of the group-wide development programmes at 800 homes per annum.

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 2020 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 23.

Year	Turnover £'000	Operating expenditure £'000	Operating surplus %	Retained surplus £'000	Retained surplus %
2017	54,838	27,580	40	14,038	26
2018	49,974	28,449	45	12,682	25
2019	52,704	29,874	43	11,691	22
2020	53,030	29,730	44	15,794	30
2021	**61,166**	**29,984**	**43**	**14,508**	**24**

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

Table 2: Five-year financial performance.

Year	2021	2020	2019	2018	2017
Housing properties at cost	675,071	615,587	558,984	532,893	502,210
Properties for sale	3,965	7,595	595	2,774	898
Investments	3,039	3,178	–	–	–
Cash at bank and short term deposits	15,131	20,163	25,748	22,286	25,328
Creditors amounts falling due within one year	25,500	30,757	15,781	26,955	17,753
Net current assets / (liabilities)	1,475	11,948	26,941	5,831	12,977
Total assets less current liabilities	610,200	567,843	531,481	489,230	470,939
Creditors amounts falling due after more than one year	472,562	448,955	425,016	401,110	395,494
Capital and reserves	129,261	114,753	98,959	87,268	74,586

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

Table 3: Consolidated financial position.

3. Governance

The Show Must Go On

Socially distanced events are put on safely to help with the wellbeing of our residents.

Corporate Structure and Governance

In 2020/21 work continued to simplify the Group's corporate and governance arrangements[4], 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.

At the time of writing, the Group is progressing the transfer of engagements of Chorley Community Housing into Jigsaw Homes North, a process that is expected to complete during 2021/22.

Board Members Serving at the End of the Financial Year

Roli Barker

Chair of the board

Attendance: 4/4 100% (Board), 5/5 100% (Group Board)

Roli is a Director at the Big Life Group responsible for the Big Issue North, Big Life Homes, and their service user involvement project, *Community Voice*. Roli has extensive experience as a Senior Project and Development Manager for a diverse range of corporate and non-profit organisations, including the London 2012 Olympic and Paralympic Games and Shelter. Most recently she was responsible for the design, implementation, and delivery of a £1.2 million project to transform Greater Manchester's private rented sector for low-income households. Roli is a fellow of the Royal Society of Arts and a member of the Institute of Fundraising.

Shoab Akhtar

Attendance: 3/4 75%

Shoab is currently employed by Onward Homes and has served as a councillor on Oldham Council since 2000, sitting on various committees and holding different cabinet portfolios. He was mayor of Oldham in 2008/09, and served as deputy leader from 2011 to 2014 and is currently a member of the planning committee. Shoab is also a governor at Oldham Sixth Form College and a member of the Oldham Enterprise Trust.

Claire Beaumont

Attendance: 3/4 75%

Claire joined North Board in April 2019. She is a partner in the Commercial Property Team at Gorvins Solicitors specialising in property investment and finance but with broad experience across the sector working with a variety of clients who are active in the market. Claire is a former Chairman of the Association of Women in Property Northwest Branch and remains part of the committee and as a mentor, assisting the association in encouraging women into the property sector.

Lynne Garsden

Attendance: 4/4 100%

Lynne is a former fellow of the Royal Institution of Chartered Surveyors. She has over 35 years' experience in the property market, handling lettings, sales, development appraisals, rent reviews and acquisitions. A founding partner of Guest Garsden Property Consultants in Manchester, Lynne has dealt with instructions as an expert under Civil Procedure Rules to both County Court and High Court in respect of valuations on both commercial and residential developments. She has 13 years' experience on the board of another housing association, including five years as its chair.

Andrew Leah

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

Andrew spent his career in local government, retiring as Head of Housing and Planning with Tameside MBC in 2013. He was responsible for an extensive range of council services including the full range of housing duties as well as delivering significant performance improvements and efficiency savings. He holds professional qualifications in Housing, Environmental Health and Management.

Paul Lees

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

Paul worked for over 20 years in the role of chief executive of the Adactus Housing Group and its predecessor, County Palatine Housing Society. He

[4]See Note 1 to the Financial Statements on page 37 for details.

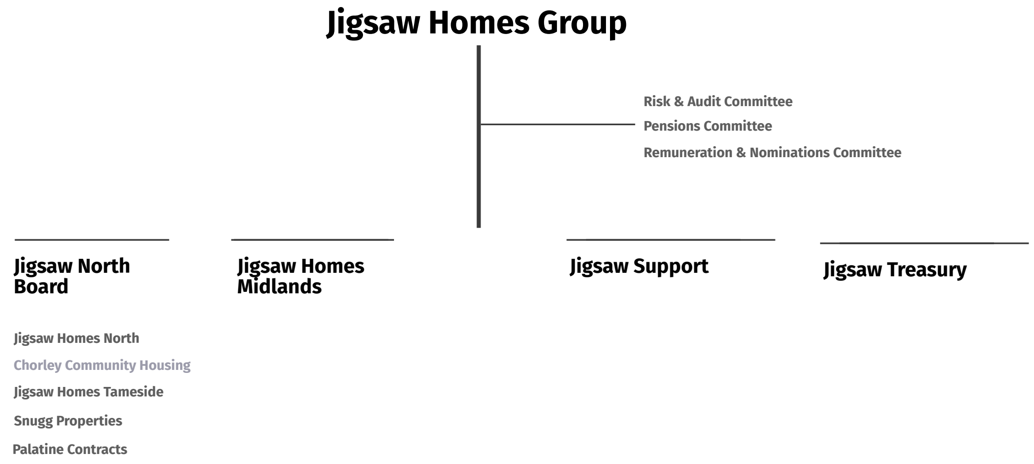


Figure 5: Corporate and governance structure — board meetings for the organisations that fall under Jigsaw North are held contemporaneously using overlapped meetings.

has spent his career in social housing, working for both housing associations and local authorities.

Janet Mutch

Attendance: 4/4 100%

Janet brings a wealth of customer service and employment knowledge to the Board through her role as retail manager for Cancer Research and previous role with Willow Wood Hospice. Living and working in Tameside gives Janet a strong understanding of the issues facing our customers and the wider community.

Hilary Roberts

Attendance: 4/4 100% (Board), 5/5 100% (Group Board)

Hilary is the group chief executive of Jigsaw. She has lead responsibility to work with the board of management to develop and implement corporate strategy.

She has a strong background in business growth and property development having held senior roles in this area for over 20 years.

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, belief or lack of religion or belief, gender, gender reassignment status, being married or a civil partner, 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*. The Risk & Audit Committee is responsible to the board for monitoring these arrangements and reporting on their effectiveness.

Risk Management

Figure 6 on the next page summarises the Association's risk map at 31 March 2021. The assessment shows 43 risks which could impact on the delivery of the Association's corporate objectives categorised by the impact areas of 'People', 'Strategic', 'Financial', 'Business Interuption' and 'Reputation'.

The diagram highlights that the ongoing COVID-19 pandemic continues to expose the Association to a significant risk of Non-Cyber Business Disruption due to the potential for staff shortages and / or restrictions on corporate activity. This risk continues to be actively managed by the Group's COVID Response Team.

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

Figure 6 also 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.

Our most significant residual risks are:

- Non-Cyber Disruption to the Business.
- Failure of Controls Leads to Death or Injury from Fire.
- Death or Serious Injury (Staff / 3rd Party).
- Ineffective Safeguarding of Staff, Customers and Third Parties.
- Cyber Disruption.
- Breach of Data Regulations.

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 2020 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.
- 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.

The area of each rectangle is proportional to the assessment of Inherent Risk, darker shading indicates higher Residual Risk.

Figure 6: Risk analysis — the ongoing COVID-19 pandemic has resulted in a significant risk to the business of Non-Cyber Business Disruption.

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

- 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 67% (2020: 86%) of borrowings were at fixed rates between 2.1% and 10.9% with an average borrowing rate of 3.8%.

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 £18.2m (2020: £23.3m) of cash balances and in excess of £0m (2020: £22m) 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 2021 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 pre-let screening 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.

Unregulated Subsidiaries

The Association has a number of unregulated subsidiaries which traded in the year (see page 37). They are managed and monitored under the same internal control framework as outlined above.

There is no detrimental financial risk to the Association should the unregulated subsidiaries cease operations at any point as their assets exceed their liabilities.

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 2020/21 the Association's Code of Governance was *Excellence in Governance* (National Housing Federation, 2015). The board is pleased to report full compliance with the Code.

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: Accounting by registered social housing providers 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 2019. 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: Accounting by registered social housing providers 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 2021/22 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

- A forecast based on central estimates of the Economic and Fiscal Outlook published by The Office for Budget Responsibility where available and otherwise, on sector norms.
- The 2021 Bank of England stress test scenario which outlines an imagined severe path for the economy during 2021-25 based on a deep double dip recession caused by the COVID-19 pandemic.
- A *Black Swan Event* which combines the worst independent ten year movements in recent memory of each macroeconomic variable into a single unprecedentedly challenging scenario.

The stress tests also considered the materialisation of significant financial risk to the business using current risks as recorded in the Group's Risk Map to explore further where combinations of key risks unexpectedly materialise and when combined with the more pessimistic macroeconomic scenarios outlined above, where either risk event would present the business with variants of a *Perfect Storm*.

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 length of the COVID-19 pandemic and the impact of the measures taken by the Government to contain this remain unknown and outside of the Association's control. However in 2020/21, the board implemented processes to manage cashflow on a weekly basis and review financial stability as the situation progresses. Board approved Recovery Plans are in place should further corrective action be required.

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

BDO LLP has expressed their willingness to continue in office as the Association's auditors.

Approved by the Board on 7th September 2021 and signed on its behalf on 23rd September 2021 by:

Roli Barker

Association Chair

Digital lettings

Voids and lettings team bring in e-signature software.

4. Financial Statements

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

Opinion on the Financial Statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2021 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 2019.

We have audited the financial statements of Jigsaw Homes North ("the Association") for the year ended 31 March 2021 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).

Basis for Opinion

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

Independence

We remain 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.

Conclusions Relating to Going Concern

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

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

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

Other Information

The board are responsible for the other information. The other information comprises the information included in the Financial Statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information including the Chair's Report, Strategic Report and Statement of Corporate Governance and Internal Controls 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:

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

Responsibilities of the Board

As explained more fully in the Statement of Board Responsibilities set out on page 27, 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 intend 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.

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

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

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

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

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

The audit procedures to address the risks identified included:

- Challenging assumptions made by management in their significant accounting estimates and judgements in relation to the impairment, defined benefit obligation, investment property valuation and useful economic lives
- Identifying and testing journal entries, in particular any journal entries posted from staff members with privilege access rights, journals posted by key management and journals posted after the year end.
- In respect of income from contracts, projects and property sales, these will be agreed to support providing evidence of delivery and timing of delivery
- Reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC and the Regulator of Social Housing

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

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

Use of Our Report

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

DocuSigned by:
HELEN KNOWLES
DAED9B91914A4A7...

BDO LLP, Statutory Auditor

Manchester 30 September 2021

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

Statement of Comprehensive Income

Year ended 31 March 2021	**Notes**	**2021** **£'000**	**2020** **£'000**
Turnover	3	61,166	53,030
Cost of sales	3	(5,645)	(1,039)
Operating expenditure	3	(29,984)	(29,730)
Profit on disposal of fixed assets	5	772	834
Operating surplus	**8**	**26,309**	**23,095**
Interest receivable	6	178	337
Interest and financing costs	7	(9,151)	(11,529)
Gift Aid		2,244	1,055
Suplus for the year		**19,580**	**12,958**
Actuarial gain/(loss) in respect of pension schemes	27	(5,072)	2,836
Total comprehensive income for the year		**14,508**	**15,794**

The Financial Statements and notes on pages 34 to 62 were approved and authorised for issue by the Board on 7th September 2021 and signed on its behalf on 23rd September 2021 by:

R. Barker	B. Moran	H. Roberts
Chair	**Secretary**	**Executive Member**

Statement of Financial Position

At 31 March 2021	Notes	2021 £'000	2020 £'000
Fixed assets			
Tangible fixed assets	11	608,364	555,534
Investment properties	12	361	361
		608,725	**555,895**
Current assets			
Stock	13	3,965	7,595
Trade and other debtors	14	4,840	11,769
Investments		3,039	3,178
Cash and cash equivalents	15	15,131	20,163
		26,975	**42,705**
Less: Creditors: amounts falling due within one year	16	(25,500)	(30,757)
Net current assets		**1,475**	**11,948**
Total assets less current liabilities		**610,200**	**567,843**
Creditors: amounts falling due after more than one year	17	(472,562)	(448,955)
Provisions for liabilities			
Pension provision	27	(8,377)	(4,135)
Total net assets		**129,261**	**114,753**
Reserves			
Revenue reserve		129,261	114,753
Total reserves		**129,261**	**114,753**

The Financial Statements and notes on pages 34 to 62 were approved and authorised for issue by the Board on 7th September 2021 and signed on its behalf on 23rd September 2021 by:

R. Barker
Chair

B. Moran
Secretary

H. Roberts
Executive Member

Statement of Changes in Equity

	Revenue reserve £'000	Total £'000
Balance at 31 March 2019	**98,959**	**98,959**
Surplus from Statement of Comprehensive Income	12,958	12,958
Actuarial gain in respect of pension schemes (Note 27)	2,836	2,836
Balance at 31 March 2020	**114,753**	**114,753**
Surplus from Statement of Comprehensive Income	19,580	19,580
Actuarial loss in respect of pension schemes	(5,072)	(5,072)
Balance at 31 March 2021	**129,261**	**129,261**

The results for the year relate wholly to continuing activities and the notes on pages 37 to 62 form an integral part of these financial statements.

Notes to the Financial Statements

1. Legal Status

Jigsaw Homes North 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
AKSA Housing Association Limited	Co-operative and Community Benefit Societies Act 2014	Registered	JHG
Beech Housing Association Limited	Co-operative and Community Benefit Societies Act 2014	Registered	JHG
Cavendish Property Developments Limited	Companies Act 2006	Non-registered	JHG
Chorley Community Housing Limited	Co-operative and Community Benefit Societies Act 2014	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	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 5: 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 January 2021 New Charter Homes changed its name to Jigsaw Homes Tameside.
- In February 2021 Adactus Housing Association changed its name to Jigsaw Homes North.
- On 31 March 2021 New Charter Building Company Limited transferred its assets and liabilities by way of a Business Transfer Agreement to Jigsaw Homes Group Limited.

Shortly after the financial year-end, further changes 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.

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 2021 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 2021/22 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

- A forecast based on central estimates of the Economic and Fiscal Outlook published by The Office for Budget Responsibility where available and otherwise, on sector norms.
- The 2021 Bank of England stress test scenario which outlines an imagined severe path for the economy during 2021-25 based on a deep double dip recession caused by the COVID-19 pandemic.
- A *Black Swan Event* which combines the worst independent ten year movements in recent memory of each macroeconomic variable into a single unprecedentedly challenging scenario.

The stress tests also considered the materialisation of significant financial risk to the business using current risks as recorded in the Group's Risk Map to explore further where combinations of key risks unexpectedly materialise and when combined with the more pessimistic macroeconomic scenarios outlined above, where either risk event would present the business with variants of a *Perfect Storm*.

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 length of the COVID-19 pandemic and the impact of the measures taken by the Government to contain this remain unknown and outside of the Association's control. However in 2020/21, the board implemented processes to manage cashflow on a weekly basis and review financial stability as the situation progresses. Board approved Recovery Plans are in place should further corrective action be required.

The Association has in place long-term debt facilities which provide adequate resources to finance committed reinvestment and development programmes, along with the Association's day to day operations. The Association also has long-term financial plans which show that it is able to service these 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 42. 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

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 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.

Revaluation of investment properties

The Association carries its investment property at fair value, with changes in fair value being recognised in the Statement of Comprehensive Income. The Association engaged independent valuation specialists to determine fair value at 31 March 2021. The valuer used a valuation technique based on a discounted cash flow model. The determined fair value of the investment property is most sensitive to the estimated yield as well as the long term vacancy rate.

Pension and other post-employment benefits

The cost of defined benefit pension plans and other post-employment benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency with at least a AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The underlying bonds are further reviewed for quality, and those having excessive credit spreads are removed from the population bonds on which the discount rate is based, on the basis that they do not represent high quality bonds. The mortality rate is based on publicly available mortality tables for the specific sector. Future salary increases and pension increases are based on expected future inflation rates for the respective sector.

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 of the difference between the loan amount at initial recognition and amount of maturity of the related loan.

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 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.

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.

Major repairs to properties of a capital nature, which will result in an increase in the net rental income over the life of the property, are capitalised under the component accounting principles described below.

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
Bathrooms	30
Doors	30
Windows	30
Roofs	80
Structure	100

Table 6: 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 7: 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.

Investment Property

Investment property includes commercial and other properties not held for the social benefit of the Association.

Investment property is measured at cost on initial recognition, which includes purchase cost and any directly attributable expenditure, and subsequently at fair value at the reporting date. Fair value is determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Statement of Comprehensive Income.

Current Asset Investments

Current asset investments include cash and cash equivalents invested for periods of more than 24 hours. They are recognised initially at cost and subsequently at fair value at the reporting date. Any change in valuation between reporting dates is recognised in the Statement of Comprehensive Income.

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. Any losses arising from impairment are recognised in the Statement of Comprehensive Income in operating expenditure.

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.

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.

lf 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.

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.

2021	Turnover £'000	Cost of sales £'000	Operating expenditure £'000	Disposal of property, plant & equipment £'000	Operating surplus £'000
Social housing lettings (Note 3c)	46,675	–	(24,717)	–	21,958
Other social housing activities:					
Housing management contracts	8,095	–	(5,267)	–	2,828
First tranche low cost home ownership sales	6,383	(5,645)	–	–	738
Other activities	13	–	–	–	13
Non-social housing activities:					
Disposal of fixed assets (Note 5)	–	–	–	772	772
Total	**61,166**	**(5,645)**	**(29,984)**	**772**	**26,309**

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

2020	Turnover £'000	Cost of sales £'000	Operating expenditure £'000	Disposal of property, plant & equipment £'000	Operating surplus £'000
Social housing lettings (Note 3c)	44,315	–	(24,722)	–	19,593
Other social housing activities:					
Housing management contracts	7,551	–	(5,008)	–	2,543
First tranche low cost home ownership sales	1,084	(1,039)	–	–	45
Other activities	80	–	–	–	80
Non-social housing activities:					
Disposal of fixed assets (Note 5)	–	–	–	834	834
Total	**53,030**	**(1,039)**	**(29,730)**	**834**	**23,095**

3c) Turnover and operating expenditure.

	General housing £'000	Supported housing and housing for older people £'000	Low cost home ownership £'000	Total 2021 £'000	Total 2020 £'000
Income					
Rent receivable net of identifiable service	31,688	6,518	1,278	39,484	37,213
Service charge income	718	3,402	109	4,229	4,151
Charges for support services	–	507	–	507	557
Amortised government grants	1,870	439	146	2,455	2,394
Turnover from social housing lettings	**34,276**	**10,866**	**1,533**	**46,675**	**44,315**
Operating expenditure					
Management	1,879	974	132	2,985	3,140
Service charge costs	863	3,972	118	4,953	4,684
Routine maintenance	5,142	1,024	15	6,181	5,823
Planned maintenance	1,810	390	8	2,208	2,934
Major repairs expenditure	683	17	–	700	541
Bad debts	154	29	11	194	454
Property lease charges	41	–	–	41	55
Depreciation of housing properties	5,725	916	423	7,064	6,661
Depreciation of other fixed assets	34	154	1	189	196
Other costs	169	25	8	202	234
Operating expenditure on social housing lettings	**16,500**	**7,501**	**716**	**24,717**	**24,722**
Operating surplus on social housing lettings	**17,776**	**3,365**	**817**	**21,958**	**19,593**
Void losses	277	218	359	854	432

4. Accommodation Owned, Managed and in Development

	2021 Owned	No. of units Managed	2020 Owned	No. of units Managed
Social Housing				
General needs housing				
Social rent	4,324	1,342	4,207	1,345
Affordable rent	2,550	10	2,241	–
Sheltered housing for older people	1,064	71	1,064	71
Supported housing	247	–	418	–
Low-cost home ownership	501	34	464	97
Leasehold where the Group owns the freehold	58	45	54	–
Total units social housing	**8,744**	**1,502**	**8,448**	**1,513**

The Association owns 466 (2020: 469) properties which are managed by others.

In Development	2021 No. of units	2020 No. of units
Social Housing		
General needs housing		
Affordable rent	753	637
Supported housing	184	6
Low-cost home ownership	–	141
Total units social housing	**937**	**784**

Movement in the year (owned properties)	**No.of units**
Opening number of units at 1 April 2020	**8,448**
New units developed	
Social rent	19
Affordable rent	259
Shared Ownership	43
Supported housing	6
Units sold	
Social rent	(16)
Affordable rent	(4)
Shared Ownership	(4)
Other adjustments	
Social rent	114
Affordable rent	54
Shared Ownership	(2)
Supported housing	(177)
Leasehold where the Group owns the freehold	4
Closing number of units at 31 March 2021	**8,744**

5. Profit on Disposal of Fixed Assets

	2021	**2020**
	£'000	**£'000**
Proceeds of sales	2,101	2,294
Carrying value	(1,286)	(1,401)
Incidental costs	(43)	(59)
Total loss	**772**	**834**

6. Interest Receivable

	2021	**2020**
	£'000	**£'000**
Bank interest receivable	178	337
Total	**178**	**337**

7. Interest and Financing Costs

	2021	**2020**
	£'000	**£'000**
Loans and bank overdrafts	9,776	11,812
Amortisation of loan fees	24	17
Notional interest on RCGF (Note 20)	2	18
Interest on pension deficit (Note 27)	86	181
Interest capitalised on housing properties under construction	(737)	(499)
Total	**9,151**	**11,529**

The weighted average interest on borrowings of 3.8% (2020: 4%) was used for calculating capitalised finance costs.

8. Operating Surplus

	2021 £'000	2020 £'000
The operating surplus is stated after charging:		
Audit of subsidiaries	13	12
Taxation advice	4	1
Operating lease rentals:		
Land and buildings	41	55
Depreciation:		
Depreciation of housing properties	7,064	6,661
Depreciation of other fixed assets	870	753

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

	2021	2020
The average number of persons employed during the year expressed in full time equivalents (35 hours per week) was:		
Management and administration	1	1
Housing, support and care	79	81
Total	**80**	**82**

	2021 £'000	2020 £'000
Staff costs		
Wages and salaries	2,346	2,246
Social security costs	184	168
Other pension costs	194	183
Total	**2,724**	**2,597**

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	538,512	30,947	44,088	2,040	615,587
Additions to properties acquired	–	51,606	–	9,239	60,845
Capitalised administration costs	–	840	–	385	1,225
Interest capitalised	–	601	–	136	737
Transfers to/from stock	–	–	3,773	(187)	3,586
Reclassification cost	111	–	(111)	–	–
Component replacements	907	–	–	–	907
Components replaced cost	(449)	–	–	–	(449)
Schemes completed	36,913	(36,913)	6,516	(6,516)	–
Disposals cost	(1,363)	–	(6,004)	–	(7,367)
At end of the year cost	**574,631**	**47,081**	**48,262**	**5,097**	**675,071**
Depreciation and impairment					
At start of the year	65,503	–	1,994	–	67,497
Charge for the year	6,629	–	435	–	7,064
Components replaced	(449)	–	–	–	(449)
Reclassification	(31)	–	31	–	–
Disposals	(215)	–	(85)	–	(300)
At end of the year	**71,437**	**–**	**2,375**	**–**	**73,812**
Net book value:					
At 31 March 2021	**503,194**	**47,081**	**45,887**	**5,097**	**601,259**
At 31 March 2020	473,009	30,947	42,094	2,040	548,090

All properties are held on either a freehold or long leasehold basis. There are 1,676 properties held on a long leasehold basis with an associated cost of £99.7m. 77% of the remaining lease periods are greater than 70 years.

The weighted average interest on borrowings of 3.8% (2020: 4%) 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 SORP 2018. 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 19 on page 55.

	2021 £'000	2020 £'000
Works to existing properties in the year:		
Improvement works capitalised	907	1,608
Amounts charged to expenditure	9,089	9,299
Total	**9,996**	**10,907**

Other fixed assets	**Land and buildings £'000**	**plant & machinery £'000**	**Furniture and equipment £'000**	**Total other fixed assets £'000**
Cost				
At start of the year	7,435	394	6,367	14,196
Additions	–	39	497	536
Disposals	–	(37)	(2)	(39)
At end of the year	**7,435**	**396**	**6,862**	**14,693**
Depreciation and impairment				
At start of the year	2,742	220	3,790	6,752
Charge for the year	248	65	557	870
Disposals	–	(32)	(1)	(33)
At end of the year	**2,990**	**253**	**4,346**	**7,588**
Net book value:				
At 31 March 2021	**4,445**	**143**	**2,516**	**7,105**
At 31 March 2020	4,693	174	2,577	7,444

12. Investment Properties

	2021 £'000	**2020 £'000**
At start of year	361	361
At end of year	**361**	**361**

Fair value of the investment properties is based on a valuation on 31 March 2019 by independent valuer Bruton Knowles. The valuer holds a Royal Institution of Chartered Surveyors qualification and has recent experience in the location and class of investment property being valued. The valuation was made on an existing use value basis in accordance with the RICS Valuation - Professional Standards January 2014 Global & UK Edition (as amended April 2015). A formal valuation is carried out every three years.

13. Stock

	2021 £'000	**2020 £'000**
First tranche shared ownership properties		
Completed	2,309	6,082
Work in progress	1,617	1,430
Materials stock	39	83
Total	**3,965**	**7,595**

14. Trade and Other Debtors

	2021 £'000	2020 £'000
Rent arrears	2,205	1,794
Less: provision for bad debts rents	(1,080)	(789)
Sub-total	**1,125**	**1,005**
Trade debtors	535	943
Less: provision for bad debts trade	(431)	(543)
Sub-total	**104**	**400**
Prepayments and accrued income	2,743	2,119
Amounts owed by group undertakings	240	87
Intra – Group loans	–	4,650
Social housing grant receivable	490	1,833
Other debtors	138	1,675
Total due within one year	**4,840**	**11,769**
Total	**4,840**	**11,769**

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.

15. Cash and Cash Equivalents

	2021 £'000	2020 £'000
Cash at bank	15,131	20,163
Total	**15,131**	**20,163**

16. Creditors: Amounts Falling Due Within One Year

	2021 £'000	2020 £'000
Loans and overdrafts (Note 18)	448	16,347
Trade creditors	262	225
Amounts owed to group undertakings	4,024	3,834
Intercompany loans	2,981	–
Funds held on behalf of homeowners	294	284
Rents and service charges paid in advance	1,138	1,101
Other taxation and social security payable	228	363
Accruals and deferred income	11,991	4,631
Deferred capital grant (Note 19)	2,502	2,424
Recycled capital grant fund (Note 20)	165	455
Other creditors	1,467	1,093
Total	**25,500**	**30,757**

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

	2021 £'000	2020 £'000
Social housing loans (Note 18)	72,535	224,536
Deferred capital grant (Note 19)	226,923	223,140
Recycled capital grant fund (Note 20)	1,212	1,174
Local authority loan	105	105
Intercompany loans	171,787	–
Total	**472,562**	**448,955**

18. Debt Analysis

	2021 £'000	2020 £'000
Intercompany / social housing loans		
Loans repayable by instalments:		
Within one year	2,981	2,913
In one year or more but less than two years	4,056	2,981
In two years or more but less than five years	28,671	9,414
In five years or more	79,387	84,199
Loans not repayable by instalments:		
Within one year	–	13,000
In one year or more but less than two years	20,000	–
In two years or more but less than five years	41,500	38,500
In five years or more	–	18,500
Less: loan issue costs	(1,827)	(1,953)
Total loans	**174,768**	**167,554**

In May 2020, the Group consolidated its treasury arrangements under Jigsaw Treasury Limited. At this point the Jigsaw Homes North 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 1.1% to 10.9% during the year.

	2021 £'000	2020 £'000
Social housing loans		
Loans repayable by instalments:		
Within one year	208	195
In one year or more but less than two years	223	209
In two years or more but less than five years	604	520
In five years or more	25,965	26,271
Loans not repayable by instalments:		
Within one year	–	–
In two years or more but less than five years	2,000	2,000
In five years or more	39,900	39,900
Less: loan issue costs	(1,290)	(1,379)
Loans premium:		
Amount due to be released within one year	240	240
Amount due to be released after more than one year	5,134	5,373
Total loans	**72,984**	**73,329**

Loans from external funders are secured by fixed charges on individual housing properties. All loans are repayable with interest chargeable at varying rates from 1.1% to 10.9% during the year.

The interest rate profile of the association at 31 March 2021 was	**Total**	**Variable rate**	**Fixed rate**	**Weighted average rate**	**Weighted average term**
	£'000	**£'000**	**£'000**	**%**	**Years**
Instalment loans	142,095	20,000	122,095	4.50	20
Non-instalment loans	103,400	61,500	41,900	2.51	10
Total loans	**245,495**	**81,500**	**163,995**	**3.75**	**23**

At 31 March 2021 the Group had the following borrowing facilities:	**£'000**
Undrawn facilities	–
Total	**–**

19. Deferred Capital Grant

	2021	**2020**
	£'000	**£'000**
At start of the year	225,564	214,824
Grant received in the year	6,122	12,896
Disposals	(753)	(1,744)
Released to income in the year	(2,455)	(2,394)
Additions from RCGF (Note 20)	947	1,982
At end of the year	**229,425**	**225,564**
Amount due to be released within one year	2,502	2,424
Amount due to be released after more than one year	226,923	223,140
Total	**229,425**	**225,564**

20. Recycled Capital Grant Fund

	2021	**2020**
	£'000	**£'000**
At the start of the year	1,629	3,095
Inputs: grants to recycle	428	313
Interest accrued	2	18
Transfer from other RP within the Group – Beech Housing Association	266	185
Recycling: grants recycled	(947)	(1,982)
At the end of the year	**1,378**	**1,629**

21. Non-Equity Share Capital

	2021	**2020**
	£	**£**
At the start of the year	8	8
At the end of the year	**8**	**8**

The par value of each share is £1. The shares do not have a right to any dividend or distribution in a winding-up, and are not redeemable. Each share has full voting rights. All shares are fully paid.

22. Reserves

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

23. Capital Commitments

	2021	2020
	£'000	£'000
Capital expenditure contracted for but not provided for in the Financial Statements	80,472	74,373
Capital expenditure authorised by the Board but not yet been contracted for	206,360	84,473
Total	**286,832**	**158,846**
The Association expects these commitments to be financed with:		
Social housing grant	54,588	24,529
Proceeds from the sales of properties	19,824	22,123
Committed loan facilities and surpluses generated from operating activities	212,420	112,194
Total	**286,832**	**158,846**

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

24. Operating Leases

Operating lease payment obligations are as follows:

	2021	2020
	£'000	£'000
Land and buildings:		
Within one year	41	40
In one year or more but less than five years	2	41
Total	**43**	**81**

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

25. Grant and Financial Assistance

	2021	2020
	£'000	£'000
The total accumulated government grant and financial assistance received or receivable at 31 March:		
Held as deferred capital grant (Note 19)	229,425	225,564
Recognised as income in Statement of Comprehensive Income	35,995	33,540
Total	**265,420**	**259,104**

26. Related Parties

	Income £'000	Expenditure £'000	Gift Aid £'000	Debtors/ (Creditors) £'000
AKSA Housing Association	–	–	–	4
Beech Housing Association	–	–	1,465	60
Chorley Community Housing	–	–	–	107
Jigsaw Homes Midlands	–	–	–	8
Jigsaw Homes Group	–	(13,762)	–	(348)
Jigsaw Homes Tameside	–	–	–	59
Jigsaw Support	–	–	–	(84)
Palatine Contracts	–	(18,655)	275	(3,591)
Snugg Properties	–	–	504	2

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.

27. Pensions

Defined Benefit Pension Obligations

The Association participates in two pension schemes: the Social Housing Pension Scheme (SHPS), and the Greater Manchester Pension Fund (GMPF). Both schemes are multi-employer defined benefit schemes. The schemes are funded and are contracted out of the state scheme.

Social Housing Pension Scheme (SHPS)

The Association participates in the SHPS multi-employer pension defined benefit scheme.

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

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

The last formal valuation of the SHPS pension scheme was performed at 30 September 2017 by a professionally qualified actuary using the Projected Unit Method. This valuation revealed a deficit of £1,522m. A Recovery Plan has been put in place with the aim of removing this deficit by 46,295.

During the year to 31 March 2021 Association paid contributions at the rate of 19.2% (2020: 19.2%). Member contributions varied between 6.4% and 8.4%.

Greater Manchester Pension Fund (GMPF)

The Association participates in the Greater Manchester Pension Fund (GMPF). GMPF 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 GMPF every 3 years. The main purpose of the valuation is to determine the financial position of the GMPF in order to determine the level of future contributions required so that the GMPF can meet its pension obligations as they fall due.

The last formal valuation of the GMPF was performed at 31 March 2019 by a professionally qualified actuary using the Projected Unit Method. This valuation revealed a surplus of £529m.

During the year to 31 March 2021, the Association paid contributions of 18.5% (2020: 18.5%). Member contributions varied between 5.5% and 12.5%.

	2021 £'000	2020 £'000
Defined benefit pension liability:		
Social Housing Pension Scheme	7,492	3,319
Greater Manchester Pension fund	885	842
	8,377	**4,161**
Amounts recognised in operating costs:		
Social Housing Pension Scheme	415	414
Greater Manchester Pension fund	74	83
	489	**497**
Net amounts recognised in finance costs:		
Social Housing Pension Scheme	67	158
Greater Manchester Pension fund	19	22
	86	**180**
Actuarial gains/(losses) recognised in other comprehensive income:		
Social Housing Pension Scheme	(5,055)	2,730
Greater Manchester Pension fund	(17)	106
	(5,072)	**2,836**

Financial Assumptions and Paticulars of Amounts Recognised in the Financial Statements

The major assumptions used by the actuary in assessing scheme liabilities as at 31 March 2021 together with the analysis of amounts recognised in the financial statements are as follows:

Statement of Financial Position Items

	SHPS	GMPF	Total
	£'000	**£'000**	**£'000**
2021 by scheme			
Present value of funded benefit obligations	37,604	3,500	41,104
Fair value of plan assets	30,112	2,615	32,727
Deficit/(surplus)	**7,492**	**885**	**8,377**
2020 by scheme			
Present value of funded benefit obligations	29,759	3,011	32,770
Fair value of plan assets	26,440	2,169	28,609
Deficit/(surplus)	**3,319**	**842**	**4,161**

Components of Pension Cost for the Period

	SHPS	GMPF	Total
	£'000	**£'000**	**£'000**
2021 by scheme			
Service cost	392	74	466
Net interest cost	67	19	86
Administrative expenses	23	–	23
Total pension cost recognised in Statement of Comprehensive Income	**482**	**93**	**575**
2020 by scheme			
Service cost	393	83	476
Net interest cost	158	22	180
Administrative expenses	21	–	21
Total pension cost recognised in Statement of Comprehensive Income	**572**	**105**	**677**

Statement of other Comprehensive Income

	SHPS	GMPF	Total
	£'000	£'000	£'000
2021 by scheme			
Experience on plan assets (excl amounts in net interest cost) – (gain)/loss	2,861	412	3,273
Experience gains and losses on the plan liabilities – (gain)/loss	217	27	244
Re-measurements – demographic assumptions	(136)	(16)	(152)
Re-measurements – financial assumptions	(7,997)	(440)	(8,437)
Total	**(5,055)**	**(17)**	**(5,072)**
2020 by scheme			
Experience on plan assets (excl amounts in net interest cost) – (gain)/loss	14	(265)	(251)
Experience gains and losses on the plan liabilities – (gain)/loss	(1,392)	257	(1,135)
Re-measurements – demographic assumptions	1,305	90	1,395
Re-measurements – financial assumptions	2,803	24	2,827
Total	**2,730**	**106**	**2,836**

Change in Benefit Obligations

	SHPS	GMPF	Total
	£'000	£'000	£'000
2021 by scheme			
Benefit obligation at 1 April	**29,759**	**2,984**	**32,743**
Current service cost	392	74	466
Expenses	23	–	23
Interest on pension liabilities	693	69	762
Member contributions	–	14	14
Experience on plan liabilities (gain)/loss	(217)	(27)	(244)
Re-measurements (liabilities)			
(Gain)/loss on demographic assumptions	136	16	152
(Gain)/loss on financial assumptions	7,997	440	8,437
Benefits/transfers paid	(1,179)	(70)	(1,249)
	37,604	**3,500**	**41,104**
2020 by scheme			
Benefit obligation at 1 April	31,998	3,262	35,260
Current service cost	393	83	476
Expenses	21	–	21
Interest on pension liabilities	798	82	880
Member contributions	4	13	17
Experience on plan liabilities (gain)/loss	1,392	(257)	1,135
Re-measurements (liabilities)			
(Gain)/loss on demographic assumptions	(1,305)	(90)	(2,142)
(Gain)/loss on financial assumptions	(2,803)	(24)	(2,750)
Benefits/transfers paid	(739)	(85)	(824)
	29,759	**2,984**	**32,073**

Change in Plan Assets

	SHPS	GMPF	Total
	£'000	**£'000**	**£'000**
2021 by scheme			
Fair value of plan assets at 1 April	**26,440**	**2,169**	**28,609**
Interest on plan assets	626	50	676
Return on assets less interest	2,861	412	3,273
Employer contributions	1,364	40	1,404
Member contributions	–	14	14
Benefits/transfers paid	(1,179)	(70)	(1,249)
Fair value of plan assets at 31 March	**30,112**	**2,615**	**32,727**
2020 by scheme			
Fair value of plan assets at 1 April	**25,321**	**2,406**	**27,727**
Interest on plan assets	640	60	700
Return on assets less interest	14	(265)	(251)
Employer contributions	1,200	13	1,213
Member contributions	4	40	44
Benefits/transfers paid	(739)	(85)	(824)
Fair value of plan assets at 31 March	**26,440**	**2,169**	**28,609**

Asset Allocation

	2021	2020
	£'000	**£'000**
Equities	1882.8 to 4799	1496.61 to 3867
Other bonds	313.8 to 1779	325.35 to 1508
Property	183.05 to 625	151.83 to 582
Cash/liquidity	235.35 to 542	124 to 195.21
Absolute return	1662 to 1662	1379 to 1379
Alternative risk premia	1134 to 1134	1849 to 1849
Credit relative value	948 to 948	725 to 725
Distressed opportunities	870 to 870	509 to 509
Emerging markets debt	1216 to 1216	801 to 801
Fund of hedge funds	3 to 3	15 to 15
Infrastructure	2008 to 2008	1968 to 1968
Insurance linked securities	723 to 723	812 to 812
Liability driven investment	7653 to 7653	8775 to 8775
Long lease property	590 to 590	457 to 457
Private debt	718 to 718	533 to 533
Risk sharing	1096 to 1096	893 to 893
Secured income	1252 to 1252	1003 to 1003
Opportunistic illiquid Credit	766 to 766	640 to 640
Infaltion linked pooled funds	0 to 0	0 to 0
Total	**2615 to 30112**	**2169 to 26440**

Financial Assumptions

	2021	2020
	%	**%**
Rate of CPI inflation	2.85 to 2.87	1.58 to 2
Salary Increase rate	0.5 to 2.87	2 to 2
Discount rate	2 to 2.19	2.3 to 2.36

Mortality Assumptions

	Males	Females
Current Pensioners	20.5 to 21.6	23.3 to 23.5
Future retiring in 20 years	21.9 to 22.9	25.1 to 25.3

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.

28. 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.

29. Post-year Events

Following the year end, on 30 June 2021 AKSA Homes and Beech Housing Association's activities have been subsumed by Jigsaw Homes North via a Transfer of Engagements. Details of the strategic reasons for this decision are set out within the Strategic Report.

Creating homes. Building lives.

Jigsaw Homes North

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