TRANSFORM HOUSING & SUPPORT

England & Wales · Charity number 264133

Details

Other names	SURREY COMMUNITY DEVELOPMENT TRUST, SURREY COMMUNITY DEVELOPMENT TRUST LIMITED, SCDT, TRANSFORM HOUSING & SUPPORT
Status	Registered
Legal form	Charitable company
Company number	01057984
Registered	1972-10-02
Register	View on the Charity Commission register

Contact

Address	1st Floor Bradmere House Brook Way Leatherhead Surrey
Phone	01372387100
Email	info@transformhousing.org.uk
Website	www.transformhousing.org.uk

Activities

Objects: J3 (1) The Company's objects are: (a) to provide, maintain and improve houses and hostels, including social housing, providing residential accommodation for people in need upon terms appropriate to their need; (b) to provide or assist in the provision of education or training for people of all ages with the object of developing their physical or mental capacities so they may develop full maturity as responsible individuals; (c) to support people of all ages with the object of developing their physical or economic circumstances with the object of improving their conditions of life; (d) to care for and support people of all ages who are suffering emotional, psychological or physical infirmity so as to improve their mental and physical health, with the object of improving their conditions of life; (e) to provide or assist in the provision of facilities for recreation or other leisure time occupation for people of all ages, in the interests of social welfare, with the object of improving their conditions of life; and (f) any other object that can be carried out from time to time by a charitable company registered as a provider of social housing with the Regulator. (2) The Company shall not trade for profit.

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Activities: Transform Housing & Support provides housing, support and care for homeless, vulnerable and excluded people, empowering them to reach their goals and live independent and fulfilling lives. We help more than 2,000 people each year in Surrey and Crawley, the London Borough of Sutton, and Wokingham in Berkshire.

Classification

- **How:** Makes Grants To Individuals, Provides Buildings/facilities/open Space, Provides Services, Provides Advocacy/advice/information, Other Charitable Activities
- **What:** Education/training, Disability, The Prevention Or Relief Of Poverty, Accommodation/housing, Economic/community Development/employment, Other Charitable Purposes
- **Who:** Children/young People, Elderly/old People, People With Disabilities, Other Defined Groups, The General Public/mankind

Geography

- **Area of benefit:** NOT DEFINED BUT PREFERABLY THE COUNTY OF SURREY
- Surrey
- Sutton
- West Sussex
- Wokingham

Finances

Period end	Income	Expenditure	Assets	Employees
2025-03-31	£13,578,363	£12,471,897	£31,146,983	135
2024-03-31	£12,761,705	£11,655,701	£29,893,787	124
2023-03-31	£11,288,000	£10,833,000	£27,774,000	131
2022-03-31	£10,575,000	£10,727,000	£27,228,000	137
2021-03-31	£12,367,000	£11,693,000	£26,944,000	195

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Trustees

Name	Role	Appointed
Oliver Mark Smedley FCMA ACC	Chair	2019-11-29
Gary John Storer		2026-02-26
Julie Anne Bradley		2019-09-26
Karen Louise Gregory		2024-09-26
Katie Wadey		2019-06-06
Mark Raymond Lake		2024-11-28
Michael William Ryan		2020-06-18
Natalia Kolotneva		2021-07-29
Paul Rees		2019-11-29
Rachael Margaret Smart		2026-02-26
Sarah Nicole Page		2025-02-27

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TRANSFORM HOUSING & SUPPORT

England & Wales - Charity number 264133

Accounts



Financial statements 31 March 2025

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About Transform Housing & Support

Our purpose

Transform is a Registered Provider and charity, providing vital support to more than 1,600 people each year across Surrey, parts of south-west London, Berkshire and West Sussex. For over 50 years, we have empowered more than 35,000 individuals to find safe, stable homes and to lead more independent, fulfilling lives.

Many of the people we support are affected by homelessness, social exclusion and multiple complex health challenges. We offer not just a roof over people's heads, but a safe, supportive environment where individuals can regain stability, develop essential skills, build confidence and reconnect with their communities. In addition, we provide housing-related support services for people living independently, helping them to maintain their tenancies and improve their overall wellbeing.

Our vision and values

At Transform, we are ambitious for the future and determined to extend our reach, so we can support even more people in the years ahead. As the cost-of-living crisis continues to deepen, it is exacerbating challenges such as insecure and/or unaffordable housing, poverty, inequality, discrimination and stigma – making our work more essential than ever.

Our vision is about more than providing homes; we aim to help people lead healthier, happier and more rewarding lives. Ultimately, our goal is to work in collaboration with partners, communities and local services to ensure that those in need receive the support and opportunities they need to live well in the community.



Transform people

The Board of Trustees

Ollie Smedley – Chair
Alec Sanderson – Deputy Chair and Senior Independent Director
Julie Bradley
Karen Gregory (appointed September 2024)
Sanjay Gulati (resigned September 2024)
Natalia Kolotneva
Mark Lake (appointed November 2024)
Sarah Page (appointed February 2025)
Paul Rees
Michael Ryan
Katie Wadey

Patrons

Royal Patron
HRH The Duchess of Edinburgh GCVO GCStJ CD
The Rt Hon Baroness Bottomley of Nettlestone PC DL
Michael More-Molyneux, HM Lord-Lieutenant of Surrey
Dame Penelope Keith DBE DL
David Hypher OBE DL BSc (Hons)
Elizabeth Kennedy FCIPD
Prof G. Q. Max Lu AO, DL, FREng, FAA, FTSE, FIChemE, FRSC, FCAS, FNAI, President and Vice-Chancellor, University of Surrey
Sir Richard Stilgoe OBE DL
Sally Varah MBE DL
The Rt Rev. Andrew Watson, Bishop of Guildford
Tim De Meyer, Chief Constable of Surrey Police

Ambassadors

Dame Elizabeth Anson DBE JP DL
His Hon Christopher Critchlow DL
Desmond McCann BA FCA
David McNulty PhD
Greg Melly
Lesley Myles MBE JP DL MA
Kim Rippett
The Hon Mrs Lavinia Sealy DL
Bernard Stevens FCA FCMA
Lady Elizabeth Toulson CBE DL
Paul Wates FRICS
Cllr Fiona White
Malcolm Young FRICS

Key information and suppliers

Company Secretary

Mandy Arnold

Registered office

Transform Housing & Support
Bradmere House
Brook Way Leatherhead Surrey, KT22 7NA
01372 387100
www.transformhousing.org.uk
info@transformhousing.org.uk

Registrations

Registered Charity Commission: 264133
Registered with the Regulator of Social Housing: H2452
Registered with the Fundraising Regulator
Company limited by guarantee registered in England and Wales: 01057984

Auditor

Crowe UK LLP
55 Ludgate Hill
London
EC4M 7JW

Principal solicitors

Devonshires Solicitors LLP
30 Finsbury Circus
London EC2M 4TL

Banker

Barclays Bank PLC
1 Churchill Place
Canary Wharf
London E14 5HP

Transform Executive Team



Chief Executive – Lawrence Santcross

As Chief Executive, Lawrence is responsible for leading the effective strategic and operational management of Transform.



Director of Client Services – Rebecca (Bex) Pritchard

As Director of Client Services Bex is responsible for leading the delivery of all housing and support services to provide excellent outcomes for clients.



Director of Finance – Amanda Soobrayan

As Director of Finance, Amanda leads the Finance Team and is the organisation's accountable person for effective management of Transform's financial resources.



Director of Corporate Services – Simone Bartley

As Director of Corporate Services, Simone is responsible for the management of Transform's People Team and Digital & Information Services.

Director of Asset Management & Capital Development – Kevin Stephens to April 2025

As Director of Asset Management & Capital Development, Kevin was responsible for overseeing Transform's supported housing and general needs property portfolio.



Director of Asset Management, Decarbonisation & Growth – Richard Hamer from April 2025

As Director of Asset Management, Decarbonisation & Growth, Richard is responsible for Transform's property portfolio, ensuring all homes are comfortable, safe and compliant with all statutory health and safety obligations.



Head of Governance & Assurance – Mandy Arnold

As Head of Governance & assurance, Mandy fulfils the role of Company Secretary and provides leadership in all governance activities.



Head of External Affairs, Communications & Fundraising – Anita Gupta

As Head of External Affairs, Communications & Fundraising Anita is responsible for delivering impactful activity that fosters effective relationships with all stakeholders, and secures diverse income streams.



Executive Assistant – Caroline Felton

As Executive Assistant, Caroline supports the Chief Executive and Executive Team to deliver Transform's business objectives.





Strategic report and Trustees' annual report

Transform's Chair reflects on 2024/25

As Chair of Trustees for Transform Housing & Support, I am pleased to reflect on a year that has been both challenging and inspiring.

In 2024/25, economic uncertainty, a deepening housing crisis and increasing regulatory demands have resulted in mounting pressures on the supported housing sector. In addition, the ongoing cost-of-living crisis has placed extra strain on Transform clients and intensified broader pressures on homelessness. During this period, however, Transform has shown resilience and an unwavering commitment to the people we support.

On the horizon, new legislation and reforms – including Awaab's Law and the Renters' Reform Bill – along with reviews of the Decent Homes Standard and Housing Health and Safety Rating System are rightly raising the bar on safety, quality and accountability.

We are also seeing increased scrutiny through the Building Safety Act and a new era of proactive consumer regulation with the Tenant Satisfaction Measures. While these changes certainly pose significant demands on all providers, I am pleased to say, our trauma-informed, person-centred approach puts Transform in a strong position to respond to these challenges.

This past year, we supported more than 1,600 people across Surrey and neighbouring counties – providing more than just housing, real pathways to independence.

I was particularly moved at our annual celebration event in November at which we recognised the outstanding dedication of Transform colleagues. Hearing directly from clients about their journeys reminds us that behind every statistic is a real person – someone with their own challenges, aspirations and potential – and that our work is not only essential, but truly life-changing.

There is much to be proud of. Client satisfaction remains high, we have secured new funding and partnerships, opened our first modular housing scheme and launched energy-efficiency upgrades to benefit hundreds of homes.

National recognition – including being Highly Commended in the Best Supported Housing Landlord category at the 2024 UK Housing Awards – further demonstrates the quality of our work. Transform's strength lies in its people. My deepest thanks go to all colleagues, whose professionalism and empathy are at the heart of our success. I also thank my fellow Trustees for their wisdom and insight. This year we welcomed three new Board members and together, we aim to ensure Transform is governed with clarity and care.

To our donors, supporters, patrons and ambassadors – thank you. Your trust and generosity enable us to deliver interventions that make a lasting difference.

Looking ahead to 2025/26, we remain focused on our strategic priorities: embedding our Ways of Working approach, enhancing governance, investing in colleagues' development and wellbeing and making proactive improvements to property safety and sustainability.

Transform's purpose remains constant – to enable people to lead healthier, more independent and fulfilled lives. We know we cannot do this alone, so we will continue to work closely with clients, colleagues, commissioners and partners to build a stronger, more inclusive future for all.

Thank you to everyone who has been part of our journey this year. As we look ahead, I remain confident that with shared purpose, Transform will continue to be a beacon of hope and opportunity for those who need us most.



Key strategic achievements – 2024/25

(Previous year's figures in brackets)

Clients – our foremost priority



- Supported **1,668** clients (1,920)[1] with **82.3%** (76.9%) of those who moved on from our services doing so in a planned, positive way.
- Achieved an average satisfaction score of **85.8%** (85.4%) in our client survey conducted by The Leadership Factor (TLF), placing us in the top quartile of housing associations surveyed.
- Refreshed our Client Engagement Strategy and introduced our new Ways of Working approach which helps articulate Transform's client offer.
- Secured **£75,000** (£46,000) funding from Surrey County Council's Household Relief Fund to support clients facing severe financial hardship.
- Prepared for Ofsted registration for our young people's service in Woking.
- Retained all service contracts.
- Received **£49,000** funding from Guildford Borough Council to support up to six rough sleepers.
- Agreed a new contract and funding for a further three years from the Office of the Police and Crime Commissioner for our Reducing Re-Offending contract supporting clients with offending histories.
- Successfully bid for a new non-residential support contract from Mole Valley District Council, offering services to 15 people with experience of homelessness.
- Obtained funding to extend temporary accommodation support for clients in Elmbridge and Reigate and Banstead.

People – colleagues and Trustees



- Scored **77%** overall across 16 engagement measures in our second colleague engagement survey (June 2024), matching the average for all WeThrive[2] clients and exceeding the sector benchmark for charities and not-for-profits (68%).
- Updated our new starter programme improving staff experience and significantly boosting retention.
- Continued investing in staff wellbeing and development, supported by our Health & Wellbeing Group, through workshops and resilience events in response to colleague feedback.
- Recruited and welcomed three new Trustees to the Transform Board.
- Reviewed the training and support programmes for client service colleagues and commissioned homelessness and housing training in line with new legislation for managers



[1] The drop in client numbers relates mainly to changes in floating support clients with fewer, but more complex cases recorded.

[2] WeThrive are leading experts in customer engagement and evaluation.



Growth and development

- Opened our first modular housing scheme, Mitchell Place, named after former Transform Chief Executive Paul Mitchell. The development features eight nearly Net Zero one-bedroom flats for single parents and young homeless people.

- Secured **£1.03 million** from the Government's Warm Homes: Social Housing Fund to carry out energy-efficiency upgrades on **100 properties**.



Transform-wide achievements

- Recognised as 'Highly Commended' in the Best Supported Housing Landlord category at the 2024 UK Housing Awards.

  The judges said: "Transform demonstrated how inclusive their approach is to their clients and how important clients are in shaping the service they offer."

- Improved our information security and technology use, including the renewal of our Cyber Essentials Plus accreditation.

- Measured our Scope 1 & 2 carbon emissions again, noting a reduction and renewed our Carbon Neutral Certification via Carbon Neutral Britain through UK and UN-approved carbon offsetting projects.

- Adopted the Sustainability Reporting Standard for Housing (SRS) to help us identify areas for improvement and work towards more positive environmental and social impacts.

- Launched our updated complaints policy and procedures, embedding a positive complaints culture resulting in a **14%** increase in satisfaction with how we handle complaints.

- Strengthened our business continuity processes for how we respond to major incidents while continuing to provide essential services.



Client services, engagement and feedback

Ways of Working and Theory of Change

In 2024/25, we introduced our **Transform Ways of Working approach**. This sets out what clients can expect from us, including our service offer, minimum service standards and the way we work. It is shaped by our Theory of Change and evidence-based practice models.

Our goal with this approach is to support people to live independent, fulfilling lives by helping them achieve:

- stable housing
- financial security and access to work
- good health and wellbeing
- strong personal and social relationships
- key life skills.

We base our approach on four core principles:

1) relationship-based
2) person-centred
3) trauma-informed
4) strengths-based.

The Transform Ways of Working not only supports individuals but also brings wider benefits to society. By helping people build confidence, stability, independence and strong support networks, we contribute to safer communities, reduce homelessness and provide better public services. In turn, clients feel heard, develop life skills and give back to their communities.

Ofsted registration

Transform has invested in work to achieve **Ofsted registration** for our supported housing services for 16- and 17-year-old care leavers and children currently looked after by Children's Services.

Mitchell Place

This year, we opened Mitchell Place – a new service for young parents and care leavers. The building is energy-efficient and designed to be both affordable and warm. This project was made possible through generous funding from Surrey County Council, Reigate & Banstead Borough Council and Homes England, along with the Wolfson and Peter Harrison Foundations.

Client engagement through the Transform Client Forum

Our Client Forum meets every two months and plays a vital role in shaping our services.

Key Client Forum actions and achievements for 2024/25 include:

- Refreshed our Client Engagement Strategy 2024–2027.
- Reviewed several policies that directly impact on clients' experiences, including our Ways of Working approach.
- Shaped staff training on complaints handling.
- Enabled clients to choose fittings for kitchen and bathroom upgrades.
- Contributed to the successful Warm Homes funding bid.
- Reviewed and contributed to the Client Services Business Plans for 2024/25 and 2025/26.
- Helped shape our 2024 client satisfaction survey.
- Monitored and reviewed performance information in relation to complaints, incidents, and safeguarding.
- Agreed a process for appointing new client representatives to the Client Experience and Impact Committee.



Client satisfaction survey

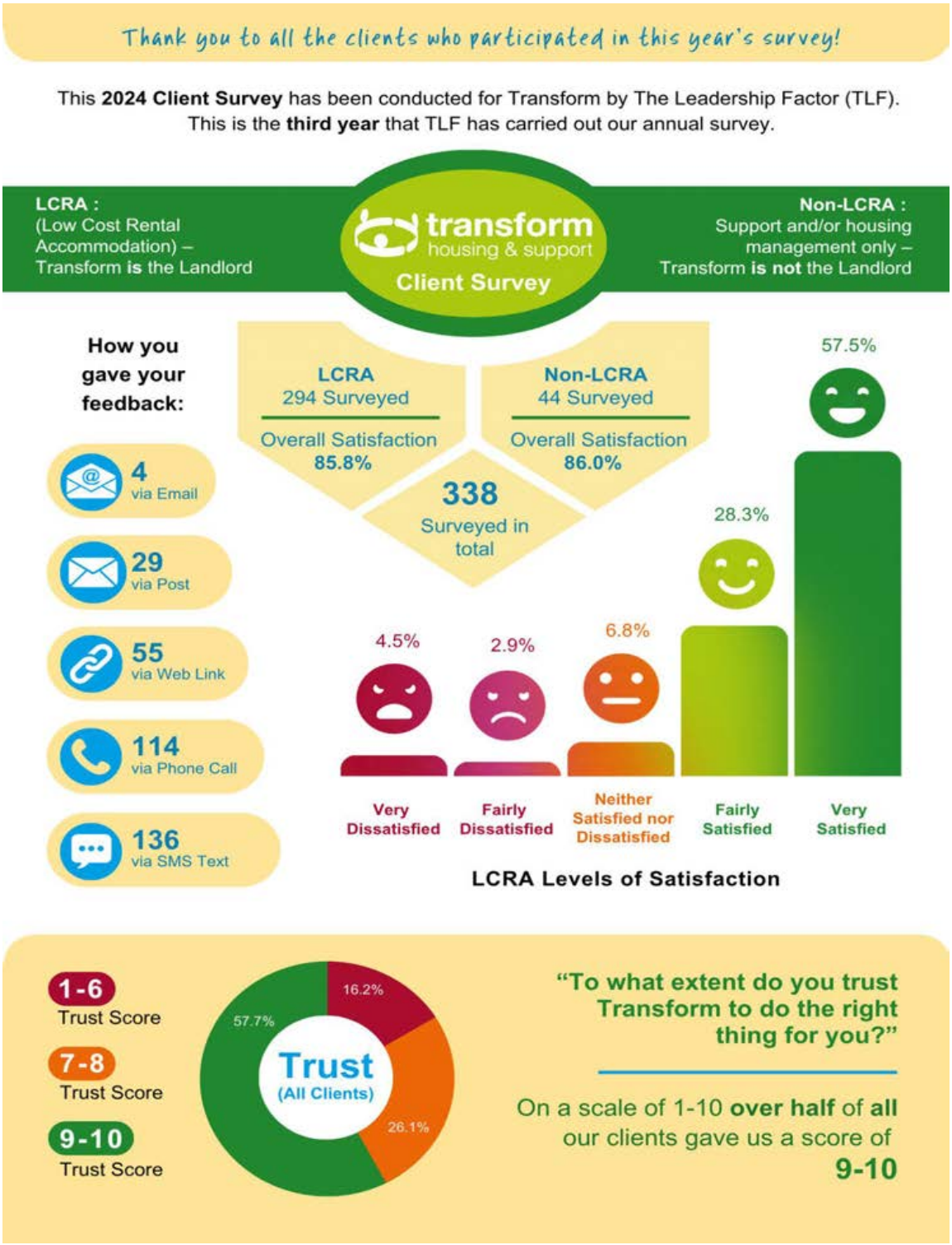
In 2024, we undertook our latest client survey carried out by customer evaluation experts at The Leadership Factor (TLF). Overall satisfaction rose to **85.8%**, slightly up from 85.4% in 2023/24.

Highlights included:

- **90.5%** felt treated fairly and with respect
- **89.2%** said they felt safe in their homes
- **82.8%** felt their views were heard/acted on

Satisfaction with our complaints handling rose by **14%**, reaching **62.5%**. This followed the introduction of our new policy, staff training and greater client involvement. To continue improving, we are introducing "real-time" feedback on complaints during 2025/26. This will help us respond faster and learn more from client experiences.

See further details on the survey below and overleaf. All clients have received this feedback.











Since last year we have improved the most for our LCRA clients in:

Maintaining Communal Areas

+6.4%

higher satisfaction than last year

Handling Complaints

+13.9%

higher satisfaction than last year

Handling Anti-social Behaviour

+6.2%

higher satisfaction than last year

For next year we are going to focus on improving in:

Maintenance and Speed of Repairs

Being Responsive and Getting Things Done

Communication and Listening to Clients

Overall, we intend to do more to ensure that everyone receives consistent service

Health and safety

At Transform, the health, safety, and wellbeing of our clients, colleagues, and stakeholders remains a top priority. This commitment is supported by strong leadership from the Board of Trustees, Executive and Senior Leadership Team.

In 2024/25, we focused on reducing risk through clear procedures and promoting a safety-first culture. Ongoing training and a responsive approach have helped maintain safe and compliant operations across all areas of Transform.

Our Health & Safety Policy, Statement of Intent, and overall approach align with the Health and Safety Executive's guidance on *Managing for Health and Safety*. The Policy and Statement were reviewed and approved by the Board, in line with our review cycle.

Stakeholders have been actively encouraged to raise concerns around health, safety or wellbeing. The Health & Safety Steering Group meets every two months to monitor performance, review policies and action plans, and provide strategic oversight. The Staff Forum also offers a platform for colleagues to raise issues.

In June 2025, we made a proactive self-referral to the Regulator of Social Housing (RSH) after identifying that a number of fire risk assessment actions had not been completed within the required timescales. All of these actions have or are in the process of being addressed in full. In addition, we have undertaken a comprehensive review of our processes for managing fire risk assessments and implementing resulting actions, to strengthen compliance and provide greater assurance to the Board and the Regulator.

Key actions and achievements in 2024/25

- All health and safety policies and management plans were reviewed and/or implemented.
- We updated all the health and safety information for clients in the Client Hub on our website.
- We placed a stronger focus on damp, mould and condensation including adding this measure to our health and safety scorecard.
- Strong performance was maintained across all key health and safety indicators.
- All buildings over 11 metres were regularly inspected in line with regulations.
- The 'Peoplesafe' lone working system was extended to cover **100** colleagues.
- Incident reporting improved through better engagement with formal reporting processes.
- An internal occupational health and safety audit achieved a positive rating.

Training

Transform maintains a robust training programme for all new and existing staff, including mandatory online Health & Safety modules. Multi-Trades Operative (MTO) training was refreshed, with regular Tool-Box Talks introduced.

First Aid training was delivered to **51** colleagues in 2024/25, meaning that over half of Transform colleagues are now qualified First Aiders. In addition, nearly **18%** are Mental Health First Aid trained and over **18%** are trained fire marshals.

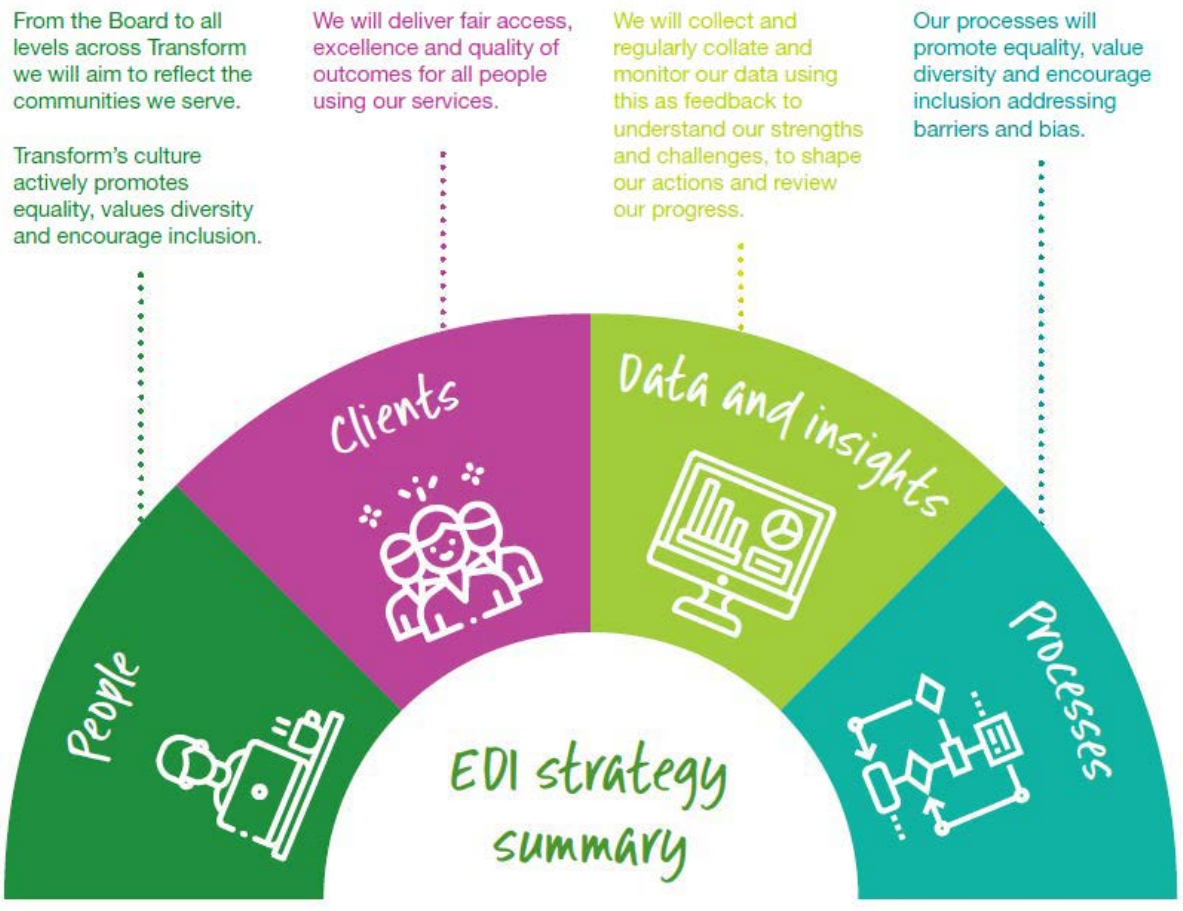


Equality, diversity and inclusion

At Transform, Equality, Diversity and Inclusion (EDI) are at the heart of how we work, reflecting our belief in the value of every individual. As a registered provider and charity, we are committed to creating an environment where everyone – clients and colleagues alike – can thrive. We focus on recognising individual differences and removing barriers, so that people feel respected, supported and able to succeed. Our inclusive approach strengthens our services and helps deliver better outcomes for those we support.

Key actions and achievements in 2024/25

- Updated our careers site to better reflect inclusivity and integrated a web tool for improved accessibility.
- Appointed a Trustee with lived experience through an inclusive recruitment process involving clients.
- Launched a co-produced, updated Client Engagement Strategy, now embedded in our Business Plan.
- Enhanced services for clients with learning disabilities and updated referral processes.
- Created a new 'Ways of Working' guide to support consistent, inclusive client practice.
- Strengthened demographic data collection and aligned with national EDI benchmarks.
- Used AI tools to translate client newsletters into multiple formats and languages.
- Reviewed web content for inclusivity and updated the web accessibility tool on our main website.
- Significantly increased declared disability representation across all levels.
- Analysed staff surveys by diversity strands to highlight differential experiences and guide inclusive leadership development.



Asset management, maintenance/repairs

Key actions and achievements in 2024/25

Planned and cyclical maintenance:

This was our first year delivering new planned maintenance and cyclical decoration contracts procured through the Community Housing and Investment Consortium (CHIC) procurement framework.

Armour Hart delivered our external and internal communal decoration programme to **22** of our properties.

CLC Group installed **54** new kitchens and **10** new bathrooms across our stock portfolio. Through consultation, residents had input and choice around kitchen design and colours.

Sovereign Group Ltd installed new windows and doors to **36** properties.

Tenant satisfaction measures:

Percentage of clients satisfied with overall repair service: **81.1%** (83.2%, 2023/24)

Satisfaction that the home is well maintained: **84.4%** (86.5%, 2023/24)

Gas servicing and maintenance:

In October 2024 we appointed GasCall (Sureserve) through the Procurement for Housing (PFH) framework to service and maintain our domestic boilers for an initial three-year period.

Managing asset data:

Our asset data was managed through an external consultancy and we wanted to bring this data in-house, so it was more accessible. We procured M3 Vision which will allow us to manage our asset data for future maintenance investment and hold data on the energy efficiency of our properties.

Decent Homes Standard:

Of our total of **911** properties, all met the Decent Homes Standard. We are committed to ensuring all our homes meet the required standards as part of our ongoing improvement programme.

Improving energy efficiency and moving towards Net Zero for our properties.

We are working towards achieving an Energy Performance Certificate (EPC) rating of at least C for all our properties by 2030 and working long-term to achieve Net Zero carbon emissions by 2050.

See our Sustainability section overleaf for details of our Warm Homes project.

Strategic asset management and planned investments:

As part of our asset management strategy, we will continue to assess the performance of all Transform assets to ensure they are viable and meet the required standards.

We are also planning to carry out a new round of stock condition surveys across our portfolio to update and refresh out current asset data for future maintenance investment.

Introduction of Awaab's Law

Following the tragic death of toddler Awaab Ishak in 2020 due to being exposed to mould within his home, Awaab's Law has been introduced to ensure landlords are accountable for dealing with damp and mould when tenants report it. The new law will come into force in October 2025 and Transform is currently working on actions to ensure compliance with this new legislation.



Sustainability

At Transform, sustainability is a core part of our commitment to creating safe, secure and supportive housing. As a supported housing provider, we recognise that the health and wellbeing of our clients is closely linked to the quality and resilience of the environment around them.

Reducing our environmental impact not only helps address the global climate crisis but also ensures our homes are affordable to run, comfortable to live in, and future-proofed for the long term. Our approach to sustainability reflects our values and our responsibility to the communities we serve, today and for generations to come.

Key actions and achievements in 2024/25

- The Board approved a **Sustainability Strategy** and action plan for Transform, underlining our commitment to reducing our environmental impact and achieving Net Zero by 2050, in line with government targets.
- We adopted the Sustainability Reporting Standards for Social Housing and will publish our first ESG report for the 2024/25 financial year later this year.
- For the second consecutive year, we achieved carbon neutral status by offsetting **1,142.77** tonnes of Scope 1 and 2 CO_2e emissions through Carbon Neutral Britain.
- We reduced our direct emissions from **1.2 tonnes** in the previous year to **1.14 tonnes** in 2024/25.
- In 2024, we applied for grant funding under the Government's Warm Homes: Social Housing Fund (Wave 3) to improve the energy efficiency of 100 properties to EPC rating C or above. In March 2025, we were awarded **£1.03 million** towards the £2.06 million project, with works scheduled to begin in 2025/26.
- Through the Greener Futures Partnership framework, we appointed Wates Property Services to deliver these energy efficiency improvements.



Future plans – strategic objectives 2025/26

Clients – our foremost priority

- Deliver person-centred and trauma-informed services that reflect clients' needs and goals, in line with our Ways of Working approach.
- Deliver a newly commissioned Tenancy Support Service in Mole Valley.
- Review and align our training offer with Transform's Ways of Working approach.
- Support the development of colleagues through an enhanced induction and implementation of the new performance, development and support framework.

People – Transform colleagues

- Develop and implement a People Strategy that aligns with the refreshed corporate strategy.
- Roll out the new performance, development and support framework across Transform.
- Strengthen recruitment, onboarding and induction to boost staff retention and reduce vacancies.
- Implement a training plan that aligns with the new professional qualifications in the Social Housing Regulation Act.
- Work towards achieving Menopause Friendly Accreditation from Henpicked*, promoting awareness and inclusivity across the organisation.
- Launch an EDI Steering Group to lead strategy and action plan delivery.

Financial resilience

- Refinance £6 million of loans due to mature in 2025/26.
- Implement a new Procurement Policy in line with the new Procurement Act and re-tender contracts for repairs, energy and professional services.
- Review and update our Value for Money (VFM) strategy.

Asset management, maintenance, and repairs

- Refresh our asset management strategy.
- Complete a review of our approach to delivering asset management services.
- Roll out a multi-year retrofitting programme to meet minimum EPC Band C ratings by 2030.
- Implement a new stock condition programme.

Growth, funding and development

- Continue strengthening existing partnerships and explore the benefits of new ones, including potential merger opportunities.
- Acquire, or develop, more supported housing provision in Surrey.
- Secure planning permission with a landowner in Haslemere, Surrey who is gifting us land on which to build eight units for people at risk of homelessness.

* Henpicked are the leading UK experts offering menopause in the workplace support including training, education and accreditation as a menopause friendly employer.



Governance

- Recruit at least one new Trustee with specialised skills to maintain a diverse, skilled and knowledgeable board.
- Tender our legal services contract.
- Recruit at least one new client representative to join the Client Experience & Impact Committee and the Client Forum.

Sustainability

- Deliver the actions in our Sustainability Strategy, with progress tracked through the Sustainability Reporting Standard for Social Housing.
- Focus on meeting the Government's Future Homes Standard and prepare for updates to the Decent Homes Standard.
- Further reduce our carbon footprint, offset our Scope 1 and 2 emissions and build capability to calculate Scope 3 emissions.

Information management and technology

- Complete an appraisal of future information management system requirements.
- Enhance Azure – the core infrastructure supporting our IT strategy – to ensure an up-to-date secure and reliable digital platform.
- Undertake an IT hardware and telecommunications refresh.

Health and safety

- Prepare for the implementation of Awaab's Law in October 2025.
- Expand KPI tracking and real-time reporting.





Risk management

Risk management – principal risks and uncertainties

Risk management is fundamental to Transform's operation. The Board holds overall accountability for risk management with Trustees regularly reviewing Transform's risk register. More detailed scrutiny is delegated to the Audit & Risk Committee as well as oversight by the other Committees for respective risks.

The Senior Leadership Team maintains day-to-day oversight for reviewing risk. This activity supports strategic decision-making and ensures that Transform can adapt to changing circumstances.

Within the framework, risks and opportunities are continuously monitored and evaluated. From this work, policies and procedures are adapted and controls put in place to ensure appropriate action is taken to safeguard clients, colleagues and Transform as a whole.

The framework also ensures that risk informs the business planning process with proactive risk management being used to mitigate against uncertainty in the operating environment.



Transform's key risks

Our highest scoring risks:

Economic and political risk exposures: inflation, interest rates, government policy and the economy
Risk
Macroeconomic activity and government policy negatively impacting on clients and colleagues.
Details
While some economic pressures have started to ease with decreasing inflation and interest rates, there continues to be much uncertainty in the UK and global economies arising from the war in Ukraine, the Israel-Gaza conflict and USA Government policies regarding tariffs and global trade. Increases in National Insurance Contributions for employers together with below inflation rent increases has resulted in further budgetary pressures for Transform, like many businesses.
General controls and mitigations
▪ Ensuring support contracts are secured on a full-cost recovery basis. ▪ Ensuring we secure best value through procurement. ▪ Business plan stress testing with appropriate mitigations identified. ▪ Budgeting, rolling forecasts and cashflow projections.

Inability to recruit and retain high-quality staff

Risk

Challenges recruiting and retaining colleagues who meet our role requirements.

Details

While the after-effects of the cost-of-living crisis on labour and skills shortages have lessened, recruitment remains highly competitive in certain areas. This is particularly evident in administration and frontline roles as well as those requiring specialist skills such as asset management. The combination of high demand, salary competition and a limited pool of talent continues to pose challenges in attracting and retaining qualified staff in Surrey.

General controls and mitigations

- Optimising salary and benefits to ensure that our offer is competitively positioned.
- Further enhancement of our onboarding and induction processes.
- Harmonisation of the working week for all employees.
- Enhanced marketing of roles through social media, a refreshed website and improved connectivity between the website and candidate tracking system.

Data protection and IT security risks

Risk

Threats to our IT and data security.

Details

These risks can cause operational disruption, reputational damage and potential fines. Continued investment in monitoring and testing our security systems alongside training and awareness raising help ensure we mitigate these risks. Our partnership with LIMA Networks ensures arrangements are in place to manage network failures.

General controls and mitigations

- A framework of IT network controls.
- A vulnerability assessment service and patch compliance reporting.
- Internal Audits of IT Security Controls.
- Cyber security awareness training.
- Ongoing improvements from lessons learned through review and investigation of data breaches.
- Business continuity planning arrangements refreshed during the year alongside simulated testing exercises.
- Cyber Essentials Plus Accreditation.

Occupancy/utilisation of property (void rent loss)

Risk

Failure to optimise occupancy / utilisation rates resulting in material losses of income.

Details

Voids can arise from a combination of factors including delays in completing voids works, processing referrals or the ability to match referrals to suitable services. Voids management is as a key organisational priority. There is scrutiny by the Heads of Housing & Support and regular weekly monitoring to maintain momentum.

General controls and mitigations

- Clear process for monitoring voids at all stages from key in to key out.
- Voids action plans for each team.
- Proactively marketing our services, including clearly outlining our service offer through our Ways of Working approach.

Income collection of personal charges (rent and service charge arrears)

Risk

Inability to optimise income collection of personal charges

Details

High inflation and real term wage reductions experienced in the last few years have increased financial pressure on households which is causing an increase in arrears levels.

General controls and mitigations

- Arrears management processes which enable clients to manage their rent accounts and retain their tenancies.
- Provision of hardship and Household Support Funds and ongoing signposting to others who provide support.
- Proactive approach to rent collection through digital payment methods.
- Benefits training for colleagues to support them in optimising welfare benefits for clients.

Procurement and contract management arrangements

Risk

Lack of robust procurement and contract management arrangements.

Details

With the implementation of the new Procurement Act 2023, which became effective 23 February 2025, Transform must ensure that it is compliant and the required internal policies and procedures in place.

General controls and mitigations

- New procurement policy developed and training provided to the Senior Leadership Team.
- Contract management procedures being refreshed.

The Board closely monitors the risk environment to identify changes in key risks as well as new or emerging risks. The Committees of the Board also review the risks relevant to their remit every quarter. This is a key focus of the Audit & Risk Committee.





Governance, regulation and compliance

Governance

Board of Trustees

The Transform Board is the ultimate decision-making body. Its role is to lead, direct, control, scrutinise and evaluate Transform's work. It holds responsibility for ensuring that governance across the organisation is robust and that Transform complies with all regulatory and statutory requirements. The Board comprised 10 Trustees during 2024/25, drawn from a wide range of backgrounds and bringing together professional, commercial and local experience.

Three new Board members were appointed during the year:

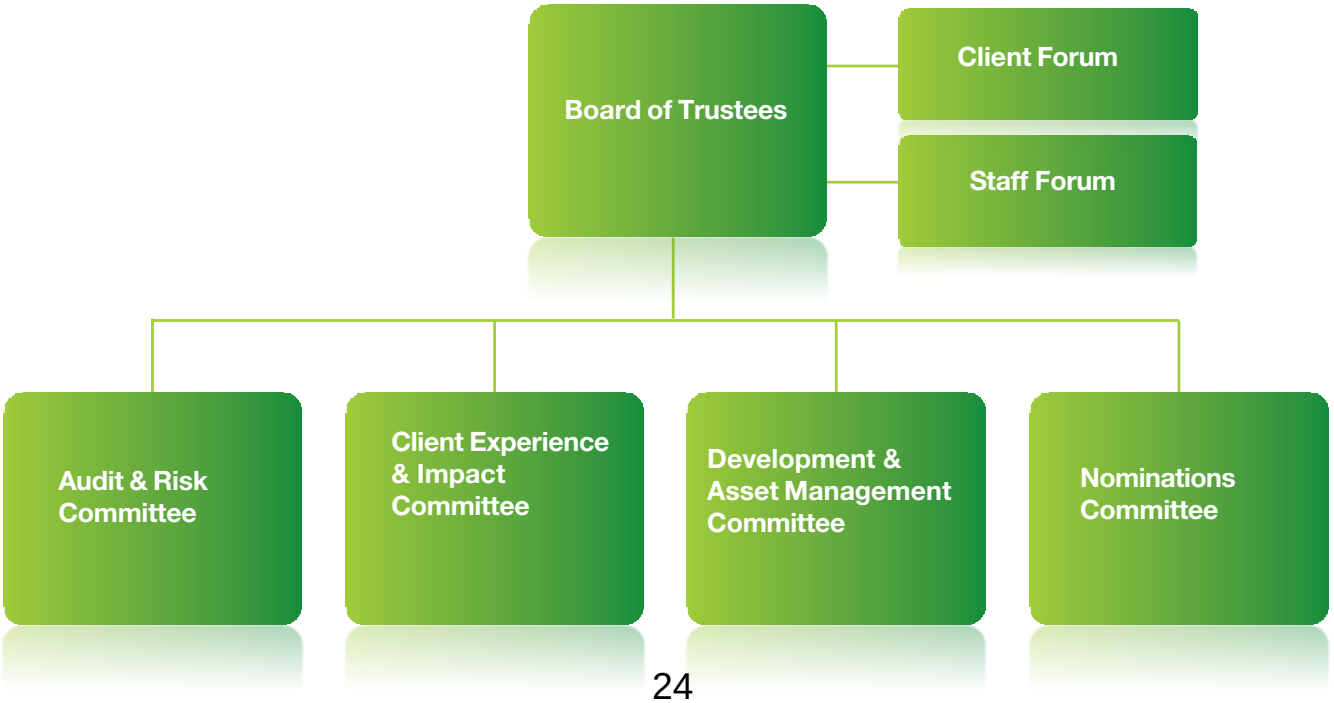
- Karen Gregory is a social housing resident and works as a Training Officer for another registered provider. She brings to the Board a strong commitment to, and experience of, community engagement and a deep understanding of the challenges faced by tenants in today's housing environment.
- Mark Lake is a senior leader with over 30 years' experience in supported and social housing. He has held Director and Executive Director roles with both national and smaller providers. Now running his own consultancy, he offers interim leadership and advice to housing and not-for-profit organisations. Mark is a firm believer in the power of quality supported housing to transform lives and promote independent living.
- Sarah Page is a Chartered Accountant with over 20 years' experience in finance, having worked in London and Sydney across investment banking, commercial banking and private equity. A former President of the London Business School Board Fellows Programme, she has partnered with charities in London and Dubai. Sarah serves as a Trustee for several UK charities, using her corporate expertise to drive social impact.

During the year, the Board considered several key matters including:

- Assessing compliance against the Complaints Handling Code and Code of Governance.
- Publishing Tenant Satisfaction Measures.
- Carrying out the Board Effectiveness Review.
- Recruiting three new Trustees.
- Revising the Governance framework.
- Approving the Client Engagement Strategy.
- Appointing new external auditors.
- Agreeing the revised long-term financial plan.

Board and committee structure

During the year, the Board implemented some changes to its Committee Structure arising from recommendations from the Board effectiveness review, replacing the Finance & Audit Committee with an Audit & Risk Committee and removing its People Committee. The Board now delegates specific responsibilities to four committees, as detailed below, which each report to the Board where their recommendations are considered and approved where appropriate.



Board and committee membership 2024/25

	Board	Audit & Risk Committee (from Nov 2024)	Client Experience & Impact Committee	Development & Asset Management Committee	Finance & Audit Committee (to Nov 2024)	Nominations Committee
Ollie Smedley	Chair					Chair
Julie Bradley	Member	Chair			Member	
Karen Gregory	Member (from Sept 2024)	Member	Member (from Sept 2024)			
Sanjay Gulati	Member (to Sept 2024)		Member (to Sept 2024)		Member (to Sept 2024)	
David Henderson			Member			
Natalia Kolotneva	Member		Member	Chair		
Mark Lake	Member (from Nov 2024)		Member (from Nov 2024)	Member (from Nov 2024)		
Sarah Page	Member (from Feb 2025)	Member (from Feb 2025)		Member (from Feb 2025)		
Paul Rees	Member	Member		Member	Chair	Member (to Sept 2024)
Michael Ryan	Member			Member		
Alec Sanderson	Deputy Chair and Senior Independent Director	Member		Member		Member
Simon Shaw			Member			
Katie Wadey	Member		Chair			



Board committees

Audit & Risk Committee (ARC)

The ARC supports the Board in ensuring that effective systems of internal control and assurance are in place including audit and risk arrangements. This includes supporting the appointment of both internal and external auditors. The Committee alerts the Board to any emerging issues across the organisation in relation to risk management and internal control systems.

Client Experience & Impact Committee (CEIC)

The CEIC supports the Board in 'hearing the voice of the client' to influence policy development, to better understand their needs and to drive improvements in client satisfaction/experience. The Committee also has a key role in ensuring compliance with the Consumer Standards and supporting the Board in applying additional scrutiny in key areas of compliance including the Complaint Handling Code. The CEIC ensures equality, diversity and inclusion are considered when meeting the different needs of clients.

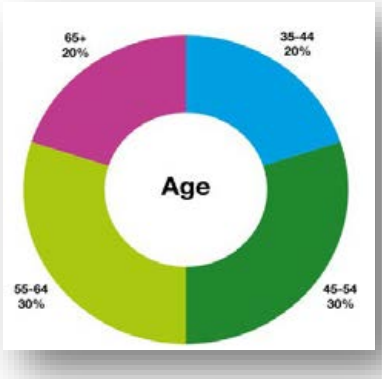
Development & Asset Management Committee (DAMC)

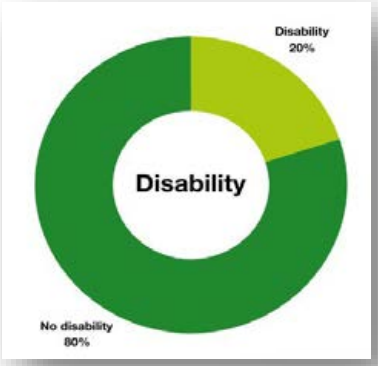
The DAMC supports the Board in overseeing Transform's development activities. It also oversees the progression of asset management and investment programmes approved by the Board, ensuring scrutiny, effective risk management and implementation in line with agreed parameters. It assists the Board in setting appropriate budgets to deliver these objectives as well as monitoring programme delivery and key risks.

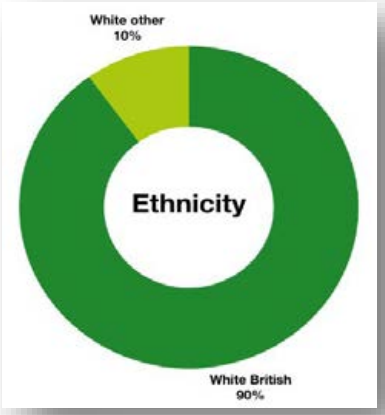
Nominations Committee

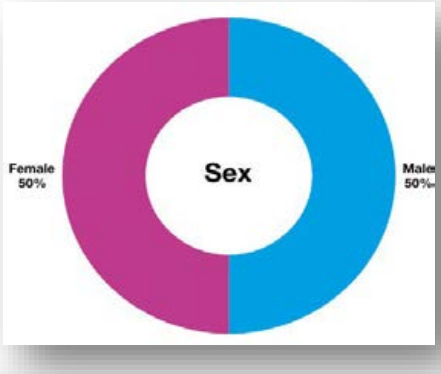
The Nominations Committee supports the Board in ensuring Transform has effective governance through succession planning and recruitment. The Trustees are also appointed as directors under the Companies Act 2006.

Composition of the Transform Board – key equality and diversity metrics

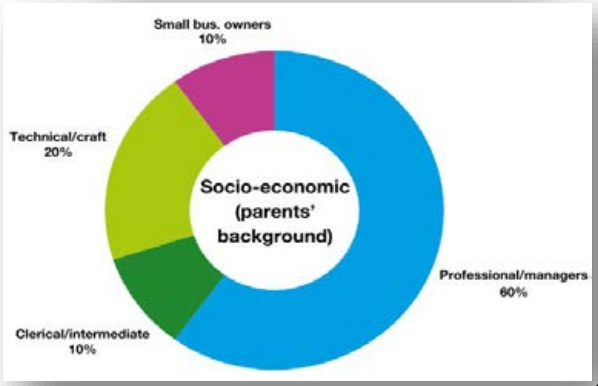


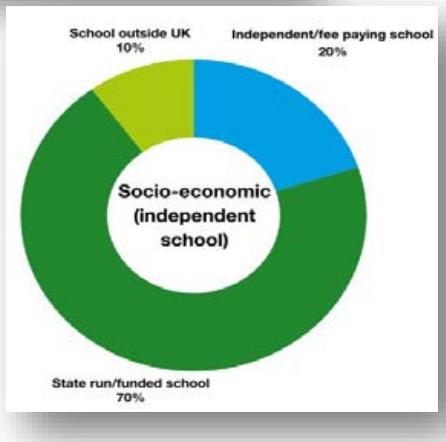












Trustee training

Trustees received training from Devonshires solicitors on Roles and Responsibilities of a Registered Provider Board Member, including the regulatory framework. A programme of online training modules was launched for all Trustees, commencing with safeguarding awareness. The Board safeguarding lead received training on Safeguarding Adults for Safeguarding Leads and the Chair attended a Chairing Skills Course. Some of our Trustees underwent the IOSH Leading Safely training this year. Trustees are also encouraged to attend events and networking opportunities held by recognised sector bodies such as the National Housing Federation.

Board effectiveness

Following an external review of board effectiveness which concluded in May 2023, the Board has made good progress in the implementation of the recommendations arising from the review. A self-assessment of Board effectiveness took place during 2024/25 which showed that the Board is functioning well, with positive feedback on leadership, participation and decision-making processes.

The Board considered the outcome of the results at its meeting in November 2024 and agreed a number of areas for continuous improvement. A further self-assessment will take place in 2025 and the next external review will be conducted in 2026.

Code of Governance

Transform adopted the National Housing Federation Code of Governance 2020 for the reporting period. An annual assessment of compliance against the code has been conducted and confirms that Transform complies with all the requirements including the provisions in relation to:

- mission and values
- strategy and delivery
- board effectiveness
- control and assurance.

Governance and Financial Viability Standard

The annual review of compliance against the Regulator of Social Housing's Governance and Financial Viability Standard has been carried out and Transform was compliant with the standard during the reporting period. A detailed and evidence-based assessment was completed against each requirement and the Board approved this at its meeting on 31 July 2025.

In preparing this report, the Board has followed the principles set out in the Statement of Recommended Practice (SORP) for Registered Social Housing Providers 2018 and the Regulator of Social Housing's Accounting Direction for Social Housing Providers 2022.



Regulation and compliance

Transform fully complies with the requirements of the Regulator of Social Housing, the Charity Commission and the Fundraising Regulator. We have been working towards the implementation of the new Consumer Standards.

Regulator of Social Housing

As a small provider, Transform is not subject to regulatory judgement from the Regulator of Social Housing and was not issued with any regulatory notices during this period of accounts.

Charity Commission public benefit reporting

Transform's aims, objectives and activities demonstrate public benefit as defined by the Charity Commission.

The Board ensures that planned activities meet the organisation's objectives. Transform's work supports those on the margins of society to overcome the challenges they face.

Trustees follow the Charity Commission's public benefit guidance when carrying out their duties. Awareness of the guidance forms part of each Trustee's induction and the Board takes this into account when making relevant decisions.

Fundraising Regulator's code compliance

The Code of Fundraising Practice sets out the responsibilities that apply to fundraising carried out by charitable institutions in the UK. To provide reassurance to donors and supporters, and to demonstrate high standards for fundraising activities, we are registered with the Fundraising Regulator and have adopted the Regulator's Code of Fundraising Practice.

We are committed to protecting donors and the public from any unreasonably intrusive or persistent fundraising approaches and will not apply any undue pressure on them to donate. We do not use any external professional fundraising services. We use the Fundraising Regulator's logo on fundraising communications. Transform has not received any requests to remove or suppress donor data from the regulator's Fundraising Preference Service.

The Fundraising Executive continually monitors guidance and regulations from the Charity Commission and the Fundraising Regulator, and colleagues are kept abreast of changing regulations throughout the year. We received no complaints relating to fundraising in the year to 31 March 2025.

Complaints

Each year, Transform reviews its complaints policy against the Housing Ombudsman's Complaint Handling Code. For 2024/25, we were fully compliant with all aspects of reporting, managing and learning from complaints.

Significant improvements were made to our complaints policy and procedures this year. These changes followed updates to the Ombudsman's Code, which became a legal requirement from 1 April 2024, and client feedback against our Tenant Satisfaction Measures highlighting complaints handling as a key area for improvement. As this is a major driver of overall client satisfaction, it was an essential area to address.

Following extensive input from clients, staff, and external stakeholders, we introduced a new complaints process and fully trained all staff before launching it on 1 April 2024.

We received 158 complaints in 2024/25, compared to just 19 the previous year. This increase reflects improved recording, especially in the first quarter after training and policy implementation. Complaint volumes have since remained steady.

Complaints are categorised into formal complaints, anti-social behaviour (ASB) concerns, and service requests.

Complaint themes

Issues with maintenance and repairs were the most common areas of concern raised. Targeted improvements – such as enhancing out-of-hours cover, regional maintenance teams, quicker diagnosis of damp and mould issues and kitchen and bathroom upgrades – have helped reduce complaints in this area.

Performance

Over 80% of complaints were resolved within the target timescale. Performance improved in the last quarter of the year following the recruitment of a dedicated Client Services Administrator, providing additional capacity to manage the process. Ten stage 1 complaints were escalated to stage 2; 80% of these were resolved on time.

Learning and Improvement

Insights from complaints and the 2024 Client Survey have informed improvements in two key areas:

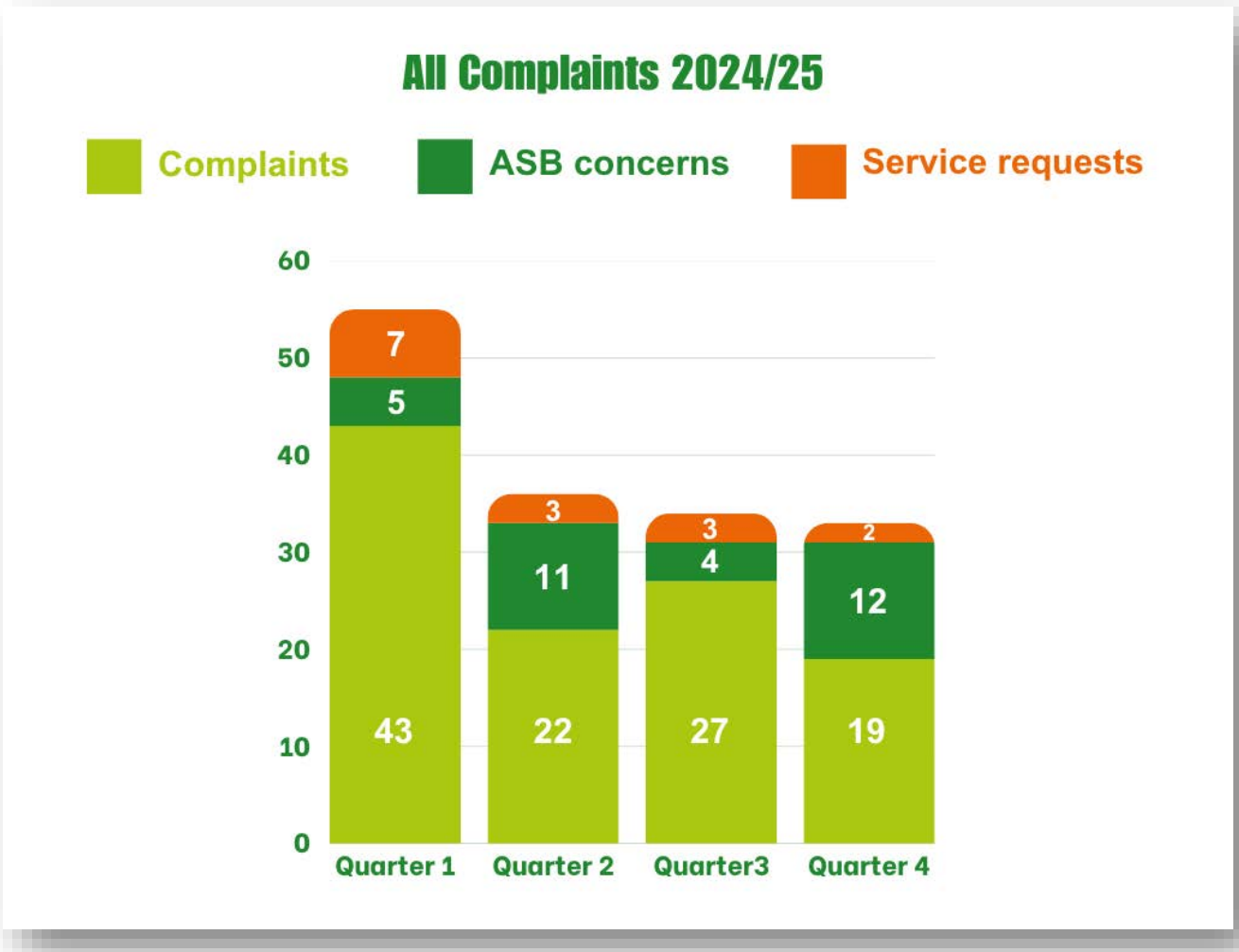
Complaints Handling

- A new Client Services Administrator has been recruited to improve complaints handling and proactively manage deadlines and communications.
- A Complaints Handlers' Forum was launched to share learning and best practice.
- Complex complaints now more often use formal extensions to allow for thorough investigation—improving client understanding and satisfaction.
- Inter-departmental reviews support organisation-wide learning where issues span multiple teams.

Client Experience

- Clients are contacted during investigations to ensure their perspectives are understood, they are kept updated and offered clear options where appropriate.
- A single point of contact improves communication and co-ordination.
- Colleagues are more confident offering early compensation where appropriate, and ensuring clients feel heard.
- The overall process is more proactive and responsive.

These changes have led to improved satisfaction with complaints handling, as seen in the 2024 Client Survey.







Value for Money

Value for Money (VFM)

2024/25 financial year overview

This statement outlines the VFM outcomes achieved during the past year. Despite a challenging operational environment – including rising costs, increased demand for services and ongoing workforce pressures – Transform remained focused on achieving cost-effective and high-impact services. In addition, last year's merger positively impacted our bottom line in the 2023/24 financial year which has led to reduced margins on some KPIs in 2024/25.

Key challenges faced

- Cost of inflation – general inflation affected supply chains, resulting in higher costs for repairs and maintenance goods and services, utilities and insurance premiums.
- New regulatory requirements – around tenant satisfaction, building and fire safety required additional spend in our stock and staff training.
- Staffing shortages – recruitment and retention of skilled support staff remained challenging in the earlier part of the year, this resulted in increased use of temporary and agency staff which added to payroll costs.
- Rising complexity – the number of clients presenting with complex and multiple needs increased requiring more intensive interventions which resulted in increased costs.
- Delays in receiving appropriate referrals resulted in longer void periods and delayed occupancy in some services.

Our response and VFM actions

Our VFM performance is measured against effectiveness, economy and efficiency.

Effectiveness: measuring the extent to which intended outcomes are achieved

Through delivery of our operational services, we make a significant impact in the communities in which we work. This year we contributed to the wider sector in Surrey by being active participants in the mental health and housing protocol and in chairing the Voluntary, Community and Social Enterprise (VCSE) Homelessness Group.

Effectiveness Key Performance Indicators	2024/25	2023/24
Number of clients supported	1,669	1,920
Number of positive move-ons %	82.3%	76.9%
Number of clients moved into independent accommodation	489	411
Number of clients sustaining their tenancy for 12 months or more	91.0%	-
Customer satisfaction	85.8%	85.4%

Economy measures: 'doing things at the right cost' and minimising the costs of activity

- Digital progress – we undertook an upgrade of our housing management and finance system to Pyramid G2 marking a key step towards achieving our strategic IT goal of enhancing digital capabilities.
- Debt management – we repaid two loans, which reduced annual interest costs by c£100,000.
- Asset management – we disposed of two properties.

Efficiency measures: delivering the same level of service for less, time or resource

Efficiency Key Performance Indicator	2024/25 Benchmarking Group	2024/25 Actual	2024/25 Target	2023/24
Voids %	5.8%	7.6%	6.00%	7.40%
Arrears % net of housing benefit	1.5%	3.2%	2.50%	2.50%

- Arrears – these continued to affect many clients due to cost-of-living pressures and delays in processing their Universal Credit claims.
- Voids – we experienced an increase in re-let times due to a combination of factors, including lower numbers of relevant referrals.

Value for Money – action on voids and arrears

Voids

Reducing voids is a key priority. We will continue to address this by:

- Strengthening our voids management processes.
- Working closely with local authorities to improve referral processes.

Arrears

We are committed to improving income collection and arrears management practices.



Key actions and achievements in 2024/25

Quality and outcomes

- We implemented a refreshed service charge budgeting tool which has strengthened our approach to setting service charges in this financial year.
- A new Equality, Diversity and Inclusion Policy was approved by the Board.

Operational efficiency

- We introduced Sum-Up Card readers as an additional rent payment option and will continue to identify alternative payment methods which meet client requirements and also increase efficiency.
- We reprocured our energy contracts through an ESPO (a public sector owned professional buying organisation) framework, securing favourable rates for the next 12 months.

Social care

- Our Client Satisfaction Survey once again demonstrated that we have provided invaluable support for clients' wellbeing and journey to independence this year.
- We received 'Highly Commended' recognition in the Best Supported Housing Landlord category at the 2024 UK Housing Awards.

Environmental sustainability

- We secured c£1.02 million of Warm Homes funding to support the retrofitting of 100 properties* (see Sustainability page for more information).
  We adopted the Sustainability Reporting Standard for Social Housing.
- We procured a green electricity supplier which met our sustainability goals.
- We achieved carbon neutral status through Carbon Neutral Britain for the second year.

Benchmarking and Performance Monitoring

VFM is underpinned by the strategic objectives detailed in the Business Plan. The Board and the Executive Team provide financial scrutiny by monitoring progress against budget and carrying out quarterly in-depth reviews of our financial and VFM metrics.

We continue to benchmark our VFM performance:

- Internally – against our target for the year and last year's actual performance
- Externally – against our actual performance with other similar sized housing providers.

We participate in sector-wide benchmarking groups to identify underperforming areas and opportunities for improvement, and the following resources were used to compile this report:

- Acuity SPBM Smaller Providers Benchmarking – a national group of 150 housing associations with up to 1,000 homes.
- SPBM Supported Housing – a group of 24 supported housing providers which produce a comparative benchmarking data set and with whom we meet quarterly.

> "You're kind (as in general); you're there when we need you. You are good!"
>
> Transform client



Regulator VFM metrics

Indicator	2024/25	2023/24	Peer-Group Median (Supported Housing) Acuity Benchmarking 2024/25	Transform Internal Target 2024/25
1. Operating Margin (overall)	8.0%	20.0%	7.4%	6.6%
2. Operating Margin (social housing lettings)	10.0%	26.5%	3.0%	9.6%
3. Earnings Before Interest, Taxes and Amortization (EBITDA) Major Repairs Included (MRI) (as a % of interest)	241.1%	565.2%	536.0%	174%
4. Gearing (Including cash balances)	13.8%	18.4%	13.2%	14.0%
5. Supply of New Social Housing (As a percentage)	0.0%	0.9%	0%	n/a
6. Reinvestment %	2.1%	3.4%	2.5%	n/a
7. Return on Capital Employed (ROCE) (%)	3.4%	4.6%	5.2%	1.9%
8. Headline social housing cost per unit (cumulative)	£13,292	£10,917	£11,200	£13,000

Operating margin

The operating margin is a key VFM metric as it reflects the organisation's ability to generate a financial surplus from its core activities, ensuring long-term sustainability and the capacity to reinvest in quality services. Transform's operating margin decreased to **8.0%** in the year (2023/24: 20%). This reduction was primarily driven by higher staffing levels and staffing costs, inflationary pressures on operating expenses and increased maintenance and repair costs arising from enhanced regulatory requirements. In addition, the one-off gain arising from the merger last year, inflated the operating surplus made.

Looking ahead, we are focused on improving procurement practices and strengthening operational performance to support an increase in margin while maintaining the quality of services.



EBITDA

EBITDA is a key indicator for liquidity and investment capacity. It is an internal measure of operational performance that excludes non-cash and non-core charges. It indicates the cash-generating capacity from housing and support services and how well we can service debt. In 2024/25, EBITDA reduced to **241%** compared with 565% in the prior year, due to increased void losses and rising operating costs across staffing, repairs and maintenance, utilities and insurance. In addition, capital repairs expenditure rose by approximately £770k during the year. We also completed the disposal of 16 units, generating a profit compared with the previous year.

While 2024/25 was a challenging year, the underlying business model remains strong. We measure our loan covenant EBITDA MRI closely through a 30-year Finance Plan to ensure we can support growth plans and any borrowing that is required. Our focus is the provision of high-quality supported housing, while rebalancing costs to ensure continued value for money and a sustainable EBITDA in 2025/26.

Gearing

The gearing ratio has reduced year-on-year from 18% in March 2024 to **14%** in March 2025, reflecting a lower proportion of borrowing relative to assets. The reduction is due to the early repayment of two loans totalling £1.7m, which has strengthened our balance sheet by reducing our long-term liabilities, together with a net increase in cash generated from the disposal of properties. As one of the key VFM metrics is a reduction in gearing, this demonstrates a more resilient balance sheet and prudent financial management, contributing positively to our Value for Money position.

A lower gearing ratio strengthens our financial position and enables Transform to invest in property enhancements and meet regulatory requirements without placing undue reliance on borrowing.

Reinvestment and new supply

The reinvestment VFM metric indicates the proportion of expenditure allocated to improving existing homes and developing new ones. In 2024/25, Transform maintained a consistent level of reinvestment, with **£376,000** allocated to planned maintenance and **£1.2 million** invested in upgrades, including fire safety measures and the refurbishment of existing properties. This represents an increase of **£770,000** compared with the prior year, ensuring our homes continue to meet the evolving support needs of tenants. While eight new units of accommodation were developed in the previous year, no development expenditure was incurred in the current year.

This approach ensures that our existing housing stock remains fit for purpose, in line with our VFM objectives and regulatory requirements.

Return on Capital Employed (ROCE)

The ROCE VFM metric measures how efficiently the organisation generates operating surplus from its capital assets, and includes the profit or loss on sale of any assets or merger. The ROCE decreased from 4.6% in the 2023/24 year to **3.4%** in the current financial year, due to last year's figure including a one-off transfer of assets.

Supported housing normally operates on lower margins than general needs provision and any surplus that Transform makes in its operations is reinvested in maintaining its existing homes, building new homes and maintaining and investing in our infrastructure. The lower financial return is offset by the high social impact delivered through housing and supporting vulnerable individuals.

Social housing cost per unit

Our social housing costs were **£13,292**, a 22% increase on the prior year, and higher than the peer-group average of £11,200. The increase was driven by higher capital repairs, increased void losses, staffing costs and general operating cost inflation.

> "Simply...I get the right level of support at the right time!"
>
> Transform client



Future VFM Priorities 2025/26

Transform continues to strengthen its VFM culture through robust financial management and a strong commitment to our clients. For the next financial year 2025/26 our VFM objectives are:

- **Sustainability and energy efficiency by:**
  - Deliver the actions in our Sustainability Strategy
  - Further reducing our carbon footprint and calculate Scope 3 emissions
  - beginning to reduce energy use through retrofitting and smart metering with the rollout of our three-year Warm Homes project beginning in this financial year 2025/26.

- **Strengthening our procurement practices to increase cost efficiency by:**
  - Implementing refreshed procurement practices aligned with the Procurement Act 2023
  - performing a strategic review of high-cost service areas with a view to renegotiating service contracts and making savings across our asset management costs.

- **Digital transformation**:
  - We will accelerate the rollout of our digitalisation of rent payments project to support clients with rent payments to help reduce arrears.
  - Make better use of technology to reduce administrative time, improve reporting and enhance operational efficiency.

- **Maximise occupancy rates:** maintain an average occupancy rate of 94%+ across all our units as higher occupancy spreads fixed costs and ensures efficient use of available housing.

- **Colleague retention:** expand colleague wellbeing and training programmes to improve retention.

- **To provide safe housing by ensuring we meet all regulatory compliance:** this includes implementation of Awaab's Law and achieving a Good Ofsted rating for the young people we support.

Conclusion

The past year has been one of challenge and resilience. While external pressures tested our resources and adaptability, we remained focused on delivering value for money through innovation, collaboration, and a continued focus on client outcomes. We remain committed to driving further efficiencies while improving the quality of life for those we support.

> Keep up the great work and being there when we need you - most especially in times of difficulty
>
> Transform client



Financial performance

(2023/24 figures in brackets)

Background

The 2024/25 financial year presented many challenges which included higher operating costs, funding pressures and the need for increased levels of investment. The economic and political landscape remained uncertain, further regulatory requirements and increased retrofitting costs put further pressure on budgets. Against this backdrop, Transform has demonstrated resilience achieving strong financial results through strategic financial management.

Financial Highlights

- **Turnover from social housing lettings**: **£9.5 million** (£8.7 million)
- **Total Turnover**: **£13.6 million** (£12.7 million)
- **Operating Margin (social housing lettings): 10%** (26.5%)
- **Surplus from normal operations before interest: £1.1 million** (£1.5 million)

Turnover

Transform's revenue growth of **£13.6 million** (£12.7 million), an increase of 6.9% on last year, was primarily a result of increased income from existing homes. Income from social housing lettings amounted to **£9.5 million**, an increase of 9% on last year (£8.7million). Support income amounted to **£3.8 million**, an increase of 4.7% on last year.

Operating costs

The operating margin declined due to rising costs, primarily driven by inflation. In addition, operating costs increased by 12% to **£12.5 million** (£11.1 million) due primarily to investing in upgrading older properties to meet health and safety requirements. Ensuring compliance with the Building Safety Act 2022 has also added pressure to expenditure.

Additional cost pressures included increased utility and insurance costs. Recruitment challenges also led to significantly higher-than-budgeted costs on temporary staff, which was in excess of the management cost savings that had resulted from staff vacancies. Furthermore, we scaled up the planned maintenance programme this year.

Although costs have increased, income from support contracts has remained broadly flat, despite the increase in rental income. Continued investment in support services, including strengthening administrative functions, has added further pressure on margins.

Net income

We achieved a bottom-line surplus of **£1.4 million** against £2.1 million last year. The disposal of two properties this year contributed a net £648,000 to the bottom line compared to the merger with CODHAL in the last financial year which contributed £963,000. The actuarial loss in the Pension Deficit scheme was £43,000 up from £31,000 last financial year).

Investment in properties

Government targets require housing providers to retrofit existing housing stock to align with Net Zero targets. While green funding opportunities such as the Warm Homes Fund are available, the upfront cost of installing energy-efficient technologies still represents a significant investment from our reserves. In line with our strategic plans, Transform invested **£1.2 million** (£1.9 million) in improving existing homes during the financial year.



Statement of financial position and cash flow

Transform maintains a strong financial position, supported by a high asset base and healthy liquidity.

At the end of March 2025, the net book value of our properties was **£55 million**, a reduction of £700,000 compared to the previous year. This decrease was due to the disposal of two properties, comprising 16 units of accommodation, which reduced the total number of units owned and managed from 957 to **941**.

The disposals, combined with a reduction in debtors following the receipt of previously accrued income, and partially offset by the repayment of two loans, contributed to an increase in cash reserves of **£510,000** – rising to **£2.4 million** (£1.9 million).

Due to £6.4 million of loans maturing in August 2025, we report an exceptional Net Current Liabilities position of **£5.1 million** at year-end. However, on a like-for-like basis, excluding the impact of loan maturity timing, Net Current Assets would have stood at £814,000 – an increase of £171,000 (27%) from £643,000 in the previous year.

Cash and cash equivalents at year-end totalled **£2.4 million**, reflecting a strong liquidity position.

Capital structure and treasury

As at March 2024, Transform had secured loans of £10 million. Transform uses loans primarily to support development and acquisition activity. We repaid two loans of £1.7 million and repaid £360,000 on other loans, which led to a decrease in interest paid of £185,000. We will refinance £6.5 million of loans in 2025.

Due to higher interest rates currently, we plan to seek opportunities to secure loans on fixed rates when interest rates fall below our business plan assumptions, which will provide greater financial certainty. Currently, 88% of our existing loans are secured on a fixed-rate basis; the weighted average cost of capital is 3.4% (3.8%). We regularly review cash flow risks as part of our risk management procedures.

Accounting policies

These financial statements have been prepared in accordance with all applicable law and United Kingdom Accounting Standards, including FRS102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice), Housing SORP 2028 and Accounting Direction for Private Registered Providers of Social Housing 2022.

Reserves policy

The Board reviews our reserves policy periodically. Total reserves at year end were £31.1 million (£29.9 million). We hold the following reserves:

- Restricted reserves of £182,000 (£459,000).
- Designated reserves of £250,000 (£250,000) set aside to meet Energy Performance Certificate targets for 2030 and Decent Homes Standard Costs.
- Investment in housing properties of £30 million (£29 million).
- Unrestricted reserves of £715,000 (£339,000) generated from normal operations.
- Transfers between funds primarily represent funds designated by the Board for specific purposes.

Fundraising

Transform raised **£72,000** this year through grants, events, and appeals. These funds provided, move-on support grants and help with education, training and community activities. We completed a self-assessment against the Fundraising Regulator's Code of Practice and achieved full compliance.

In addition, in 2024/25, we were awarded **£75,000** from the Surrey Household Support Fund. **£5,000** of these funds are allocated in the next financial year for clients to be used. This helped clients with essentials such as food and energy costs. We developed a new *Fundraising Strategy*, with input from the Client Forum and Client Experience and Impact Committee.



Going concern

The Board of Trustees have undertaken a detailed review of Transform's financial position and its ability to continue as a going concern. We have a 30-year finance plan which evidences that we can service our debts while continuing to comply with lenders' covenants.

We stress test the plan against key strategic risks, including multivariant scenarios. These scenarios include the impact of sensitivities on Transform's cash flow requirements and its covenant compliance. Mitigating actions have been identified for all scenarios to manage potential impacts on cash flows and liquidity. This stress testing has evidenced that the finance plan is robust, and that Transform is able to meet its obligations.

The 30-year Finance Plan takes account of the following factors:

- Projected income from rents, service charges, and support contracts with public authorities a large proportion of which is fixed income.
- Operational expenditure which meets the cost of maintaining our housing stock and delivering essential services to tenants.
- Capital expenditure requirements for the year ahead which includes meeting the anticipated impact of the soon to be updated Decent Homes Standard, lifecycle costings and the costs of meeting our EPC Band C target within the next five years.
- Cash flow forecasts for the next 12 months.

We have considered our Reserve levels and Liquidity, particularly our existing loan agreements and debt repayment schedules, and our ability to meet financial obligations as they fall due. As one of our two main loans matures within the next 12 months, we have secured a Revolving Credit Facility with our key lender as a long-term arrangement to cover that tranche of funding.

We have considered Regulatory Compliance, which includes adherence to lender covenants associated with our loans, and do not anticipate any breaches.

We have also included the impact of any relevant changes in government policy, funding availability, and macroeconomic factors such as interest rates and inflation and its impact on the organisation.

While we assess Transform to be a going concern, we have also identified certain risks that could potentially adversely impact on our service provision. These risks include:

- Rent arrears and voids: Increases in rent arrears or a significant reduction in occupancy could reduce Transform's income.
- Government funding: any potential reduction in local authority funding or changes to housing benefit regulations could affect revenue streams or operating costs.
- Economic factors: Increases in inflation, interest rates, or other economic conditions could impact the cost of borrowing, operational costs, and / or Transform's ability to manage debt.

However, Transform is implementing strategies to mitigate these risks. We are ensuring that our services remain of high quality and of strategic relevance to commissioners, alongside maintaining sufficient reserves. The Board is confident that Transform has sufficient controls, systems, and strategic measures in place to address these challenges.

As a result, The Board of Trustees has concluded that Transform has sufficient resources and no material uncertainties that would cast significant doubt upon its ability to continue its activities for the foreseeable future, which is at least 12 months from the date of these financial statements being signed, and confirms that it is appropriate to prepare the financial statements on a going concern basis.



Statement of Board responsibilities

The Board is responsible for preparing this report in accordance with applicable law and regulations. Company law requires the Board to prepare financial statements for each financial year. Under that law, the directors have elected to prepare them in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards as reflected in FRS102 and applicable laws).

Under company law, the Board must not approve the financial statements unless they are satisfied that they give a true and fair view of the situation and surplus or deficit of the company for that period.

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

- select suitable accounting policies and then apply them consistently
- make judgments and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice (SORP) Accounting by Registered Social Housing Providers update 2018, have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Board is responsible for keeping proper accounting records and Trustees must be able to disclose, with reasonable accuracy, at any time the financial position of the company and enable it to ensure that the financial statements comply with the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022. It is also responsible for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

As far as each member of the Board is aware:

- there is no relevant audit information of which the Transform's auditor is unaware; and
- the Board has taken all the steps required to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Board is responsible for the maintenance and integrity of the corporate and financial information, including that which is provided on Transform's website.

Internal control framework

The Board acknowledges its overall responsibility for establishing and maintaining the system of internal controls and for annually reviewing its effectiveness. The system of internal controls is designed to manage, rather than to eliminate, the risk of failure to achieve the business objectives and to provide reasonable assurance against material misstatement or loss. The process of identifying, evaluating, and managing significant risks facing the organisation is ongoing. It has been in place from 1 April 2024 to the date of Board approval (31 July 2025).

The key elements of the framework include:

Internal audit

The Board delegated responsibility for overseeing the adequacy and effectiveness of the internal control system to the Audit & Risk Committee. The internal auditors RSM UK reported directly to the Committee and a risk-based internal audit plan was prepared and approved by the Committee. The Committee subsequently monitored the programme of internal audits and received assurances to confirm that recommendations had been implemented as agreed. Follow-up internal audit reviews were undertaken to check recommendations had been implemented. RSM UK, completed the third year of their contract with Transform during 2024/25.

External audit

The Board appointed new external auditors, Crowe UK LLP in February 2025. The work of the external auditors provides assurance through the audit plan detailing the scope of work which is approved by the Audit & Risk Committee, together with the resulting audit report and management letter setting out their findings. Regular meetings are held with the external auditors to provide an update on changes in the business and to discuss strategic and technical matters. This includes the opportunity of a confidential meeting with members of the Audit & Risk Committee without officers present at least once a year.

Performance monitoring framework

Key performance indicators were produced regularly and reported through the Executive Team, Committees and the Board. These reports include performance-monitoring on client services; client satisfaction and complaints; compliance; asset management; development; colleague engagement and financial results.

Anti-fraud

We maintain a fraud register which is inspected by the internal auditors, together with regular updates reporting any such occurrences to the Audit & Risk Committee. During the year 2024/25 there were no such incidents of fraud reported.

Regulatory reporting

Transform submitted a range of regulatory returns to the Regulator of Social Housing and the Charity Commission. The Executive Team ensures that regulatory matters are dealt with promptly and efficiently, co-ordinates the self- monitoring system operated by the Board and monitors compliance with the required standards.

By order of the Board.

Olliver Smedley
Chair, 31 July 2025

> The best thing about Transform for me personally, is the freedom it brings and allowing choices
>
> Transform client





Auditor's report and financial statements

Auditor's report

Crowe U.K. LLP
Report of the independent auditor to the members of Transform Housing & Support

Opinion

We have audited the financial statements of Transform Housing & Support for the year ended 31 March 2025 which comprise the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Financial Position and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2025 and of the incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' 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 charitable company'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 trustees with respect to going concern are described in the relevant sections of this report.

Other information

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our audit:

- the information given in the trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit. or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the strategic' report.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, on page 40, the trustees (who are also the directors of the charitable company for the purposes of company law) are 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 trustees 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 trustees are responsible for assessing the charitable company'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 trustees either intend to liquidate the charitable company 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.

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.
We obtained an understanding of the legal and regulatory frameworks within which the company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006., the Housing and Regeneration Act 2008, the Charities Act 2011, together with the Housing SORP. We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the company's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the company for fraud. The laws and regulations we considered in this context for the UK operations were health and safety and taxation legislation, Regulator of Social Housing and Care Quality Commission.

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.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the revenue recognition on grants and contract income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management, and the Audit & Risk Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, designing audit procedures over the timing of income and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company'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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Vincent Marke
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
55 Ludgate Hill
London
EC4M 7JW

Date: 11 September 2025

Financial statements and notes to the accounts

Statement of Comprehensive Income for year ending 31 March 2025

	Note	2025 Continuous Operations £000s	2024 Continuous Operations £000s
Turnover	1	13,551	12,725
Operating costs	1	(12,472)	(11,149)
Disposal of housing properties	7	648	63
Gross surplus		1,727	1,639
Exceptional gains from			
Donation of CODHAL Assets	23	0	963
Operating surplus		1,727	2,602
Interest receivable	5	28	37
Interest and other financing costs	6	(322)	(507)
Surplus for the financial year		1,433	2,132
Other comprehensive income			
Actuarial loss in respect of pension scheme		(43)	(12)
Total comprehensive income for the year		1,390	2,120

All amounts derive from continuing activities unless shown above. The Statement of Comprehensive Income includes all gains and losses recognised in the period. The accompanying notes form part of these financial statements.

Statement of Financial Position as at 31 March 2025

		2025	2024
	Note	£000s	£000s
Tangible fixed assets			
Housing Properties	9	54,730	55,477
Other tangible fixed assets	10	590	776
Total Tangible fixed assets		55,320	56,253
Current assets			
Trade and other debtors	11	852	1,362
Cash and cash equivalents	12	2,393	1,884
		3,245	3,246
Creditors: amounts falling due within one year	13	(8,327)	(2,603)
Net current (liabilities)/assets		(5,083)	643
Total assets less current liabilities		50,237	56,896
Less: Creditors – amounts falling due after more than one year	14	(18,757)	(26,824)
Provision for liabilities			
Defined benefit pension scheme	28	(189)	(178)
Other provisions for liabilities and charges	27	(145)	0
Net assets		31,147	29,894
Capital and reserves:			
Unrestricted reserves	22	30,965	29,435
Restricted reserves	21	182	459
		31,147	29,894

The accompanying notes form part of these financial statements. The financial statements were issued and approved by the Board on 31 July 2025.

Company number: 01057984

Oliver Smedley
Chair

Julie Bradley
Chair of the Audit & Risk Committee

Mandy Arnold
Company Secretary

Statement of changes in reserves for the year ended 31 March 2025

			General reserves		
	Restricted reserves	Designated reserves	Invested in properties	Free reserves	Total
	£000s	£000s	£000s	£000s	£000s
Balance at 1 April 2023	**409**	**250**	**26,996**	**119**	**27,774**
Surplus for the year	0	0	0	2,132	2,132
Other comprehensive income for the year	0	0	0	(12)	(12)
Transfer between reserves	50	0	1,850	(1,900)	0
Balance at 31 March 2024	**459**	**250**	**28,846**	**339**	**29,894**
Surplus for the year	0	0	0	1,433	1,433
Other comprehensive income for the year	0	0	0	(43)	(43)
Adjustment relating to prior year	0	0	0	(137)	(137)
Transfer between reserves	(277)	0	1,154	(877)	0
Balance at 31 March 2025	**182**	**250**	**30,000**	**715**	**31,147**

The adjustment in reserves arises from a prior year reclassification.
The accompanying notes form part of these financial statements.

Statement of cash flows for the year ended 31 March 2025

	Note	2025 £000s	2024 £000s
Net cash generated from operating activities	A	2,386	2,205
Cash flow from investing activities			
Purchase of tangible fixed assets		(1,136)	(1,410)
Proceeds from sale of tangible fixed assets		1,535	276
Cash received on merger		0	392
Merger expenses		0	(49)
Grants received		160	1,112
Interest received		28	37
Net cash generated from / (used in) investing activities		587	358
Total		2,973	2,563
Cash flow from financing activities			
Interest paid		(404)	(557)
Repayment of borrowings		(2,060)	(1,360)
Net cash used in financing activities		(2,464)	(1,917)
Net change in cash and cash equivalents		509	646
Cash and cash equivalents at:			
Beginning of the year		1,884	1,238
End of the year		2,393	1,884

The accompanying notes form part of these financial statements.

Notes to the statement of cash flows

Cash flow from operating activities	2025	2024
	£000s	£000s
Surplus for the year	**1,433**	**2,132**
Adjustments for non-cash items		
Surplus on disposal of property, plant and equipment	(648)	(63)
Depreciation of tangible fixed assets	1,201	1,161
Amortisation of loan arrangement fee	14	130
Donation of CODHAL assets	0	(963)
Total	2,000	2,397
Movements in working capital		
Decrease/(increase) in debtors	510	(349)
(Decrease)/increase in creditors	(267)	(57)
Total	2,243	1,991
Adjustments for investing or financing activities		
Government grants utilised in the year	(200)	(218)
SHPS pension costs	(32)	(38)
Interest payable	403	507
Interest received	(28)	(37)
Net cash generated from operating activities	2,386	2,205

Notes to the statement of cash flows

B Analysis of changes in net debt	At April 2024	Cashflow	Non-cash changes	Total
	£000's	£000's	£000's	£000's
Housing Loans				
Due in less than one year- mortgage loan	(360)	360	(6,360)	(6,360)
Due in less that one year- loan issue costs	14	(14)	0	0
Due after more than one year- mortgage loan	(11,720)	1,700	6,360	(3,660)
Mortgage loan balance	(12,066)	2,046	0	(10,020)
Cash at bank and in hand	1,884	509	0	2,393
At 31 March 2025	(10,182)	2,555	0	(7,627)

Notes to the financial statements

Legal status

Transform Housing & Support is:

- registered under the Companies Act 2006, and is a company limited by guarantee (registered in England and Wales with number 01057984)
- registered with the Regulator of Social Housing (H2452)
- a registered charity with the Charity Commission (264133)
- regulated by the Fundraising Regulator.

A description of the nature of Transform's operations and its principal activity is disclosed in the Trustees' Report. Transform's objectives are to provide housing and support services and to improve the wellbeing for vulnerable and socially excluded clients and is therefore considered as a Public Benefit Entity (PBE), in accordance with FRS 102.

Accounting policies

The principal accounting policies are summarised below. Except as explained below, they have all been applied consistently throughout the year and to the preceding year.

Basis of accounting

The financial statements have been prepared in accordance with the UK Generally Accepted Accounting Practice (UK GAAP) including Financial Reporting Standard 102 (FRS 102) and the Housing SORP 2018: Statement of Recommended Practice for Registered Social Housing Providers. They comply with the Accounting Direction for Private Registered Providers of Social Housing 2022. The Financial Statements are presented in Sterling.

Significant management judgements

There were no significant judgements in applying the accounting policies for the company that have the most significant effect on the amounts recognised in the financial statements.

Other key sources of estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and the measurement of assets, liabilities, income and expenses, is provided below.

- **Impairment review:** Impairment of Transform properties is considered annually. In making the judgement, management considers the condition and current use of the property. We have carried out a review for impairment from surveys done by Rand and Associates. No structural defects or significant areas of impairment were identified. There have been no impairments in the current or prior year.

- **Defined benefit obligation:** management's estimate of the defined benefit obligation is based on a number of critical underlying assumptions such as standard rate of inflation, mortality, discount rate and anticipation of future salary increases. There are no active members within the company's defined benefit plan. The inflation rate assumption (CPI) was changed from the actuarial rate of 2.73% to 3% as we considered this rate to be more reflective of the current economic environment and the discount rate was changed from 5.63% to 5.4% which is 2% above Transform's current WACC rate. All other assumptions were in line with actuarial recommended rates. This increased our liability by c£39,000. Variations in these assumptions may significantly impact the liability and the annual defined benefit expenses (see note 26). The net defined benefit pension liability at 31 March 2025 was £189,000. (2023/24 £178,000).

- **Useful lives of depreciable assets:** if there are any changes in circumstances, e.g. impairment, management reviews its estimate of the useful lives of depreciable assets including any components. Uncertainties in the estimates relate to technological obsolescence that may change the utility of certain software and IT equipment and changes to decent homes standards which may require more frequent replacement of key components. As at 31 March 2025, the carrying amount of the housing properties was £65.5 million and accumulated depreciation was £10.7 million.

Turnover and revenue recognition

Turnover represents the income received or receivable from the following sources:

Rental and service charge income – this income is in respect of the year, net of any voids. The rental and service charge income from properties developed during the year is recognised from the point at which these properties reach practical completion or are otherwise available for letting. The enhanced housing management fees receivable that is funded by housing benefit is also included here.

Housing related support income – income is recognised as it falls due under the contractual agreements. The 'block subsidy' housing related support income is classed as social housing income and 'block gross' income as other social housing income in the Statement of Comprehensive Income.

Charitable donations – grants and donations from charitable trusts and voluntary sources for the development of property or for the acquisition of other tangible fixed assets are treated as income. Income is recognised on any significant pledges, only after the grant conditions are fulfilled.

Donation of net assets – in a merger or otherwise, when an entity donates its assets and liabilities to Transform, the donated assets and liabilities are recognised at their fair value. Any excess of the net fair value of assets and liabilities donated over costs incurred is then recorded as an exceptional income within the Statement of Comprehensive Income. This income is recognised, on legal completion of the agreement for the transfer of engagement.

Financial instruments

Financial instruments which meet the criteria of a basic financial instrument as defined in Section 11 of FRS 102 are accounted for under an amortisation cost model. Non-basic financial instruments are recognised at fair value using a valuation technique with any gains or losses being reported in surplus or deficit. At the year end, the instruments are revalued to fair value, with the movements posted to the income and expenditure account. Transform's significant financial liability is the bank loan, and this is classed as a basic financial instrument, measured at amortised cost.

Housing properties and depreciation

These properties are held for the provision of social housing or otherwise to provide social benefit. Housing properties are principally properties available for rent and stated at cost less accumulated depreciation and impairment losses.

Cost includes the cost of acquiring the land and building, development costs and the interest cost capitalised during the development period.

Works to existing properties which replaces a component that has been treated separately for depreciation purposes, along with those works that result in increase in net rental income over the lives of the properties, thereby enhancing the economic benefits of the assets, are capitalised as improvements.

Housing properties under construction are stated at cost and are not depreciated. Donated land and other assets are included within costs at fair value, at the time of the transfer.

The property disposals are recognised in the financial statements only when the legal completion for the transaction is concluded, realising any surplus or deficit on the disposal.

Depreciation is charged over the estimated useful lives of the structure and major components of the housing properties, so as to write down the cost of each component to its estimated residual value, on a straight-line basis, over its estimated economic life. No depreciation is charged on freehold land. Leasehold properties are amortised over the life of the lease or their estimated useful economic lives in the business, if shorter. Depreciation is charged on qualifying fixed assets on the following estimated useful lives.

Components identified within housing properties	
Structure	100 years
Roofs	70 years
Flat roofs	15 years
Windows	30 years
Kitchens	15-20 years
Bathrooms	25-30 years
Boilers	15 years
Fire doors	30 years
Other building facilities	10 years

Other fixed assests	
Furniture and fittings	7 years
Office equipment	7 years
Office fittings	10 years
Specialist software	7 years
Computer equipment	3 years

Impairment of housing properties

Transform undertakes impairment reviews of housing properties in accordance with FRS 102 and the Statement of Recommended Practice (SORP) for registered social housing providers. Reviews are performed annually and whenever events or changes in circumstances indicate that the Net Book Value (NBV) of a property may not be recoverable.

Indicators of impairment include physical or structural damage, significant changes in demand or prolonged void periods, adverse movements in Net Present Value (NPV), regulatory or policy changes affecting usability and periodic market or existing use valuations. Where such indicators exist, the NBV of the asset is compared to its recoverable amount, being the higher of (a) fair value less costs to sell and (b) value in use, which represents the future economic benefits or service potential expected from continued use of the property.

For supported housing schemes, management recognises that properties are held not only to generate cash flows but also to provide additional social value. Accordingly, the recoverable amount for these properties is assessed using the higher of fair value less costs to sell and Value in Use – Service Potential (VIU-SP). VIU-SP may be measured using the Depreciated Replacement Cost (DRC) methodology, which reflects the cost of acquiring or rebuilding an equivalent property, adjusted for age and condition, where no active market exists.

Any excess of NBV over the recoverable amount is recognised as an impairment loss in the Statement of Comprehensive Income, and the NBV is adjusted accordingly. This process is applied consistently across the property portfolio and undertaken annually, or more frequently if triggering events occur.

We carried out an impairment review this year based on surveys conducted by Rand and Associates. No structural defects or significant areas of impairment were identified, and there have been no impairments recognised in either the current or prior year.

Government grants

Government grants include grants receivable from Homes England, local authorities and other government organisations. Government grants received for housing properties are treated as deferred income and recognised in turnover over the estimated useful life of the housing property structure, under the accrual model. Revenue grants are recognised in the Statement of Comprehensive Income over the same period as the expenditure to which they relate, once reasonable assurance has been gained that the entity will comply with the conditions and that the funds will be received.

Grants due from government organisations or received in advance are included as current liabilities. Government grants released on the sale of the property may be repayable but are normally available to be recycled and are credited to a Recycled Capital Grant Fund and are included in the balance sheet in creditors. If there is no requirement to recycle or repay the grant on disposal of the asset, any unamortised grant remaining within creditors is released and recognised as income in the Statement of Comprehensive Income.

Other grants

Grants received from non-government sources are recognised using the performance model. A grant which does not impose specific future performance conditions is recognised as revenue when the grant proceeds are received. A grant that imposes specific future performance - related conditions on the Company is only recognised when these conditions are met. A grant received before the revenue recognition criteria are satisfied is shown as a liability in the Statement of Financial Position.

Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and the rewards of ownership of the leased asset to the Company. All other leases are classified as operating leases. Rental payable under operating leases is charged to income and expenditure on a straight-line basis over the lease term. With regard to lease incentives, the aggregate benefits of the lease incentive are recognised as a reduction in expenses recognised over the term of the lease.

Cash and cash equivalents

This includes all forms of cash and deposits repayable on demand, overdraft repayable on demand and short-term deposits held with various banks. These cash balances are used in our cash flow statements and future cash projections.

Interest payable

Interest costs are capitalised on borrowing to finance the development of qualifying assets to the extent that it accrues in respect of the period of the development. Other interest payable is charged to the Statement of Comprehensive Income.

Pension

Transform participates in two defined contribution pension schemes – the group personal pension scheme operated by Royal London and the Social Housing Pension Scheme (SHPS) defined contributions scheme – as well as the SHPS multi-employer defined benefits scheme.

Defined benefit pension scheme

For the SHPS, the association has been able to identify its share of the scheme assets and scheme liabilities from 1 April 2018 and has applied defined benefit accounting from this date onwards. 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. This has been recognised within the defined benefit pension scheme on the face of the statement of financial position. The current service cost and costs from settlements and curtailments are charged against operating surplus. Interest is calculated on the net defined liability. Remeasurements are reported in the Statement of Comprehensive Income.

Provision for liabilities

Provisions are recognised when the Company has a present obligation as a result of a past event, and it is probable that the Company is required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation, at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Value Added Tax

Transform is not registered for Value Added Tax (VAT) and VAT is accounted for as a cost to the organisation within the respective expenditure heading.

Reserves

The reserves comprise the general reserves, the designated reserves and restricted reserves. The restricted reserves are provided by donors to be spent on specific client activities, designated reserves are reserves allocated by the Board for a specific future purpose and general reserves have no restrictions on their use. Transform's reserve policy is shown in the strategic report on page 38.

Free reserves

Free reserves are unrestricted reserves that are currently not invested in the property assets and are freely available to fund charitable activities. Reserves that are invested in property are calculated as being the Net Book Value of the properties, less the grants and loans that part fund these assets. The free reserves are the balance of the unrestricted reserves.

Going concern

In preparing the financial statements, management has assessed the company's ability to continue as a going concern.

In this assessment, management considered all available information about the future, which is at least, but is not limited to, 12 months from the date when the financial statements are authorised.

Transform has considered the business activities and current financial position and the factors that are likely to impact our future development are set out in the Strategic Report. In assessing its future viability, the Board has carried a thorough review of the cash-flow forecast, treasury management policy, compliance with the debt facilities as well as covenants' compliance, liquidity levels and a 30-year financial plan. In addition, the Board stress tested the operating and financial pressures on the business activities and implemented mitigating factors to protect the financial viability of the organisation. Having evaluated the impact on each business activity, the Board is confident that services are well managed and continue to make positive contributions to the organisation.

Furthermore, the company has in place adequate long-term debt facilities to fund commitments on the strategic investments and development programmes, along with the organisation's day-to-day operations. The company long- term business plan reflects a viable financial position capable of servicing these debt facilities whilst continuing to comply with lenders' covenants.

A wide range of multivariant stress tests have been run and are regularly monitored in the risk register, these include economic risk exposure from inflation, interest rates and economic downturn. Transform had adopted various approaches to mitigate against risks for example delaying uncommitted non-essential expenditure, implementing efficiencies in our procurement processes, closely monitoring increased regulatory costs e.g. fire safety costs and the appropriate governance support has been factored in for all scenarios. This stress testing found that the business plan is robust and does not affect the company's ability to meet its obligations.

On this basis, the Board has reasonable expectation that Transform has adequate resources to continue in operational existence for the foreseeable future, being a period of at least 12 months after the date on which the report and the financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

1. Particulars of Turnover, Operating Costs and Operating Surplus

2025	Note	Turnover	Operating Costs	Operating Surplus
		£000s	£000s	£000s
Continuing social housing lettings	**2**	9,537	(8,583)	954
Other social housing activities				
Housing-based support income		3,828	(3,833)	(5)
Fundraising income	**21**	142	(56)	86
Other income		44	0	44
Total		13,551	(12,472)	1,079
Gain on disposal of property, plant and equipment	**7**			648
Donation of CODHAL net assets	**23**			0
Operating Surplus				**1,727**

2024	Note	Turnover	Operating Costs	Operating Surplus
		£000s	£000s	£000s
Continuing social housing lettings	**2**	8,816	(7,440)	1,376
Other social housing activities				
Housing-based support income		3,628	(3,648)	(20)
Fundraising income	**21**	184	(61)	123
Other income		97	0	97
Total		12,725	(11,149)	1,576
Gain on disposal of property, plant and equipment	**7**			63
Donation of CODHAL net assets	**23**			963
Operating Surplus				**2,602**

2. Particulars of turnover and operating expenditure from social housing lettings

	Note	General Needs	Supported housing (including housing for older people)	2025	2024
		£000s	£000s	£000s	£000s
Rent receivable net of identifiable service charges		33	5,975	6,008	5,616
Service charge income		2	3,327	3,329	2,982
Amortised Government grants		1	199	200	218
Turnover from social housing lettings	**1**	36	9,501	9,537	8,816
Expenditure on social housing lettings					
Services		4	(3,154)	(3,150)	(2,150)
Management		(1)	(2,053)	(2,054)	(2,257)
Routine maintenance		(2)	(1,576)	(1,578)	(1,497)
Planned maintenance		0	(387)	(387)	(104)
Bad debts		(6)	(48)	(54)	(84)
Lease charges		0	(372)	(382)	(382)
Property depreciation		(6)	(983)	(989)	(921)
Abortive costs		0	0	0	0
Intensive housing management, support and other		0	0	0	(45)
Operating expenditure on social housing lettings		(11)	(8,573)	(8,594)	(7,440)
Operating surplus on social housing lettings				943	1,376
Rent losses due to voids				(395)	(338)

3. Directors' emoluments and expenses

For the purpose of this note, the directors are defined as the Board Members and members of the Executive Team as shown on page 4. None of the Board members received any emoluments.

	2025	2024
	£000s	£000s
Aggregate emoluments and expenses payable to key management personnel:		
Executive Team	617	586
The highest paid Executive:		
Emoluments	139	116
Pension contributions	15	12

The Executive team represents the key management personnel under FRS 102 and their aggregate emoluments including employer's national insurance contributions were £676k (2024: £643k). There were no compensation payments for loss of office to any previous members of the Executive Team (2024: nil).

The Chief Executive was the highest paid Executive member during the year. His pension arrangements are similar to those of other colleagues – a money-purchase pension scheme with no additional benefits.

4. Employee Information

The average number of employees employed (Headcount)	2025	2024
Housing and support staff	92	83
Administration staff	37	34
Maintenance staff	6	7
Total	**135**	**124**

The average number of employees employed (FTE's)	2025	2024
Housing and support staff	80	73
Administration staff	32	30
Maintenance staff	6	7
Total	**118**	**110**
The number of full time employees is calculated based on a 39 hour working week		

Staff costs for the above persons:	2025	2024
	£000s	£000s
Wages and salaries	4,229	3,790
Social Security Costs	369	337
Other Pension Costs	195	172
Total	**4,793**	**4,299**

The number of full time equivalent staff who received remuneration (including pension shown in the following bands:	2025	2024
More than £60,000 but not more than £70,000	3	2
More than £70,000 but not more than £80,000	1	1
More than £80,000 but not more than £90,000	4	2
More than £120,000 but not more than £130,000	0	1
More than £150,000 but not more than £160,000	1	0

5. Interest Receivable

Interest Receivable	2025	2024
	£000s	£000s
Interest from bank deposits	28	37

6. Interest and financing charges

	2025	2024
	£000s	£000s
Interest payable on bank loans	314	557
Interest capitalised on properties under construction	0	(59)
Net interest expense on SHPS pension scheme	8	9
Total	322	507

7. Surplus on disposal of housing property

	2025	2024
	£000s	£000s
Disposal proceeds less selling costs	1,550	276
Carrying value of fixed asset	(902)	(213)
Total	**648**	**63**

There were no capital grants allocation that required recycling.

8. Surplus for the year

	2025	2024
The operating surplus is arrived at after charging:	**£000s**	**£000s**
Depreciation of housing properties	989	921
Depreciation of other tangible fixed assets	212	240
Surplus/(loss) on sale of fixed assets – housing properties	648	63
Impairment of housing properties		
Operating lease rentals:		
Land and buildings	534	349
Other leases	42	21
Auditor's remuneration (excluding VAT):		
Audit fees	42	37
Other services	5	8

9. Housing Properties

	Social housing properties for letting £000s	Housing properties under construction £000s	Total housing properties £000s
Cost:			
At 1 April 2024	65,588	0	65,588
Additions	0	0	0
Works to existing properties	1,163	0	1,163
Completed Properties	0	0	0
Disposals	(1,279)	0	(1,279)
At 31 March 2025	65,472	0	65,472
Depreciation			
At 1 April 2024	(10,111)	0	(10,111)
Charges for the period	(989)	0	(989)
Impairment	0	0	0
Disposals	358	0	358
At 31 March 2025	(10,742)	0	(10,742
Net Book value:			
At 31 March 2025	54,730	0	54,730
At 31 March 2024	55,477	0	55,477

	2025	2024
Housing properties book value, net of depreciation comprises:	**£000s**	**£000s**
Freehold land and buildings	45,604	46,351
Long leasehold land and buildings	7,507	7,507
Short leasehold land and buildings	1,619	1,619
Total	**54,730**	**55,477**

10. Other Fixed Assets

	Furniture & equipment	Office equipment	Computers	Office fittings	Motor vehicles	Total
	£000s	£000s	£000s	£000s	£000s	£000s
Cost						
Opening balance	787	21	649	339	20	1,816
Additions	3	0	25	0	0	28
Disposals	0	0	0	0	0	0
Cost Carried Forward	790	21	674	339	20	1,844
Depreciation						
Opening Balance	(406)	(21)	(440)	(163)	(11)	(1,041)
Charge for the year	(83)	0	(94)	(31)	(4)	(212)
Disposals	0	0	0	0	0	0
	(489)	(21)	(534)	(194)	(15)	(1,253)
Net Book Value						
at 31 March 2025	301	0	140	145	5	591
at 31 March 2024	381	0	209	176	9	775

11. Debtors

	2025	2024
	£000s	£000s
Due within one year		
Rent and service charges receivable	863	703
Less: Provision for bad and doubtful debts	(455)	(472)
	408	231
Trade debtors	89	450
Other debtors	255	549
Prepayments and accrued income	100	132
Total	852	1,362

12. Cash and cash equivalents

	2025	2024
	£000s	£000s
Cash in bank and in hand	2,393	1,884

13. Creditors: amounts falling due within one year

	2025	2024
	£000s	£000s
Housing loans	6,360	346
Deferred grant income	204	237
Trade creditors	456	916
Loan interest due	0	59
Rent and service charges received in advance	426	250
Recycled Capital Grant	0	0
Capital accruals and retentions	47	43
Other creditors	137	325
Other taxation and social security	127	143
Other accruals & deferred income	570	284
Total	8,327	2,603

14. Creditors: Amounts falling due after more than one year

	2025	2024
	£000s	£000s
Housing loans	3,660	11,720
Deferred grant income	15,097	15,104
Total	18,757	26,824

15. Deferred grant income

	2025	2024
	£000s	£000s
Balance at 1 April 2024	15,341	15,269
Grant receivable in the year	160	240
Grant transferred (to)/from (RCGF) Recycled Capital Grant Fund	0	50
Released to Statement of Comprehensive Income	(200)	(218)
Balance at 31 March 2025	15,301	15,341
Amount to be released < 1 year	204	237
Amount to be released > 1 year	15,097	15,104
Total Balance	**15,301**	**15,341**

The above summary excludes grants transferred through past mergers; the total grants received to date in respect of properties owned are detailed in note 20.

16. Housing loan debt analysis

	2025	2024
	£000s	£000s
Due within one year	6,360	360
Due after more than 1 year	3,660	11,720
Loan issue costs	0	(14)
Total	**10,020**	**12,066**

We have the following loan facilities in place:
Barclays Bank (Facility A) £5.6 million – £4.0 million drawn (2024 – full drawn) (expires July 2029).
Barclays Bank (Facility B) £6.5 million – £6.0 million drawn (2024 – full drawn) (expires August 2025).

The final repayment date of Tranche B of the current loan facility has been extended by one month by Barclays, with an option to extend by a further two months while the new Revolving Credit Facility is being put in place.

Repayment profile:

Within one year: £6.4 million (2024 – £0.4 million).
One year or more but less than two years: £0.0 million (2024 – £6.9 million).
Two years or more but less than five years: £3.6 million (2024 – £1.0 million).
More than five years: £0.0 million (2024 – £3.8 million).

Of the drawn loan facility £8.8 million is on fixed interest rates and divided into several fixed-rate loan tranches with Barclays. These tranches have different interest rates ranging from 2.7% to 5.5% and varying maturity dates. Once they mature, all tranches revert to variable rates.

The remainder is comprised of floating rate loans, with interest that is based on SONIA (Barclays) rate. The loan facilities are secured by fixed charges on a selected property portfolio.

17. Recycled Capital Grant Fund

	2025	2024
	£000s	£000s
At 1 April	0	50
Grant recycled	0	(50)
Grant repaid	0	0
Interest on grant fund	0	0
	0	0
Due within one year	0	0
Due after more than one year	0	0

Grants used in the purchase of Goodwyns Road in the previous financial year.

18. Financial commitments

	2025	2024
	£000s	£000s
Capital Expenditure		
Capital expenditure	0	0
Expenditure authorised by the Board, and contracted for	0	140
Expenditure authorised by the Board, but not yet contracted	0	140

The above commitments will be funded by a combination of Social housing grants, loan finance, fundraising and internally generated reserves.

Operating leases
As at 31 March 2025, Transform had annual commitments under non-cancellable operating leases as follows:

Operating Leases Minimum Payments	2025 Property	2025 Others	2024 Property	2024 Others
	£000s	£000s	£000s	£000s
Within one year	303	7	349	11
Within two to five years	695	0	1,242	10
Over 5 years	942	0	1,206	0
Total	1,940	7	2,797	21

Financial Commitments 2024/25
The Board have not committed to any expenditure for 2024/25 financial year.

19. Social housing units

Social rented stock	2025	2024
Supported housing	754	751
Housing for older people	97	113
Affordable general needs	2	2
Affordable rent supported housing/housing for older people	88	91
Total	**941**	**957**

20. Government grants

	2025	2024
	£000s	£000s
Total grants received		
Grants credited to the Statement Of Comprehensive income statement or arising on merger/acquisition	0	11,045
Deferred Grants (note 15)	15,301	15,341
Total	**15,301**	**26,386**

Government grants are Social Housing Grants and other grants received to enable us to acquire properties for social housing use. Should the properties to which the grants relate ceases to be used for social housing, the grants may be repayable in full.

21. Fundraising activities

	2025	2024
	£000s	£000s
Fundraising cash generated	142	184
Fundraising Costs	(56)	(61)
Net Fundraising contributions	86	123
Return On Investment (ROI)	2.54	3.02
Fundraising costs ratio	39%	33%
Allocation of Funds		
Capital		
Bathroom replacements for Young People	0	48
Mitchell Place	0	50
Total	0	98
Revenue		
Surrey County Council	70	23
Restricted donations	10	
Unrestricted donations	62	63
Total	142	86

1. The restricted donation of £10,000 was from B&Q for young people at The Crescent project.
2. We received £75,000 from Surrey County Council, £5,000 was granted to tenants in the next financial year.

21. Fundraising activities continued

Restricted Funds					
Donor	**Type of Restriction**	**Balance B/F 2023/24**	**Income Received/ Transfers**	**Expenditure**	**Balance C/F 2024/25**
		£000s	**£000s**	**£000s**	**£000s**
Transform 50th Anniversary	New property	31	0	0	31
Story of Christmas	Young people bathroom replacements	48	0	(48)	0
Surrey County Council	Surrey hardship fund	23	0	(23)	0
Restricted Donations to Teams	Team	206	0	(206)	0
Restricted to The Cresent	Team	28	0	0	28
Neighbourly B & Q Foundation	Young people at the Crescent		10	(10)	0
Legacy income	Wokingham	97	0	0	97
Trust Fund	Brooklyn Heights	26	0	0	26
Total		**459**	**10**	**(287)**	**182**

The balance of the fundraising donations we received in this financial year of £62k was unrestricted.

22. Reserves

Reserves	2025	2024
	£000s	£000s
Income and expenditure		
As at 1 April 2024	29,435	27,365
Surplus/deficit for the year	1,390	2,120
Transfer between funds	140	(50)
As at 31 March 2025	30,965	29,435
Analysed as:		
Invested in housing properties	30,000	28,846
Restricted	182	459
Designated	250	250
Free reserves	715	339
As at 31 March 2025	**31,147**	**29,894**

Unrestricted funds	Designated	Invested in property and other fixed assets	Free reserves	Total
	£000s	£000s	£000s	£000s
Balance at 1 April 2023	250	26,996	119	27,365
Surplus for the year	0	0	2,132	2,132
Other comprehensive income for the year	0	0	(12)	(12)
Transfer between reserves	0	1,850	(1,900)	(50)
Balance at 31 March 2024	**250**	**28,846**	**339**	**29,435**
Surplus for the year	0	0	1,433	1,433
Other comprehensive income for the year	0	0	(43)	(43)
Adjustment relating to prior year			(137)	(137)
Transfer between reserves	0	1,154	(877)	277
Balance at 31 March 2025	**250**	**30,000**	**715**	**30,965**

23. Donation of CODHAL net assets

31 Mar 2025	Book value	Restated to fair value	Fair value to Transform
	£000s	£000s	£000s
Housing property	0	0	0
Debtors	0	0	0
Short term liabilities	0	0	0
Cash	0	0	0
Less merger costs	0	0	0
Net Donation 31 March 2025			0

31 Mar 2024	Book value	Restated to fair value	Fair value to Transform
	£000s	£000s	£000s
Housing property	539	0	620
Other fixed assets	0	0	0
Debtors	0	0	0
Short term liabilities	0	0	0
Cash	392	0	392
	931	0	1,012
Less merger costs			(49)
Net Donation 31 March 2024			963

The intention is to use the cash received to re-provide services in the Dorking area.

24. Related party transactions

The members of the Board and Executive Team are considered related parties as defined by FRS 102. Transform retains a register of members' interests. We can confirm that we do not have any transactions that require disclosure.

25. Taxation Status

Transform is a registered charity and as such is exempt from taxation on its charitable activities.

26. Share capital

Transform is limited by guarantee and therefore has no share capital. Each member (see numbers below) agrees to contribute £5 in the event of the organisation winding up.

Number of members	2025	2024
At 1 April 2024	22	22
Joining during the year	3	1
Leaving during the year	(2)	(1)
At 31 March 2025	23	22

27. Provision for liabilities

	2025	2024
	£000s	£000s
Dispute in lease charges	145	0
Total	145	0

This provision relates to disputed rent charges with a leaseholder.

28. Social Housing Pension Scheme (SHPS)

Transform Housing & Support participates in SHPS, a multi-employers defined benefit pension scheme.

Membership – The scheme is closed to new members and to the future accrual of benefits. There are currently 2 (2024 – 5) deferred members and 9 (2023 – 73) pensioners.

Valuation – The most recent formal actuarial valuation was completed as at 30 September 2024 and rolled forward allowing for the different financial assumptions required under FRS 102 to 31 March 2025 by a qualified independent actuary. The net liabilities of the scheme were £189,000 (2024 – £198,000), comprising pension liabilities of £0.9 million (2024 – £1.0 million) and scheme assets of £0.8 million (2024 – £0.8 million). The scheme is immaterial to the financial statements so a more detailed analysis of the scheme's finances is not provided.

Withdrawal from scheme – The SHPS is a multi-employer scheme which provides benefits to some 500 non-associated employers. This is administered by The Pension Trust and is a defined benefit scheme in the UK. SHPS is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK. SHPS is classified as a 'last-man standing arrangement'. Therefore the organisation 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. The most recent estimated debt on withdrawal figure for Transform is £330, 270.

Contingent liability – We have been notified by the trustee of the scheme that it has carried out a review of the changes made to the scheme's benefits over the years and the result is that there is uncertainty surrounding some of these changes. The trustee has been advised to seek clarification from the court on these items. During 2024/25, this process is still ongoing, and the matter is unlikely to be resolved before the end of the calendar year 2025 at the earliest. It is recognised that this could potentially impact the value of scheme liabilities, but until court directions are received, it is not possible to calculate the impact of this issue, particularly on an individual employer basis, with any accuracy at this time.

No adjustment has been made in these financial statements in respect of this potential issue.

Present value of defined benefit obligation

	31 Mar 2025	31 Mar 2024
	£000s	£000s
Fair value of plan assets	791	812
Present value of the scheme liabilities	890	1,003
Deficit in plan	(189)	(198)
Defined benefit liabilities to be recognised	(189)	(198)

Reconciliation of the opening and closing present value of scheme liabilities

	2025	2024
	£000s	£000s
Opening scheme liability	990	1,003
Expenses	3	3
Interest expense	47	48
Actuarial (losses)/gains	(1)	(13)
Net benefits paid	(59)	(57)
Closing scheme liability	980	1,010

Reconciliation of the opening and closing balances of the fair value of the plan assets

	2025	2024
	£000s	£000s
Opening fair value of the plan assets	812	808
Interest income	39	39
Return on plan assets	(44)	(18)
Contributions by the employer	43	40
Benefits paid	(59)	(57)
Fair value of assets	791	812

The actual return on plan assets (including any changes in share assets) over the period from 31 March 2024 to 31 March 2025 was (£5,000).

Amounts recognised in the surplus

	2025	2024
	£000s	£000s
Amounts charged to operating costs	3	3
Amounts charged to interest costs	8	9
Total charge for the year	11	12

Defined benefits costs recognised in the other comprehensive income

	2025	2024
	£000s	£000s
Experience to plan assets (excluding amounts included in net interest cost) – gain (loss)	(44)	(18)
Experience gains and losses arising on plan liabilities – gain (loss)	(30)	3
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – gain (loss)	31	14
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – gain (loss)	(43)	(30)
Total amount recognised in other comprehensive income – gain (loss)	(43)	(31)

Assets

	31 Mar 2025 £000s	31 Mar 2024 £000s
Global equity	89	81
Distressed opportunities	0	29
Credit relative value	0	27
Alternative risk premia	0	26
Liquid alternatives	147	0
Emerging markets debt	0	10
Risk sharing	0	47
Insurance-linked securities	2	4
Property	40	33
Infrastructure	0	82
Private equity	1	1
Real assets	95	0
Private debt	0	32
Opportunistic illiquid credit	0	32
Private credit	97	0
Credit	30	0
Investment grade credit	24	0
High yield	0	0
Cash	11	16
Corporate bond fund	0	0
Liquid credit	0	0
Long lease property	0	5
Secure income	13	24
Liability driven investment	239	330
Currency hedging	1	0
Net current assets	2	1
Total assets	**791**	**812**

Principal actuarial assumptions: financial assumptions

	31 Mar 2025 % per Annum	31 Mar 2024 % per Annum
Discount rate	5.4	4.84
Future salary increase	3.15	3.22
Inflation (RPI)	3	3
Inflation (CPI)	3.73	3.74
Allowance for commutation of pension for cash at retirement	75% of max. allowance	75% of max. allowance

Mortality assumptions

	31 Mar 2025	31 Mar 2024
	Life expectancy at age of 65 years	Life expectancy at age of 65 years
Male retiring in 2025	20.5	20.5
Female retiring in 2025	23	23
Male retiring in 2045	21.7	21.8
Female retiring in 2045	24.5	24.4

If you would like this document in another format, please contact us

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TRANSFORM HOUSING & SUPPORT

England & Wales - Charity number 264133

Accounts



Financial statements
31 March 2024

Company Secretary

Mandy Arnold

Registered office

Transform Housing & Support
Bradmere House
Brook Way
Leatherhead
Surrey, KT22 7NA

01372 387100

www.transformhousing.org.uk

info@transformhousing.org.uk

Registrations

Registered charity: 264133

Registered with the Regulator of Social Housing: H2452

Registered with the Fundraising Regulator

Company limited by guarantee registered in England and Wales: 01057984

Auditor

CLA Evelyn Partners Limited
Onslow House
Onslow Street
Guildford
Surrey GU1 4TZ

Principal solicitors

Devonshires Solicitors LLP
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London EC2M 4TL

Banker

Barclays Bank PLC
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About Transform Housing & Support

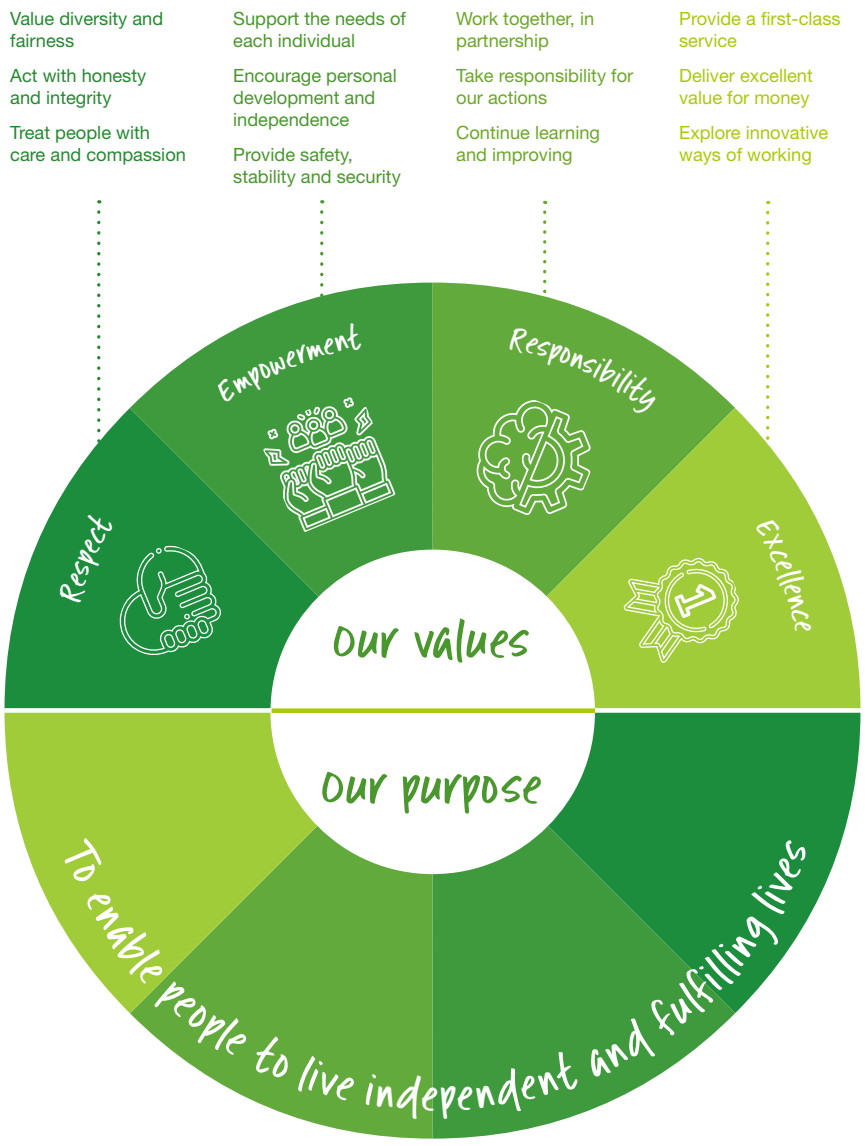
Our purpose

Transform is a registered housing association and charity, providing crucial support to nearly 2,000 people each year across Surrey, parts of south-west London, Berkshire and West Sussex. For more than 50 years, we have empowered over 30,000 clients to find homes and build more independent and fulfilling lives.

Clients often face homelessness, social exclusion and multiple health challenges. We offer a safe place to live, where people can gain stability, develop skills, and build confidence. Additionally, we provide housing-related support services to people living in their own homes to enable them to maintain their independence.

Our vision and values

At Transform, we are ambitious and committed to expanding our reach to support even more people in the future. Transform's services are more critical than ever as the cost-of-living crisis exacerbates challenges such as insecure housing, poverty, discrimination, stigma and inequality. Beyond providing homes, we strive to enable clients to lead happier and healthier lives. Transform's ultimate goal is to collaborate with partners to eradicate homelessness and offer essential support to those in need.



Transform people

The Board of Trustees

Ollie Smedley – Chair
(Ollie was Deputy Chair until he took over the Chair role in October 2023)

Former Chair, Mark Austen (retired September 2023)

Alec Sanderson – Deputy Chair and
Senior Independent Director (appointed, November 2023)

Julie Bradley

Sanjay Gulati

Natalia Kolotneva

Paul Rees

Michael Ryan

Katie Wadey

Patrons

Royal Patron
HRH The Duchess of Edinburgh GCVO DStJ CD

The Rt Hon Baroness Bottomley of Nettlestone PC DL

Michael More-Molyneux, HM Lord-Lieutenant of Surrey

Professor Patrick J Dowling CBE DL FREng FRS (Died April 2023)

Dame Penelope Keith DBE DL

David Hypher OBE DL BSc (Hons)

Elizabeth Kennedy FCIPD

Prof G. Q. Max Lu AO, DL, FREng, FAA, FTSE, FIChemE, FRSC, FCAS, FNAI, President and Vice-Chancellor, University of Surrey

Sir Richard Stilgoe OBE DL

Sally Varah MBE DL

The Rt Rev. Andrew Watson, Bishop of Guildford

Tim De Meyer, Chief Constable of Surrey Police
(From May 2024)

Ambassadors

Dame Elizabeth Anson DBE JP DL

His Hon Christopher Critchlow DL

Desmond McCann BA FCA

David McNulty PhD

Greg Melly

Lesley Myles MBE JP DL MA

Kim Rippett

The Hon Mrs Lavinia Sealy DL

Bernard Stevens FCA FCMA

Lady Elizabeth Toulson CBE DL

Paul Wates FRICS

Cllr Fiona White

Malcolm Young FRICS

Transform Executive Team



Chief Executive – Lawrence Santcross

As Chief Executive, Lawrence is responsible for leading the effective strategic and operational management of Transform.



Director of Asset Management & Capital Development – Kevin Stephens

Kevin joined in April 2023 as Director of Asset Management & Capital Development. Kevin is responsible for overseeing Transform's supported housing and general needs property portfolio.

(Former Director of Asset Management & Capital Development, Michael O'Brien, left May 2023)



Director of Client Services – Rebecca Pritchard

Rebecca (Bex) joined December 2023 as Director of Client Services. Bex is responsible for leading the delivery of all housing and support services to provide excellent outcomes for clients.

(Former Director of Client Services, Adele Duncan, left December 2023)



Director of Corporate Services – Simone Bartley

As Director of Corporate Services, Simone is responsible for the management of Transform's People Team and Digital & Information Services.

Director of Finance – Amanda Soobrayan

As Director of Finance, Amanda leads the Finance Team and is the organisation's accountable person for effective management of Transform's financial resources.



Head of External Affairs & Communications – Anita Gupta

As Head of External Affairs & Communications, Anita is responsible for delivering impactful communications that foster effective relationships with all Transform stakeholders.



Head of Governance & Assurance – Mandy Arnold

As Head of Governance & Assurance, Mandy fulfils the role of Company Secretary and provides leadership in all governance activities.



Executive Assistant – Caroline Felton

As Executive Assistant, Caroline supports the Chief Executive and Executive Team to deliver Transform's business objectives.



Transform's Chair reflects on 2023/24

For my first time as Transform's Chair, I am delighted to share our achievements during the past year. We have supported nearly 2,000 clients, helping them gain skills and experience to further their independence and achieve their aspirations.

Firstly, I would like to pay tribute to my predecessor, Mark Austen, who retired in September 2023 after six and a half exceptional years as Chair. Working in partnership with our Chief Executive, Lawrence Santcross, Mark led the organisation through a significant period of modernisation along with deftly navigating us through the turbulence of the pandemic. It was a pleasure to see this acknowledged by our Royal Patron, HRH The Duchess of Edinburgh when she met with Mark and me earlier this year.

I joined Transform as a Trustee in 2019 and during my time on the Board I have witnessed the profound impact Transform has on people's lives. I was truly honoured to be offered the role of Chair in October and I aim to build on Mark's legacy, helping to ensure the organisation is ready to serve the next generation of clients.

The people we support, and their needs, are at the absolute heart of everything we do. I am so proud that amidst challenging social and economic conditions, Transform offers services that clients have told us have quite literally saved their lives.

In recent times, social housing has been impacted by such incidents as the Grenfell Tower fire and the tragic death of two-year-old Awaab Ishak from a respiratory condition exacerbated by exposure to mould. The current backdrop we operate in also includes rising food and energy costs, environmental pollution, a lack of affordable accommodation for people of all ages plus insufficient support for individuals with mental health issues. These circumstances highlight the critical nature of the services provided by Transform, making them more vital now than ever before.

You can learn more in the following pages, but I would like to touch on a few 2023/24 highlights.

Client services

In 2023/24, we supported 1,920 clients, with over 75% moving on from our services in a planned way. Our client satisfaction survey, conducted by leading customer research organisation, The Leadership Factor Research, showed an 85.4% satisfaction rate, placing us in the top quartile of all housing associations.

We identified three areas for improvement: complaint handling, addressing anti-social behaviour and repair times. A customer care expert helped us revamp our complaints handling policy, with training provided for all colleagues. The new policy/procedures were launched on 1 April this year. We have also been making changes to our Anti-social behaviour policy and have launched a review of our repairs and maintenance service.

We secured and retained several contracts, including the Wokingham mental health support contract and funding from Guildford Borough Council for rough sleepers. We prepared for Ofsted registration for the young people services in Woking, secured a support contract in Elmbridge and a small service contract for Waverley Borough Council.

We also secured funding to support clients facing economic hardship during the cost-of-living crisis. Special thanks goes to Surrey County Council and other funders for their continued support.

CODHAL acquisition

In December, we acquired a small Dorking housing association adding nine units across three properties, previously owned by Churches of Dorking Housing Association Ltd (CODHAL). These units are providing accommodation for single homeless people with support needs.

Mitchell Place

Construction of our first modular building, Mitchell Place, was completed in March 2024. This almost Net Zero carbon development provides housing for eight single homeless parents and young people with support needs. It has the generous support of Surrey County Council, Reigate & Banstead Borough Council and Homes England, along with the Wolfson and Peter Harrison Foundations.

People

None of our achievements would have been possible without the hard work of Transform's brilliant colleagues. Their commitment to our purpose and their compassionate service to clients are the driving forces behind our success. We saw some leadership changes this year with the departure of Director of Client Services Adele Duncan and Director of Asset Management and Capital Development Michael O'Brien and the arrival of their successors Bex Pritchard and Kevin Stephens. I would like to thank Adele and Michael for their outstanding commitment to Transform's clients.

In November, our new colleague engagement survey, run by WeThrive, revealed a 79% engagement score surpassing the average colleague engagement score of 75% for organisations surveyed by WeThrive. We are dedicated to creating a workplace where every employee can flourish, and we will be actively addressing areas in need of improvement to ensure we meet this commitment.

Information management and technology

Our IT improvements include a refreshed digital strategy, better information security (Cyber Essentials Plus accreditation) and an upgraded website.

Sustainability

We are committed to practices that protect the environment and ensure the long-term viability of our housing solutions. Reaching the Government's Net Zero target forms a significant part of our strategy and in January, Transform became Carbon Neutral by investing in four verified international carbon offsetting projects managed by Carbon Neutral Britain. Going forward, our sustainability strategy will further reduce emissions by focusing on decarbonising homes, waste reduction, sustainable construction and green spaces.

Future plans

Looking ahead, we understand the urgent need to adapt to the ever-evolving regulatory environment and we are also dedicated to making significant strides towards achieving Carbon Net Zero for all our properties. Our commitment to working with our partners and clients to uphold excellence in service delivery is undiminished. Together, we will embrace innovative solutions, ensuring our services not only meet but exceed the challenges ahead.

Throughout the past year, I have been profoundly impressed by the unwavering commitment of all Transform colleagues. I would like to give my heartfelt thanks to each one of them for their continued delivery of outstanding accommodation and support to clients.

Ollie Smedley

Ollie Smedley
Chair





Strategic report and Trustees' annual report

Key strategic achievements – 2023/24

Previous year's figures in brackets

Clients – our first and foremost priority



- Supported 1,920 clients (1,793) with 76.9% (89.6%) of those moving on from services doing so in a planned way.
- Achieved an average satisfaction score of 85.4% (83.7%) in our client satisfaction survey conducted by The Leadership Factor Research (TLF) putting us in the top quartile of all organisations rated by TLF as well as within the top quartile of housing associations for which the average satisfaction score was 69%.
- Acquired £46,000 in funding from Surrey County Council's Household Relief Fund to support clients experiencing severe economic hardship during the current cost-of-living-crisis.
- Secured our place on Surrey County Council's Supporting Living Framework – supporting the continued provision of services to some of Transform's most vulnerable clients.
- Applied for Ofsted registration (registration achieved in 2024/25) for our Pound House service in Woking.
- Retained our contract for the provision of services in Wokingham for people experiencing mental health issues.
- Secured support contracts with Elmbridge and Waverley Borough Councils.
- Secured funding from Guildford Borough Council to support up to five rough sleepers.

People – colleagues and Trustees



- Following Mark Austen's retirement (September 2023) we appointed Transform's then Deputy Chair Ollie Smedley to the Chair position (October 2023).
- Conducted a new colleague engagement survey run by WeThrive which produced an overall score of 79% across 16 aspects of engagement. This compares to an average engagement score of 75% for all organisations surveyed.
- Continued to carry out improvements to colleagues' pay and benefits including updating and enhancing our pension offer. We transferred existing workplace pension schemes to Royal London (April 2023) and implemented a salary exchange scheme providing lower charges, a range of funds and an annual profit share scheme.
- Continued to invest in colleagues' wellbeing and development including through a number of initiatives including the deployment of a new, enhanced training platform, iHASCO.
- Worked with **Henpicked*** to deliver menopause awareness sessions and committed to becoming a menopause friendly employer.
- Expanded recruitment activity including launching a new jobs and careers microsite linked to our main website.

*Henpicked are the leading UK experts offering menopause in the workplace support including training, education and accreditation as a menopause friendly employer.

Growth and development



- Expanded Transform's presence in the Dorking area by acquiring, through a transfer of undertakings, a small housing association called Churches of Dorking Housing Association Ltd (CODHAL). This provided an extra nine units across three properties. Through this acquisition, and in partnership with Riverside Housing Association, we are providing support services for homeless people.
- Completed our first modular scheme, named Mitchell Place after former Transform Chief Executive, Paul Mitchell. The eight almost Net Zero carbon one-bedroom flats provide accommodation and support for single parents and young homeless people.

Transform-wide – corporate achievements



- Updated and strengthened our complaints handling policy and procedures following feedback from clients and in line with the Housing Ombudsman's revised Complaints Handling Code. The new policy was launched on 1 April 2024.
- Achieved Carbon Neutral Certification by contributing to four UK and UN-verified international carbon offsetting projects managed by Carbon Neutral Britain.
- Further enhanced our information security and use of technology including: refreshing our website, achieving Cyber Essentials Plus accreditation and harnessing AI where appropriate, to continue to provide high-quality accommodation and support services.
- Developed an action plan and carried out work to ensure robust and consistence compliance with the new consumer regulatory standards across Transform.

Financial performance

(2022/23 figures in brackets)

Summary

Despite the challenging economic climate, Transform achieved strong financial results compared to last year. The financial year 2023/24 continued to present an uncertain operating environment due to high inflation, which only began to decrease towards the end of the financial year. These difficulties were exacerbated by the conflicts in Ukraine and Russia, leading to increased gas and electricity prices. The resulting rises in energy and transport costs caused food inflation to reach a record high, which contributed to the cost-of-living crisis that affected both clients and colleagues. To address these challenges, the Board of Trustees responded by capping increases in service charges payable by tenants and by establishing a Discretionary Hardship Fund to support clients struggling to make ends meet.

Income

We achieved a turnover of £12.7 million (£11.3 million) which represents a 12.9% increase on the previous year.

Operating costs

Our operating costs were £11.1 million (£10.3 million). There were increases across the board, especially in temporary staff and repair costs, but these were offset by deferral of part of the planned maintenance programme due to staff capacity issues.

Net income

We achieved an operating surplus of £2.6 million compared to a surplus of £1.1 million in 2022/23. This figure included an increase in rental income compared to the previous year, the surplus made on the sale of one property – £63,000 (£114,000) and the transfer of assets from CODHAL amounting to £963,000. The overall surplus was £2.1 million (£569,000). Although increased living costs continue to impact our financial performance, our business model remains robust and continues to generate sufficient surpluses to invest in our housing stock and support activities.

Investment in properties

During the year, Transform invested £1.9 million (£3.9 million) in existing and new homes in line with the organisation's strategic plans and continued its focus on developing more homes for clients. Of this £1.9 million, £371,000 was invested in existing properties and £1.5 million in new homes.

Statement of financial position and cash flow

Transform's financial position is strong with a high asset base and liquidity.

The statement of financial position shows fixed assets of £56.2 million (£55.6 million). We spent £1.9 million on our property assets. Mitchell Place was completed at the end of March 2024, (£610,000 this financial year and £1.3 million work in progress from last financial year) which added eight flats to our housing stock. We also added nine units of accommodation, valued at £620,000 (Existing use value (EUV)), through a transfer of engagement from CODHAL, acquired a new property for £307,000 and invested £371,000 (£401,000) in existing assets. The total number of units owned and managed by Transform increased from 941 to 957 during 2023/24. We also disposed of one property which had a cost of £345,000.

The cash balance stands at £1.9 million (£1.2 million) an increase due to the overall surplus we made and the proceeds from the CODHAL transfer. This enables us to manage short-term cash flow pressures. Net current assets stand at £643,000 (£278,000) which is an increase of £365,000 from last year.

Capital structure and treasury

As at March 2024, Transform had secured loans of £12.0 million. Transform uses loans primarily to support development and acquisition activity. We repaid a loan of £1.0 million and will refinance £6.5 million of loans in 2025. Due to the uncertain economic environment, we plan to seek opportunities to secure loans on fixed rates which will provide greater financial certainty. Currently, 80% of our existing loans are secured on a fixed-rate basis; the weighted average cost of capital is 3.8% (3.9%). We regularly review cash flow risks as part of our risk management procedures.

Accounting policies

These financial statements have been prepared in accordance with all applicable law and United Kingdom Accounting Standards, including FRS102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Reserve policy

The Board reviews our reserves policy periodically. Total reserves at year end were £29.9 million (£27.8 million). We hold the following reserves:

- Restricted reserves of £459,000 (£409,000).
- Designated reserves of £250,000 (£250,000) set aside to meet Energy Performance Certificate targets for 2030.
- Investment in housing properties of £29 million (£27 million).
- Unrestricted reserves of £339,000 (£119,000) generated from normal operations.
- Transfers between funds primarily represent funds designated by the Board for specific purposes.

Going concern

The Board's assessment of going concern includes a consideration of the macro environment and its impact on the organisation i.e. the increased cost-of-living crisis, rising interest rates and inflation. Other factors such as increased rent arrears, void increases, forecast cash outflows from costs associated with achieving energy efficient homes and Net Zero targets were also assessed.

Transform has long-term debt facilities which provide adequate resources to fund its development activity, alongside income generated from day-to-day operations.

We have a 30-year finance plan which evidences that we can service our debts while continuing to comply with lenders' covenants. This plan was reviewed and approved by the Finance & Audit Committee and the Board. We run various stress tests on the plan against key strategic risks, including multivariant scenarios*. These scenarios include the impact of sensitivities on Transform's cash flow requirements and its covenant compliance. Mitigating actions have been identified for all scenarios to manage potential impacts on cash flows and liquidity. This stress testing has evidenced that the finance plan is robust, and that Transform is able to meet its obligations.

The Board, after reviewing budgets for 2024/25 and the medium to long-term financial position as set out in the 30-year Finance Plan is confident that Transform is well-placed to effectively manage associated risks. On this basis, the Board has a reasonable expectation that Transform has adequate resources to continue in operational existence for the foreseeable future, being a period of at least 12 months after the date on which the report and financial statements are signed. On this basis, the Board continues to adopt the going concern basis in the financial statements.

Fundraising

Through fundraising we aim to provide additional services to support clients to positively change their lives. This year, we generated £84,000 in revenue and £100,000 in capital donations (£335,000) from a range of trusts and foundations, corporates, community organisations and individuals.

* Multivariant scenarios consider how multiple variables interact with each other, in this case when conducting stress tests to assess risk.

Health and safety

Summary

At Transform, the health and safety of clients, colleagues and everyone involved with the organisation is a top priority. We ensure strong health and safety leadership from the Board of Trustees, Directors and the Senior Leadership Team, and this commitment is shared throughout Transform.

In 2023/24, we focused on reducing risks through firm protocols and fostering a safety-first culture. By providing appropriate training and staying responsive to changing needs, we have maintained safe facilities and operations. We have updated our **Health and safety policy and statement of intent** this year and we have reviewed the related management plans that support this policy.

Our approach follows the Health & Safety Executive's guidelines in **Managing for Health & Safety**. We regularly monitor and report Transform's health and safety performance to the Board, focusing on key performance indicators (KPIs). Our KPIs track performance and compliance in areas such as gas, electrical, lift and fire safety; asbestos and Legionella handling; health and safety training; and accidents/incidents reporting. We monitor these areas through 27 specific targets. Throughout the 2023/24 year, we consistently reported excellent health and safety performance and compliance ratings to the Board.

We have also fully met all the new Tenant Satisfaction Measures (TSMs) – including the building safety management indicators – and these have been published for the first time on Transform's website. In addition, we have completed all critical fire safety works and the additional health and safety requirements for three buildings over 11 metres in height.

During the financial year 2023/24, we have had no breaches of statutory obligations and no major fire incidents. Additionally, no enforcement notices or actions have been issued to Transform by the Health and Safety Executive, Fire Authority, Health Department, or Environmental Agency.

Key actions and achievements during 2023/24

- Achieved all the objectives set within our 2023/24 Health and Safety Action Plan for this year, delivering strong results against our KPIs.
- Developed and implemented a new 'lone working' monitoring and reactive response system (Peoplesafe).
- Conducted a thorough review of activity-based risk assessments.
- Implemented refreshed accidents and incidents reporting arrangements.
- Reviewed and expanded our health and safety management plans.

Training

This year, we provided refreshed health and safety training on: working at heights; dis-repair; IOSH (Managing safely in social housing); first aid; and general health and safety awareness.

We have also invested in a new, enhanced, online training platform called iHasco to deliver induction and refresher training.

Looking ahead to 2024/25

We plan to implement additional KPIs to support the delivery of continually improving health and safety practices and to measure our performance against other similar sized housing providers.

Equality, diversity and inclusion

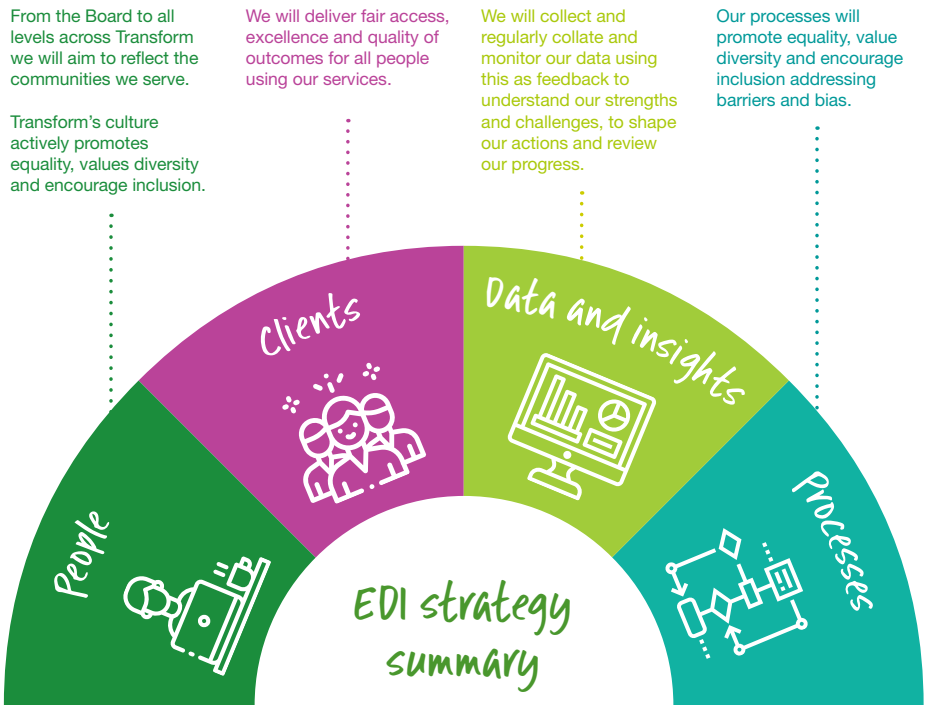
As a supported housing provider dedicated to empowering clients to live independently, equality, diversity and inclusion (EDI) are fundamental to Transform's core values. We understand that genuine inclusion comes from appreciating the diversity of every individual. Our commitment is centred on understanding and meeting the unique needs of everyone we serve, especially clients and colleagues (see a summary of our EDI strategy below). By cultivating a diverse and inclusive environment, we harness the power of EDI to drive meaningful change and positively impact lives.

Key actions and achievements during 2023/24

- Developed and rolled out a new EDI policy.
- Used our data insights to:
  - share our diversity data with the National Housing Federation to help build the most accurate picture of diversity in social housing in 2023 and to appraise how we compare with the sector
  - assess and take actions to improve representation and inclusion.
- Reviewed the Board succession plan targeting under-represented groups during recruitment activity.
- Reflected EDI in the refreshed digital strategy with digital inclusion being a key pillar of the strategy.
- Improved the accessibility of our publications, for example through using AI for language translations.
- Ensured that the upgraded Complaints Handling Policy and associated procedures were clear and more readily accessible for all Transform audiences alongside tailoring our approach to complaints handling based on the needs and requirements of clients and other potential complainants.

Looking ahead to 2024/25

- We will be establishing an EDI Steering Group to drive and monitor progress on EDI within Transform.
- We are committed to using data and insights to continuously improve our EDI-related activity.



Asset management, maintenance and repairs

Key actions and achievements during 2023/24

Planned and cyclical maintenance: In our ongoing commitment to maintaining and improving our housing stock, we have utilised the Community Housing and Investment Consortium (CHIC) procurement framework to secure contracts for several key maintenance projects. These contracts cover the replacement of kitchens, bathrooms, external doors and windows. Additionally, they include cyclical decorations for communal areas, ensuring these spaces are both welcoming and well-maintained, inside and out.

Tenant Satisfaction Measures: We place a high value on the satisfaction of clients. This year, we have rigorously reported on client satisfaction concerning our efforts to keep properties in good repair, maintain building safety, and conduct all necessary safety checks. These measures are crucial in ensuring our residents feel secure in their homes.

Development highlights: This year marked the completion of Mitchell Place in Redhill, Surrey, a pioneering development consisting of eight self-contained flats specifically designed for homeless single parents and young people with support needs. Notably, this was our first project utilising modular construction, which not only expedited the building process but also achieved an impressive energy performance rating of EPC A. The all-electric flats are equipped with special solar panels, further underlining our commitment to sustainable living.

In addition to this, we purchased a one-bedroom house in Dorking, Surrey, also rated EPC A, enhancing our portfolio of energy-efficient properties.

Financial expenditure: Our financial investments this year have been significant, reflecting our commitment to improving the quality of the accommodation we provide. We have spent £371,000 on enhancing existing properties, ensuring they meet high standards of comfort and efficiency. The total construction cost for Mitchell Place was £1.9 million, representing a major investment in providing high-quality, meticulously designed, sustainable housing solutions for those in need.

Decent Homes Standard: Of our total 927 homes,16 did not meet the Decent Homes Standard this year. These properties were, however, unoccupied and located in two buildings that were sold post year-end. We are committed to ensuring all our homes meet the required standards as part of our ongoing improvement programme.

Looking ahead to 2024/25

Energy Performance Certificate and Net Zero Initiatives: We are working towards achieving an Energy Performance Certificate (EPC) rating of at least C for all our properties by 2030 in line with the Government's Net Zero carbon emissions by 2050.

In support of this goal, we plan to submit an application for the **Social Housing Decarbonisation Fund (SHDF) Wave 3** once the application window is open towards the latter end of 2024'. This funding, part of a Government initiative, aims to enhance the energy efficiency of social housing, thereby reducing carbon emissions and energy bills for clients through comprehensive upgrades to our properties.

Review repairs service: We have begun a review of our repairs and maintenance service to ensure its cost-effectiveness and will develop a plan to address identified areas for improvement.

Strategic asset management and planned investments: As part of our asset management strategy, we are assessing the performance of all Transform assets to ensure they are viable and meet contemporary standards.

We will develop an investment programme which is aligned with our aim of providing high-quality housing for all clients.

Sustainability

Key actions and achievements during 2023/24

- Committed to calculating and reducing our environmental impact and to be Net Zero by 2050, in line with Government targets. We appointed a Sustainability Advisor during the year to help navigate Transform's sustainability journey and support work to reduce emissions in offices and clients' homes.
- Appointed an Asset Manager (Planned Investment) who is leading on our investment programme to ensure properties reach the minimum energy efficiency standard of EPC C by 2030.
- Worked with the University of Surrey to verify our carbon footprint for scopes 1 and 2 and offset these through Carbon Neutral Britain to become a carbon neutral organisation (2024).
- Reduced our emissions by 6.5% to 1124.7 tCO2e by acquiring more efficient vehicles, and implementing changes to achieve EPC C ratings.
- Gathered data to understand our baseline position against the Sustainability Reporting Standard for social housing which we aim to adopt during 2024/25 and report on in 2025.
- Carried out a recycling audit for all our offices with a view to improving arrangements. New recycling contracts are now in place to ensure that as much waste as possible is recycled. This was achieved with an annual cost saving of around £3,000.

Looking ahead to 2024/25

- We intend to develop Transform's **Sustainability strategy** and action plan.
- We will review the outcome of the assessment of our property portfolio to inform the investment programme for energy efficiency improvements during this period.
- We will adopt the **Sustainability Reporting Standards for Housing** and report against these in 2025.
- We will commence a programme of water audits and develop a water management strategy.
- We will continue to provide sustainability awareness and training for all colleagues, Trustees and clients.





Value for money

Value for money approach

This report outlines how we achieved the Value for Money (VFM) outcomes required by the Regulator of Social Housing's (RSH) Value for Money Standard during the past financial year.

We aim to ensure that our resources are deployed efficiently and effectively in providing quality homes and delivering excellent support services to clients living in Surrey and surrounding areas. Our resources are aligned to achieve our strategic objectives. This contributes to Transform's purpose to enable clients to lead independent and fulfilling lives.

The most significant matters we faced this year included: inflationary pressures; the cost-of-living crisis; recruitment and retention challenges; increased expenditure required to meet building and fire safety regulations and 2030 EPC C rating requirements. The Board approves the business plan, 30-year finance plan and budget on an annual basis, which sets the framework for the organisation's operations. Our strategic objective is to deliver homes that meet a range of needs and to enable people to live independent and more fulfilling lives. At the end of the financial year, we held 957 units used for temporary accommodation; supported; and general needs housing.

Our VFM strategy is underpinned by the strategic objectives that the Executive set out in the business plan each year.

Key value for money actions and achievements during 2023/24

- **Operating a financially viable and sustainable organisation:** we increased our financial stability by increasing our net assets by 7.6%, strengthening our liquidity position by increasing our cash reserves by 52% and paying off one loan. We reviewed service charge and rental income models, undertook a review of our overhead recovery model and reviewed our costing and pricing model whilst strengthening financial monitoring and reporting practices to ensure the effective management of the organisation.
- **Supporting clients by providing an excellent service:** our aim is to be a top performing landlord and support provider.
  - During this year, we carried out activity across Transform to ensure we fully met the new Tenant Satisfaction Measures (TSMs) by 1 April 2024. You can see how we are complying with the TSMs on our website.
  - In 2022, we collaborated with a leading organisation in customer experience and research – The Leadership Factor Research (TLF) – to co-ordinate a new, more comprehensive, client satisfaction survey. In 2023, TLF repeated the survey for the second year and it identified an 85.4% average overall satisfaction score compared to 83.7% in 2022. This equates to 307 out of 360 respondents stating they were fairly or very satisfied. This not only puts Transform in the top quartile of the overall table of all organisations rated by TLF, but it also puts us in the top quartile when benchmarked against the 54 other housing associations surveyed by TLF.
  - We also carried out a comprehensive review and revamp of our complaints policy and procedures in line with feedback in the client satisfaction survey and the Housing Ombudsman's updated Complaint Handling Code.
- **Ensuring that all existing assets are fit for purpose, financially viable and relevant:** we completed stock condition surveys on all our properties and developed a new viability assessment model to help determine future investment requirements. Additional resources were brought in to support EPC C and longer-term Net Zero investment decisions.
- **Investing in colleagues to deliver our strategic objectives:** we invested almost £100,000 in training to ensure that colleagues were best equipped to meet the needs of clients.

Monitoring VFM

At Transform, we are committed to continuous improvement, aiming to provide the best value whilst enhancing the quality of the homes and support services we provide. VFM is a key consideration in our annual budgeting and long-term financial planning.

We report on our financial performance – including VFM metrics – at Finance & Audit Committee (FAC) and Board meetings. The Board closely monitors our performance against budget and conducts quarterly reviews of our financial and VFM metrics.

We benchmark our VFM performance both internally and externally:

- **Internally:** by comparing current performance against our targets and last year's performance.
- **Externally:** by comparing our performance with other similar-sized housing providers using the Acuity Benchmarking club.

The main comparators for our benchmarking are:

- **SPBM Smaller Providers Benchmarking:** a national group of 150 housing associations with up to 1,000 homes.
- **SPBM Supported Housing:** a group of 24 supported housing providers that compile comparative data and meet quarterly for discussions.

This benchmarking activity enables us to monitor our performance, compare it with other similar organisations and seek opportunities to improve the quality and cost effectiveness of our services.

How we performed and areas for improvement

Our VFM performance is measured against economy, efficiency and effectiveness targets.

Economy: 'doing things at the right cost' and minimising the costs of activity.

- We developed a service charge model in 2023/24 to highlight, and take advantage of, cost savings and promote transparency.
- We reviewed our overhead allocation methodology to ensure greater clarity on the costs of differing activities. We will continue to identify areas of cost reduction and improvement over the next year.

Efficiency: delivering the same level of service for less expense, time or effort i.e. 'doing things the right way.'

- Data-led decision making – we have developed an asset viability appraisal model which provides us with up-to-date performance information which is used to inform future investment decisions.

Indicator	2024/25 Target	2023/24 Target	Peer group 2023/24	2023/24	2022/23
% of repair completion time	97.5%	97.0%	88.0%	95.0%	96.0%
Voids %	6.0%	6.0%	5.5%	7.4%	7.0%
Arrears % net of housing benefit	2.5%	3.0%	1.7%	5.3%	6.0%

Effectiveness: measuring the extent to which intended outcomes are achieved.

- During the 2023/24 financial year, we worked with 1,920 clients, 120 more people than we supported the previous year. 76.9% of clients moved on in a planned way (89.6% last year). There has been an increase in the complexity of clients' support needs and their ability to manage their finances.
- Client satisfaction rates – in response to client feedback, we have focused efforts on improving the way complaints are handled; we have refreshed the complaints handling policy in accordance with the Housing Ombudsman's latest Complaint Handling code, while improving the quality of service provision.

Internal KPIs

Indicator	2023/24	2023/24 target	2022/23
Number of clients we worked with	1,920	1,800	1,793
Number of positive move-ons %	76.9%	80%	89.6%
Number of clients who moved to independent accommodation	411	450	438

Areas for improvement for 2024/25 include:

Voids

Reducing voids remains a key priority for Transform and over the coming year we will be implementing improvements in our lettings and voids management processes to minimise the number of vacancies we hold.

Arrears

We are also strongly committed to improving our income collection rates and we will be concentrating on improving processes and being more data-driven in our approach.



VFM metrics

	VFM metrics	Performance 2023/24	Supported housing Acuity benchmarking group/peer group 2023/24	Internal target 2023/24	Performance 2022/23
1.	Operating margin (overall)	20.0%	8.7%	9.0%	2.4%
2.	Operating margin (social housing lettings)	26.5%	5.2%	11.7%	4.6%
3.	Earnings Before Interest, Taxes and Amortization (EBITDA) Major Repairs Included (MRI) (as a % of interest)	565.2%	289%	171.0%	154.0%
4.	Gearing	18.4%	22.0%	13.9%	21.3%
5.	Supply of new social housing (as a percentage)	0.9%	1.1%	n/a	0.7%
6.	Reinvestment	3.4%	5.1%	4.0%	5.5%
7.	Return on Capital Employed (ROCE) (%)	4.6%	2.0%	1.9%	2.1%
8.	Headline social housing cost per unit (cumulative)	£10,917	£10,073	£13,060	£10,242

1 and 2 – Operating margins

These metrics measure the profitability of our operating activities. We performed ahead of our peer group in overall operating margin and that for social housing lettings. This is mainly attributable to the transfer of assets from CODHAL.

3 – EBITDA

The EBITDA is a key indicator for liquidity and investment capacity. It indicates how well we can service debt. Our EBITDA metric was well above target. An increased surplus in the year, paying off one of our loans and the transfer of assets from CODHAL contributed to this favourable outcome. The loan covenant EBITDA MRI is a measure we monitor through our 30-year Finance Plan to ensure we can support our growth ambitions and borrowing requirements.

4 – Gearing

Our development programme is ongoing. Our gearing ratio as of March 2024 decreased to 18.4% as a result of paying off one of our loans. This satisfies loan covenant requirements and gives us the capacity to take advantage of additional borrowing, for growth purposes.

5 and 6 – New supply and reinvestment

This demonstrates the extent to which we are investing in new supply and existing properties. Growth is one of Transform's key strategic objectives. We invested £1.5 million (£2.2m) in new properties – performing ahead of our benchmarking group. Capital expenditure of £371,000 (£401,000) was invested in existing stock.

7 – Return on Capital Employed (ROCE)

ROCE assesses the efficient investment of capital resources and measures how well we are using debt and capital to efficiently generate a financial return. Our ROCE was well above our benchmarking group, due to the surplus we made and the CODHAL engagement of assets, a positive move where it was on par with the group last year and below in the previous four years. Any surplus that Transform makes is reinvested in maintaining existing homes, building new homes and improving support services.

8 – Social housing cost per unit

Our social housing costs were consistent with our peer group and below our target.

The year ahead

We will

- continue to implement our refreshed complaints handling policy and processes and to continually improve the way we respond to complaints and learn from them
- adopt and integrate alternative rent payment options to support improved income collection rates and minimise arrears
- complete the implementation of a renewed service charge pricing model to ensure greater transparency and accuracy, and to support the delivery of greater cost efficiencies
- complete options appraisals for all assets to support the remodelling, redevelopment or disposal of assets, and to inform EPC C and Net Zero investment decisions
- review our procurement strategy for professional fees including reprocuring energy contracts
- establish an EDI Steering Group to oversee the delivery of associated objectives
- further expand the VFM strategy that was developed in 2023/24 to continue to provide high quality services and measure progress against our KPIs
- deploy digital technologies to continue to support our VFM objectives.



Future plans – strategic objectives 2024/25

Clients – our first and foremost priority

- Continue to deliver excellent, trauma-informed services tailored to the individual needs and ambitions of Transform clients.
- Refresh our client involvement and engagement strategy.
- Use monies from fundraising to support clients facing severe hardships with targeted initiatives.
- Fully implement new complaint handling practices, learn from mistakes and continuously improve our services.

People – colleagues and Trustees

- Further invest in colleague learning and professional development to meet the new regulatory requirements for housing qualifications and improve colleague wellbeing and retention.
- Enhance wellbeing programmes through various channels, including the Health & Wellbeing Group, our intranet, workshops, webinars and colleague feedback.
- Implement actions based on findings from the colleague wellbeing survey.
- Recruit new Trustees with specialised skills to maintain a diverse, skilled and knowledgeable board especially as current Trustees complete their terms.
- Deliver the action plan to achieve accreditation as a **Menopause Friendly Employer by Henpicked** – the only recognised accreditation for menopause in the workplace.



Asset management, maintenance and repairs

- Develop and start delivery of an action plan to upgrade all properties to EPC C standard, in line with Government targets.
- Conduct a comprehensive review of our repairs and maintenance service to ensure value for money and create an action plan to address the issues and recommendations arising from the review.
- As part of an active asset management strategy evaluate whether there are assets that should be disposed of with proceeds being used to invest in new provision and sustainability initiatives.
- Re-provide assets that do not meet modern standards to ensure all properties are fit for purpose long-term.
- Develop a programme reflecting our ambitions to provide high-quality housing for all tenants.
- Embed a rolling inspection programme to maintain an up-to-date understanding of property conditions and to ensure they are all of a high standard.

Growth, funding and development

- Continue working with current partners and seek new partnerships to explore appropriate merger opportunities.
- By delivering impactful communications and public relations activity that fosters effective relationships with all stakeholder audiences.

Governance

- Refresh our corporate strategy for the next five years.
- Review and update our Articles of Association as needed.

Health and safety

- Continue to implement annual safety checks for clients living in self-contained flats.
- Expand health and safety communications for staff and clients through our intranet and website, ensuring all stakeholders understand their rights and our responsibilities.
- Use mobile-accessible digital programmes and other new technologies to improve performance and reporting.





Financial resilience

- Refinance our loan facilities to strengthen financial resilience.
- Design and implement a new procurement policy to ensure best practices and cost savings.
- Review our VFM strategy to optimise resources.

Sustainability

- Finalise and launch our Sustainability strategy to staff and clients and begin its implementation.
- Adopt the Sustainability Standard for Social Housing.

Information management and technology

- Upgrade our core information management system, Pyramid, to enhance finance and housing management processes.
- Transition from the Keystone software system to M3 Vision to improve our technological infrastructure, ensuring seamless integration with existing systems.



Risk management

Principal risks and uncertainties

Risk management

Risk management is fundamental to Transform's operation. The Board holds overall accountability for risk management with Trustees regularly reviewing Transform's risk register. More detailed scrutiny is delegated to committees for their respective risks. The Senior Leadership Team – which includes the Executive Team – has day-to-day oversight for reviewing risk. This activity supports strategic decision-making and ensures that Transform can adapt to changing circumstances.

Within the framework, risks and opportunities are continuously monitored and evaluated. From this work, policies and procedures are adapted and controls put in place to ensure appropriate action is taken to safeguard clients, colleagues and Transform as a whole. Our framework also ensures that risk informs the business planning process with proactive risk management being used to mitigate against the uncertainty in our operating environment.

Transform's key risks

Details of the most significant, highest scoring, risks listed as follows:

Economic risk exposures such as inflation, interest rates and economic downturn

Risk

Macroeconomic activity negatively impacting on clients and colleagues.

Details and specific risk mitigations

Whilst some economic pressures have started to ease, there continues to be much uncertainty in the UK and global economies post-pandemic and because of the war in Ukraine, the Red Sea crisis and the Israel-Gaza war. Interest rates are causing operational pressures and increased cost-of-living for clients and colleagues.

General controls and mitigations

- Business plan stress testing with appropriate mitigations identified.
- Ensuring all support contracts are secured on a full cost recovery basis.
- Ensuring we secure best value through any procurement to optimise income.

Inability to recruit and retain high-quality staff

Risk

Challenges recruiting and retaining colleagues who meet our role requirements.

Details and specific risk mitigations

The after-effects of the pandemic have resulted in a severe labour and skills shortage for organisations. This has presented recruitment and retention challenges within a strongly competitive recruitment market.

General controls and mitigations

- Increased agility in our recruitment, with a process review in 2022.
- Optimising salary and benefits, alongside benchmarking to ensure that we are competitively positioned.
- Enhanced marketing through social media, a refreshed website and, improved connectivity between the website and candidate tracking system.

Financial hardship to clients and impact on their wellbeing

Risk

Clients suffering from physical/mental health and wellbeing issues due to financial hardship.

Details and specific risk mitigations

The current economic climate is having a huge impact on clients. Many are unable to afford the increases in living costs. This has led to increased financial hardship, with increased arrears and bad debts, as well negatively impacting clients' mental health and wellbeing.

General controls and mitigations

- Provision of hardship fund and ongoing signposting to others who provide support.
- Arrears management processes which support clients manage their rent accounts.
- Distribution of funding from Surrey County Council's Household Relief Fund.
- Fundraising proceeds used to alleviate severe hardships.

Data protection and IT security risks

Risk

Threats to our IT and data security.

Details and specific risk mitigations

Continued investment in monitoring and testing, security systems, training and awareness ensures we are safeguarding the organisation. Our partnership with LIMA Networks means we have arrangements in place to manage any network failures.

General controls and mitigations

- Cyber Essential Plus Accreditation
- A vulnerability assessment service and patch compliance reporting.
- Continuous information and cyber security awareness training.
- Business continuity planning.
- The IT network is secured though a framework of controls.

Over-reliance on a single local authority for housing support income

Risk

Over reliance on any single service commissioner.

Details and specific risk mitigations

We recognise the importance of not placing over-reliance on a single local authority as a source of income. We have diversified our income over time and this year we have secured new business from Guildford Borough Council, Elmbridge Borough Council, Waverley Borough Council, and Surrey County Council. We have also retained a contract with Wokingham Borough Council and secured a place on Surrey County Council's Supported Living Framework.

General controls and mitigations

- Maintain trusted relationships with local authorities.
- Secure additional sources of income.
- Diversify funding sources.

Health and safety

Risk

Non-compliance with statutory health and safety obligations as an employer and as a landlord.

Details and specific risk mitigations

We continually review and update policies and procedures to ensure that we meet our obligations regarding landlord and employer health and safety. We carry out health and safety checks of properties and occupational health and safety risk assessments on an ongoing basis, including, gas safety, fire risk, water quality, electrical safety, damp, mould and condensation, lift safety and asbestos.

General controls and mitigations

- High-quality, recognised training, robust recruitment and contractor vetting processes, specialist roles, effective supervision/oversight and appropriate client/colleague ratios.
- Health and safety scorecard to regularly monitor and actively manage performance.
- Appropriate insurance for our business activities.

Safeguarding clients

Risk

Inability to discharge our duty of care in relation to safeguarding requirements.

Details and specific risk mitigations

We work in partnership with other organisations to protect those at risk and prevent incidents that could harm the people we support.

General controls and mitigations

- The safeguarding policy is reviewed annually with input from the Client Forum.
- Safeguarding guidance provided to all clients and colleagues.
- A whistleblowing policy allows safeguarding concerns to be raised.
- Close and collaborative multi-agency working arrangements.
- Stringent vetting processes including safe recruitment practices.

The Board closely monitors the risk environment to identify changes in key risks as well as new or emerging risks. The Committees of the Board also review the risks relevant to their remit every quarter. This is a key focus of the Finance & Audit Committee.



Governance, regulation and compliance

Governance

Board of Trustees

The Transform Board is the ultimate decision-making body. Its role is to lead, direct, control, scrutinise and evaluate Transform's work. It has responsibility for ensuring that governance across the organisation is robust and that Transform complies with all regulatory and statutory requirements. The Board comprised nine trustees during 2023/24, drawn from a wide range of backgrounds and bringing together professional, commercial and local experience.

No new Board members were appointed during the year, however, following an external recruitment exercise our then Deputy Chair, Ollie Smedley, was appointed Chair in October 2023. The Nominations Committee also agreed arrangements for a further Trustee recruitment exercise in 2024 as part of its succession planning arrangements.

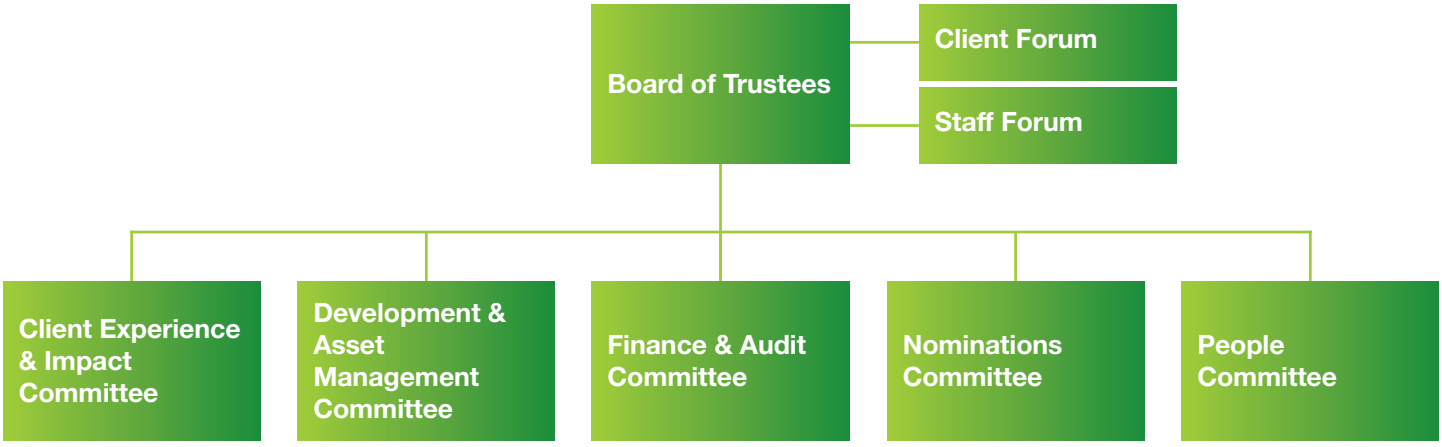
Details of the Board members who served during the period to 31 March 2024 are set out on page 2. The Trustees are also appointed as directors under the Companies Act 2006.

During the year, the Board considered a number of key matters including:

- overseeing the implementation of Transform's corporate strategy, objectives and key performance
- a review of treasury arrangements
- approving the appointment of a new Chair
- approving the Transfer of Engagements from Churches of Dorking Housing Association Limited (CODHAL) in December 2023.

Board and committee structure

During the year, the Board delegated specific responsibilities to five committees, as detailed below, which each reported to the Board where their recommendations were considered and approved where appropriate. As a result of recommendations arising from the Board effectiveness review, the Board will be reviewing its committee structure during 2024/25.



Board committee

Finance & Audit Committee (FAC)

The FAC supports the Board in ensuring that effective systems of internal control and assurance are in place including audit and risk arrangements. This includes supporting the appointment of both internal and external auditors. The Committee alerts the Board to any emerging issues across the organisation in relation to financial control systems.

Client Experience & Impact Committee (CEIC)

The CEIC supports the Board in 'hearing the voice of the customer,' to influence policy development, to better understand clients' needs and to drive improvements in client satisfaction/experience. The Committee also has a key role in ensuring compliance with the Consumer Standards and supporting the Board in applying additional scrutiny in such key areas of compliance including the Complaint Handling Code. The CEIC ensures equality, diversity and inclusion are taken into account when meeting the different needs of clients.

Development & Asset Management Committee (DAMC)

The DAMC supports the Board in overseeing Transform's development activities. It also oversees the progression of asset management and regeneration programmes approved by the Board, ensuring scrutiny, effective risk management and implementation in line with agreed parameters. It assists the Board in setting appropriate budgets to deliver these objectives as well as monitoring programme delivery and key risks.

People Committee

The People Committee recommends the remuneration approach for colleagues and supports governance effectiveness through succession planning and recruitment. It also supports the Board in applying additional scrutiny in the areas of organisation culture (including ethical leadership) staff engagement as well as equality, diversity and inclusion in relation to colleagues and Trustees.

Nominations Committee

The Nominations Committee supports the Board in ensuring Transform has effective governance through succession planning and recruitment.

Board and committee focus

The Board is responsible for the governance of Transform. Its role is to lead, direct, control, scrutinise and evaluate Transform's work.

During the year, the Board considered a number of key matters including:

- overseeing the implementation of Transform's corporate strategy and objectives
- reviewing, updating and overseeing implementation of the governance framework
- considering partnership and merge opportunities
- approving all new/updated Transform policies.

The Board delegates specific responsibilities to five committees which each report to the Board where their recommendations are considered and approved where appropriate.

Board and committee membership 2023/24

Trustees	Board	Client Experience & Impact Committee	Development & Asset Management Committee	Finance & Audit Committee	Nominations Committee	People Committee
Mark Austen	Chair (up to September 2023)				Chair	
Ollie Smedley	Chair (from October 2023) (Deputy Chair and Senior Independent Director to October 2023)	Member (up to September 2023)	Member			Member
Julie Bradley	Member			Member		Chair
Sanjay Gulati	Member	Member		Member		
Natalia Kolotneva	Member	Member	Chair	Member		Member
Paul Rees	Member		Member	Chair		
Michael Ryan	Member		Member			Member
Alec Sanderson	Member (Deputy Chair and Senior Independent Director from November 2023)		Member			
Katie Wadey	Member	Chair				

Trustee training

Trustees participated in a leadership development session and undertook fraud awareness and social housing regulation training. Trustees are also encouraged to attend events and networking opportunities held by recognised sector bodies such as the National Housing Federation.

Board effectiveness

Following an external review of board effectiveness which concluded in May 2023, the Board has made good progress with implementation of the recommendations arising from the review. A self-assessment of Board effectiveness will take place during 2024/25.

Code of Governance

Transform adopted the National Housing Federation Code of Governance 2020 for the reporting period. An annual assessment of compliance against the code has been conducted and confirms that Transform complies with all the requirements of the code including the provisions in relation to:

- mission and values.
- strategy and delivery.
- board effectiveness.
- control and assurance.

Governance and Financial Viability Standard

The annual review of compliance against the Regulator of Social Housing's Governance and Financial Viability Standard has been carried out and Transform was compliant with the standard during the reporting period. A detailed and evidence-based assessment was completed against each requirement and the Board approved this at its meeting on 23 May 2024.

In preparing this report, the Board has followed the principles set out in the Statement of Recommended Practice (SORP) for Registered Social Housing Providers 2018.

Regulation and compliance

Transform fully complies with the requirements of the Regulator of Social Housing, the Charity Commission and the Fundraising Regulator. We have been working towards the implementation of the Consumer Standards.

Regulator of Social Housing

As a small provider, Transform is not subject to regulatory judgement from the Regulator of Social Housing and was not issued with any regulatory notices during this period of accounts.

Charity Commission public benefit reporting

Transform's aims, objectives and activities demonstrate public benefit as defined by the Charity Commission.

The Board ensures that planned activities meet the organisation's objectives. Transform's work supports those on the margins of society to overcome the challenges they face in their lives.

Trustees follow the Charity Commission's public benefit guidance when carrying out their duties. Awareness of the guidance forms part of each Trustee's induction and the Board takes this into account when making relevant decisions.

Fundraising Regulator's code compliance

The Code of Fundraising Practice sets out the responsibilities that apply to fundraising carried out by charitable institutions in the UK. To provide reassurance to donors and supporters, and to demonstrate high standards for fundraising activities, we are registered with the Fundraising Regulator and have adopted the Regulator's Code of Fundraising Practice.

We are committed to protecting donors and the public from any unreasonably intrusive or persistent fundraising approaches and will not apply any undue pressure on them to donate. We do not use any external professional fundraising services. We use the Fundraising Regulator's logo on fundraising communications. Transform has not received any requests to remove or suppress donor data from the regulator's Fundraising Preference Service.

The Fundraising Executive continually monitors guidance and regulations from the Charity Commission and the Fundraising Regulator, and colleagues are kept abreast of changing regulations through the year. We received no complaints relating to fundraising in the year to 31 March 2024.

Complaints

Transform carries out an annual self-assessment of our complaints policy against the Housing Ombudsman Service's (HOS) Complaint Handling Code and for 2023/24 we were compliant with all aspects of reporting, handling and learning from complaints. Due to the complex nature of Transform's operations, which provide integrated core and enhanced housing management and support services, we are working to better understand and define 'service requests' which need to be reported to the HOS. This is necessary for a proportionate reporting system. Transform anticipates having this in place no later than 1 October 2024.

In 2023/24, Transform received a total of 16 formal complaints, nine were fully resolved and four complainants decided not to pursue their complaint further. Three complaints were escalated to stage two of our complaints process from 2022/23.

During the year, Transform carried out a review of our complaints handling process following feedback from the client satisfaction survey and the Housing Ombudsman's updated Complaints Handling Code. Revised policies for complaints handling and compensation have been approved by the Board and new, accompanying policies for reasonable adjustments, unacceptable behaviour and vulnerability have been created.

This is coupled with a new Complaints Case Management system, to provide improved oversight of complaints, template complaints letters and training for all staff in the new complaints handling process.

Themes identified from complaints	
What we have learned	**What service improvements have we made**
Complaints handling required improvement.	Each individual complaint is assigned to a named investigating officer who is also the single point of contact for the complainant for the relevant stage of the investigation.
The underlying causes of repairs should be considered, identified and addressed to avoid further occurrence of maintenance issues.	Continued to review and develop our responsive maintenance processes.
Balancing the needs of the vulnerable people we are established to serve and those of their neighbours requires skill, a good understanding of confidentiality and very clear communication.	Started a review of our referral process ensure better referral decisions.

Statement of Board responsibilities

The Board is responsible for preparing this report in accordance with applicable law and regulations. Company law requires the Board to prepare financial statements for each financial year. Under that law, the directors have elected to prepare them in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards as reflected in FRS102 and applicable laws).

Under company law, the Board must not approve the financial statements unless they are satisfied that they give a true and fair view of the situation and surplus or deficit of the company for that period.

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

- select suitable accounting policies and then apply them consistently
- make judgments and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice (SORP) Accounting by Registered Social Housing Providers update 2018, have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Board is responsible for keeping proper accounting records and Trustees must be able to disclose, with reasonable accuracy, at any time the financial position of the company and enable it to ensure that the financial statements comply with the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022. It is also responsible for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as each member of the Board is aware:

- there is no relevant audit information of which the Transform's auditor is unaware; and
- the Board has taken all the steps required to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Board is responsible for the maintenance and integrity of the corporate and financial information, including that provided on Transform's website.

Internal control framework

The Board acknowledges its overall responsibility for establishing and maintaining the system of internal controls and for annually reviewing its effectiveness. The system of internal controls is designed to manage, rather than to eliminate, the risk of failure to achieve the business objectives and to provide reasonable assurance against material misstatement or loss.

The process of identifying, evaluating, and managing significant risks facing the organisation is ongoing. It has been in place from 1 April 2023 to the date of Board approval (25 July 2024). The risk management arrangements were subject to internal audit during the year and received substantial assurance.

The key elements of the framework include:

Internal audit

The Board delegated responsibility for overseeing the adequacy and effectiveness of the internal control system to the Finance & Audit Committee. The internal auditors reported directly to the Committee and a risk-based internal audit plan was prepared and approved by the Committee. The Committee subsequently monitored the programme of internal audits and received assurances to confirm that recommendations had been implemented as agreed. Follow-up internal audit reviews were undertaken to check recommendations had been implemented. Transform's Internal auditors, RSM UK, completed the second year of their contract with Transform during 2023/24.

External audit

The work of the external auditors provides assurance through the audit plan detailing the scope of work which is approved by the Finance & Audit Committee, together with the resulting audit report and management letter setting out their findings. Regular meetings are held with the external auditors to provide an update on changes in the business and to discuss strategic and technical matters. This includes the opportunity of a confidential meeting with members of the Finance & Audit Committee without officers present at least once a year.

Performance monitoring framework

Key performance indicators were produced regularly and reported through the Executive Team, Committees and the Board. These reports include performance-monitoring on: client services; client satisfaction and complaints; compliance; asset management; development; colleague engagement; and financial results.

Anti-fraud

We maintain a fraud register which is inspected by the internal auditors, together with regular updates reporting any such occurrences to the Finance & Audit Committee. During the year 2023/24 there were no such incidents of fraud reported.

Regulatory reporting

Transform submitted a range of regulatory returns to the Regulator of Social Housing and the Charity Commission. The Executive Team ensures that regulatory matters are dealt with promptly and efficiently, co-ordinates the self- monitoring system operated by the Board and monitors compliance with the required standards.

External Auditors

External auditors CLA Evelyn Partners Limited were re-appointed as external auditor at our Annual General Meeting (AGM) on 29 September 2023. A resolution for the appointment of external auditors will be proposed at the AGM on 26 September 2024.

By order of the Board.



Ollie Smedley Chair
25 July 2024



Auditor's report and financial statements

Auditor's report

CLA Evelyn Partners Limited
Report of the independent auditor to the members of Transform Housing & Support

Opinion

We have audited the financial statements of Transform Housing & Support (the 'Company') for the year ended 31 March 2024 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Reserves, the Statement of Cash flows, the notes to the statement of cash flows and the 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2024 and of its surplus for the year then ended
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been properly prepared in accordance with the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Board 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 Company's ability to continue as a going concern for the period of at least 12 months, from when the financial statements are authorised for issue.

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

Other information

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken during the audit:

- the information given in the strategic report (incorporating the Board members' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report (incorporating the Board members' report) have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report (incorporating the Board Members' report).

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Board Members' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Responsibilities of Board Members

As explained more fully in the Statement of Board's Responsibilities on page 37, the Board Members who are the directors of the Company for the purposes of company law, are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal controls 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 Members are responsible for assessing the Company'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 Members either intend to liquidate the Company 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.

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, are as follows:

We obtained a general understanding of the company's legal and regulatory framework through enquiry of management in respect of their understanding of the relevant laws and regulations. We obtained an understanding of the company's policies and procedures in relation to compliance with relevant laws and regulations. We also drew on our existing understanding of the company's industry and regulation.

We understand that the company complies with the framework through:

- updating operating procedures, manuals and internal controls as legal and regulatory requirements change
- a programme of internal audit performed by an independent firm of internal auditors
- independent health and safety reviews across identified compliance areas
- a risk assessment framework and register that includes regular review and scrutiny by the Finance & Audit Committee
- an annual assessment of compliance with housing association regulations
- the Board's close oversight through regular board meetings and compliance reporting.

In the context of the audit, we considered those laws and regulations which determine the form and content of the financial statements, those which are central to the company's ability to conduct operations and those where failure to comply could result in material penalties. We have identified the following laws and regulations as being of significance in the context of the company:

- The requirements of the Companies Act 2006 and the Housing and Regeneration Act 2008 in respect of the preparation and presentation of the financial statements, the Accounting Direction for Private Registered Providers of Social Housing 2022 and FRS 102.
- Safeguarding and health and safety regulations, including building and fire safety.
- Housing association law and regulation.
- Charity law and regulation.

We performed the following specific procedures to gain evidence about compliance with the significant laws and regulations above:

- Making enquiries with management and the Finance & Audit Committee as to the risks of non-compliance and any instances thereof
- Reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence between regulators and the company.

The senior statutory auditor led a discussion with senior members of the engagement team regarding the susceptibility of the company's financial statements to material misstatement, including how fraud might occur. The key areas identified as part of the discussion were:

- management override of control
- revenue recognition (other than rent, service charge and housing-related support income) specifically the manipulation of revenue through fraudulent journal entries.

These areas were communicated to the other members of the engagement team not present at the discussion.

The procedures carried out to gain evidence in the above areas included:

- testing of a sample of manual journal entries, selected through applying specific risk assessments applied based on the company's processes and controls surrounding manual journal entries.
- substantive work on revenue transactions other than rent, service charge and housing-related support income.

The senior statutory auditor was satisfied that the engagement team collectively had the appropriate competence and capabilities to identify or recognise irregularities. In particular, both the senior statutory auditor and the audit manager have a number of years' experience in dealing with companies with similar risk profiles.

A further description of our responsibilities is available 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 Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company'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 Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

CLA Evelyn Partners Limited 19 September 2024

Julie Mutton
Senior Statutory Auditor for and on behalf of CLA Evelyn Partners Limited
Statutory Auditors
Chartered Accountants
Onslow House
Onslow Street
Guildford
Surrey GU1 4TZ

Financial statements and notes to the accounts

Statement of comprehensive income for year ended 31 March 2024

	Note	2024	2023
		Continuing operations	Continuing operations
		£000s	£000s
Turnover	1	**12,725**	**11,270**
Operating expenditure	1	**(11,149)**	**(10,294)**
Underlying operating surplus		**1,576**	**976**
Other operating income:			
Disposal of property, plant and equipment		**63**	**114**
Donation of CODHAL Assets	22	**963**	**-**
Operating surplus		**2,602**	**1,090**
Interest receivable	5	37	18
Interest and other financing costs	6	(507)	(539)
Surplus for the financial year		**2,132**	**569**
Other comprehensive income			
Actuarial (loss) in respect of pension scheme		(12)	(23)
Total comprehensive income for the year		2,120	546

The accompanying notes form part of these financial statements. The financial statements were authorised and approved by the Board on 25 July 2024.

Statement of financial position as at 31 March 2024

	Note	2024 £000s	2023 £000s
Tangible fixed assets			
Property, plant and equipment	9	65,588	64,026
Depreciation	9	(10,111)	(9,322)
		55,477	54,704
Other tangible fixed assets	10	776	857
		56,253	55,561
Current assets			
Trade and other debtors	11	1,362	1,834
Cash and cash equivalents	12	1,884	1,238
		3,246	3,072
Creditors: amounts falling due within one year	13	(2,603)	(2,794)
Net current assets		643	278
Total assets less current liabilities		56,896	55,839
Less: creditors – amounts falling due after more than one year	14	(26,824)	(27,870)
Defined benefit pension scheme		(178)	(195)
Net assets		29,894	27,774
Capital and reserves			
Invested in property		28,846	26,996
Undesignated reserves		339	119
Designated reserves		250	250
Restricted reserves		459	409
		29,894	27,774

The accompanying notes form part of these financial statements. The financial statements were issued and approved by the Board on 25 July 2024.

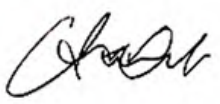
Company number: 01057984



Oliver Smedley
Chair



Paul Rees
Chair of the
Finance & Audit Committee



Mandy Arnold
Company Secretary

Statement of changes in reserves for year ending 31 March 2024

	Restricted reserves	Designated reserves	General reserves		Total
			Invested in properties	Free reserves	
	£000s	£000s	£000s	£000s	£000s
Balance at 1 April 2022	294	-	25,950	984	27,228
Surplus for the year	-	-	569	-	569
Other comprehensive income for the year	-	-	(23)	-	(23)
Total comprehensive income for the year	-	-	546	-	546
Transfer between reserves	115	250	500	(865)	-
At 31 March 2023	409	250	26,996	119	27,774
Surplus for the year	-	-	-	2,132	2,132
Other comprehensive income for the year	-	-	-	(12)	(12)
Transfer between reserves	50	-	1,850	(1,900)	-
At 31 March 2024	459	250	28,846	339	29,894

The accompanying notes form part of these financial statements.

Statement of cash flows for the year ending 31 March 2024

	Note	2024	2023
		£000s	£000s
Net cash generated from operating activities	A	2,205	1,938
Cash flow from investing activities			
Purchase of tangible fixed assets		(1,410)	(4,004)
Proceeds from sale of tangible fixed assets		276	157
Cash received on merger		392	-
Merger expenses		(49)	-
Grants received		1,112	1,393
Interest received		37	19
Net cash generated from/(used in) investing activities		358	(2,436)
		2,563	(498)
Cash flow from financing activities			
Interest paid		(557)	(571)
Repayment of borrowings		(1,360)	(360)
Net cash used in financing activities		(1,917)	(931)
Net change in cash and cash equivalents		646	(1,429)
Cash and cash equivalents at:			
Beginning of the year		1,238	2,667
End of the year		**1,884**	**1,238**

Notes to the Statement of cash flows

A. Cash flow from operating activities

	2024	2023
	£000s	£000s
Surplus for the year	**2,132**	**569**
Adjustments for non-cash items		
Surplus on disposal of property, plant and equipment	(63)	(114)
Depreciation of tangible fixed assets	1,161	1,170
Amortisation of loan arrangement fee	130	48
Donation of CODHAL assets	(963)	-
	2,397	1,673
Movements in working capital (x)/x		
(Decrease) in debtors	(349)	(180)
(Decrease)/increase in creditors	(57)	78
	1,991	1,571
Adjustments for investing or financing activities		
Amortisation of Government grants	(218)	(221)
Aborted development costs	-	103
SHPS pension costs	(38)	(36)
Interest payable	507	539
Interest received	(37)	(18)
Net cash generated from operating activities	2,205	1,938

B. Analysis of changes in net debt

	At 1 April 2023	Cash flow	Non-cash changes	Total
	£000s	£000s	£000s	£000s
Housing loans				
Due in less than one year	460	(460)	346	346
Loan	12,980	(900)	(360)	11,720
Less: Loan issue costs	(144)	-	144	-
	12,836	(900)	(116)	11,720
Due after more than one year	13,296	(1,360)	130	12,066
Cash at bank and in hand	(1,238)	(646)	-	(1,884)
At 31 March 2024	**12,058**	**(2,006)**	**130**	**10,182**

Notes to the financial statements

1. Particulars of turnover, operating expenditure and operating surplus

2024	Note	Turnover	Operating costs	Operating surplus
		£000s	£000s	£000s
Continuing operations				
Social housing lettings	2	8,816	(7,440)	1,376
Other social housing activities				
Housing-related support income		3,628	(3,648)	(20)
Fundraising income		184	(61)	123
Others		97	-	97
		12,725	(11,149)	1,576
Gain on disposal of property, plant and equipment				63
Donation of CODHAL net assets	22			963
Operating surplus				2,602

2023	Note	Turnover	Operating expenditure	Operating surplus (deficit)
		£000s	£000s	£000s
Continuing				
Social housing lettings	2	7,534	(7,141)	393
Other social housing activities				
Housing-related support income		3,386	(3,043)	343
Charitable donations		335	(104)	231
Others		15	(6)	9
		11,270	(10,294)	976
Gain on disposal of property, plant and equipment				114
Operating surplus				1,090

2. Particulars of turnover and operating expenditure from social housing lettings

	Note	2024	2023
		£000s	£000s
Rents receivable net of identifiable service charges		5,616	4,424
Service charge income		2,982	2,889
Amortised government grants		218	221
Turnover from social housing lettings	1	8,816	7,534
Expenditure on social housing lettings			
Services		(2,150)	(1,929)
Management		(2,257)	(2,126)
Routine maintenance		(1,497)	(1,184)
Planned maintenance		(104)	(174)
Bad debts		(84)	(162)
Lease charges		(382)	(457)
Property depreciation		(921)	(944)
Abortive costs		-	(103)
Intensive housing management, support and other		(45)	(62)
Operating expenditure on social housing lettings		(7,440)	(7,141)
Operating surplus on social housing lettings		1,376	393
Rent losses due to voids		(338)	(335)

3. Directors' emoluments and expenses

For the purpose of this note, the directors are defined as the Board Members and members of the Executive Team as shown on pages 2-4. None of the Board members received any emoluments.

	2024	2023
	£000s	£000s
Aggregate emoluments and expenses payable to key management personnel:		
Executive Team	586	561
The highest paid Executive:		
Emoluments	116	116
Pension contributions	12	11

The Executive team represents the key management personnel under FRS 102 and their aggregate emoluments including employer's national insurance contributions were £643,000 (2023: £618,000). There were no compensation payments for loss of office to any previous members of the Executive Team (2023: nil).

The Chief Executive was the highest paid Executive member during the year. His pension arrangements are similar to those of other colleagues – a money-purchase pension scheme with no additional benefits.

4. Employee information

The average number of employees employed (headcount)	2024	2023
	Number	Number
Housing and support staff	83	89
Administration staff	34	34
Maintenance staff	7	8
	124	131

The average number of employees employed (FTEs)	2024	2023
	Number	Number
Housing and support staff	73	76
Administration staff	30	29
Maintenance staff	7	7
	110	112

The number of full-time employees is calculated based on a 39-hour working week.

Staff costs for the above persons:	2024	2023
	£000s	£000s
Wages and salaries	3,790	3,653
Social security costs	337	346
Other pension costs	172	156
	4,299	4,155

The number of full-time equivalent staff who received remuneration (including pension) shown in the following bands:

	2024	2023
More than £60,000 but not more than £70,000	2	3
More than £70,000 but not more than £80,000	1	2
More than £80,000 but not more than £90,000	2	-
More than £120,000 but not more than £130,000	1	1

5. Interest receivable

	2024	2023
	£000s	£000s
Interest from bank deposits	37	18

6. Interest and financing costs

	2024	2023
	£000s	£000s
Interest payable on bank loans	557	534
Interest capitalised on properties under construction	(59)	-
Net interest expense on SHPS pension scheme	9	5
	507	539

7. Surplus on disposal of housing property

	2024	2023
	£000s	£000s
Disposal proceeds less selling costs	276	157
Carrying value of fixed asset	(213)	(43)
	63	114

There was no capital grant allocation that requires recycling.

8. Surplus for the year

	2024	2023
	£000s	£000s
The operating surplus is arrived at after charging:		
Depreciation of housing properties	921	944
Depreciation of other tangible fixed assets	240	226
Surplus on sale of fixed assets – housing properties	63	114
Operating lease rentals:		
Land and buildings	349	473
Other leases	21	45
Auditor's remuneration (excluding VAT):		
Audit fees	37	31
Other services	8	3

9. Property

	Housing properties	Properties under construction	Total housing properties
	£000s	£000s	£000s
Cost			
At 1 April 2023	62,241	1,784	64,025
Additions	928	609	1,537
Works to existing properties	371	-	371
Completed properties	2,393	(2,393)	-
Disposals	(345)	-	(345)
At 31 March 2024	**65,588**	**-**	**65,588**
Depreciation			
At 1 April 2023	(9,321)	-	(9,321)
Charges for the period	(921)	-	(921)
Disposals	132	-	132
At 31 March 2024	**(10,111)**	**-**	**(10,111)**
Net book value			
At 31 March 2024	**55,477**	**-**	**55,477**
At 31 March 2023	**52,920**	**1,784**	**54,704**

Housing properties book value, net of depreciation comprises:	2024	2023
	£000s	£000s
Freehold land and buildings	46,351	45,614
Long leasehold land and buildings	7,507	7,476
Short leasehold land and buildings	1,619	1,614
	55,477	54,704

10. Other fixed assets

	Furniture and equipment	Office equipment	Office fittings	Computers	Motor vehicles	Total
	£000s	£000s	£000s	£000s	£000s	
Cost						
Opening Balance	643	21	339	643	20	1,667
Additions	152	-	1	6	-	159
Disposals	(8)	-	(1)	-	-	(9)
Cost carried forward	**787**	**21**	**339**	**649**	**20**	**1,816**
Depreciation						
Opening balance	(333)	(21)	(132)	(317)	(7)	(810)
Charge for the year	(81)	-	(32)	(123)	(4)	(240)
Disposals	8	-	1	-	-	9
	(406)	**(21)**	**(163)**	**(440)**	**(11)**	**(1,041)**
Net book value						
At 31 March 2024	**381**	**-**	**176**	**209**	**9**	**776**
At 31 March 2023	**310**	**-**	**207**	**326**	**14**	**857**

11. Debtors

	2024	2023
	£000s	£000s
Due within one year		
Rent and service charges receivable	703	703
Less: provision for bad and doubtful debts	(472)	(503)
	231	200
Trade debtors	450	795
Other debtors	549	361
Prepayments and accrued income	132	478
	1,362	1,834

12. Cash and cash equivalents

	2024	2023
	£000s	£000s
Cash in bank and in hand	1,884	1,238

13. Creditors: amounts falling due within one year

	Note	2024	2023
		£000s	£000s
Housing loans		346	460
Deferred grant income		237	235
Trade creditors		916	817
Loan interest due		59	69
Rent and service charges received in advance		250	233
Recycled Capital Grant		-	50
Capital accruals and retentions		43	65
Other creditors		325	395
Other taxation and social security		143	96
Other accruals and deferred income		284	374
		2,603	2,794

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

	Note	2024	2023
		£000s	£000s
Housing loans	16	11,720	12,836
Deferred grant income	15	15,104	15,034
		26,824	27,870

15. Deferred grant income

	2024	2023
	£000s	£000s
Balance at 1 April	15,269	13,260
Grant receivable in the year	240	2,230
Grant transferred from Recycled Capital Grant Fund	50	-
Released to Statement of Comprehensive Income	(218)	(221)
At 31 March 2024	15,341	15,269

Deferred income to be released to the Statement of Comprehensive Income		
Amount to be released in less than one year	237	235
Amount to be released in more than one year	15,104	15,034
	15,341	15,269

The above summary excludes grants transferred through past mergers; the total grants received to date in respect of properties owned are detailed in note 23.

16. Housing loan debt analysis

	2024	2023
	£000s	£000s
Due within one year	360	460
Due after more than 1 year	11,720	12,980
Loan issue costs	(14)	(144)
	12,066	13,296

We have the following loan facilities in place:

- Barclays Bank (Facility A) £5.6 million – fully drawn (2023 – fully drawn) (expires July 2029).
- Barclays Bank (Facility B) £6.5 million – fully drawn (2023 – fully drawn) (expires August 2025).
- Unity Trust Bank £0 – fully repaid in 2023/24 (2022/23 - £1.0 million)

Repayment profile:

- Within one year: £360,000 (2023: £460,000)
- One year or more but less than two years: £6.8 million (2023: £560,000).
- Two years or more but less than five years: £1.0 million (2023: £8.3 million).
- More than five years: £3.8 million (2022: £4.2 million).

Of the drawn loan facility £10 million is on fixed interest rates and divided into several fixed-rate loan tranches with Barclays. These tranches have different interest rates ranging from 2.7% to 5.5% and varying maturity dates. Once they mature all tranches revert to variable rates.

The remainder is comprised of floating rate loans, with interest that is based on SONIA (Barclays) rate.

The loan facilities are secured by fixed charges on a selected property portfolio.

17. Recycled capital grant fund

	2024	2023
	£000s	£000s
At 1 April	50	50
Grant recycled	(50)	-
Balance at 31 March	-	50

	2024	2023
	£000s	£000s
Due within **one year**	-	50

Grants used in the purchase of Goodwyns Road.

18. Financial commitments

Capital expenditure commitments are as follows:

Capital expenditure	2024	2023
	£000s	£000s
Expenditure authorised by the Board, and contracted for	-	525
Expenditure authorised by the Board, but not yet contracted	140	-
	140	525

The above commitments will be funded by a combination of Social Housing Grants, loan finance, fundraising and internally generated reserves.

Operating leases

As at 31 March 2024 Transform had annual commitments under non-cancellable operating leases as follows:

	2024	2024	2023	2023
	Property	Others	Property	Others
	£000s	£000s	£000s	£000s
Within one year	349	11	448	11
Within two to five years	1,242	10	1,290	10
Over five years	1,206	-	844	-
	2,797	**21**	**2,582**	**21**

19. Social housing units

The number of housing units under management at the end of the period:

	2024	2023
	£000s	£000s
Supported housing units	834	798
Housing for older people units	93	113
Total owned units	927	911
Accommodation managed for other providers	30	30
	957	941

20. Government grants

Total grants received:	Note	2024	2023
		£000s	£000s
Grants credited to the income statement or arising on merger/acquisition		11,045	10,827
Deferred grants	15	15,341	15,269
		26,386	26,096

21. Fundraising activities

	2024	2023
	£000s	£000s
Fundraising cash generated	184	335
Fundraising costs	61	104
Net fundraising contributions	123	231

Return on investment (ROI)	**3.02**	**3.22**
Fundraising cost ratio	**33%**	**31%**

Analysis of income		
Capital		
Bathroom replacements for young people	48	-
Mitchell Place	50	43

Revenue		
Surrey County Council	23	-
For specific client groups	63	292
	184	**335**

22. Donation of CODHAL net assets

	Book value	Fair value to Transform
	£000s	£000s
Housing property	539	620
Debtors	-	-
Short-term liabilities	-	-
Cash	392	392
	931	1,012
Less: merger costs		(49)
Net donation		**963**

The intention is to use the cash received in the Dorking area.

23. Related party transactions

The members of the Board and Executive Team are considered related parties as defined by FRS 102. Transform retains a register of members' interests. We can confirm that we do not have any transactions that require disclosure.

24. Taxation Status

Transform is a registered charity and as such is exempt from taxation on its charitable activities.

25. Share capital

Transform is limited by guarantee and therefore has no share capital. Each member (see numbers below) agrees to contribute £5 in the event of the organisation winding up.

Number of members	2024	2023
At 1 April	22	23
Joining during the year	1	2
Leaving during the year	(1)	(3)
At 31 March 2024	22	22

26. Social Housing Pension Scheme

Transform participates in SHPS, a multi-employer defined benefit pension scheme.

The scheme is closed to new members and to the future accrual of benefits. There are currently 5 (2023 – 5) deferred members and 73 (2023 – 73) pensioners. The most recent formal actuarial valuation was completed as at 30 September 2021 and rolled forward, allowing for the different financial assumptions required under FRS 102, to 31 March 2024 by a qualified independent actuary. The net liabilities of the scheme were £198,000 (2023 - £195,000), comprising pension liabilities of £1.0 million (2023 - £1.0 million) and scheme assets of £0.8 million (2023 - £0.8 million). The scheme is immaterial to the financial statements and so a more detailed analysis of the scheme's finances is not provided.

Present value of defined benefit obligation

	31 March 2024	31 March 2023
	£000s	£000s
Fair value of plan assets	812	808
Present value of the scheme liabilities	1,010	1,003
Deficit in plan	(198)	(195)
Defined benefit liabilities to be recognised	(198)	(195)

Reconciliation of the opening and closing present value of scheme liabilities

	2024	2023
	£000s	£000s
Opening Scheme liability	1,003	1,299
Expenses	3	3
Interest expense	48	35
Actuarial (losses)/gains	13	(279)
Net benefits paid	(57)	(55)
Closing scheme liability	1,010	1,003

Reconciliation of the opening and closing balances of the fair value of the plan assets

	2024	2023
	£000s	£000s
Opening fair value of the plan assets	808	1,096
Interest income	39	30
Return on plan assets	(18)	(302)
Contributions by the employer	40	39
Benefits paid	(57)	(55)
Fair value of assets	812	808

The actual return on plan assets (including any changes in share assets) over the period from 31 March 2023 to 31 March 2024 was £21,000.

Amounts recognised in the surplus

	2024	2023
	£000s	£000s
Amounts charged to operating costs	3	3
Amounts charged to interest costs	9	5
Total charge for the year	12	8

Defined benefits costs recognised in the other comprehensive income

	2024	2023
	£000s	£000s
Experience to plan assets (excluding amounts included in net interest cost) – gain (loss)	(18)	(302)
Experience gains and losses arising on plan liabilities – gain (loss)	3	(28)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – gain (loss)	14	3
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – gain (loss)	(30)	304
Total amount recognised in other comprehensive income – gain (loss)	**(31)**	**(23)**

Principal actuarial assumptions: Financial assumptions

	31 March 2024	31 March 2023
	% per Annum	% per Annum
Discount rate	4.84	4.90
Future salary increase	3.22	3.21
Inflation (RPI)	3.00	2.67
Inflation (CPI)	3.74	3.67
Allowance for commutation of pension for cash at retirement	75% of max. allowance	75% of max. allowance

Mortality assumptions

	31 March 2023	31 March 2023
	Life expectancy at age of 65 years	
Male retiring in 2024	20.5	21.0
Female retiring in 2024	23.0	23.4
Male retiring in 2044	21.8	22.2
Female retiring in 2044	24.4	24.9

Notes to the financial statements

Legal status

Transform Housing & Support is

- registered under the Companies Act 2006, and is a company limited by guarantee (registered in England and Wales with number 01057984)
- registered with the Regulator of Social Housing (H2452)
- a registered charity with the Charity Commission (264133)
- regulated by the Fundraising Regulator.

Accounting policies

The principal accounting policies are summarised below. Except as explained below, they have all been applied consistently throughout the year and to the preceding year.

Basis of accounting

The financial statements have been prepared in accordance with the UK Generally Accepted Accounting Practice (UK GAAP) including Financial Reporting Standard 102 (FRS 102) and the Housing SORP 2018: Statement of Recommended Practice for Registered Social Housing Providers. They comply with the Accounting Direction for Private Registered Providers of Social Housing 2022.

Transform's objectives are to provide housing and support services and to improve the wellbeing for vulnerable and socially excluded clients and is therefore considered as a Public Benefit Entity (PBE), in accordance with FRS 102.

Going concern

In preparing the financial statements, management has assessed the company's ability to continue as a going concern. In this assessment management considered all available information about the future, which is at least, but is not limited to, 12 months from the date when the financial statements are authorised.

Transform has considered the business activities and current financial position and the factors that are likely to impact our future development are set out in the Strategic Report. In assessing its future viability, The Board has carried a thorough review of the cash-flow forecast, treasury management policy, compliance with the debt facilities as well as covenants' compliance, liquidity levels and financial plan outputs. In addition, The Board stress tested the operating and financial pressures on the business activities and implemented mitigating factors to protect the financial viability of the organisation. Having evaluated the impact on each business activity, The Board is confident that services are well-managed and continue to make positive contributions to the organisation.

Furthermore, the company has in place adequate long-term debt facilities to fund commitments on the strategic investments and development programmes, along with the organisation's day-to-day operations. The company long-term business plan reflects a viable financial position capable of servicing these debt facilities whilst continuing to comply with lenders' covenants.

A wide range of multivariant stress tests have been run and are regularly monitored in the risk register, these include economic risk exposure from inflation, interest rates and economic downturn. We have also considered the post-Brexit environment and potential impact on Transform by way of shortages in accessing fresh capital and EU workers, alongside increasing staffing costs, stretched supply chains and the effect of property valuation. Transform had adopted various approaches to mitigate against risks for example delaying uncommitted non-essential expenditure, implementing efficiencies in our procurement processes, closely monitoring increased regulatory costs e.g. fire safety costs and the appropriate governance support has been factored in for all scenarios. This stress testing found that the business plan is robust and does not affect the company's ability to meet its obligations.

On this basis, the Board has reasonable expectation that Transform has adequate resources to continue in operational existence for the foreseeable future, being a period of at least 12 months after the date on which the report and the financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

Significant management judgements
There were no significant judgements in applying the accounting policies for the company that have the most significant effect on the amounts recognised in the financial statements.

Other key sources of estimation uncertainty
Information about estimates and assumptions that have the most significant effect on recognition and the measurement of assets, liabilities, income and expenses, is provided below. Actual results may be substantially different.

- **Impairment review:** we have carried out a review for impairment by reviewing our triggers. No areas of impairment were identified.
- **Defined benefit obligation:** Defined benefit obligation: management's estimate of the defined benefit obligation is based on a number of critical underlying assumptions such as standard rate of inflation, mortality, discount rate and anticipation of future salary increases. We are conscious that there were no active members within the company's defined benefit plan and the assumptions were in line with actuarial recommended rates. Variations in these assumptions may significantly impact the liability and the annual defined benefit expenses (see note 26). The net defined benefit pension liability at 31 March 2024 was £178,000.
- **Useful lives of depreciable assets:** if there are any changes in circumstances, e.g. impairment, management reviews its estimate of the useful lives of depreciable assets including any components. Uncertainties in the estimates relate to technological obsolesce that may change the utility of certain software and IT equipment and changes to decent homes standards which may require more frequent replacement of key components. As at 31 March 2024 the carrying amount of the housing properties was £65.6 million and accumulated depreciation was £10.1 million.

Turnover and revenue recognition
Turnover represents the income received or receivable from the following sources:

Rental and service charge income – this income is in respect of the year, net of any voids. The rental and service charge income from properties developed during the year is recognised from the point at which these properties reach practical completion or are otherwise available for letting. The enhanced housing management fees receivable that is funded by housing benefit is also included here.

Housing related support income – income is recognised as it falls due under the contractual agreements. The 'block subsidy' housing related support income is classed as social housing income and 'block gross' income as other social housing income in the Statement of Comprehensive Income.

Charitable donations – grants and donations from charitable trusts and voluntary sources for the development of property or for the acquisition of other tangible fixed assets are treated as income. Income is recognised on any significant pledges, only after the grant conditions are fulfilled.

Donation of net assets – in a merger or otherwise, when an entity donates its assets and liabilities to Transform, the donated assets and liabilities are recognised at their fair value. Any excess of the net fair value of assets and liabilities donated over costs incurred is then recorded as an exceptional income within the Statement of Comprehensive Income. This income is recognised, on legal completion of the agreement for the transfer of engagement.

Financial instruments
Financial instruments which meet the criteria of a basic financial instrument as defined in Section 11 of FRS 102 are accounted for under an amortisation cost model.

Non-basic financial instruments are recognised at fair value using a valuation technique with any gains or losses being reported in surplus or deficit. At the year end, the instruments are revalued to fair value, with the movements posted to the income and expenditure account.

Transform's significant financial liability is the bank loan, and this is classed as a basic financial instrument, measured at amortised cost.

Housing properties and depreciation
Housing properties are properties held for the provision of social housing or otherwise to provide social benefit. Housing properties are principally properties available for rent and stated at cost less accumulated depreciation and impairment losses. Cost includes the cost of acquiring the land and building, development costs, and the interest cost capitalised during the development period. Works to existing properties which replaces a component that has been treated separately for depreciation purposes, along with those works that result in increase in net rental income over the lives of the properties, thereby enhancing the economic benefits of the assets, are capitalised as improvements.

Housing properties under construction are stated at cost and are not depreciated. Donated land and other assets are included within costs at fair value, at the time of the transfer.

The property disposals are recognised in the financial statements only when the legal completion for the transaction is concluded, realising any surplus or deficit on the disposal.

Depreciation is charged over the estimated useful lives of the structure and major components of the housing properties, so as to write down the cost of each component to its estimated residual value, on a straight-line basis, over its estimated economic life. No depreciation is charged on freehold land. Leasehold properties are amortised over the life of the lease or their estimated useful economic lives in the business, if shorter. Depreciation is charged on qualifying fixed assets on the following estimated useful lives:

Components identified within housing properties	
Structure	100 years
Roofs	70 years
Flat roofs	15 years
Windows	30 years
Kitchens	15-20 years
Bathrooms	25-30 years
Boilers	15 years
Fire doors	30 years
Other building facilities	10 years

Other fixed assets	
Furniture and fittings	7 years
Office equipment	7 years
Office fittings	10 years
Specialist software	7 years
Computer equipment	3 years

Impairment of housing properties
Housing properties are assessed annually for impairment indicators. Where indicators are identified, an assessment for impairment is undertaken comparing the schemes carrying amount to its recoverable amount.

For the purposes of impairment assessments, housing properties are grouped together into schemes. Each scheme typically comprises one or more buildings in the immediate locality, and each building consists of one or more accommodation units. Schemes are typically developed or acquired as a single block of units.

When comparing a scheme's carrying amount with its recoverable amount, any excess carrying amount on the scheme is written down to its recoverable amount. The resulting impairment loss is recognised as an operating expenditure.

With regard to supported housing schemes, management deems the properties are held not just to generate future cash, but to provide an additional social value i.e. these properties are held for their service potential. Therefore, the recoverable amount for these properties should be higher of (a) fair market value less cost of sale, and (b) its value in use Service Potential (VIU-SP).

VIU-SP can be used when the schemes can be let in the current condition and that fulfils a social purpose in addition to generating net rental cash flow. The 'depreciated replacement cost' (DRC) methodology can be used to measure this.
The DRC basis considers (a) cost of purchasing an equivalent property on the open market, and (b) the rebuilding cost of the property (of a similar condition, age, location, and type) less depreciation, considering the age and condition of the property. However, when establishing no active market for these properties, then (b) above (i.e. rebuilding costs less depreciation) can be considered as value in use for the properties under DRC basis.

Other fixed assets
Other tangible fixed assets are measured at cost less accumulated depreciation. Depreciation is provided evenly throughout the assets' estimated useful lives.

Government grants
Government grants include grants receivable from Homes England, Local Authorities and other government organisations. Government grants received for housing properties are treated as deferred income and recognised in turnover over the estimated useful life of the housing property structure, under the accrual model.

Revenue grants are recognised in the Statement of Comprehensive Income over the same period as the expenditure to which they relate, once reasonable assurance has been gained that the entity will comply with the conditions and that the funds will be received. Grants due from government organisations or received in advance are included as current liabilities.

Government grants released on the sale of the property may be repayable but are normally available to be recycled and are credited to a Recycled Capital Grant Fund and are included in the balance sheet in creditors. If there is no requirement to recycle or repay the grant on disposal of the asset, any unamortised grant remaining within creditors is released and recognised as income in the statement of comprehensive income.

Other grants
Grants received from non-government sources are recognised using the performance model. A grant which does not impose specific future performance conditions is recognised as revenue when the grant proceeds are received. A grant that imposes specific future performance related conditions on the Company is only recognised when these conditions are met. A grant received before the revenue recognition criteria are satisfied is shown as a liability in the Statement of Financial Position.

Leases
Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and the rewards of ownership of the leased asset to the Company. All other leases are classified as operating leases.

Rental payable under operating leases is charged to income and expenditure on a straight-line basis over the lease term. With regard to lease incentives, the aggregate benefits of the lease incentive are recognised as a reduction in expenses recognised over the term of the lease.

Cash and cash equivalents
This includes all forms of cash and deposits repayable on demand, overdraft repayable on demand and short-term deposits held with various banks. These cash balances are used in our cash flow statements and future cash projections.

Interest payable
Interest costs are capitalised on borrowing to finance the development of qualifying assets to the extent that it accrues in respect of the period of the development. Other interest payable is charged to the Statement of Comprehensive Income.

Pension
Transform participates in two defined contribution pension schemes – the group personal pension scheme operated by Aviva Group (Friends Life) and the Social Housing Pension Scheme (SHPS) defined contributions scheme – as well as the SHPS multi-employer defined benefits scheme.

Defined benefit pension scheme
For the SHPS, the association has been able to identify its share of the scheme assets and scheme liabilities from 1 April 2018 and has applied defined benefit accounting from this date onwards.

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. This has been recognised within the defined benefit pension scheme on the face of the statement of financial position.

The current service cost and costs from settlements and curtailments are charged against operating surplus. Interest is calculated on the net defined liability. Re-measurements are reported in the Comprehensive Income.

Provision for liabilities
Provisions are recognised when the Company has a present obligation as a result of a past event, and it is probable that the Company is required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation, at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Value Added Tax
Transform is not registered for Value Added Tax (VAT) and VAT is accounted for as a cost to the organisation within the respective expenditure heading.

Reserves
The reserves comprise the general reserves, the designated reserves and restricted reserves. The restricted reserves are provided by donors to be spent on specific client activities, designated reserves are reserves allocated by the Board for a specific future purpose and general reserves have no restrictions on their use. Transform's reserve policy is shown in the strategic report on page 11.

Free reserves
Free reserves are unrestricted reserves that are currently not invested in the property assets and are freely available to fund charitable activities.

Reserves that are invested in property are calculated as being the net book value of the properties, less the grants and loans that part fund these assets. The free reserves are the balance of the unrestricted reserves.

If you would like this document in another format please contact us

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info@transformhousing.org.uk

Registered with FUNDRAISING REGULATOR

TRANSFORM HOUSING & SUPPORT

England & Wales - Charity number 264133

Accounts

transform
housing & support



Financial statements 31 March 2023

Company Secretary

Mandy Arnold

Registered office

Transform Housing & Support
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Registrations

Registered charity: 264133

Company limited by guarantee registered in England and Wales: 01057984

Registered with the Regulator of Social Housing: H2452

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Surrey GU1 4TZ

Principal solicitors

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30 Finsbury Circus
London EC2M 7DT

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Barclays Bank PLC
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About Transform Housing & Support

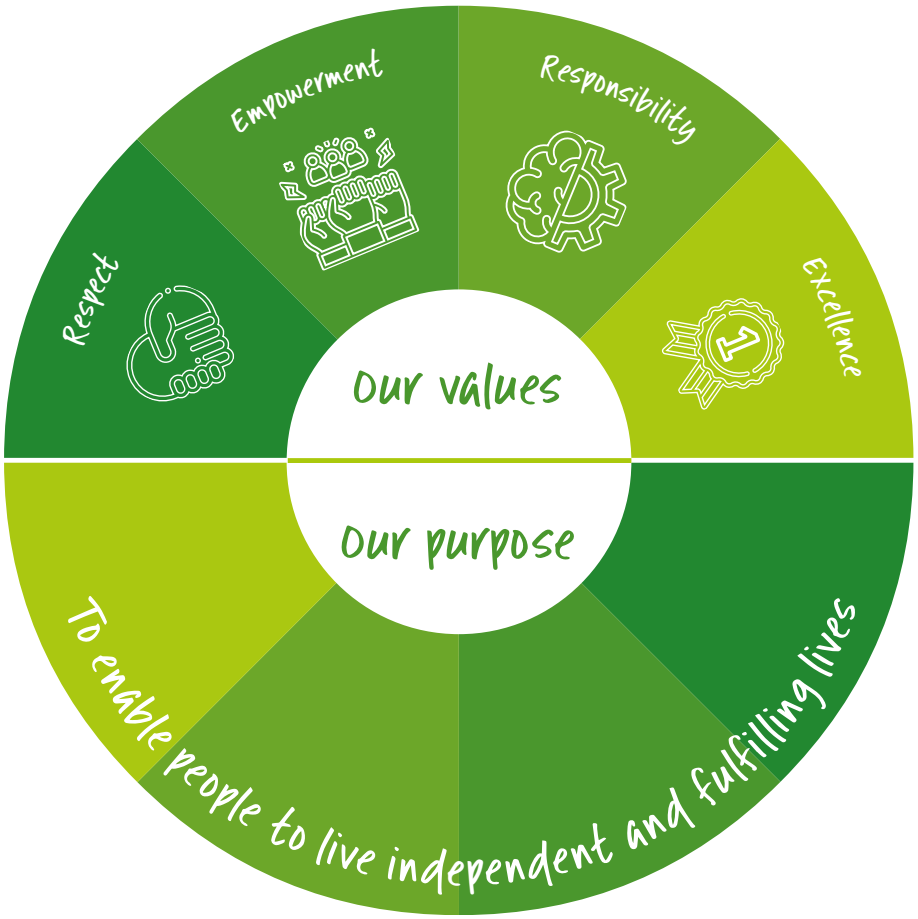
Our purpose

Transform is a housing association and charity supporting around 1,800 people each year in Surrey, parts of south-west London, Berkshire and West Sussex. Transform was established in 1972 and we therefore celebrated our 50th anniversary during 2022. For more than 50 years, we have played a critical role in empowering over 30,000 clients to find a home and forge more independent, fulfilling lives.

Many Transform clients were homeless, excluded from society and battling multiple health challenges. We provide a safe place to live where individuals can gain stability and develop their skills and confidence. We also offer support services to help people in their own homes who are facing housing-related issues to reach their goals.

Our vision and values

Transform is ambitious and intends to continue to strengthen activity and grow to support more clients in the future. Our services are needed now more than ever as the cost-of-living crisis has exacerbated the adversities already faced by many people. These include insecure housing, poverty, discrimination, stigma and inequality. As well as providing homes for individuals, we aim to enable them to live happier and healthier lives. Our ultimate goal is to work with partners towards eradicating homelessness and provide support to those people who require it.



The Board of Trustees

Mark Austen FCMA

Oliver Smedley FCMA – Deputy Chair and Senior Independent Director

Jane Bolton BA (Hons) FCIH (retired September 2022)

Julie Bradley

Chris Deacon BSc (Hons) MSc (retired September 2022)

Sanjay Gulati (joined September 2022)

Natalia Kolotneva MSc MRICS (appointed July 2021)

Paul Rees MA FCA

Michael Ryan

Alec Sanderson (joined December 2022)

Katie Wadey

Executive team

Lawrence Santcross
Chief Executive

Simone Bartley
Director of Corporate Services

Adele Duncan
Director of Client Services

Edith Parker
Interim Director of Finance (from April-August 2022)

Amanda Soobrayan
Director of Finance (from August 2022)

Michael O'Brien
Director of Asset Management & Capital Development (left May 2023)

Kevin Stephens
Director of Asset Management & Capital Development (joined April 2023)

Mandy Arnold
Head of Governance & Assurance

Anita Gupta
Head of External Affairs & Communications

Caroline Felton
Executive Assistant

Patrons

Royal Patron
HRH The Duchess of Edinburgh GCVO DStJ CD

The Rt Hon Baroness Bottomley of Nettlestone PC DL

Michael More-Molyneux, HM Lord-Lieutenant of Surrey

Professor Patrick J Dowling CBE DL FREng FRS (Died April 2023)

Dame Penelope Keith DBE DL

David Hypher OBE DL BSc (Hons)

Elizabeth Kennedy FCIPD

Prof G. Q. Max Lu AO, DL, FREng, FAA, FTSE, FIChemE, FRSC, FCAS, FNAI, President and Vice-Chancellor, University of Surrey

Gavin Stephens QPM, Chief Constable, Surrey Police

Sir Richard Stilgoe OBE DL

Sally Varah MBE DL

The Rt Revd Andrew Watson, Bishop of Guildford

Ambassadors

Dame Elizabeth Anson DBE JP DL

His Hon Christopher Critchlow DL

Desmond McCann BA FCA

David McNulty PhD

Greg Melly

Lesley Myles MBE JP DL MA

Kim Rippett

The Hon Mrs Lavinia Sealy DL

Bernard Stevens FCA FCMA

Lady Elizabeth Toulson CBE DL

Paul Wates FRICS

Cllr Fiona White

Malcolm Young FRICS

Our Chair reflects on 2022/23

Within the following pages, you will learn of our successes during the past year when we have provided nearly 1,800 clients with the tools, support and opportunities needed in their journey towards independence. I am pleased to report that it has been another strong year for Transform in fulfilling our core purpose.

Last year also marked an historic occasion as we celebrated Transform's 50th anniversary. Looking back from this landmark we have supported thousands of stories of transformation. The people we supported have moved from vulnerability to resilience and from dependency to self-sufficiency. It has thus been a time to reflect on the impact we have made on the lives of more than 30,000 people since 1972.

To commemorate this significant anniversary, we organised a series of celebrations in our services, creating opportunities to share stories and remind clients of how far they have come. Additionally, we held a celebration event for colleagues where we were able to show our gratitude for their tireless efforts. Whether in the frontline supporting clients, or in central office support functions, our colleagues' unwavering dedication has been the driving force behind our success. They have my sincerest thanks for such great service.

We also hosted a spectacular Gala evening, attended by our Royal Patron, HRH The Duchess of Edinburgh which, before costs, raised over £67,000. It was not only a celebration but also a chance to express our sincerest appreciation to those who have been instrumental in backing Transform. We were also able to say a huge thank you to Transform's trustees, donors, colleagues and supporters whose contributions have enabled us to make a meaningful difference to the lives of those who have been marginalised and forgotten.

Let me touch on just a few other highlights from 2022/23. We continued to enhance our digital capabilities, including providing a new messaging service for clients, upgrading our website, improving management information data and further bolstering IT security. Construction began on our first modular development of eight flats for young people and single young parents, which will be named after Transform's former Chief Executive Paul Mitchell. More than £1.2 million in funding has been secured for the building from local authorities, Homes England and foundation trusts.

We received a further £35,000 this year from Surrey County Council's Household Relief Fund and acquired a number of flats for homeless people to be run in line with Housing First principles. This was with funding from the Government's Rough Sleeping Accommodation Programme. Transform was also successful in renewing its drop-in service contract in Wokingham and its recovery housing contract with Surrey County Council.

This year we said thank you and bid farewell to two esteemed retiring Trustees, Jane Bolton and Chris Deacon, and also welcomed two new Board members, Sanjay Gulati and Alec Sanderson. Transform benefited from two new committee members with lived experience joining the Client Experience & Impact Committee and was shortlisted, for the second year running, for a UK Housing Award in the 'Best Supported Housing Landlord' category.

So, as we turn the page on our 50th year and reflect on Transform's accomplishments, we never forget that there are still thousands of individuals who need support. We also remain steadfast in our commitment to making an even greater impact in the future. Together with colleagues, Trustees, donors and supporters, we shall continue to strive for a society where everyone has access to safe and affordable housing. Unfortunately, among other factors, both the cost-of-living crisis and the changes of direction in Government policy will not help us to make homelessness a thing of the past.

Thank you for your continued support along Transform's journey. It has as always been a privilege and an honour to be part of an organisation that not only provides homes but also empower individuals to rebuild their lives.

Mark Austen
Chair
8 August 2023





Strategic report and Trustees' annual report

Key strategic achievements – 2022/23

Previous year's figures in brackets

Clients



- Provided support for 1,793 individuals (1,817).
- 89.6% of clients who moved on from our services did so in a planned way (89.1%).
- Secured a grant of £77,000 from Surrey County Council for two specialist harm reduction workers to improve outcomes for people with mental health and/or alcohol misuse issues.
- Appointed two people with lived experience to the Client Experience & Impact Committee.
- Secured a place on Surrey County Council's approved provider list for learning disability services.

People



- Completed a comprehensive review of Transform's pay and benefits including:
  - switching to a new group pension plan providing better benefits for colleagues, following a pension review
  - implementing all recommendations from our triennial salary benchmarking review
  - launching a new benefits platform.
- Expanded mental health support for colleagues including in-person counselling and trained mental health first aiders.
- Developed a staff charter highlighting what colleagues and Transform can expect from each other.

Growth and funding



- Purchased eight flats under the Rough Sleeping Accommodation Programme.
- Secured over £1.2 million in funding from local authorities, Homes England and charity foundations including The Wolfson Foundation and The Peter Harrison Foundation for Transform's first modular development.
- Began construction on Transform's first modular development, to be named after former Chief Executive Paul Mitchell.
- Secured £35,000 grant from Surrey County Council's Household Relief Fund to distribute to clients.
- Successfully retained the Wokingham Borough Council contract for Transform's drop-in services and the recovery housing contract with Surrey County Council.
- Fundraised £195,000 including £67,000 (before costs) from the 50th Anniversary Gala evening.

Transform wide



- Shortlisted for the second year running in the 'Best Supported Housing Landlord' category of the UK Housing Awards.
- Further enhanced digital infrastructure and systems.
- Celebrated our 50th anniversary with clients and colleagues at successful events throughout the year.

Financial performance

(2021/22 figures in brackets)

Summary

The post-Covid pandemic effects and the current economic crisis have proved to be financially challenging this year. Higher operating costs have put financial pressure on our margins. Russia's war against Ukraine has put additional pressure on food and energy prices, as well as other goods. The surge in consumer price inflation is also having an impact on the households' living standards.

Many Transform clients face the prospect of worsening personal finances brought about by the declining national economic growth and a delayed post-crisis recovery. Despite operating against this backdrop of economic uncertainty, our financial resilience has enabled another successful year for Transform as we have continued to focus on ensuring the delivery of excellent services to clients.

Income

We have achieved a turnover of £11.3 million (£10.6 million) which represents a 5% increase on the last financial year. A rent freeze in this financial year helped clients during the cost-of-living crisis. Charitable donations from our 50th anniversary Gala event raised over £67,000.

Operating costs

Operating costs were £10.3 million (£10.3 million). This includes abortive costs of £103,000 for a planned capital development which the Board of Trustees took a decision to discontinue as an increase in build costs had rendered the scheme unviable. Other changes in operating costs included increases in service costs due to higher heating and lighting charges.

Planned maintenance costs reduced from £558,000 in 2021/22 to £174,000 in 2022/23 as there was an extensive fire risk programme implemented last year.

We increased our provision for bad debts by £94,000 as more clients struggled with the cost-of-living crisis. As always, staffing has been our biggest area of expenditure – £4.2 million (£4.3 million) which accounts for 40% of our total costs. Across the UK housing sector however, there have been significant difficulties recruiting and retaining staff during the past year. Transform has faced similar challenges with staff vacancies for most of the 2022/23 year which has resulted in a reduction in costs of £126,000 across all areas.

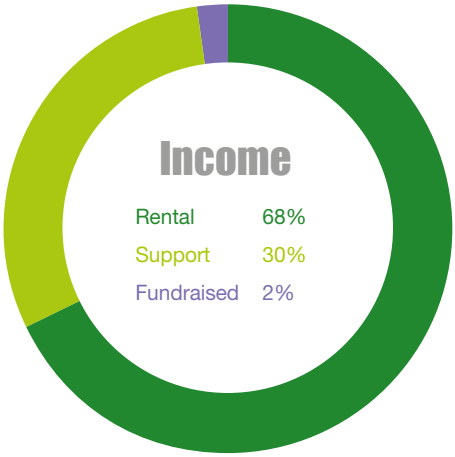
Net income

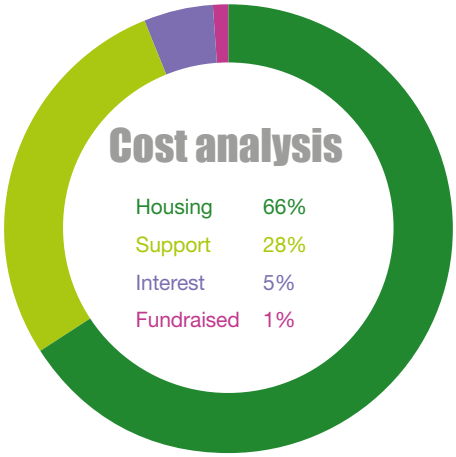
We achieved an operating surplus of £1.1 million compared to an operating surplus of £1.2 million in 2022. This includes the sale of one of our properties – £114,000 (£211,000). Last year's surplus included assets of £684,000 acquired from the merger with Wey Valley Housing Association. Interest rate rises over the last year increased our interest costs to £539,000 (£412,000). Our overall surplus was £569,000 (£743,000).

The current turbulence in the economy continues to have an impact on our financial performance. However, we have a diverse portfolio of clients, our business model remains robust and continues to generate sufficient cash to invest in our housing stock and provide an excellent support service.

Investment in properties

During the year, Transform invested £3.9 million (£2.8 million) in existing and new homes in line with the organisation's strategic plans and continued its focus on developing more homes for clients. Of this £3.9 million, £401,000 was invested in existing properties and £2.2 million in new homes. We have also invested a further £1.3 million in our new modular development.





Statement of financial position and cash flow

The statement of financial position shows fixed assets of £55.6 million (£52.8 million). We added 10 units to our housing stock portfolio at a cost of £2.2 million through acquisition and invested £401,000 (£350.000) in our existing stock. We have invested a further £1.3 million in our current modular development. The total number of units owned and managed

by Transform increased from 935 to 941 during 2022/23. We disposed of one property and took three properties out of management.

The total assets less current liabilities was £55.8 million, (£53.7 million). The £55.8 million includes the following items: the Social Housing Pension Scheme Defined Benefit (SHPS DB*) liability of £195,000 (£203,000), loans of £12.8 million (£13.2 million), deferred grants of £15.0 million (£13.0 million) and reserves of £27.8 million (£27.2 million). The balance sheet meets our loan covenant requirements. The cash balance stands at £1.2 million (£2.7 million) which provides a buffer to manage short-term cash flow pressures.

Capital structure and treasury

As at March 2023, Transform had a secured loan facility of £20.3 million of which £13.4 million has been drawn. The remaining loan facility is sufficient to fund our current modular development and future investment in stock. We will refinance £6.5 million of our loans in 2025. Transform has approximately 72% of its loan balance on a fixed-rate basis to protect against increases and fluctuations in interest rates. Our weighted average cost of capital is 3.9% (2.7%).

Accounting policies

These financial statements have been prepared in accordance with all applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Reserve policy

The Board reviews our reserves policy annually. Total reserves at year end, were £27.8 million (£27.2 million). We hold the following reserves:

- Restricted reserves of £409,000 (£294,000) for funds received for restricted purposes.
- Designated reserves of £250,000 (£0) set aside for an extensive planned maintenance programme in existing stock to meet Energy Performance Certificate (EPC) targets for 2030.
- General reserves of £27.0 million (£25.9 million) invested in housing properties – generated through normal operations and invested in property assets.
- Unrestricted reserves of £119,000 (£984,000) generated from normal operations. Our unrestricted reserves will ensure we maintain essential services for clients in the event of any income fluctuations which might arise.

Transfers between funds primarily represent funds designated by the Board for specific purposes.

Going concern

We prepare a 30-year business plan which is updated and approved by the Board on an annual basis. The business plan was approved at a Board meeting held on 25 May 2023. We stress-test our plan against our key strategic risks and to ensure we consider the impact of various scenarios. We have long-term debt facilities in place which provide adequate resources to finance committed reinvestment and development programmes, alongside income generated from our day-to-day operations.

To the best of their knowledge Trustees are satisfied that Transform is able to service these debt facilities while continuing to comply with lenders' covenants which will be maintained throughout the period of the plan and have adequately stress-tested this.

As at 31 March 2023 Transform held liquidity (comprising cash balances and undrawn committed loan facilities available for immediate drawing) of £7.2 million. Cash balances were £1.2 million.

The Board, after reviewing budgets for 2023/24 and the medium to long-term financial position as detailed in the 30-year business plan, is confident that Transform is well placed to manage its risks successfully. The Board is also of the opinion that we have adequate resources to continue to operate for the foreseeable future – being a period of at least 12 months after the date of approval of the financial statements. On this basis, the Board continues to adopt the going concern basis in the financial statements.

Fundraising

Through our fundraising we aim to provide additional services to support clients to positively change their lives. Last year, we generated £335,000 (£142,000) income through fundraising from a range of trusts and foundations, corporates, community organisations and individuals. This also included monies raised from the 50th anniversary Gala event. Transform would like to thank all our supporters and donors for their continued generosity.

* SHPS DB liability is the shortfall of the value of the assets in the scheme once the costs of administering it have been taken into account



Health and safety

Summary

It is of critical importance to Transform that we maintain a safe and healthy environment for clients, colleagues and all others involved in our operations.

To this end, we have aligned our health and safety policy, our statement of intent and our overall approach to safety management to the Health and Safety Executive's guidance 'Managing for Health and Safety' (HSG65).

Throughout the year 2022/23, we have focused on identifying and mitigating risks, implementing robust protocols and promoting a culture of safety. Through training and awareness, as well as adapting to the evolving needs and challenges presented, we have successfully kept our facilities and operations safe.

Our aim is to always deliver effective health and safety leadership from the top – starting with the Trustees, the Senior Leadership Team and all other managers.

Key health and safety actions and achievements during 2022/23

- Reviewed health and safety documentation against legislation and amended it where appropriate.
- Further strengthened data quality and record keeping including reviewing arrangements for reporting accidents, incidents and near misses.
- Refreshed our approach to management plans across all health and safety activity.
- Delivered and maintained good results against key performance indicators on Transform's health and safety compliance scorecard.
- Rolled out the Institution of Occupational Safety and Health (IOSH) Managing Safely training to managers across the organisation. This followed Senior Leadership Team members and Trustees participating in Leading Safely training in 2021/22 as part of our programme to ensure all of managers are aware of their obligations in relation to health and safety.

During 2022/23 there were no breaches of any of our statutory obligations and no fire incidents. In addition, no enforcement action or notices were served on Transform by the Health & Safety Executive, any environmental health department or fire authority.

Training

In addition to other health and safety training undertaken by colleagues specific to their roles, Transform has a comprehensive training plan for all new starters and existing employees which includes mandatory online health and safety training by leading UK experts Workrite.

Equality, diversity and inclusion

As a supported housing provider responsible for empowering clients to lead independent lives, equality, diversity, and inclusion (EDI) are not just buzzwords; they are the bedrock of our values. We recognise that true inclusion lies with valuing the diversity of all individuals. Our focus revolves around comprehending and addressing the unique requirements of all individuals, with particular emphasis on clients and colleagues (see summary of our EDI strategy below). By fostering a diverse and inclusive environment, we harness the potential of EDI to enact real change and transform lives.

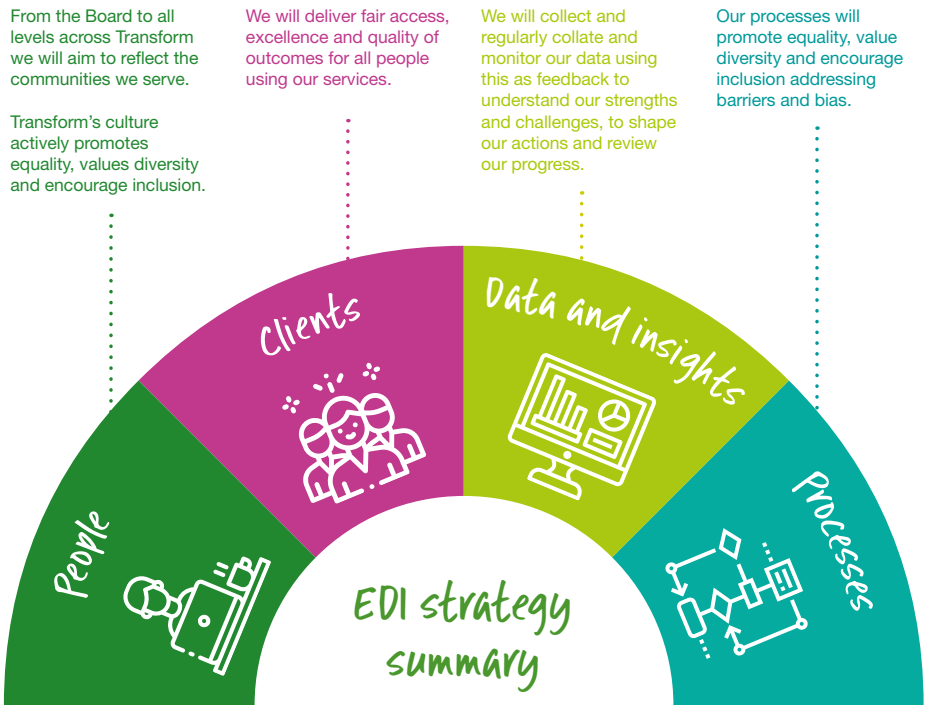
Key EDI achievements during 2022/23

- Increased the diversity on the Board, including appointing two new members of the Client Experience & Impact Committee with lived experience.
- Improved EDI training and resources for all colleagues.
- Updated the recruitment process for Housing & Support Officers and related guidance.
- Carried out a colleague EDI survey (see summary outcomes below).
- Increased the diversity within the Staff Forum and established an active Health & Wellbeing Group to expand the voice of colleagues at Transform.
- Refreshed the Transform website with increased accessibility embedded in the site.

Colleague EDI survey

We surveyed colleagues on EDI matters and below are the two main outcomes:

- 84% agreed or strongly agreed that people from different backgrounds are made to feel welcome at Transform. Fair/ equal treatment of colleagues and clients was most frequently cited as the thing colleagues were most proud of in relation to EDI at Transform.
- 82% of colleagues agreed or strongly agreed that there is a commitment in the organisation to improve performance with regards to EDI.





The Decent Homes Standard is a technical standard for public housing introduced by the United Kingdom Government.

Asset management, maintenance and repairs

Previous year's figures in brackets

Home improvements

In 2022/23 we spent £1.6 million, in capital and revenue (£2.0 million) on maintaining our properties including refurbishing 246 flats and rooms in shared accommodation. The spend in this area was lower than in the previous two years due to the stock condition survey having been carried out and paid for in 2021/22, alongside fewer fire risk and cyclical works being required and a reduction in administration costs.

Responsive repairs

During the year, we completed 4,198 (5,150) responsive repairs, 3,304 (4,030) of which were delivered by our in-house Maintenance Team.

Repair type	Target	Completed within target
Emergency – within 24 hours	100%	96% (96%)
Urgent – within five working days	95%	94% (96%)
Essential – within 20 working days	97%	95% (98%)
Routine – within 30 working days	97%	92% (95%)

Decent Homes Standard

Of our 941 homes, 16 did not comply with the Decent Homes Standard. These are unoccupied and are situated in two buildings which are both waiting to be sold.

Sustainability

We continue to be strongly committed to reducing carbon emissions in our offices and clients' homes. We have adopted the Sustainability Reporting Standard for Social Housing (SRS) and will be working towards its implementation. We are very aware that as well as helping to address climate change and protect the planet, there are many benefits for people to be living in energy-efficient properties which include reduced energy bills, better health and more comfortable homes.

We aim to have all our properties at EPC Band C by 2030 and at net zero carbon by 2050, in line with the Government's sustainability targets for social housing.

Work has begun to scope out and design our sustainability strategy so it is aligned with the SRS, and we will be working with the University of Surrey to help us with research to support the development of this strategy. We are also progressing the recruitment of an Asset Planned Investment Manager who will support the net zero works.

Our headline sustainability objectives include:

- reducing the carbon footprint of housing stock to achieve net zero carbon
- reducing our operations' carbon output
- prioritising improvements for properties with poor energy efficiency ratings
- designing measures and finding the best solutions to improve the thermal performance and energy efficiency of our buildings for the benefit of clients
- promoting smart metering and energy saving to reduce consumption
- assessing environmental impacts
- supporting sustainability awareness and training
- developing new homes which will be net zero carbon.





Value for money

Value for money approach

This outlines Transform's key principles and approach to achieving value for money (VFM) in the provision of housing and support services. Delivering VFM is essential for us to ensure that our resources are used efficiently and effectively in delivering quality housing and support services.

Our resources are aligned to achieve the objectives of our strategy. This contributes to Transform's purpose to enable clients to live more independent and fulfilling lives.

Our approach to VFM is underpinned by our strategic objectives outlined in the business plan. Transform has a clear framework for achieving VFM, based on the following principles that support our strategic objectives.

The Board approves the business plan and budget on an annual basis, which sets the framework for the organisation's operations. The strategies inform our priorities for the year and we remain focused on the delivery of our overall organisational objectives.

Our key strategic objectives to be achieved over the next five years are to:

- operate a financially viable and sustainable organisation
- support clients by providing an excellent quality service
- ensure all existing assets are fit for purpose, financially viable and relevant
- invest in colleagues to deliver our strategic objectives
- invest in development and acquisition where it is viable and sustainable
- achieve a minimum of EPC C rated properties by 2030
- continue to ensure equality, diversity, and inclusion underpins our approach to colleague and client engagement.

We set ourselves challenging targets across all areas of operations and compare our performance against other similar sized housing providers to measure our efficiency and effectiveness and to identify areas for improvement.

Our strategic objective is to deliver homes that meet a range of needs. At the end of the financial year, we held 941 units of housing which were used for supported housing, temporary accommodation and general needs housing purposes.

Achieving continuous improvements remains a key strategic objective. Our focus remains on optimising value and focusing, in particular, on improving the quality of homes and delivering effective and high-quality support services to clients.





Monitoring VFM

Our VFM performance is measured against economy, efficiency and effectiveness targets. Our aim is to work collaboratively with colleagues to deliver improvements.

Operational targets are set at the start of each financial year which are approved by the Board. We aim to deliver continuous improvement throughout the year.

We benchmark our VFM performance:

- internally: against our target for the year and last year's actual performance; and,
- externally: against our actual performance with other similar sized housing providers

We use Acuity Benchmarking to measure ourselves against. The main resources used to compile this report are:

- SPBM Smaller Providers Benchmarking – a national group of 150 housing associations with up to one thousand homes.
- SPBM Supported Housing – a group of 24 supported housing providers which produce a comparative benchmarking data set and with whom we meet quarterly.

Transform's operational indicators include:

- regulatory compliance – we're ensuring all our homes are safe to live in
- reactive maintenance – the percentage of reactive repairs we are completing on time
- planned maintenance – how we are performing against budgets
- client satisfaction rates
- voids – our re-let times and rent losses
- income collection – arrears and bad debt rates
- the number of homes we are delivering and disposing of against budget
- how we are improving our digital services and client engagement.

Our Senior Leadership Team, including the Executive Team meet regularly to review performance and take appropriate action if targets are not being met.

Monitoring of progress is delegated to our Board of Trustees which also provides financial scrutiny of performance against budget and quarterly in-depth reviews of our financial and VFM metrics.

How we performed and the areas for development

Economy

We measure the use of our resources 'doing things at the right cost' and minimising the costs per activity. This is monitored through quarterly management accounts, quarterly reforecasts, and comparing similar sized housing association benchmarking results.

During 2022/23 we:

- began developing of an appraisal tool to enable us to assess the financial performance of our assets over the longer term enabling us to make decisions on their long-term future
- re-procured our insurance services, achieving a 25% reduction in costs
- re-negotiated a number of contracts including securing the Wokingham contract following a retendering exercise.

Efficiency

We measure how we delivered the same level of service for less expense, time or effort i.e. 'doing things the right way' through quarterly performance reports.

Repairs

Indicator	2023/24 Target	2022/23 Internal target	Peer group 2022/23	2022/23	2021/22
% of repair completion time	97%	97%	86%	96%	96%
Voids %	6%	6%	6%	7%	6%
Arrears % net of housing benefit	3%	3%	5%	6%	5%

Our performance tends to benchmark well against comparable providers in terms of repair completion times. During this year we have introduced a messenger module on Pyramid (our housing management system). The Pyramid Messenger module collates customer satisfaction for reactive repairs. We strive to improve satisfaction rated by ensuring we get all repair jobs done first time and to a high standard.

Voids

Reducing voids is a key focus for Transform following a recent dip in performance post-Covid when there were delays in filling them. Delays to repairs work have also lengthened some turnaround periods. Activity to reduce voids has included:

- implementing a voids management module which better enables us to clearly identify where delays in the letting process are occurring
- introducing a new customised reporting tool that will enable us to manage and monitor performance better in future years
- further cementing our partnerships with local authorities to improve our referral process.

Arrears

Another aspect we are committed to improving is arrears management and income collection.



Covid has been a long road to recovery for the majority of clients and, in addition to the current economic crisis, this has reduced our performance in managing arrears in 2022/23 when compared to 2021/22. Ways we are addressing this include:

- exploring alternative rent payment options in 2023/24 to make these easier and faster
- continuing to provide training to Housing & Support Workers to enable them to support clients with managing their finances and claiming their welfare benefit entitlements
- monitoring arrears and putting personal action plans in place for each client
- making best use of the arrears management module on our housing management system.

Effectiveness

We measure the extent to which intended outcomes are achieved.

- During 2022/23 – we have been training staff to use the Outcomes Star process to measure a client's progress from the time they become a client of Transform until the time they leave.
- Client satisfaction – we worked with TLF Research to develop a satisfaction survey based on what clients want from us.

During the 2022/23 financial year, we worked with 1,793 clients, 438 of whom moved on positively to independent living. Through delivery of our operational services, we make a significant impact to the communities in which we work.

Internal KPIs			
Indicator	2023/24 target	2022/23	2021/22
Number of clients we worked with	1,800	1,793	1,818
Number of positive move-ons %	90%	89.6%	89.1%
Number of clients who moved to independent accommodation	450	438	392

VFM metrics

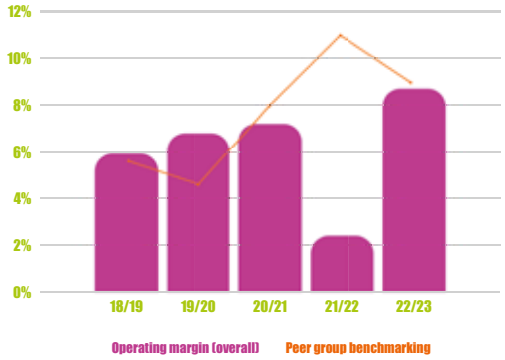
VFM metrics were introduced to compare performance in the sector in a fair and comparable way. The seven metrics compare efficiency, effectiveness and economy on a comparable basis across the sector. We benchmark ourselves against the Acuity Benchmarking group.

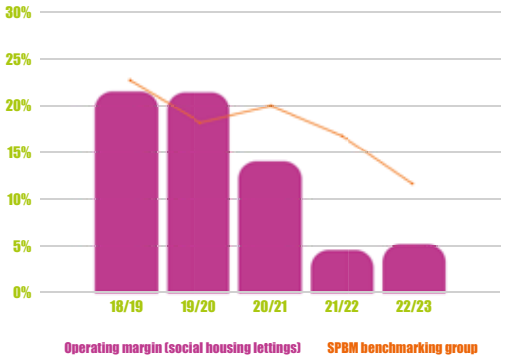
	VFM metrics	2022/23 Internal target	2022/23	Supported housing Acuity benchmarking group/peer group 2021/22	2021/22
1.	Operating margin (overall)	10.0%	8.7%	9.0%	2.4%
2.	Operating margin (social housing lettings)	8.0%	5.2%	11.7%	4.6%
3.	Earnings Before Interest, Taxes and Amortization (EBITDA) Major Repairs Included (MRI) (as a % of interest)	150.0%	289%	171.0%	154.0%
4.	Gearing	25.0%	22.0%	13.9%	21.3%
5.	Supply of new social housing (as a percentage)	1.0%	1.1%	n/a	0.7%
6.	Reinvestment	5%	5.1%	4.0%	5.5%
7.	Return on Capital Employed (ROCE) (%)	2.0%	2.0%	1.9%	2.1%
8.	Headline social housing cost per unit	£10,000	£10,073	£13,060	£10,242



1 and 2 – Operating margins

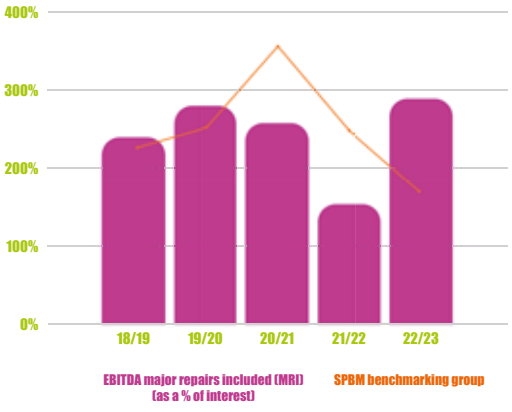
Our current year performance against the VFM metrics, is lower than our peer group for both the overall operating margin and operating margin for social housing lettings. Transform's financial performance during the past two years was affected by the challenging operating environment post-pandemic and this year, Transform had a rent freeze which supported clients during the current cost-of-living crisis.





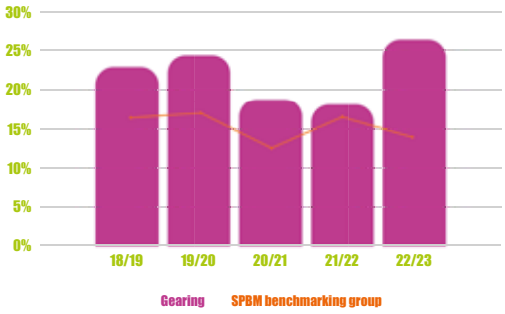
3 – EBITDA

Our EBITDA metric is above the benchmark for 2022/23. It was below our peer group during the period marked by the pandemic. The metric aligns with our VFM strategy to invest in new homes and make our existing homes 'fit for purpose'. Reduced operating costs has improved our EBITDA KPI this year.



4 – Gearing

Our development programme is ongoing. Our gearing ratio at March 2023 is higher than our supported housing benchmarking group but still relatively low at 26%. This satisfies loan covenant requirements and gives us the capacity to take advantage of additional borrowing, for development and growth purposes.

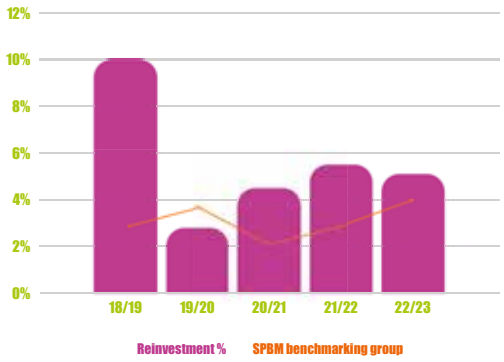


5 – New supply

We invested £2.2 million (2022: £ 1.9 million) in the provision of 10 new homes in 2022/23.

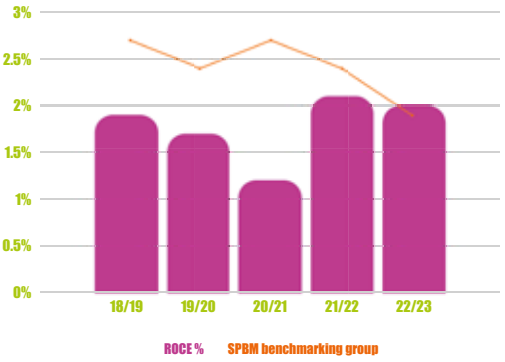
6 – Reinvestment

Capital expenditure of £401,000 (2022: £350,000) was invested in our existing stock and we performed better than our benchmarking group over the last three years.



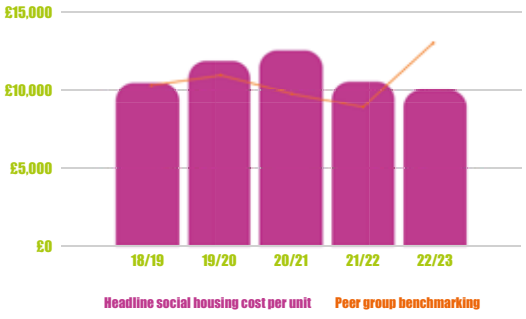
7 – Return on Capital Employed (ROCE)

ROCE measures our overall operating surplus in relation to our total assets less current liabilities. Our ROCE has been below our benchmarking group over the past four years but for this 2022/23 year is at the same level as our benchmarking group. Any surplus that Transform makes in its operations is reinvested in maintaining its existing homes, building new homes and maintaining and investing in its support services.



8 – Social housing cost per unit

Housing costs have reduced to £10,000 per unit which is below our peer group. This was mainly due to lower costs because of a shortfall in staffing.





VFM - the year ahead

Our VFM objectives for 2023/24 are to:

- refresh our VFM strategy and further develop our approach to measuring social impact
- continue to provide high quality services including improving progress against our KPIs
- review and update the next two-year plan for our Client Engagement Strategy
- review our procurement strategy for professional fees including reprocuring our energy contracts
- develop additional ways in which clients can make rent payments
- optimise housing management and service charge income streams
- have clear options appraisals in place for all stock and to position us to deliver our investment programme for EPC compliance
- demonstrate sustained year-on-year improvement in our processes through process-mapping
- ensure we meet all regulatory compliance and adopt Ofsted for the young people we support
- deploy digital technologies to continue to support our VFM objectives
- redevelop, remodel or dispose of unviable assets.

Future plans - strategic objectives 2021-24

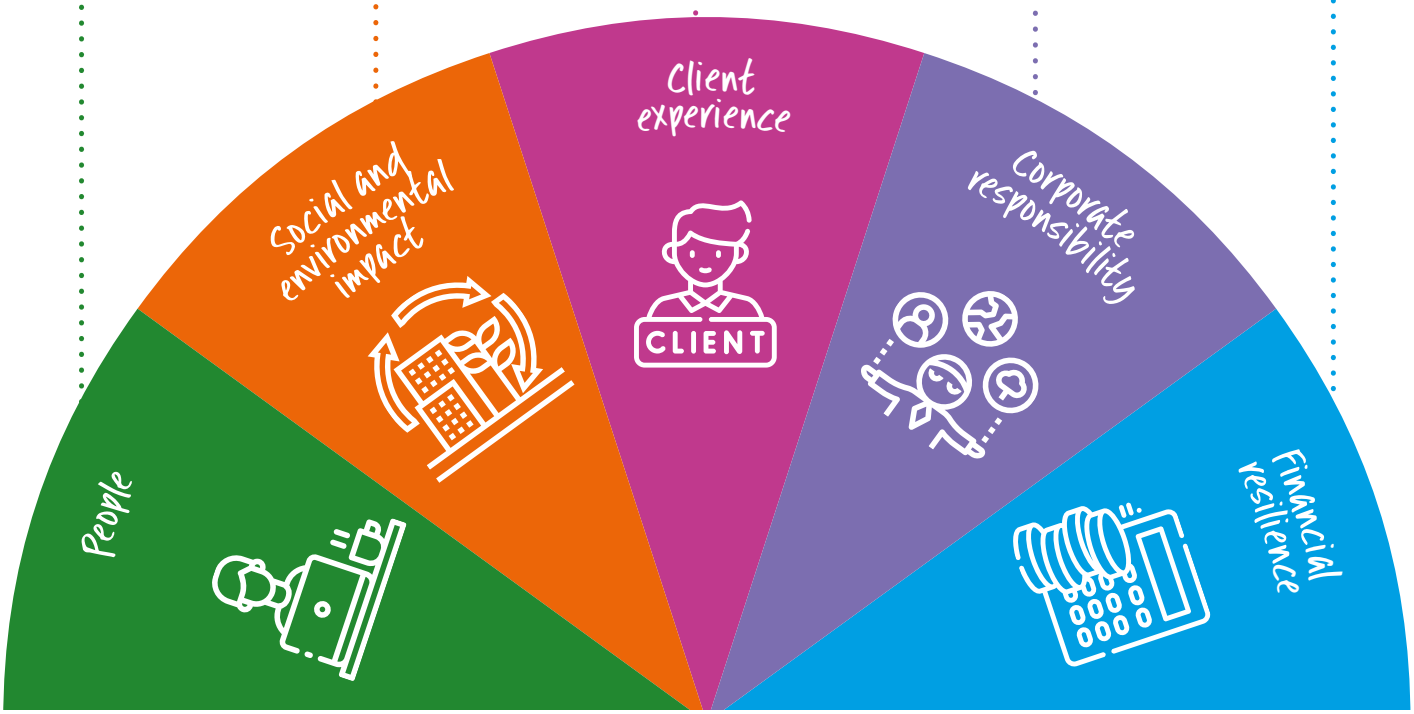
Further build colleague engagement, embed inspiring leadership approaches that align with outstanding client outcomes and focus on colleague wellbeing and inclusivity.

Use our resources and partnerships to create positive social and environmental impact, including implementing measures to fully understand this impact.

Improve, innovate and develop housing and support services, increase the volume and diversity of client engagement and use technology wherever it can add value. Consistently maintain property assets to a high standard.

Continue to focus on quality and compliance and be proactive in communicating positive outcomes. Increase our reputation by building on relationships with commissioners, trusted partners and other stakeholders.

Invest in new housing supply and ensure all existing assets are fit for purpose, financially viable and relevant. Extend our operating footprint, monitor opportunities for asset investment and possible mergers while ensuring financial sustainability of all services.





Risk management

Principal risks and uncertainties

Risk management

Risk management is fundamental to Transform's operation. We assess risks scrupulously on an ongoing basis to monitor if they will significantly impact on the delivery of our business plan. The Board holds overall accountability for risk management with Trustees regularly reviewing Transform's risk register. The more detailed scrutiny is delegated to committees for their respective risks. The Senior Leadership Team – which includes the Executive Team – has day-to-day oversight for reviewing risk. This activity supports strategic decision-making and ensures that Transform can adapt to changing circumstances.

Within the framework, risks and opportunities are continuously monitored and evaluated. From this work, policies and procedures are adapted and controls put in place to ensure appropriate action is taken to safeguard clients, colleagues and Transform as a whole. Our framework also ensures that risk informs the business planning process with proactive risk management being used to prepare for the uncertainty in our operating environment.

Transform's key risks

Details of the most significant, highest scoring, risks listed as follows:

Economic risk exposures such as inflation, interest rates and economic downturn

Risk

Macroeconomic activity negatively impacting on clients and colleagues

Details and specific risk mitigations

There continues to be much uncertainty in the UK and global economies post-pandemic and as a result of the war in Ukraine. Increases in energy prices inflation and interest rates are causing operational pressures for Transform and increased cost of living for clients and colleagues.

General controls and mitigations

- Business plan stress testing with appropriate mitigations identified.
- Ensuring all support contracts are secured on a full cost recovery basis.
- Ensuring we secure best value through any procurement to optimise income.

Inability to recruit and retain high-quality staff

Risk

Challenges recruiting and retaining colleagues who meet our role requirements.

Details and specific risk mitigations

The after-effects of the pandemic have resulted in a severe labour and skills shortage for organisations across the UK. This has presented a continuing challenge for recruitment, selection and retention within a strongly competitive recruitment market.

General controls and mitigations

- Increased agility in our recruitment, with a process review in 2022.
- Optimising salary and benefits, alongside benchmarking to ensure that we are competitively positioned.
- Enhanced marketing through social media, a refreshed website and, improved connectivity between the website and candidate tracking system.

Effectiveness of financial controls

Risk

Financial policies and procedures that require updating to strengthen controls.

Details and specific risk mitigations

We continue to review key financial procedures to ensure they are robust and effective. This is being led by the Director of Finance who was appointed in August 2022.

General controls and mitigations

- A governance framework with clear internal controls and financial regulations.
- A revised budget-setting process and increased scrutiny of management accounts.
- Our housing management/finance system provides automated reporting to ensure accurate accounting and a new purchase order system has been implemented.

Data protection and IT security risks

Risk

Threats to our IT and data security.

Details and specific risk mitigations

We are keeping pace with developments in cyber-security and data protection. Continued investment in monitoring and testing, security systems, training and awareness will continue to ensure we are doing our utmost to safeguard business continuity as well as protecting client, colleague and business data. Our partnership with LIMA Networks, which provide a fully managed IT digital system for Transform, means we have an immediate response process in place in the event of any network failures.

General controls and mitigations

- A vulnerability assessment service and patch compliance reporting.
- A programme of Data Protection Officer audits.
- Regular awareness raising as well as data protection and cyber-security training.
- Robust business continuity planning.

Financial hardship to clients and impact on their wellbeing

Risk

Clients suffering from physical/mental health and wellbeing issues due to financial hardship affecting their progress

Details and specific risk mitigations

The current economic climate is having a huge impact on clients. Many are unable to afford the increases in cost of living caused by rising food costs, increased energy prices coupled with income which doesn't keep pace with inflation. This can lead to increased financial hardship, with bigger arrears/bad debts, as well as having a negative impact on their mental health and wellbeing.

General controls and mitigations

- Provision of hardship fund and ongoing signposting to other organisations who can provide support.
- Personal service charges capped below inflation.
- Review of the rent arrears processes to ensure early intervention to support clients to better manage their rent accounts.
- Distribution of funding from Surrey County Council's Household Relief Fund.
- Money from fundraising being used to support clients' cost-of-living expenses.

Regulatory intervention

Risk

A regulatory notice from the Regulator of Social Housing

Details and specific risk mitigations

In January 2022, we self-reported to the Regulator of Social Housing an error we had identified in rent calculations. A comprehensive action plan was implemented to rectify the error.

General controls and mitigations

- Delivery of a governance continuous improvement plan.
- Robust resourcing and monitoring of governance at Transform.

Over-reliance on a single local authority for housing support income

Risk

Surrey County Council contracts represent a significant percentage of Transform's income

Details and specific risk mitigations

We recognise the importance of not placing over-reliance on a single local authority as a source of income. We have diversified our income over the years and have re-secured existing contracts with Wokingham Borough Council, the Office of Police and Crime Commissioner, Crawley Borough Council and the London Borough of Sutton.

During this past year we have also successfully negotiated additional funding for a capital development project from the Department of Health along with revenue funding to increase the number of units we provide for young people.

General controls and mitigations

- Maintain relationships with local authorities within our area of operations.
- Identify additional sources of support income.
- Executive Team approval of the financial viability of new support contracts and renegotiation of existing ones.

Health and safety

Risk

Non-compliance with statutory health and safety obligations as an employer and as a landlord.

Details and specific risk mitigations

We continually review and update policies and procedures to ensure that we meet our obligations regarding landlord and employer health and safety. We carry out health and safety checks of properties and occupational health and safety risk assessments on an ongoing basis, including, gas safety, fire risk, water quality, electrical safety, lift safety and asbestos.

General controls and mitigations

- High-quality, recognised training, robust recruitment and contractor vetting processes, specialist roles, effective supervision/oversight and appropriate client/colleague ratios.
- Health and safety scorecard to regularly monitor and actively manage performance.
- Appropriate insurance for our business activities.

Safeguarding clients

Risk

Inability to discharge our duty of care in relation to safeguarding requirements.

Details and specific risk mitigations

We work in partnership with other organisations to protect those at risk and prevent incidents that could result in harm to the young people or vulnerable adults we support. We have a clear safeguarding policy aligned to our commissioners' requirements and ensure all colleagues are clear about safeguarding processes by providing regular, compulsory training.

General controls and mitigations

- The safeguarding policy is reviewed annually with input from the Client Forum.
- Safeguarding guidance is provided for all clients and for colleagues.
- A whistleblowing policy allows safeguarding concerns to be raised.
- Working with local partners to ensure familiarity with multi-agency procedures.
- Stringent vetting processes including enhanced DBS checks.

The Board closely monitors the risk environment to identify changes in key risks as well as new or emerging risks. The sub-committees of the Board also review the risks relevant to their remit every quarter. This is a key focus of the Finance & Audit Committee, which, together with the Board, has overseen the development of the risk register for Transform and will continue to review and scrutinise this during the coming year.



Governance, regulation and compliance

Governance

Board of Trustees

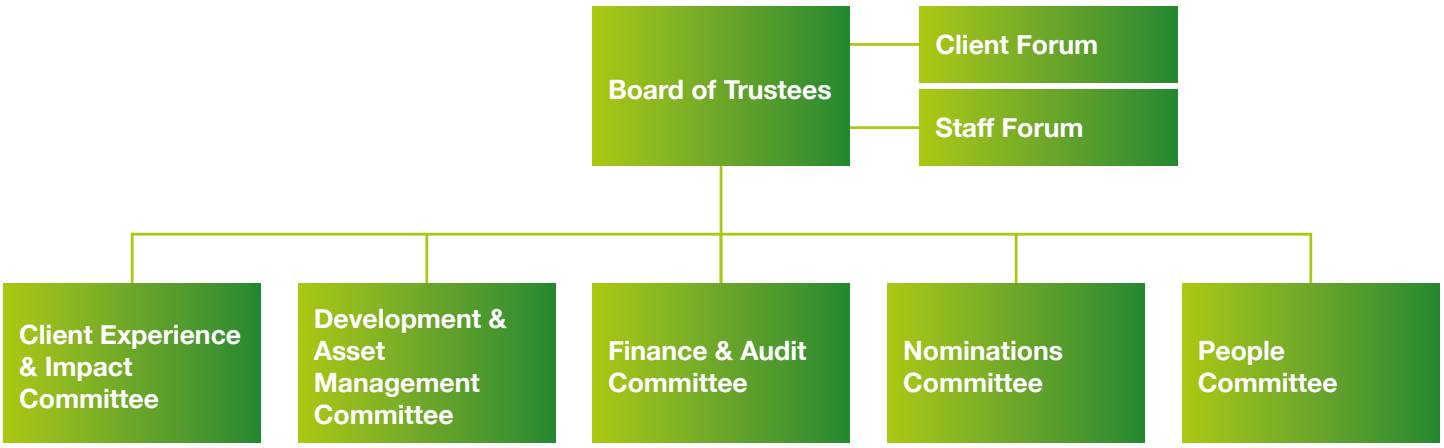
During 2022/23, the Board comprised nine members and was responsible for Transform's strategy, policy framework and managing the affairs of the company. The Board members were drawn from a wide background bringing together professional, commercial and local experience.

Trustees are selected by the Nominations Committee following public advertisement for recruitment. During the year we appointed two new Trustees, Sanjay Gulati and Alec Sanderson, enhancing Board skills in supported housing, digital and IT.

Those Board members who served during the period to 31 March 2023 and Transform's Executive Team are set out on page 2. The Trustees are also appointed as directors under the Companies Act 2006.

Board and committee structure

During the year the Board was supported by several committees, providing detailed scrutiny on its behalf.



Board and committee membership 2022/23

Trustees	Board	Client Experience & Impact Committee	Development & Asset Management Committee	Finance & Audit Committee	Nominations Committee	People Committee
Mark Austen	Chair				Chair	
Jane Bolton (retired September 2022)	Member	Member			Member	Member
Julie Bradley	Member	Member		Member		Chair
Chris Deacon (retired September 2022)	Member	Chair (until July 2022)		Member		
Sanjay Gulati (appointed July 2022)	Member	Member		Member		
Natalia Kolotneva	Member		Chair (from November 2022)	Member		Member
Paul Rees	Member		Member	Chair		
Michael Ryan	Member		Member			Member
Alec Sanderson (appointed December 2022)	Member		Member			
Ollie Smedley	Deputy Chair		Member	Member	Member	
Katie Wadey	Member	Chair (from November 2022)	Chair (until May 2022)			

Board and committee focus

The Board is responsible for the governance of Transform. Its role is to lead, direct, control, scrutinise and evaluate Transform's work.

During the year, the Board considered a number of key matters including:

- overseeing the implementation of Transform's corporate strategy and objectives
- reviewing, updating and overseeing implementation of the governance framework
- approving the recruitment of two new Transform Trustees
- considering partnership and merge opportunities
- overseeing the 50th anniversary celebrations
- approving all new/updated Transform policies.

The Board delegates specific responsibilities to five committees which each report to the Board where their recommendations are considered and approved where appropriate.

Please see below key matters discussed and approved at the five committees during 2022/23.

Committee	Key matters 022/23
Client Experience & Impact	▪ Maintained oversight on client services' performance. ▪ Reviewed and approved all client-facing policies following input from the Client Forum. ▪ Recommended to the Board the appointment of two individuals with lived experience as formal members of the committee for an initial one-year term. ▪ Approved the new Emergency Out of Hours Support Service policy. ▪ Approved the updated and refreshed client handbook.
Development & Asset Management	▪ Maintained oversight of asset management compliance and performance. ▪ Approved property investment and disposal decisions. ▪ Oversaw health and safety compliance.
Finance & Audit	▪ Maintained oversight on financial and risk management. ▪ Oversaw internal/external audits and approved the internal audit plan. ▪ Approved and oversaw the implementation of the Cyber-security improvement plan. ▪ Reviewed the Business continuity plan and provided input to the Governance plan.
Nominations	▪ Reviewed Board/committee composition. ▪ Recommended Board appointments – Sanjay Gulati and Alec Sanderson. ▪ Reviewed succession planning for Board/Executives. ▪ Approved and oversaw the management of the appointment process for a new Chair.
People	▪ Endorsed the proposals arising from the review of the Transform pension schemes and recommended a new supplier and pension scheme to the Board. ▪ Agreed and recommended to the Board a cost-of-living payment to all colleagues. ▪ Endorsed the salary benchmarking proposals and recommended them to the Board. ▪ Approved diversity training for the Board and a new EDI action plan for Transform. ▪ Agreed and maintained oversight of wellbeing activity including financial wellbeing seminars, mental health first aider training and menopause training.

Trustee training

In addition to the two new Trustees undertaking induction training, Trustees have also carried out a Risk management workshop, Equality, diversity and inclusion and Cyber security training. Trustees are also encouraged to attend events and networking opportunities held by recognised sector bodies such as the National Housing Federation.

Board effectiveness

The Board recognises the importance of monitoring and improving its performance. This is primarily achieved through annual appraisals and self-assessment of the effectiveness of the Board and its Committees. An external board effectiveness review was carried out in February and March 2023, with the findings being disseminated to the Board in May 2023. The review provided confidence of a dedicated and effective Board of Trustees overseeing a well-managed and governed organisation. An action plan to further strengthen board effectiveness will be overseen by the Board.

Code of governance

Transform adopted the National Housing Federation Code of Governance 2015 for the reporting period. An annual assessment of compliance against the code has been conducted and confirms that Transform complies with all the requirements of the code including the provisions in relation to:

- constitution and composition of the Board
- essential functions of the Board and Chair
- Board skills, renewal and review
- conduct of Board and committee business
- audit and risk
- the Chief Executive
- conduct of members.

The Head of Governance & Assurance is supporting the Board with a governance improvement plan to enable the adoption of the National Housing Federation Code of Governance 2020.

Governance and Financial Viability Standard

The annual review of compliance against the Regulator of Social Housing's Governance and Financial Viability Standard has been carried out and Transform was compliant with the standard during the reporting period. A detailed and evidence-based assessment was completed against each requirement and the Board approved this at its meeting on 27 July 2023.

In preparing this strategic report and board report, the Board has followed the principles set out in the Statement of Recommended Practice (SORP) for Registered Social Housing Providers 2018.

Regulation and compliance

Transform fully complies with all the regulators that are relevant to our activities; these are the Regulator of Social Housing, the Charity Commission and the Fundraising Regulator.

Regulator of Social Housing

As a small provider, Transform is not subject to regulatory judgement from the Regulator of Social Housing and was not issued with any regulatory notices during this period of accounts.

Charity Commission public benefit reporting

Transform's aims, objectives and activities demonstrate public benefit as defined by the Charity Commission. The Board ensures that planned activities meet the organisation's objectives. Transform's work supports those on the margins of society to overcome the challenges they face in their lives.

Trustees have regard to the Charity Commission's public benefit guidance when carrying out their duties. Awareness of the guidance forms part of each Trustee's induction and the Board takes this into account when making relevant decisions.

Fundraising Regulator's code compliance

The Code of Fundraising Practice sets out the responsibilities that apply to fundraising carried out by charitable institutions in the UK. To provide reassurance to donors and supporters, and to demonstrate high standards for our fundraising activities, we are registered with the Fundraising Regulator and have adopted the Regulator's Code of Fundraising Practice.

We are committed to protecting our donors and the public from any unreasonably intrusive or persistent fundraising approaches and will not apply any undue pressure on them to donate. We do not use any external professional fundraising services. We use the Fundraising Regulator's logo on fundraising communications. Transform has not received any requests to remove or suppress donor data from the regulator's Fundraising Preference Service.

The fundraising team continually monitors guidance and regulations from the Charity Commission and the Fundraising Regulator, and colleagues are kept abreast of changing regulations through the year. We received no complaints relating to fundraising in the year to 31 March 2023.

Complaints

We carry out an annual self-assessment of our complaints policy against the Housing Ombudsman Service's Complaint Handling Code and for 2022/23 we are fully compliant. As part of our commitment to continual improvement, we value the opportunity to learn from complaints to help us get things right next time. In addition to resolving the individual complaints, we keep thorough records and take action across our services, where necessary.

Information compiled for each complaint received, includes (where relevant):

- the source of the complaint
- the demographics linked to the complainant
- the nature of the complaint
- the support needs of the complainant (if a client)
- the stage the complaint reached
- whether the complaint was dealt with on time
- the satisfaction of the complainant
- the housing type (if a client)
- learning points.

In 2022/23, Transform received a total of 17 formal complaints (2022:23). No complaints were referred to the Housing Ombudsman during the year.

Despite the pressures on teams, the number of complaints has decreased in 2022/23. Potential complaints from clients are being handled effectively at a local level and so do not necessarily escalate to the more formal complaints procedure. However, complaints from external sources are always progressed through the complaints procedure until resolution.

All but two complaints have been successfully resolved. These two remain open and we are liaising with the complainants to ensure they are resolved to the satisfaction of all parties.

Transform is considering all learning points arising from complaints and is working closely with colleagues, clients and community partners to carry out actions to reduce and mitigate future complaints.

Statement of Board responsibilities

The Board is responsible for preparing the strategic report (including the board report) and financial statements in accordance with applicable law and regulations. Company law requires the Board to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards as reflected in FRS102 and applicable laws).

Under company law, the Board must not approve the financial statements unless they are satisfied that they give a true and fair view of the situation and surplus or deficit of the company for that period.

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

- select suitable accounting policies and then apply them consistently
- make judgments and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice (SORP) Accounting by Registered Social Housing Providers update 2018, have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Board is responsible for keeping proper accounting records and Trustees must be able to disclose with reasonable accuracy at any time the financial position of the company and enable it to ensure that the financial statements comply with the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022. It is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as each member of the Board is aware:

- there is no relevant audit information of which the Transform's auditor is unaware; and
- the Board has taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Board is responsible for the maintenance and integrity of the corporate and financial information, including that provided on Transform's website.

Internal control framework

The Board acknowledges its overall responsibility for establishing and maintaining the system of internal controls and for annually reviewing its effectiveness. The system of internal controls is designed to manage, rather than to eliminate, the risk of failure to achieve the business objectives and to provide reasonable assurance against material misstatement or loss.

The process of identifying, evaluating, and managing significant risks facing the organisation is ongoing. It has been in place from 1 April 2022 to the date of Board approval (27 July 2023).

The key elements of the framework include:

Internal audit

The Board delegated responsibility for overseeing the adequacy and effectiveness of the internal control system to the Finance & Audit Committee. Internal Audit reported directly to the Committee and a risk-based internal audit plan was prepared and approved by the Committee. The Committee subsequently monitored the programme of internal audits and received assurances to confirm that recommendations had been implemented as agreed. Follow-up internal audit reviews were undertaken to check recommendations had been implemented. Transform appointed new internal auditors, RSM UK during 2022/23.

External audit

The work of the external auditors provides assurance through the audit plan detailing the scope of work which is approved by the Finance & Audit Committee, together with the resulting audit report and management letter setting out their findings. Regular meetings are held with the external auditors to provide an update on changes in the business and to discuss strategic and technical matters. This includes a confidential meeting with members of the Finance & Audit Committee without officers present at least once a year.

Performance monitoring framework

Key performance indicators were produced regularly and reported through the Executive Team, Committees and the Board. These reports include performance-monitoring on client services, client satisfaction and complaints, compliance, asset management, development, colleagues and financial results.

Anti-fraud

We maintain a fraud register which is inspected by the internal auditors, together with regular updates reporting any such occurrences to the Finance & Audit Committee. During the year 2022/23 there were no such incidents of fraud reported.

Regulatory reporting

Transform submitted a range of regulatory returns to the Regulator of Social Housing and the Charity Commission. The Executive Team ensures that regulatory matters are dealt with promptly and efficiently, co-ordinates the self-monitoring system operated by the Board and monitors compliance with the required standards.

External Auditors

External auditors CLA Evelyn Partners Limited were re-appointed as external auditor at our Annual General Meeting (AGM) on 29 September 2022. A resolution for the appointment of external auditors will be proposed at the AGM on 28 September 2023.

By order of the Board.

Mark Austen
Chair
8 August 2023



Auditor's report and financial statements

Auditor's report

CLA Evelyn Partners Limited
Report of the independent auditor to the members of Transform Housing & Support

Opinion

We have audited the financial statements of Transform Housing & Support (the 'Company') for the year ended 31 March 2023 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Reserves, the Statement of Cash flows and the 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2023 and of its surplus for the year then ended
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been properly prepared in accordance with the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Board 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 Company's ability to continue as a going concern for the period of at least 12 months, from when the financial statements are authorised for issue.

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

Other information

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken during the audit:

- the information given in the strategic report (incorporating the Board members' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report (incorporating the Board members' report) have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report (incorporating the Board Members' report).

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Board Members' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Responsibilities of Board Members

As explained more fully in the Statement of Board's Responsibilities on page 35, the Board Members who are the directors of the Company for the purposes of company law, are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal controls 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 Members are responsible for assessing the Company'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 Members either intend to liquidate the Company 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.

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, are as follows:

We obtained a general understanding of the company's legal and regulatory framework through enquiry of management in respect of their understanding of the relevant laws and regulations. We obtained an understanding of the company's policies and procedures in relation to compliance with relevant laws and regulations. We also drew on our existing understanding of the company's industry and regulation.

We understand that the company complies with the framework through:

- updating operating procedures, manuals and internal controls as legal and regulatory requirements change
- a programme of internal audit performed by an independent firm of internal auditors
- independent health and safety reviews across identified compliance areas
- a risk assessment framework and register that includes regular review and scrutiny by the Finance & Audit Committee
- an annual assessment of compliance with housing association regulations
- the Board's close oversight through regular board meetings and compliance reporting.

In the context of the audit, we considered those laws and regulations which determine the form and content of the financial statements, those which are central to the company's ability to conduct operations and those where failure to comply could result in material penalties. We have identified the following laws and regulations as being of significance in the context of the company:

- The requirements of the Companies Act 2006 and the Housing and Regeneration Act 2008 in respect of the preparation and presentation of the financial statements, the Accounting Direction for Private Registered Providers of Social Housing 2022 and FRS 102.
- Safeguarding and health and safety regulations, including building and fire safety.
- Housing association law and regulation.
- Charity law and regulation.

We performed the following specific procedures to gain evidence about compliance with the significant laws and regulations above:

- Making enquiries with management and the Finance & Audit Committee as to the risks of non-compliance and any instances thereof
- Reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence between regulators and the company.

The senior statutory auditor led a discussion with senior members of the engagement team regarding the susceptibility of the company's financial statements to material misstatement, including how fraud might occur. The key areas identified as part of the discussion were:

- management override of control
- revenue recognition (other than rent and service charge income) specifically the manipulation of revenue through fraudulent journal entries.

These areas were communicated to the other members of the engagement team not present at the discussion.

The procedures carried out to gain evidence in the above areas included:

- testing of a sample of manual journal entries, selected through applying specific risk assessments applied based on the company's processes and controls surrounding manual journal entries
- reviewing and challenging estimates made by management
- substantive work on revenue transactions.

The senior statutory auditor was satisfied that the engagement team collectively had the appropriate competence and capabilities to identify or recognise irregularities. In particular, both the senior statutory auditor and the audit manager have a number of years' experience in dealing with group's with similar risk profiles.

A further description of our responsibilities is available 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 Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company'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 Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

CLA Evelyn Partners Limited

Julie Mutton
Senior Statutory Auditor for and on behalf of CLA Evelyn Partners Limited
Statutory Auditors
Chartered Accountants
Onslow House
Onslow Street
Guildford
Surrey GU1 4TZ

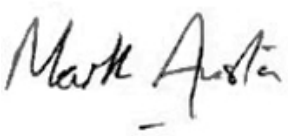
7 September 2023

Financial statements and notes to the accounts

Statement of comprehensive income for year ending 31 March 2023

	Note	2023	2022
		£000s	£000s
Turnover	3	**11,270**	**10,570**
Operating expenditure	3	**(10,294)**	**(10,315)**
Underlying operating surplus		**976**	**255**
Gain on disposal of housing properties	9	**114**	**211**
Donation of Wey Valley Housing Association (WVHA) net assets	30	**-**	**684**
Operating surplus/(deficit)		**1,090**	**1,150**
Interest receivable	7	18	5
Interest and other financing costs	8	(539)	(412)
Surplus for the year		**569**	**743**
Other comprehensive income			
Actuarial (loss) in respect of pension scheme		(23)	(81)
Total comprehensive income for the year		546	662

The accompanying notes form part of these financial statements.



Mark Austen
Chairman



Paul Rees
Chair of the
Finance & Audit Committee



Mandy Arnold
Company Secretary

Statement of financial position as at 31 March 2023

	Note	2023	2022
		£000s	£000s
Fixed assets			
Tangible fixed assets – housing properties and other fixed assets	11	55,561	52,817
Current assets			
Trade and other debtors	12	1,834	818
Cash and cash equivalents	13	1,238	2,667
		3,072	3,485
Creditors: amounts falling due within one year	14	(2,794)	(2,583)
Net current assets		278	902
Total assets less current liabilities		55,839	53,719
Less: creditors – amounts falling due after more than one year	15	(27,870)	(26,288)
Pension – defined benefit liability	24	(195)	(203)
Other provisions for liabilities and charges	19	(-)	(-)
Total net assets		27,774	27,228
Capital and reserves			
Restricted reserve		409	294
Designated reserves		250	(-)
General reserve - invested in property		26,996	25,950
- free reserve		119	984
		27,774	27,228

The accompanying notes form part of these financial statements. The financial statements were issued and approved by the Board on 8 August 2023.

Company number: 01057984

Mark Austen
Chairman

Paul Rees
Chair of the
Finance & Audit Committee

Mandy Arnold
Company Secretary

Statement of changes in reserves for year ending 31 March 2023

	Restricted reserves	Designated reserves	General reserves		Total
			Invested in properties	Free reserves	
	£000s	£000s	£000s	£000s	£000s
Balance at 1 April 2021	237	-	25,260	1,069	26,566
Surplus for the year as restated	-	-	743	-	743
Other comprehensive income for the year	-	-	(81)	-	(81)
Total comprehensive income for the year	-	-	662	-	662
Transfer between reserves	57	-	28)	(85)	-
At 31 March 2022	**294**	**-**	**25,950**	**984**	**27,228**
Surplus for the year	-	-	569	-	569
Other comprehensive income for the year	-	-	(23)	-	(23)
Total comprehensive income for the year	-	-	546	-	546
Transfer between reserves	115	250	500	(865)	-
At 31 March 2023	409	250	26,996	119	27,774

The accompanying notes form part of these financial statements.

Statement of cash flows for the year ending 31 March 2023

	Note	2023	2022
		£000s	£000s
Net cash generated from operating activities	22	1,938	1,598
Purchase and refurbishment of housing properties		(4,004)	(2,820)
Proceeds from sale of tangible fixed assets	9	157	298
Cash received on merger	30	-	176
Merger expenses	30	-	(34)
Grants received		1,393	1,112
Grants repaid		-	-
Interest received		18	5
Net cash used in investing activities		(2,436)	(1,263)
Interest paid		(571)	(409)
Further borrowing		-	455
Repayment of borrowings		(360)	(270)
Net cash used in financing activities		(931)	(224
Net change in cash and cash equivalents		(1,429)	111
Cash and cash equivalents at:			
Beginning of the year		2,667	2,556
End of the year		**1,238**	**2,667**

Notes to the financial statements

1. Legal status

Transform Housing & Support is

- Registered under the Companies Act 2006, and is a company limited by guarantee (registered in England and Wales with number 01057984).
- Registered with the Regulator of Social Housing (H2452).
- A registered charity with the Charity Commission (264133).
- Regulated by the Fundraising Regulator – mainly our fundraising activities.

2. Accounting policies

The principal accounting policies are summarised below. Except as explained below, they have all been applied consistently throughout the year and to the preceding year.

Basis of accounting

The financial statements have been prepared in accordance with the UK Generally Accepted Accounting Practice (UK GAAP) including Financial Reporting Standard 102 (FRS 102) and the Housing SORP 2018: Statement of Recommended Practice for Registered Social Housing Providers. They comply with the Accounting Direction for Private Registered Providers of Social Housing 2022.

Transform's objectives are to provide housing and support services and to improve the wellbeing for vulnerable and socially excluded clients and is therefore considered as a Public Benefit Entity (PBE), in accordance with FRS 102.

Going concern

In preparing the financial statements, management has assessed the company's ability to continue as a going concern. In this assessment management considered all available information about the future, which is at least, but is not limited to, 12 months from the date when the financial statements are authorised.

Transform has considered the business activities and current financial position and the factors that are likely to impact our future development are set out in the Strategic Report. In assessing its future viability, the Board has carried out a thorough review of the cash-flow forecast, treasury management policy, compliance with the debt facilities as well as covenants' compliance, liquidity levels and financial plan outputs. In addition, the Board stress tested the operating and financial pressures on the business activities and implemented mitigating factors to protect the financial viability of the organisation. Having evaluated the impact on each business activity, the Board is confident that services are well-managed and continue to make positive contributions to the organisation.

Furthermore, the company has in place adequate long-term debt facilities to fund commitments on the strategic investments and development programmes, along with the organisation's day-to-day operations. The company's long-term business plan reflects a viable financial position capable of servicing these debt facilities while continuing to comply with lenders' covenants.

A wide range of multi-variant stress tests have been run and are regularly monitored through the risk register, these include economic risk exposure from inflation, interest rates and economic downturn. We have also considered the post-Brexit environment and potential impact on Transform by way of shortages in accessing fresh capital and EU workers, alongside increasing staffing costs, stretched supply chains and the effect of property valuation.

Transform had adopted various approaches to mitigate against risks for example delaying uncommitted non-essential expenditure, implementing efficiencies in our procurement processes and closely monitoring increased regulatory costs such as fire safety expenditure. The appropriate governance support has been factored in for all scenarios. This stress testing found that the business plan is robust and does not affect the company's ability to meet its obligations.

On this basis, the Board has reasonable expectation that Transform has adequate resources to continue in operational existence for the foreseeable future, being a period of at least 12 months after the date on which the report and the financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

Significant management judgements
There were no significant judgements in applying the accounting policies for the company that have the most significant effect on the amounts recognised in the financial statements.

Other key sources of estimation uncertainty
Information about estimates and assumptions that have the most significant effect on recognition and the measurement of assets, liabilities, income and expenses, is provided below. Actual results may be substantially different.

- **Impairment review:** we have carried out a review for impairment by reviewing our triggers. No areas of impairment were identified.
- **Defined benefit obligation:** management's estimate of the defined benefit obligation is based on a number of critical underlying assumptions such as standard rate of inflation, mortality, discount rate and anticipation of future salary increases. There were no active members within the company's defined benefit plan and the assumptions were in line with actuarial recommended rates. Variations in these assumptions may significantly impact the liability and the annual defined benefit expenses (see note 24). The net defined benefit pension liability at 31 March 2023 was £195,000.
- **Useful lives of depreciable assets:** if there are any changes in circumstances, e.g. impairment, management reviews its estimate of the useful lives of depreciable assets including any components. Uncertainties in the estimates relate to technological obsolesce that may change the utility of certain software and IT equipment and changes to decent homes standards which may require more frequent replacement of key components. As at 31 March 2023 the carrying amount of the housing properties was £64.0 million and accumulated depreciation was £9.3 million.

Turnover and revenue recognition
Turnover represents the income received or receivable from the following sources:

Rental and service charge income – this income is in respect of the year, net of any voids. The rental and service charge income from properties developed during the year is recognised from the point at which these properties reach practical completion or are otherwise available for letting. The enhanced housing management fees receivable that is funded by housing benefit is also included here.

Housing related support income – income is recognised as it falls due under the contractual agreements. The 'block subsidy' housing-related support income is classed as social housing income and 'block gross' income as other social housing income in the Statement of Comprehensive Income.

Charitable donations – grants and donations from charitable trusts and voluntary sources for the development of property or for the acquisition of other tangible fixed assets are treated as income. Income is recognised on any significant pledges, only after the grant conditions are fulfilled.

Donation of net assets – in a merger or otherwise, when an entity donates its assets and liabilities to Transform, the donated assets and liabilities are recognised at their fair value. Any excess of the net fair value of assets and liabilities donated over costs incurred is then recorded as an exceptional income within the Statement of Comprehensive Income. This income is recognised, on legal completion of the agreement for the transfer of engagement.

Financial instruments
Financial instruments which meet the criteria of a basic financial instrument as defined in Section 11 of FRS 102 are accounted for under an amortisation cost model.

Non-basic financial instruments are recognised at fair value using a valuation technique with any gains or losses being reported in surplus or deficit. At the year end, the instruments are revalued to fair value, with the movements posted to the income and expenditure account.

Transform's significant financial liability is the bank loan, and this is classed as a basic financial instrument, measured at amortised cost. The values are similar to those previously shown with no significant adjustments.

Any payment arrangements entered into with clients are also classed as basic instruments and need to be measured at their present value. Our assessment shows that Transform has a limited number of such agreements at the year end, and these are not considered to be material. Transform does not have any other financial instruments falling into the category of financing transactions.

Housing properties and depreciation
Housing properties are properties held for the provision of social housing or otherwise to provide social benefit. Housing properties are principally properties available for rent and stated at cost less accumulated depreciation and impairment losses. Cost includes the cost of acquiring the land and building, development costs, and the interest cost capitalised during the development period. Works to existing properties which replaces a component that has been treated separately for depreciation purposes, along with those works that result in increase in net rental income over the lives of the properties, thereby enhancing the economic benefits of the assets, are capitalised as improvements.

Housing properties under construction are stated at cost and are not depreciated. Donated land and other assets are included within costs at fair value, at the time of the transfer.

The property disposals are recognised in the financial statements only when the legal completion for the transaction is concluded, realising any surplus or deficit on the disposal.

Depreciation is charged over the estimated useful lives of the structure and major components of the housing properties, so as to write down the cost of each component to its estimated residual value, on a straight-line basis, over its estimated economic life. No depreciation is charged on freehold land. Leasehold properties are amortised over the life of the lease or their estimated useful economic lives in the business, if shorter. Depreciation is charged on qualifying fixed assets on the following estimated useful lives:

Components identified within housing properties	
Structure	100 years
Roofs	70 years
Flat roofs	15 years
Windows	30 years
Kitchens	15-20 years
Bathrooms	25-30 years
Boilers	15 years
Fire doors	30 years
Other building facilities	10 years

Other fixed assets	
Furniture and fittings	7 years
Office equipment	7 years
Office fittings	10 years
Specialist software	7 years
Computer equipment	3 years

Impairment of housing properties
Housing properties are assessed annually for impairment indicators. Where indicators are identified, an assessment for impairment is undertaken comparing the schemes carrying amount to its recoverable amount.

For the purposes of impairment assessments, housing properties are grouped together into schemes. Each scheme typically comprises one or more buildings in the immediate locality, and each building consists of one or more accommodation units. Schemes are typically developed or acquired as a single block of units.

When comparing a scheme's carrying amount with its recoverable amount, any excess carrying amount on the scheme is written down to its recoverable amount. The resulting impairment loss is recognised as an operating expenditure.

With regards to supported housing schemes, management deems the properties are held not just to generate future cash, but to provide an additional social value i.e. these properties are held for their service potential. Therefore, the recoverable amount for these properties should be higher of (a) fair market value less cost of sale, and (b) its value in use Service Potential (VIU-SP).

VIU-SP can be used when the schemes can be let in the current condition and that fulfils a social purpose in addition to generating net rental cash flow. The depreciated replacement cost (DRC) methodology can be used to measure this.

The DRC basis considers (a) cost of purchasing an equivalent property on the open market, and (b) the rebuilding cost of the property (of a similar condition, age, location, and type) less depreciation, considering the age and condition of the property. However, when establishing no active market for these properties, then (b) above (i.e. rebuilding costs less depreciation) can be considered as value in use for the properties under DRC basis.

Other fixed assets
Other tangible fixed assets are measured at cost, less accumulated depreciation. Depreciation is provided evenly throughout the assets' estimated useful lives..

Government grants
Government grants include grants receivable from Homes England, local authorities and other government organisations. Government grants received for housing properties are treated as deferred income and recognised in turnover over the estimated useful life of the housing property structure, under the accrual model.

Revenue grants are recognised in the Statement of Comprehensive Income over the same period as the expenditure to which they relate, once reasonable assurance has been gained that the entity will comply with the conditions and that the funds will be received. Grants due from government organisations or received in advance are included as current liabilities.

Government grants released on the sale of the property may be repayable but are normally available to be recycled and are credited to a Recycled Capital Grant Fund and are included in the balance sheet in creditors. If there is no requirement to recycle or repay the grant on disposal of the asset, any unamortised grant remaining within creditors is released and recognised as income in the statement of comprehensive income.

Other grants
Grants received from non-government sources are recognised using the performance model. A grant which does not impose specific future performance conditions is recognised as revenue when the grant proceeds are received. A grant that imposes specific future performance related conditions on the company is only recognised when these conditions are met. A grant received before the revenue recognition criteria are satisfied is shown as a liability in the Statement of Financial Position.

Leases
Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and the rewards of ownership of the leased asset to the company. All other leases are classified as operating leases.

Rental payable under operating leases is charged to income and expenditure on a straight-line basis over the lease term. With regard to lease incentives, the aggregate benefits of the lease incentive are recognised as a reduction in expenses recognised over the term of the lease.

Cash and cash equivalents
This includes all forms of cash and deposits repayable on demand, overdraft repayable on demand and short-term deposits held with various banks. These cash balances are used in our cash flow statements and future cash projections.

Interest payable
Interest costs are capitalised on borrowing to finance the development of qualifying assets to the extent that it accrues in respect of the period of the development. Other interest payable is charged to the Statement of Comprehensive Income.

Pension
During this period, Transform has participated in the following contribution pension schemes – the group personal pension scheme operated by Aviva Group (Friends Life), the Social Housing Pension Scheme (SHPS) defined contributions scheme and the SHPS multi-employer defined benefits scheme

Defined contribution pension schemes
For the SHPS, the association has been able to identify its share of the scheme assets and scheme liabilities from 1 April 2018 and has applied defined benefit accounting from this date onwards.

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. This has been recognised within the defined benefit pension liability on the face of the statement of financial position.

The current service cost and costs from settlements and curtailments are charged against operating surplus. Interest is calculated on the net defined liability. Re-measurements are reported in the Statement of Comprehensive Income.

Provision for liabilities
Provisions are recognised when the company has a present obligation as a result of a past event, and it is probable that the company is required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation, at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Value Added Tax
Transform is not registered for Value Added Tax (VAT) and VAT is accounted for as a cost to the organisation within the respective expenditure heading.

Reserves
The reserves comprise the general reserves, the designated reserves and restricted reserves. The restricted reserves are provided by donors to be spent on specific client activities, designated reserves are reserves allocated by the Board for a specific future purpose and general reserves have no restrictions on their use. Transform's reserve policy is shown in the strategic report on page 8.

Free reserves
Free reserves are general reserves that are currently not invested in the property assets and are freely available to fund charitable activities.

Reserves that are invested in property are calculated as being the net book value of the properties, less the grants and loans that part fund these assets. The free reserves are the balance of the general reserves.

3. Particulars of turnover, operating expenditure and operating surplus

2023	Note	Turnover	Operating expenditure	Operating surplus (deficit)
		£000s	£000s	£000s
Continuing operations				
Social housing lettings	4	7,534	(7,141)	393
Other social housing activities				
Housing related support income		3,386	(3,043)	343
Charitable donations		335	(104)	231
Other income		15	(6)	9
		11,270	(10,214)	976
Gain on disposal of property, plant and equipment	9			114
				1,090

2022	Note	Turnover	Operating expenditure	Operating surplus (deficit)
		£000s	£000s	£000s
Continuing operations				
Social housing lettings	4	7,462	(7,121)	341
Other social housing activities				
Housing related support income		2,886	(3,084)	(198)
Charitable donations		142	(78)	64
Other income		80	(32)	48
		10,570	(10,315)	255
Gain on disposal of property, plant and equipment	9			211
Donation of WVHA net assets	30			684
				1,150

4. Particulars of turnover and operating expenditure from social housing lettings

	Note	2022	Restated 2021
		£000s	£000s
Rents receivable net of identifiable service charges		4,424	4,443
Charges for housing related support services		1,182	1,027
Service charges income		1,707	1,779
Amortised government grants	16	221	213
Turnover from social housing lettings	3	7,534	7,462
Operating expenditure:			
Service charge costs		1,929	1,690
Management		2,126	2,099
Routine maintenance		1,184	1,301
Planned maintenance		174	558
Bad debts		162	63
Property charges – lease/management agreement		457	431
Depreciation of housing properties	11	944	916
Abortive costs	11	103	-
Other costs		62	63
Operating expenditure on social housing lettings	3	7,141	7,121
Operating surplus on social housing lettings	3	393	341
Void losses		(335)	(269)

5. Directors and key management personnel salary cost

Executive team covers those shown in page 2. None of the Board members received any salary.

	2023	2022
	£000s	£000s
Aggregate emoluments including pension scheme contributions, payable to:		
Executive Team (2023: 7.0 FTEs, 2022: 6.0 FTEs)	561	502
The highest paid Executive member:		
Emoluments	116	113
Pension contributions	11	10

The Executive team represents the key management personnel under FRS 102 and their aggregate emoluments including employer's national insurance contributions were £618,000 (2022: £545,000). There were no compensation payments for loss of office to any previous members of the Executive Team (2022: nil). The Chief Executive was the highest paid Executive member during the year. His pension arrangements are the same as other colleagues – a money-purchase pension scheme with no additional benefits.

6. Employee information

The average number of employees employed (headcount)	2023	2022
	Number	Number
Housing and support staff	89	89
Administration staff	34	40
Maintenance staff	8	8
	131	137

The average number of employees employed (FTEs)	2023	2022
	Number	Number
Housing and support staff	76	78
Administration staff	29	33
Maintenance staff	7	7
	112	118

The number of full-time employees is calculated based on a 39-hour working week.

Staff costs for the above persons:	2023	2022
	£000s	£000s
Wages and salaries	3,653	3,792
Social security costs	346	327
Other pension costs	156	162
	4,155	4,281

The number of full-time equivalent staff who received remuneration (including pension contributions) above £60,000 (including the Executive Team) is shown in the following bands.

The average number of employees employed (headcount)	2023	2022
More than £60,000 but not more than £70,000	3	2
More than £70,000 but not more than £80,000	2	2
More than £100,000 but not more than £110,000	-	1
More than £120,000 but not more than £130,000	1	1

7. Interest receivable

	2023	2022
	£000s	£000s
Interest from bank deposits	18	5

8. Interest and financing costs

	2023	2022
	£000s	£000s
Interest payable on bank loans	534	409
Net interest expense on SHPS pension scheme	5	3
	539	412

9. Surplus on property disposal

	2023	2022
	£000s	£000s
Disposal proceeds	157	298
Carrying cost of the property	(43)	(87)
	114	211

There was no capital grant allocation that requires recycling.

10. Surplus for the year

	2023	2022
	£000s	£000s
The operating surplus is arrived at after charging:		
Depreciation of housing properties	944	916
Depreciation of other tangible fixed assets	226	206
Surplus on disposal of property, plant and equipment	114	211
Operating lease rentals:		
Land and buildings	473	458
Other leases	45	46
Auditor's remuneration (excluding VAT):		
Audit fees	31	25
Other services	3	3

11. Tangible fixed assets – housing properties and other fixed assets

	Housing properties	Properties under construction	Total housing properties	Furniture and equipment	Total
	£000s	£000s	£000s	£000s	£000s
Cost					
At 1 April 2022	59,777	632	60,409	1,552	61,961
Additions	2,273	1,255	3,528	132	3,660
Aborted costs	-	(103)	(103)	-	(103)
Works to existing properties.	401	-	401	-	401
Disposals	(210)	-	(210)	(17)	(227)
At 31 March 2023	**62,241**	**1,784**	**64,025**	**1,667**	**65,692**
Depreciation					
At 1 April 2022	8,543	-	8,543	601	9,144
Charges for the period	944	-	944	226	1,170
Disposals	(166)	-	(166)	(17)	(183)
At 31 March 2023	**9,321**	**-**	**9,321**	**810**	**10,131**
Net book value					
At 31 March 2023	**52,920**	**1,784**	**54,704**	**857**	**55,561**
At 31 March 2022	**51,234**	**632**	**51,866**	**951**	**52,817**

Housing properties book value, net of depreciation, comprises:

	2023	2022
	£000s	£000s
Freehold land and buildings	45,614	44,508
Long leasehold land and buildings	7,476	5,649
Short leasehold land and buildings	1,614	1,709
	54,704	51,866

12. Debtors

	2023	2022
	£000s	£000s
Due within one year		
Rent and service charges receivable	703	506
Less: provision for bad and doubtful debts	(503)	(409)
	200	97
Trade debtors	795	173
Other debtors	361	163
Prepayments and accrued income	478	385
	1,834	818

13. Cash and cash equivalents

	2023	2022
	£000s	£000s
Cash in bank and in hand	1,238	2,667

The cash balances include deposits to meet Transform's future working capital requirements.

14. Creditors: amounts falling due within one year

	Note	2023	2022
		£000s	£000s
Housing loans		460	360
Deferred grant income		235	221
Trade creditors		817	439
Loan interest due		69	107
Rent and service charges received in advance		233	555
Recycled capital grant fund		50	50
Capital accruals and retentions		65	8
Other creditors		395	507
Other taxation and social security		96	85
Other accruals and deferred income		374	251
		2,794	2,583

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

	Note	2023	2022
		£000s	£000s
Housing loans		12,836	13,248
Deferred grant income		15,034	13,040
Recycled capital grant fund		-	-
		27,870	26,288

16. Deferred grant income

	2023	2022
	£000s	£000s
Balance at 1 April	13,260	12,195
Grant received in the year	2,230	1,175
Grant transferred from Recycled Capital Grant Fund	-	103
Released to Statement of Comprehensive Income	(221)	(213)
Balance at 31 March	15,269	13,260

Deferred income to be released to the Statement of Comprehensive Income		
Amount to be released in **less than one year**	235	221
Amount to be released in **more than one year**	15,034	13,039
	15,269	13,260

The above summary excludes grants transferred through the merger and grants which have been written off to income; the total grants received to date in respect of properties owned are detailed in note 28.

17. Housing loan debt analysis

	2023	2022
	£000s	£000s
Due within **one year**	460	360
Due after **more than one year**		
Loan	12,980	13,440
Less: issue costs	(144)	(192)
	12,836	13,248
	13,296	13,608

We have the following loan facilities in place:

- Barclays Bank (Facility A) £5.9 million – fully drawn (2022 – fully drawn) (expires July 2029).
- Barclays Bank (Facility B) £6.5 million – fully drawn (2022 – fully drawn) (expires August 2025).
- Unity Trust Bank £7.5 million – £1.0 million drawn (2022 – £1.0 million drawn) (expires January 2031).

Repayment profile:

- Within one year: £460,000 (2022 – £360,000).
- One year or more but less than two years: £560,000 (2022 – £460,000).
- Two years or more but less than five years: by instalments of £1.8 million (2022 – £1.7 million) and bullet payment of Barclays Bank (Facility B) £6.5 million (2022 – £6.5 million).
- More than five years: £4.2 million (2022 – £4.8 million).

Of the drawn loan facility £10.0 million is on fixed interest rates and divided into several fixed-rate loan tranches with Barclays Bank. These tranches have different interest rates ranging from 1.4% to 5.5% and varying maturity dates. Once they mature all tranches revert to variable rates.

The remainder is comprised of floating rate loans, with interest that is based on SONIA (Barclays Bank) rate or the bank's base rate (Unity). The loan facilities are secured by fixed charges on a selected property portfolio. However, there are several other properties that are free from this charge and can be charged in the future to cover further borrowings, if required.

18. Recycled capital grant fund – Homes England

	2023	2022
	£000s	£000s
Balance at 1 April	50	153
Recycling of grants – new build	-	(103)
Grant repaid	-	-
Interest on grant fund	-	-
Balance at 31 March	50	50

	2023	2022
	£000s	£000s
Due within **one year**	50	50
Due after **more than one year**	-	-

19. Provisions for liabilities and charges

	2023	2022
	£000s	£000s
Balance at 1 April	-	182
Spend in the year	-	(164)
Release of provision	-	(18)
Increase in provision	-	-
Balance at 31 March	-	-

During 2022 dilapidation work at the Mill Street office and entrance doors at several schemes as recommended by the scheme Fire Risk Assessments were completed and the balance of the provision released. No further provisions were required in 2023.

20. Financial and other commitments

Capital expenditure commitments at the year-ends were as follows:

	2023	2022
	£000s	£000s
Expenditure contracted for but not provided in the Financial statements	525	420
Expenditure authorised by the Board but not yet contracted	-	3,085

The above commitments will be financed primarily through borrowings, which are available for drawdown under existing loan arrangements with the balance through social housing grant.

Leasing commitments

The future minimum lease payments are set out below.

	2023 Property £000s	2023 Others £000s	2022 Property £000s	2022 Others £000s
Within one year	448	11	460	26
Between one and five years	1,290	10	987	35
Over five years	844	-	873	-
At 31 March 2023	**2,582**	**21**	**2,320**	**61**

21. Social housing units

The number of housing units under management at the end of the period:

	2023 £000s	2022 Restated £000s
Supported housing units	798	793
Housing for older people units	113	112
Total owned and managed	911	905
Not owned but managed	30	30
	941	935

22. Notes to the statement of cash flow

	2023	2022 Restated
	£000s	£000s
Surplus for the year	**569**	**743**
Adjustments for non-cash items		
Surplus on disposal of property, plant and equipment	(114)	(211)
Depreciation of tangible fixed assets	1,170	1,122
Donation on merger	-	(684)
Amortisation of loan arrangement fee	48	33
	1,776	1,003
Movements in working capital		
(Increase)/decrease in debtors	(180)	712
Increase/(decrease) in creditors	78	(270)
	1,674	1,445
Adjustments for investing or financing activities		
Government grants amortised in the year	(221)	(213)
Aborted development costs	103	-
Pension costs less contributions	(36)	(41)
Interest payable	539	412
Interest received	(18)	(5)
Net cash generated from operating activities	1,938	1,598

23. Analysis of changes in net debt

	At 1 April 2022	Cash flow	Non-cash changes	Total
	£000s	£000s	£000s	£000s
Housing loans				
Due in less than one year	360	(360)	460	460
Due after more than one year	13,248	-	(412)	12,836
	13,608	(360)	48	13,296
Cash at bank and in hand	(2,667)	1,429	-	(1,238)
At 31 March 2023	**10,941**	**1,069**	**48**	**12,058**

24. Social Housing Pension Scheme (SHPS)

Transform participates in SHPS, a multi-employer pension scheme which provides benefits to non-associated participating employers. The scheme is classed as a defined benefits scheme in the UK. The scheme is classed as a 'last man standing' arrangement. Therefore, Transform is potentially liable for other participating employers' obligation if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

The most recent formal actuarial valuation was completed as at 30 September 2021 and rolled forward, allowing for the different financial assumptions required under FRS 102, to 31 March 2023 by a qualified independent actuary.

The net defined benefit liability at the year ended 31 March 2023 is £195k (2022: £203k). We have been notified by the Trustee of the scheme that it has performed a review of the changes to the scheme's benefits over the years and the result is that there is uncertainty surrounding some of these changes. The Trustee has been advised to seek clarification from the court on these items. This process is ongoing and the matter is unlikely to be resolved before the end of 2024 at the earliest. It is recognised that this could potentially impact the value of scheme liabilities, but until court directions are received, it is not possible to calculate the impact of this issue, particularly on an individual employer basis, with any accuracy at this time. No adjustment has been made in these financial statements in respect of this potential issue.

Present value of defined benefit obligation

	31 March 2023	31 March 2022
	£000s	£000s
Fair value of plan assets	808	1,096
Present value of the scheme liabilities	1,003	1,299
Deficit in plan	(195)	(203)
Defined benefit liabilities to be recognised	(195)	(203)

Reconciliation of the opening and closing present value of scheme liabilities

	2023	2022
	£000s	£000s
Opening Scheme liability	1,299	1,395
Expenses	3	3
Interest expense	35	28
Actuarial (losses)/gains	(279)	(75)
Net benefits paid	(55)	(52)
Closing scheme liability	1,003	1,299

Reconciliation of the opening and closing balances of the fair value of the plan assets

	2023	2022
	£000s	£000s
Opening fair value of the plan assets	1,096	1,236
Interest income	30	25
Return on plan assets	(302)	(156)
Contributions by the employer	39	43
Benefits paid	(55)	(52)
Fair value of assets	808	1,096

The actual return on plan assets (including any changes in share assets) over the period from 31 March 2022 to 31 March 2023 was £272,000.

Amounts recognised in the surplus

	2023	2022
	£000s	£000s
Amounts charged to operating costs	3	3
Amounts charged to interest costs	5	3
Total charge for the year	8	6

Defined benefits costs recognised in the other comprehensive income

	2023	2022
	£000s	£000s
Experience to plan assets (excluding amounts included in net interest cost) – gain (loss)	(302)	(156)
Experience gains and losses arising on plan liabilities – gain (loss)	(28)	(18)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – gain (loss)	3	24)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – gain (loss)	304	69
Total amount recognised in other comprehensive income – gain (loss)	**(23)**	**(81)**

Principal actuarial assumptions: Financial assumptions

	31 March 2023	31 March 2022
	% per Annum	% per Annum
Discount rate	4.90	2.78
Future salary increase	3.21	3.77
Inflation (RPI)	2.67	3.28
Inflation (CPI)	3.67	4.28
Allowance for commutation of pension for cash at retirement	75% of max. allowance	75% of max. allowance

Mortality assumptions

	31 March 2023	31 March 2022
	Life expectancy at age of 65 years	
Male retiring in 2023	21.0	21.1
Female retiring in 2023	23.4	23.7
Male retiring in 2043	22.2	22.4
Female retiring in 2043	24.9	25.2

Analysis of pension scheme assets

	31 March 2023	31 March 2022
	£000s	£000s
Global equity	15	210
Absolute return	9	44
Destressed opportunities	24	39
Credit relative values	31	36
Alternative risk premia	2	36
Hedge fund funds	-	-
Emerging markets debts	4	32
Risk sharing	59	36
Insurance linked securities	20	26
Property	35	30
Infrastructure	92	78
Private debt	36	28
Opportunistic illiquid credit	35	37
High yield	3	9
Opportunistic credit	-	4
Cash	6	4
Corporate bond fund	-	73
Liquid credit	-	-
Long lease property	24	28
Secured income	37	41
Liability driven investments	372	306
Currency Hedging	2	(4)
Net current assets	2	3
	808	**1,096**

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

25. Fundraising activities

We receive fundraising income from individuals, companies and trusts and, below, we report performance on a cash basis. Based on the accounting policy, fundraising income is usually recognised in the financial statements on a receivable basis.

	2023	2022
	£000s	£000s
Fundraising cash generated		
Fundraising cash	335	142
Fundraising costs		
Salary costs	44	57
Other costs	60	21
	104	78
Net fundraising contributions	231	64
Return on investment (ROI)	**3.22**	1.82
Fundraising cost ratio	**31%**	**55%**
Allocation of funds		
Capital projects		
Redhill modular development	43	-
Revenue projects		
For specific client groups/projects	292	142
Total fundraising cash allocation	**335**	142

26. Share capital

Transform is limited by guarantee and therefore has no share capital. Each member (see numbers below) agrees to contribute £5 in the event of the organisation winding up.

Number of members	2023	2022
	No	No
At 1 April	23	23
Joining during the year	2	1
Leaving during the year	(3)	(1)
At 31 March	22	23

27. Related party transactions

The members of the Board and Executive Team are considered related parties as defined by FRS 102. Transform retains a register of members' interests. We can confirm that we do not have any transactions that require disclosure.

28. Government grants

Government grants are Social Housing Grants and other grants received to enable us to acquire properties for social housing use. Should the properties to which the grants relate ceases to be used for social housing, the grants may be repayable in full.

Total grants received:	2023	2022
	£000s	£000s
Grants credited to the income statement or arising on merger/acquisition	9,959	9,738
Deferred grants (note 16)	15,269	13,260
	25,228	22,998

29. Taxation status

Transform is a registered charity and as such is exempt from taxation on its charitable activities.

30. Donation of WVHA net assets

WVHA transferred all its assets and liabilities as at 1 April 2021 to Transform, through a transfer of engagement. The fair values of the housing properties were based on existing use value for social housing. The valuations were undertaken by Savills.

	Book value	Restated to fair value	Fair value to Transform
	£000s	£000s	£000s
Housing property	462	85	547
Debtors	7	-	7
Short-term liabilities	(12)	-	(12)
Cash	176	-	176
	633	**85**	**718**
Less: merger costs			(34)
			684

If you would like this document in another format please contact us

Transform Housing & Support
Bradmere House
Brook Way
Leatherhead
Surrey KT22 7NA
01372 387100
www.transformhousing.org.uk
info@transformhousing.org.uk

Registered with FUNDRAISING REGULATOR

TRANSFORM HOUSING & SUPPORT

England & Wales - Charity number 264133

Accounts

transform
housing & support



Financial statements 31 March 2022

TRANSFORMING LIVES
EST 1972
FOR OVER 50 YEARS

Company Secretary

Ratna Sukumaran
(to 24 February 2022)

Mandy Arnold
(from 25 February 2022)

Registered office

Transform Housing & Support
Bradmere House
Brook Way
Leatherhead
Surrey, KT22 7NA

01372 387100

www.transformhousing.org.uk

info@transformhousing.org.uk

Registrations

Registered charity: 264133

Company limited by guarantee registered in England and Wales: 01057984

Registered provider of social housing: H2452

CQC registered: 1-2756361790
(de-registered May 2021)

Auditor

CLA Evelyn Partners Limited
(formerly Nexia Smith & Williamson)
Onslow House
Onslow Street
Guildford
Surrey GU1 4TZ

Principal solicitors

Devonshires Solicitors LLP
30 Finsbury Circus
London EC2M 7DT

Banker

Barclays Bank PLC
1 Churchill Place
Canary Wharf
London E14 5HP

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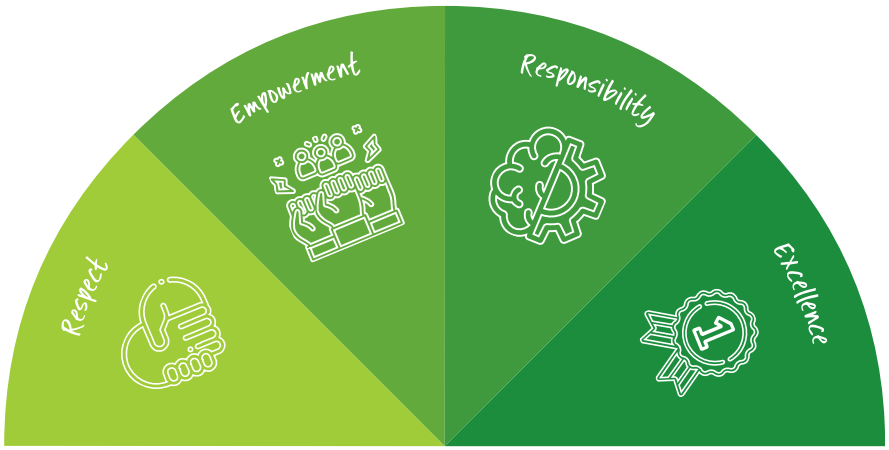
About Transform Housing & Support

Our purpose

As a social housing provider, Transform supports more than 1,800 people each year to grow their skills, gain independence and achieve their goals. Established in 1972, we cover Surrey, parts of south-west London, Berkshire and West Sussex. During the past 50 years we have supported more than 30,000 clients.

Our vision and values

Transform has ambitious plans and we intend to continue to strengthen our activity and grow to support more clients in the future. Our services are needed now more than ever as Covid has exacerbated the adversities already faced by many people. These include insecure housing, poverty, discrimination, stigma, exclusion and inequality. As well as providing homes for individuals, we aim to empower them to live happier, healthier and more fulfilling lives. Our ultimate vision is to work with partners towards eradicating homelessness.





The Board of Trustees

Mark Austen FCMA

Oliver Smedley FCMA

Jane Bolton BA (Hons) FCIH

Julie Bradley

Chris Deacon BSc (Hons) MSc

Natalia Kolotneva MSc MRICS (appointed July 2021)

Paul Rees MA FCA

Michael Ryan

Katie Wadey

Executive team

Lawrence Santcross
Chief Executive

Simone Bartley
Director of People
(redesignated as Director of Corporate Services from March 2022)

Adele Duncan
Director of Client Services

Michael O'Brien
Director of Asset Management & Capital Development

Ratna Sukumaran
Director of Finance & Resources
(to April 2022)

Edith Parker
Interim Director of Finance
(from April 2022)

Anita Gupta
Head of External Affairs & Communications

Mandy Arnold
Head of Governance & Assurance
(From February 2022)

Caroline Felton
Executive Assistant
(From May 2022)

Patrons

Royal Patron
HRH The Countess of Wessex GCVO DStJ CD

The Rt Hon Baroness Bottomley of Nettlestone PC DL

Michael More-Molyneux, HM Lord-Lieutenant of Surrey

Professor Patrick J Dowling CBE DL FREng FRS

Dame Penelope Keith DBE DL

David Hypher OBE DL (Hons)

Elizabeth Kennedy FCIPD

Prof G. Q. Max Lu AO, DL, FREng, FAA, FTSE, FIChemE, FRSC, FCAS, FNAI, President and Vice-Chancellor, University of Surrey

Gavin Stephens QPM, Chief Constable, Surrey Police

Sir Richard Stilgoe OBE DL

Sally Varah MBE DL

The Rt Revd Andrew Watson, Bishop of Guildford

Ambassadors

Dame Elizabeth Anson DBE JP DL

His Hon Christopher Critchlow DL

Desmond McCann BA FCA

David McNulty PhD

Greg Melly

Lesley Myles MBE JP DL MA

Kim Rippett

The Hon Mrs Lavinia Sealy DL

Bernard Stevens FCA FCMA

Lady Elizabeth Toulson CBE DL

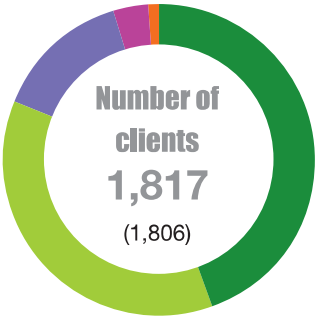
Paul Wates FRICS

Cllr Fiona White

Malcolm Young FRICS

Highlights, facts and figures 2021/22

Previous year's figures in brackets



Housing and support	810 (796)
Floating support[1]	665 (391)
Housing management only	258 (305)
Sheltered housing	68 (73)
Cabins	16 (26)
Homecare (sold 28 February 2021)	0 (180)
Extra care (sold 28 February 2021)	0 (35)

Units of accommodation

935
(965)

Financial performance

Underlying operating margin.

2.4%
(7.2%[2])

Client outcomes

89% of the 440 clients who moved on did so in a positive, planned way (86%)

Client satisfaction

A new client satisfaction survey methodology was introduced this year. See page 10 for further details.

83.7% average overall satisfaction score

8.8/10 average score for ease of dealing with Transform

8.7/10 average score on clients' trust in Transform

Transform people

137 Average number of colleagues (headcount) (195 – reduction due to sale of care services)

Colleague satisfaction

Our colleague wellbeing survey found:

90% of Transform colleagues say their work has brought them joy

74% say they can influence decisions that are important in their work

81% feel encouraged to talk to their line manager about their own personal mental health

1. Floating support
2. Figure restated for 2021 from 8.6% (see page 72 for details)

What clients say

























Transform's Chair reflects on 2021/22

Summary

This year has seen Transform sail out of the choppy Covid waters of the past two years and, as we are about to enter our sixth decade of transforming lives – steer purposefully towards the future.

The pandemic has certainly changed how we use technology, our working patterns and health and safety procedures. What it has not affected however, is Transform's fundamental purpose. First established in 1972, we provide exemplary support for clients enabling them to turn their lives around and achieve their ambitions. This year, we supported 1,817 people to do just that.

While navigating the 'new normal', Transform made several stops on the way towards our 50th anniversary destination. We started the year by merging with a small housing association in Guildford. Later, we saw development of our Housing First services, won new service contracts and were successful in renewing existing contracts.

Other highlights during the year include being shortlisted for a 2021 UK Housing Award in the 'Best Supported Housing Landlord' category, creating our new Client engagement strategy and receiving funding to help provide additional wellbeing support for colleagues. In the autumn, we held a conference bringing colleagues together for the first time since Covid and hosted a visit from our royal patron, HRH The Countess of Wessex. The New Year 2022 saw us reflecting on the impact Transform has had since it launched as we began a year of celebrating 50 years of Transform.

Living with Covid

As the UK came out of lockdown, Transform continued to keep a tight focus on the health, safety and wellbeing of clients and colleagues. Covid has taught us valuable lessons about the importance of having plans in place to identify and effectively handle any risks. It has underlined the importance of empowering staff to be inventive in changing their response to any potential crisis.

Colleague wellbeing

At the same time as Covid restrictions were loosened, the cost of living, including fuel and energy, began to rise dramatically. We are acutely aware of the impact this has had on the financial and mental wellbeing of teams, as well as clients.

As Trustees we have been impressed by the dedication and loyalty shown by all our colleagues, even when coping with their own setbacks. The Board has a strong commitment to do everything we can to support them and we received a boost for this activity when the Community Foundation for Surrey awarded us a grant to appoint a Wellbeing Lead to build on and expand our colleague wellbeing programme. A wellbeing review was carried out and a plan is being developed.

Leadership development

To help strengthen levels of colleague engagement and development, we rolled out a well-received, nine-month bespoke leadership development programme for all managers and senior leaders.

Keeping current

We have been reminded several times recently of the importance of keeping up to date with, or even ahead of, the regulatory requirements for our sector. For example, we have monitored very carefully the new requirements prompted by the Grenfell Tower disaster to ensure we meet the more stringent standards which has required significant investment. In common with others, we have had some challenges with interpreting and applying the complex calculations involved in compliance with the rent standard particularly on properties that became part of our portfolio through merger or acquisition. We are taking an in-depth look at our whole property portfolio and will need to reshape it to meet the needs of a more sustainable future.

Guildford footprint increased

On 1 April 2021, Transform merged with Guildford-based Wey Valley Housing Association (WVHA). The merger involved the transfer of two properties and two members of staff to Transform. WVHA had been supporting 11 residents who had, or were recovering from, long-term mental health issues. We were pleased to be able to provide security for these clients as well as to slightly extend our mental health support provision in Guildford. We continue to look for further suitable opportunities for expansion.

Business development

Thanks in large part to support from local boroughs, districts and Homes England, we have been able to develop and grow our Housing First services. These are critical in addressing the complex reasons for homelessness. Homes England also provided funding for us to acquire an additional move-on property in Elmbridge. Transform successfully re-tendered and expanded the Surrey County Council Young People's Accommodation and Support contract and Crawley Borough Council's Temporary Housing Support contract. I would like to warmly thank Surrey County Council, our local authority partners and Homes England for their backing, without which we could not have enabled so many people to gain their independence.

We were also delighted that our bids to the Government's Rough Sleeper Accommodation Programme were successful this year. Over a period,

these will enable us to acquire nine new, one-bedroom flats including support for these clients (we have purchased the first of these this year).

In addition, we secured contracts for the provision of support services to 10 people living in Runnymede and Surrey Heath and have also negotiated for a continuation of a contract with the Office of the Police & Crime Commissioner in Surrey for the continued provision of support for clients with a history of offending.

Investment

During the year, Transform invested £2.8m (2021: £2.6m) in existing and new homes in line with our strategic plans and continued to focus on developing more homes for clients.

A royal visit

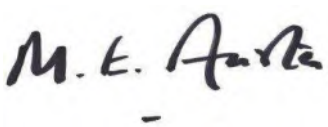
There was much excitement on 18 November when Her Royal Highness The Countess of Wessex paid a visit to our Elmbridge team. The Countess, who has been Transform's Royal Patron for more than 16 years, talked to clients and colleagues while making pizza and playing games. She praised Transform colleagues for their tremendous efforts supporting clients, especially during the Covid pandemic.

Transforming lives for 50 years

January saw the beginning of Transform's 50th anniversary celebrations. In 1972, Surrey Community Development Trust (Transform's original name) was founded to provide accommodation for people with a history of offending, helping them build a life away from crime. An energetic probation officer, Bruce Pearce, became the charity's first director and his team set up hostels in Farnham, Reigate, Epsom, Milford, Guildford and Woking. Five decades on after he founded the organisation, Transform has supported more than 30,000 people across Surrey and surrounding areas. Since January, we have been looking back at individual success stories but also reflecting that sadly, our services are needed as much today as in the early days of the 1970s. We will continue to forge ahead working with our partners in a bid to reduce homelessness and give individuals the support they need.

And finally...

In this, my 5th year as Transform Chair, I have been once again filled with pride at what we have accomplished. I and our Trustees would like to extend a massive 'thank you' both to our colleagues as well as every individual and organisation who has funded and supported us this year – we could not have achieved what we have without you. I am looking forward to being involved in the 50th anniversary celebrations and I am certain that the future will be positive for clients, our great colleagues and Transform.



Mark Austen
Chair
27 July 2022



> "As Trustees we have been impressed by the dedication and loyalty shown by all our colleagues, even when coping with their own setbacks."
>
> **Mark Austen**



Strategic report

Key strategic achievements – 2021/22

Previous year's figures in brackets

Clients



- Provided support for 1,817 people (1,806).
- 89% of clients who moved on from our services did so in a planned way (86%).
- Developed and launched a new, co-produced client engagement strategy.
- Created a new opportunity for people with lived experience to participate in our Client Experience & Impact Committee.
- Received £42,500 from Surrey County Council from the Household Support Fund for clients experiencing financial hardship – 200 applications were approved, and funds distributed.

People



- Rolled out a nine-month Transform-wide leadership development programme for line managers, alongside a senior leadership programme.
- Reviewed activity and broadened membership of the staff forum to give colleagues a stronger voice.
- Secured a Community Foundation for Surrey grant for a Wellbeing Lead, carried out a wellbeing review and created an ambitious action plan.
- Ran a well-received staff conference bringing all staff together for the first time since before Covid.
- Continued to deliver staff recruitment in a very challenging labour market.

Growth and funding



- Merged with WVHA acquiring two new properties and welcoming two colleagues who will continue to support 11 clients with long-term mental health issues.
- Delivered:
  - move-on accommodation with support in two, one-bedroom flats
  - next Steps Programme – four, one-bedroom flats
  - Rough Sleepers Accommodation Programme – purchased one, one-bedroom flat
  - recycled grant from London Borough of Sutton to purchase a one, one-bedroom flat.
- Retained and expanded Surrey County Council Young People's Accommodation and Support contract.
- Successfully retendered the Crawley Borough Council Temporary Housing Support contract.
- Moved to a new office in Reigate.
- Fundraised £142,388 in a challenging post-Covid environment (this includes £42,500 as mentioned earlier from Surrey County Council from the Household Support Fund).

Transform wide



- Shortlisted for a 2021 UK Housing Award in the 'Best Supported Housing Landlord' category.
- Enhanced health and safety procedures and compliance.
- Completed a comprehensive stock condition survey and incorporated resulting actions into our long-term business plan.
- Continued to enhance the IT facilities at Transform including migration to Office 365.
- Created new risk management processes and safe systems of work.

"I have been very difficult at times and they have always supported me. I am now in the best place I've ever been."

Transform client

Client engagement and feedback

Client engagement strategy

The main focus of client engagement activity this year has been to research, create and begin to roll out our new Client engagement strategy – which has been co-created with Transform clients.

Purpose of the strategy

The overarching purpose of our new 2022/24 Client engagement strategy is to:

- positively and effectively engage with clients so their voices influence our decision-making
- enable us to enhance and continually improve our services to make us better and more effective in what we deliver to meet client needs and aspirations
- to satisfy our regulators and commissioners to ensure we deliver best practice in client engagement.

There were three key areas identified in consultation with clients, these fit under Transform's corporate strategic priority relating to client experience. It states that we will 'improve, innovate, and develop housing and support services, increase the volume and diversity of client engagement, use technology wherever it can add value and consistently maintain property assets to a high standard.'

In the strategy we detail best practice and our regulatory requirements in relation to client engagement. We have added the new tenant satisfaction measures being introduced by the Regulator of Social Housing (RSH) in April 2023. These are a range of key performance indicators (KPIs) which will form part of our own two-year action plan.

Client engagement strategy summary

Local
Ensuring person-centred and strength based services for all clients via a range of opportunities including support planning and keywork; house meetings and complaints and compliments.

Client Forum
A well established group with a core of clients regularly attending – the Client Forum plays a lead role in a number of key areas such as policy review work; development of training modules for clients; client handbook production and review.

Organisational
Ensuring voices of clients enable us to improve and enhance our local services with involvement in policy development work, membership of Client Experience & Impact Committee and client satisfaction surveys



TLF are leading UK specialists in customer experience measurement and research, with a proven track record of improving organisations' customer satisfaction and loyalty.

Lived experience engagement

We recognise that people with lived experience can provide invaluable insight into how our activity impacts them and also how new services could affect future clients.

To this end, we developed a way for current and/or former clients to be involved in Transform's strategic planning which would enable current or former Transform clients to participate in our Client Experience & Impact Committee. In April 2022 two people (one current and one former client) took up this opportunity. We will review how this works so we can ensure it is beneficial both for clients and Transform.

Feedback – client satisfaction

As part of our commitment to continually improve the service we provide to clients, we reviewed how Transform has been obtaining client satisfaction feedback. This exercise was carried out to provide greater insight into the things that matter most to clients and enable us to best meet their needs and aspirations.

We took the decision to trial a more comprehensive survey and partnered with The Leadership Factor Research (TLF). TLF carried out in-depth interviews with a selection of clients to ascertain what they felt was important to clients. TLF then designed and delivered a new satisfaction survey in line with this feedback.

Research methods

The research was conducted between January and March 2022 using a two-phased approach:

1. Qualitative to 'explore and understand'

- Overall objective – to understand what was important to clients and to use this information to develop the main survey design.
- In-depth telephone interviews with a selection of clients.

2. Quantitative 'measure and track':

- A web-based survey delivered by email and text message.
- 134 surveys were completed.
- The survey was designed to reveal what is most important to clients.
- It also pinpointed what clients are most/least satisfied with in terms of meeting their needs.
- The findings helped identify Transform's priorities for improvement.



Key findings summary

Client satisfaction index

The survey identified an 83.7% average overall satisfaction score. Nearly two thirds of respondents scored Transform either 9 or 10 out of 10 for overall satisfaction – this puts us in the top quartile when benchmarked against other housing associations surveyed by TLF.

Ease of dealing with Transform

Transform achieved an average score of 8.8 out of 10 for how easy we are to deal with – placing us in the top quartile score when benchmarked against other organisations surveyed by TLF.

Trust

In terms of clients' trust in Transform, an 8.7 out of 10 average score was identified with 71.4% of the responders scoring either 9 or 10 out of 10 when asked if they trusted Transform totally (this measure is not benchmarked by TLF).

Client needs (importance)

The most important aspect of Transform's services to clients that the survey identified were:

- safety
- security
- helpfulness

Client needs (satisfaction)

- Clients are most satisfied with the helpfulness of Transform staff.
- Clients are least satisfied with the speed of completing repairs.

Priorities for further improvement:

- safety and security
- effective handling of repairs and issues
- speed of resolution of repairs and issues

Please note that due to the use of a new methodology to compile this year's client satisfaction survey, it is not possible to compare the results from this survey with those from previous years.

Feedback – complaints

Two years ago, the Housing Ombudsman Service published a Complaint Handling Code which set out good practice in how landlords responded to complaints effectively and fairly. The Board approved Transform's updated complaints policy, which is in line with the new requirements. We carry out an annual self-assessment and for 2021/22 we are fully compliant.

As part of our commitment to continual improvement, we value the opportunity to learn from complaints to help us get things right next time.
In addition to resolving the individual complaints, we keep thorough records and take action across our services, where necessary.

This year, we expanded the data we collected to give us a more comprehensive picture and assist us with preventing future complaints. Information compiled now includes:

- the source of the complaint
- the demographics linked to the complainant
- the nature of the complaint
- the support needs of the complainant
- the stage the complaint reached
- whether the complaint was dealt with on time
- the satisfaction of the complainant
- the housing type
- learning points.

In 2021/22, Transform handled a total of 23 formal complaints (2021:18). No complaints were referred to the Housing Ombudsman during the year. This number of reported complaints is approximately in line with the past two years.

Of the 23 complaints recorded, more than half (14) were made by clients, 21 were dealt with at stage one of the complaints process and two were raised to stage two. Among the 23 complainants, 19 were satisfied with the outcome of their complaint and we are liaising with the remaining four.

Similarly, to 2020/21, more than half the complaints related to noise and/or anti-social behaviour. We believe this is due to several reasons including a rise in issues stemming from post-pandemic challenges, the increasing cost of living and other social and economic factors.

Transform is considering all learning points arising from complaints and is working closely with colleagues, clients and community partners to carry out actions to reduce and mitigate future complaints.





Transforming a life: Hilary’s story

Before my accident I lived up north. I had a tutoring job, good-ish income, and a couple of horses. I decided to move down to this neck of the woods, sold my house and got this tiny little percentage of an ISA, which was going to be my down payment for a place here. That was until I had a crashing fall off my horse and smashed my leg.

The medical staff fixed the leg fine but didn’t accept that I had a complicated autoimmune condition. I’ve got Addison’s Disease, so I need medication to survive general anaesthesia. The staff said they had arranged it, but just as I went under, I heard them say a type of steroid which I know isn’t right for Addison’s. I went down thinking, “This is how it ends.”

After the surgery, I couldn’t come to and was desperately trying to claw myself out of unconsciousness. The long and short is that I got really ill. I lost 12 kilos in a week, was evicted from my hospital bed, and told to pay for my own accommodation.

Nobody discussed money with me or anything and I had no idea how much I needed to have in the bank to sustain these living arrangements. I moved from hotel to hotel and ended up in a touring caravan, which cost me £20 a night. By that time, my money had run out. I’d gone from having around £18k in the bank to living out of my overdraft, so I was stuck there. It was a nightmare.

I was confused and living in chaos, not because I’m a chaotic person but because my back was against the wall. The only income I could get was from tutoring, so I was driving around the place while still being ill every other day. Eventually someone put me in touch with Transform and I accessed their drop-in service, where I met my keyworker.

There are times when you think, “I haven’t got the energy to do this anymore” and with Addison’s, if you haven’t got the energy, you just go to sleep and you don’t wake up and everybody thinks, “Oh, she died of an Addison’s crash.” You can manipulate it if you want to and there were times when I honestly got that close, but my keyworker was always popping up and sorting me out.

He helped me apply for housing benefits and I was able to move into a static caravan, which I absolutely love. It’s got a little bathroom which is easy to clean, hot water, and a bedroom with a king-size bed. I’ve even got a washing machine in my shed – I think I actually cried when I got it.

Transform also put me in touch with a charity called The Cowshed, who bought me a second-hand wood burning stove and paid for it to be fitted. With the extra money coming in from the benefits, I’m able to keep the gas on and go online, so I can teach virtually.

Now I feel positive about life; little things come along, and they don’t floor me anymore. Recently my car needed to go in for servicing, which cost a fortune. Then the leccy went out, and that with the bill for the car would have absolutely unglued me before. But I was able to take stock and remember that you can’t expect things to be perfect – you’ve got to let them be good enough.

Transform has never made me feel like I was a customer. I’m not treated like a cold thing, an item or a statistic. I’m treated like a real human being and given the confidence to go on, to survive, and to achieve.

Hilary's keyworker

My initial contact with Hilary was a bit bizarre because we met in the middle of the Coronavirus pandemic, so it wasn't face-to-face. She was very down beaten and had spent four or five years living in a touring caravan in ill-health.

People who live in touring caravans are not allowed to stay in one park for more than 28 days. She was forced to move out and live in a field for a few days before going back to the park so that she wasn't breaking any laws. It was tough and she just didn't know where to turn.
She had previously been misadvised by different services, which meant she never got the support she needed. How she could have been living in that tiny little touring caravan through winters is beyond me – it makes me sad.

Hilary can find it challenging to do things when she's ill or tired, so there was a lot of me ringing her up going, "Come on Hilary, we've got to do this!" We got the housing benefits done in the end and she was able to move into her new place.

Seeing her move in was a stand-out moment for me because I don't think she realised that she was homeless before. She was getting older, and she was homeless, and I don't think she fully took that on board.

Now she's got her allotment, a garden, and a little dog – sounds idyllic to be honest. She's doing a lot of pro bono teaching online in subjects like maths and English, and she's said she'd be happy to do that for some of our clients too. I might just take her up on that offer!



Financial performance

Summary

Despite a number of national and local challenges this year, we have continued to focus on ensuring our financial performance supports the delivery of excellent services to clients. Transform is grateful for the incredible teamwork and commitment of colleagues across the organisation which has led to 83.7% of Transform clients being satisfied with our services.

In common with other UK organisations, Transform's financial performance has been affected during this year by the challenging operating environment and uncertain economy. This impact has been exacerbated by a number of factors. These include increased fire and safety regulatory costs, continued planned investment in asset management and IT infrastructure, along with higher operational staff costs generated by essential Covid-management activities. These factors have increased our overall management and planned maintenance costs for this year.

However, drawing on our strong track record and financial stability, we have successfully navigated these challenges to achieve a turnover of £10.6m (2021: £12.2m[2]) and operating costs of £10.3m (2021: £11.3m[2]). This gives us an underlying operating surplus of £255,000 (2021: £880,000[2]).

Surplus

Transform generated an overall surplus of £662,000 for the year ending 31 March 2022 (2021: £4.1m[2]). The operating surplus to 31 March 2022 was £1.2m (2021: £4.6m[2]). These figures included the £684,000 gift from the merger with WVHA and £211,000 from the sale of Transform's Chaldon Road properties.

Last year's overall surplus was £3.4m higher than this year's, mainly due to the merger with Reigate Quaker Housing Association (RQHA) which accounted for £3.6m of the £4.1m overall surplus.

We also generated an additional £98,000 of surplus last year following the strategic decision to sell the care services, which completed on 28 February 2021 (the financial performance of the care services up to the date of sale was shown in last year's accounts as 'discontinued operations').

Rent and pension adjustments

Following a review of Transform's rent setting approach, errors were identified in the calculation of formula rents, between 2016 and 2022. This affected the rents set for some tenancies during that period. In addition, while carrying out a compliance review of Transform's pension arrangements, we became aware of an error in the way employee pension contributions had been processed resulting in too much tax relief being applied.

As soon as these errors were identified, Transform corrected them and undertook full investigations into how they occurred. We have been working closely with our Board to ensure that the system of management control is appropriate for the needs of the organisation.

Investment in properties

During the year, Transform invested £2.8m (2021: £2.6m) in existing and new homes in line with the organisation's strategic plans and continued focus on developing more homes for clients.

Liabilities and balance sheet

The balance sheet summary broadly shows fixed assets of £52.8m, with eight units of accommodation being added during 2021/22 through acquisition and a further 11 through the merger with WVHA. The total number of units owned by Transform increased from 900 to 905 during 2021/22. However, the overall total of managed units went down. This was because the number of properties we manage but do not own, decreased from 65 to 30 when we handed back the management of an extra care scheme (following the sale of the care services). We also disposed of some properties and converted others into two-bedroom flats.

In addition, the total assets – less current liabilities – was £53.7m, (2021: £52.0m). This comprised of:

- Social Housing Pension Scheme Defined Benefit (SHPS DB) liability[3] of £0.2m
- provisions of nil (2021: £0.2m)
- £13.3m (2021: £13.1m) loans
- £13.0m (2021: £12.0m) unamortised grants
- £27.2m (2021: £26.5m) of reserves.

The balance sheet reflects satisfactory performance which meets our loan covenant requirements. The cash balance stands at £2.7m (2021: £2.6m) which provides a substantial buffer to manage short-term cash flow pressures.

2. All figures restated, see Note 31 on page 72.

3. SHPS DB liability is the shortfall of the value of the assets in the scheme once the costs of administering it have been taken into account.

Capital structure and treasury

As at March 2022, Transform had a secured loan facility of £20.3m of which £13.8m has been drawn. Based on the current development programme, the remaining loan facility is sufficient to fund future investments for the next couple of years. Of the outstanding loan balance, approximately 83% is now on a fixed-rate basis protecting Transform against increases and fluctuations in interest rates. Our weighted average cost of capital is 2.7% (2021: 2.4%).

Accounting policies

These financial statements have been prepared in accordance with all applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. (United Kingdom Generally Accepted Accounting Practice).

Reserve policy

The Board regularly reviews and updates our reserve policy and the reserve balance. At year end this was £27.2m (2021: £26.5m). The merger gift from WVHA increased the reserves.

Transform holds reserves for the following purposes:

- Working capital.
- To mitigate operational risks such as pandemics; staffing shortages; remedial asset management work; property fire damage or contract termination.
- To protect against any income fluctuations which may arise.
- To smooth the financial impact of property transactions.

We hold three types of reserves:

- Restricted reserves – funds received from donors for restricted purposes.
- General reserves – invested in property, generated through normal operations used for asset investment purposes.
- Free reserves – generated from normal operations and invested in future activities benefitting clients.

As of March 2022, our free reserves amounted to circa £984,000, this exceeded our target of £500,000, providing an operational buffer in managing any unexpected operational risks

Going concern

The Board has reviewed our latest financial forecasts incorporating the necessary investment in existing and new stock to meet all our commitments. Trustees are, to the best of their knowledge, satisfied that the covenant compliance will be maintained throughout the period of the plan and have adequately stress-tested this.

After making enquiries, the Board has a reasonable expectation that Transform has adequate resources to continue to operate for at least 12 months from the date of approval of the financial statements. Therefore, the Board believes that Transform is well-placed to manage its risks successfully. For this reason, we continue to adopt the going concern basis in preparing the financial statements.

Fundraising

Through our fundraising we aim to positively change the lives of homeless and vulnerable people. Last year, we generated £142,388 (2021: £110,000) income through fundraising from a range of trusts, foundations, corporates, community organisations and individuals. We have also received many donations in kind during the year including food and clothing. Transform would like to thank all of our donors and volunteers for their continued support.



The Decent Homes Standard is a technical standard for public housing introduced by the United Kingdom Government.

Asset management, maintenance and repairs

Previous year's figures in brackets

Home improvements

In 2021/22 we spent £2.0m (£2.0m) on maintaining our properties (revenue and capital maintenance) including:

- refurbishing 107 flats prior to occupation by new clients
- refurbishing 109 rooms in shared accommodation prior to occupation by new clients
- replacing and updating 15 bathrooms
- replacing and updating 16 kitchens
- replacing and updating boilers for 36 homes
- replacing entrance doors on 100 flats with new fire doors
- taking over responsibility for delivering grounds maintenance services (previously outsourced to a private contractor).

Responsive repairs

During the year we completed 5,150 responsive repairs (4,030) of which 72% (74%) were delivered by our in-house maintenance team.

Despite the challenges presented by Covid lockdown periods and shortages of some materials, more than 95% (94%) of responsive repairs were completed within target.

Repair type	Target	Completed within target
Emergency – within 24 hours	100%	96% (94%)
Urgent – within five working days	95%	96% (96%)
Essential – within 20 working days	97%	98% (98%)
Routine – within 30 working days	97%	95% (97%)

Decent Homes Standard

Of our 935 homes,17 did not comply with the Decent Homes Standard. All 17 are unoccupied and are waiting redevelopment or disposal.

Sustainability

Transform is committed to reducing carbon emissions in our offices and clients' homes. We have achieved an average energy efficiency rating at Energy Performance Certificate (EPC) Band C.

To achieve the Government's sustainability targets for social housing, we aim to have all our properties at EPC Band C by 2030 and at net zero carbon by 2050. As well as helping to address climate change and protect the planet, there are significant benefits to clients from living in energy-efficient homes.

These targets require a significant capital commitment both for retrofitting existing properties and for ensuring new developments meet these standards. These commitments are factored into our asset management strategy and long-term business plan.

During the stock condition survey carried out last year, it was noted that:

- 97% of Transform sheltered housing flats are achieving EPC Band C or above
- 32% of properties with multiple occupancy are achieving EPC Band C or above
- 78% of independent living (move-on) properties are achieving EPC Band C or above.

Work has begun to scope out and design our sustainability strategy so it is aligned with the Sustainability Reporting Standard for Social Housing.

Our headline sustainability objectives include:

- Reducing the carbon footprint of housing stock to achieve net zero.
- Reducing our operations' carbon output.
- Prioritising improvements for properties with poor energy efficiency ratings.
- Designing measures and finding the best solutions to improve the thermal performance and energy efficiency of our buildings for the benefit of clients.
- Promoting smart metering and energy saving to reduce consumption.
- Assessing environmental impacts.
- Supporting sustainability awareness and training.





Health and safety

Approach

During the year 2021/22, Transform has been diligent in ensuring that clients have been living in safe homes and that colleagues have been safe at their places of work.

We have aligned our health and safety policy, our statement of intent and our overall approach to safety management to the **Health and Safety Executive's Guidance HSG65 'Managing for Health and Safety'**.

Our aim is to continue to deliver effective health and safety leadership – with Trustees, the Senior Leadership Team and managers – and to then ensure this is being disseminated as a golden thread running through the organisation.

Transform established a dedicated Head of Health & Safety role in support of our commitment to providing healthy living and working environments for clients and colleagues.

Key health and safety actions and achievements during 2021/22

- Delivered improvements and actions recommended in the independent review of Landlord and Occupational Health & Safety commissioned last year by the Executive Team and carried out by Housing Health and Safety Compliance UK.
- Ensured actions arising from fire risk assessments were completed.
- Further strengthened data quality and record keeping.
- Commissioned Rand Associates to undertake a full stock condition survey.
- Delivered and maintained excellent results against key performance indicators on Transform's Health and safety compliance scorecard
- Members of the Executive, Senior Leadership Team and several Trustees attended an Institution of Occupation Safety and Health (IOSH) training course – Leading Safely and IOSH Managing Safely training is being rolled out to other managers across the organisation during 2022.

During 2021/22, there were no breaches of any of our statutory obligations, no fire incidents and no disrepair claims presented or settled. In addition, no enforcement action or notices were served on Transform by the Health & Safety Executive, any environmental health department or fire authority.

Training

Transform has a comprehensive plan for all colleagues which, in addition to role-specific training, also includes mandatory online health and safety training by leading UK experts Workrite.

Colleague wellbeing

This year, Transform received a grant from the Community Foundation for Surrey to appoint a Wellbeing Lead to build on and expand our colleague wellbeing programme. Our Health & Wellbeing Group has overseen a staff wellbeing survey. The findings and results from the survey have shaped our Wellbeing action plan.

Resources and training

During the past year, we have continued to develop high-quality wellbeing materials on our staff intranet, Milo, providing more content on physical, mental and financial wellbeing.

Financial wellbeing support is especially important in light of the cost-of-living challenges currently being faced by all UK employees. As part of our commitment to supporting colleagues with managing their personal finances, Transform has developed additional resources and run information sessions.

Colleague wellbeing survey

Purpose

The purpose of the survey was to review wellbeing at Transform, to understand areas of improvement and, ultimately, to shape our future approach and action plan. Our ongoing goal is for Transform to be recognised as a great place to work with colleague wellbeing at the heart of this.

Methods

The survey was carried out using the following methods:

- Virtual roundtable, open discussions with colleagues from all departments of Transform.
- Assessing the current policies, programmes, benefits, Employee Assistance Programme and wellbeing initiatives.
- In-person workshops at the colleague conference in October 2021.
- Individual evaluation by every Transform colleague through a bespoke and inclusive survey.

Findings

What our colleagues say we do well:

- Provide a wealth of high-quality wellbeing resources.
- Colleagues appreciated a wellbeing day.
- 90% of Transform colleagues say their work has brought them joy.
- 74% say they can influence decisions that are important in their work.
- 80% feel their line managers put them first and care about their health and wellbeing.
- 81% feel encouraged to talk to line managers about their own personal mental health.

Areas for improvement:

- Expand the financial wellbeing resources provided for colleagues – especially during a time when economic factors such as higher inflation and fuel prices are increasing the cost of living for staff.
- Provide additional support for mental health and stress.
- Further improve engagement through strengthened staff communications and informing colleagues about the resources available.

Actions arising from the survey:

- Introduce a one-day pro rata wellbeing day per year as a permanent benefit to all colleagues.
- Review and raise the profile and activity of the Health & Wellbeing group with members receiving training to become wellbeing champions and lead/support wellbeing activity.
- Engage line managers in actively encouraging good wellbeing practices.
- Create and roll out a wellbeing calendar highlighting topics/discussions and activities to be covered throughout the year.
- Create and implement a comprehensive wellbeing communications plan.

Key EDI actions during 2021/22

- A new EDI strategy, policy statement and action plan have been developed.
- More comprehensive diversity data has been requested from all colleagues providing insights on all aspects relating to colleagues and Trustees.
- Transform joined the Housing Diversity Network and colleagues have been making good use of the network for training, information and awareness.
- EDI is being systematically integrated within the leadership development programme delivered during 2021/22 and training has been strengthened and expanded.
- EDI principles were integral to the design of the new client engagement strategy.

Equality, diversity and inclusion

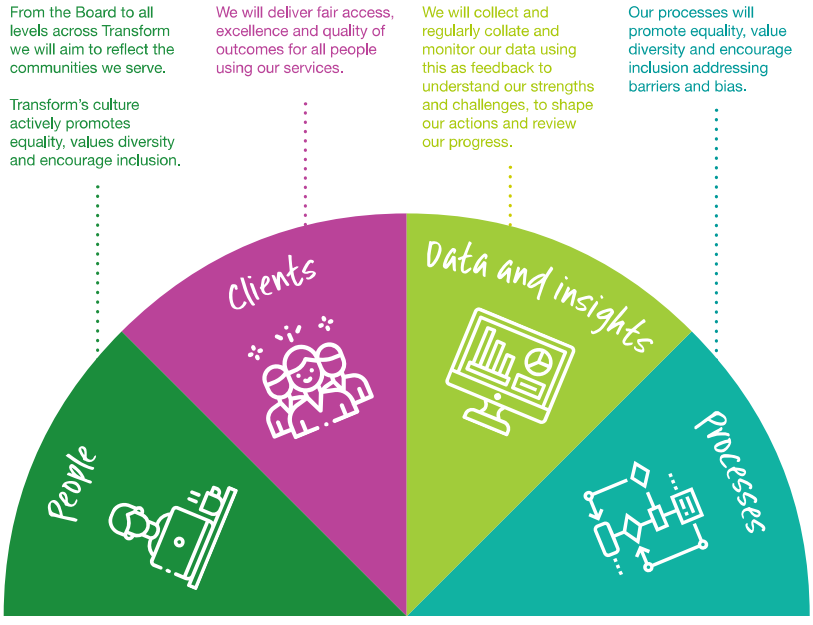
Equality, diversity and inclusion (EDI) are integral to our social values as a supported housing provider, a developer of homes, an employer and a partner. EDI is also central to delivering our purpose of supporting clients to live independently.

We are firmly and genuinely committed to promoting equality and we value the diversity of all individuals and organisations we work with including clients, colleagues and partners. We also know that inclusion is fundamental to the positive delivery of our services to clients both currently and in the future.

We are working determinedly to embed EDI across Transform by focusing on understanding and addressing the needs of all our stakeholders – in particular clients and colleagues – see EDI strategy summary below.

The Board holds overall accountability for EDI at Transform. This includes reviewing our performance against legal and regulatory requirements and ensuring services are accessible and meet individual needs. The Executive Team provides leadership and drives activity forward. All Transform colleagues are responsible for understanding our EDI policy and applying commitments and behaviours during their working hours.

Transform's EDI strategy summary



Future plans - strategic objectives 2021-24

Further build colleague engagement, embed inspiring leadership approaches that align with outstanding client outcomes and focus on colleague wellbeing and inclusivity.

Use our resources and partnerships to create positive social and environmental impact, including implementing measures to fully understand this impact.

Improve, innovate and develop housing and support services, increase the volume and diversity of client engagement and use technology wherever it can add value. Consistently maintain property assets to a high standard.

Continue to focus on quality and compliance and be proactive in communicating positive outcomes. Increase our reputation by building on relationships with commissioners, trusted partners and other stakeholders.

Invest in new housing supply and ensure all existing assets are fit for purpose, financially viable and relevant. Extend our operating footprint, monitor opportunities for asset investment and possible mergers while ensuring financial sustainability of all services.





Value for money

Our approach

Our value for money (VFM) approach aims to optimise the benefits we derive from our resources in an economic, cost-effective and efficient manner. We aim to achieve 'best value' in all that we do. Providing value for money is integral to delivering on our values and long-term strategic objectives.

The key principle underpinning our VFM approach is to maintain long-term financial viability so we can continue to offer quality services and support clients. The Board reviews our compliance with the Regulator of Social Housing's VFM standard and code of practice.

Best value principles

Underpinning our VFM approach are the four core principles outlined below:

1. Challenge

We aim to improve across all areas of work. Our policies, strategies and services are reviewed and closely monitored by our Trustees, auditors, clients and other key stakeholders.

2. Compare

We compare our performance, statistical data and client satisfaction with other housing associations by carrying out benchmarking activity and learning from our peers in the wider housing network.

3. Consult

We seek the views of the Board, Client forum and colleagues in developing our services and policies to ensure they reflect the needs and aspirations of all Transform stakeholders.

4. Compete

We aim to be comparable or better than leading organisations recognised for providing excellent value for money for their clients. Our key objective is to ensure that our organisation achieves best value from the full range of the services we deliver.



Value for money objectives

We make strategic decisions that fit with the aims and objectives as outlined in Transform's business plan. Our VFM objectives focus on the following:

Creating a framework to measure best value

- Establishing an action plan to achieve value for money.
- Regularly reporting against the action plan to measure how our commitment to best value has been achieved.

Ensuring financial viability and sustainability

- Implementing financial plans to demonstrate our short, medium and long-term viability.
- Adhering to our procurement policy to ensure best value when tendering and/or purchasing services or contracts.
- Working with contractors to streamline processes, while maintaining quality and cost-efficiencies to achieve best value.

Providing robust management of performance and cost

- Establishing performance systems aligned to the business plan that help us set challenging targets, monitoring scrutiny at all levels and reporting to stakeholders.
- Setting VFM targets in our financial projection plans.
- Ensuring there is analysis and scrutiny of costs across the organisation
- Benchmarking performance in comparison to our peers.

Investing in colleagues

- Ensuring our leadership approach enables colleagues to be as effective as possible within their roles.
- Linking performance objectives to Transform's strategic aims.
- Providing training and development opportunities.

Achieving social value through our work and activities

- Delivering safe and secure homes for clients.
- Helping them to access training, education and volunteering opportunities to gain life skills and improve their wellbeing.
- Providing support and advice to enhance their independence and quality of life.
- Publishing our VFM achievements
- Publishing our VFM achievements on our website, in client communications, in the Financial Statements and Annual Review to demonstrate our commitment to providing value for money services.

Publishing our VFM achievements

- Publishing our VFM achievements on our website, in client communications, in the Financial Statements and Annual Review to demonstrate our commitment to providing value for money services.

Performance

Our performance is measured against our strategic objectives as shown on page 22. Our performance indicators shown below are based on the VFM metrics set out by the RSH. Transform has benchmarked its VFM performance against Acuity Peer Group Benchmark Targets.

The national Smaller Housing Providers' Benchmarking (SPBM) network, facilitated by Acuity in partnership with Housemark. Aimed at housing providers with up to 1,000 homes, the network has 148 members together owning/managing more than 75,000 homes across England. It provides performance and cost benchmarking data for members, enabling them to compare against a peer group of similar organisations.

Transform's performance against these benchmarking medians show that our services are cost-effective and provide good value for money.

Value for money performance metrics	Actual performance		Benchmark performance	Target performance	
	2020/21	2019/20	Acuity peer group median	2020/21	2021/22
Operating margin (overall)	10.9%	38.1%	6.4%	8.4%	7.90%
Operating margin (social housing)	4.6%	14.0%	11.0%	10.1%	18.0%
Interest Cover Ratio (EBITDA MRI)	154%	258%	913%	294%	180.0%
Headline social housing cost per unit	£11,033	£12,584	£14,416	£10,712	£10,183
Gearing	18.1%	18.8%	3.9%	21.8%	26.0%
New supply % (social housing units)	0.7%	8.9%	0.0%	1.9%	1.9%
Reinvestment %	4.6%	4.5%	3.3%	4.5%	5.0%
Return on Capital Employed (ROCE)	2.1%	9.0%	2.9%	1.6%	1.4%
Other metrics					
Occupancy rate	94.00%	93.1%	93.4%	93.5%	94.0%
Rent collected	99.54%	98.9%	97.1%	99.0%	98.5%

Operating margin

An organisation's operating margin demonstrates how profitable it is before exceptional expenses are deducted. In assessing this, Transform's performance should be viewed in the context of the activities we deliver as they provide high social and environmental impact, despite producing low financial margins. This year's overall operating margin was 10.9% compared to 38.1% in 2020/21, primarily due to the RQHA merger gift which contributed to last year's higher operating margin.

This margin has decreased significantly due to several factors including the higher operational staff costs generated by essential Covid-management activities, increased fire and safety regulatory costs and continued planned investment in asset management and IT infrastructure.



Interest cover ratio (EBITDA MRI)

The interest cover ratio (EBITDA MRI – Earnings Before Interest, Tax, Depreciation, Amortisation, Major Repairs Included) is a key indicator for liquidity and investment capacity. It seeks to measure the level of surplus that a registered provider generates compared to interest payable; the measure avoids any distortions stemming from the depreciation charge. Our operating margin and interest cover ratio EBITDA MRI have fallen when compared to our 2020/21 results. Despite the decline, it satisfies our loan covenant requirements.

Headline social housing cost per unit

This assesses the total housing cost per unit as defined by the RSH. Headline social housing cost per unit varies due to fluctuations in costs incurred in the delivery of social housing services, the size of the organisation and the number and location of units. The cost per unit decreased by 12% from 2021 to 2022 due to the cost savings from the sale of the care service. At £11,033, the headline social housing cost per unit is 23% lower when compared to our Acuity peer group average for this year.

Gearing ratio

This measures how much of the organisation’s assets are made up of debt and the degree of dependence on debt finance. This shows the proportion of borrowings in relation to the size of the asset base. During the year, our asset base increased slightly through the WVHA merger and a number of property acquisitions without a significant increase in loans. We are pleased to report that our gearing at 18% is significantly below our specified loan covenant ratios.

Additional housing units

During this year there were eight new units of accommodation added through acquisition and a further 11 transferred through the WVHA merger. We disposed of two units in line with our strategic goals and in addition, a property with a short lease was returned to the relevant local authority.

Investment

During 2021/22, we invested £2.8m in capital-funded improvements to new and existing homes.

Return on Capital Employed (ROCE)

This metric compares the operating surplus to total assets less current liabilities and is a common measure to assess the efficiency of investment in capital resources. At 2.1% the ROCE figure for 2021/22 is slightly lower when compared to our peer group this year. This is largely attributable to the decline in surplus in 2021/22 compared to the previous year (see details on page 15).

Occupancy rate

The occupancy rates at 94% have improved slightly compared to last year (93.1%). This is very positive bearing in mind the challenges of the last two years due to Covid and the negative impact this has had on referrals and support from other agencies.

Rent collection rate

At 99.5% this is higher than last year (98.9%) and is comparable to the median within the sector. The rent collection rate for this year has been influenced by the effects of the pandemic and the financial challenges faced by clients. We recognise that it will be difficult to maintain or increase this level moving forward given the current operating environment.

Client satisfaction

As part of our commitment to continually improve the service we provide to clients, we use a range of measures to seek feedback from clients including exit interviews, long-term outcome monitoring and client satisfaction surveys.

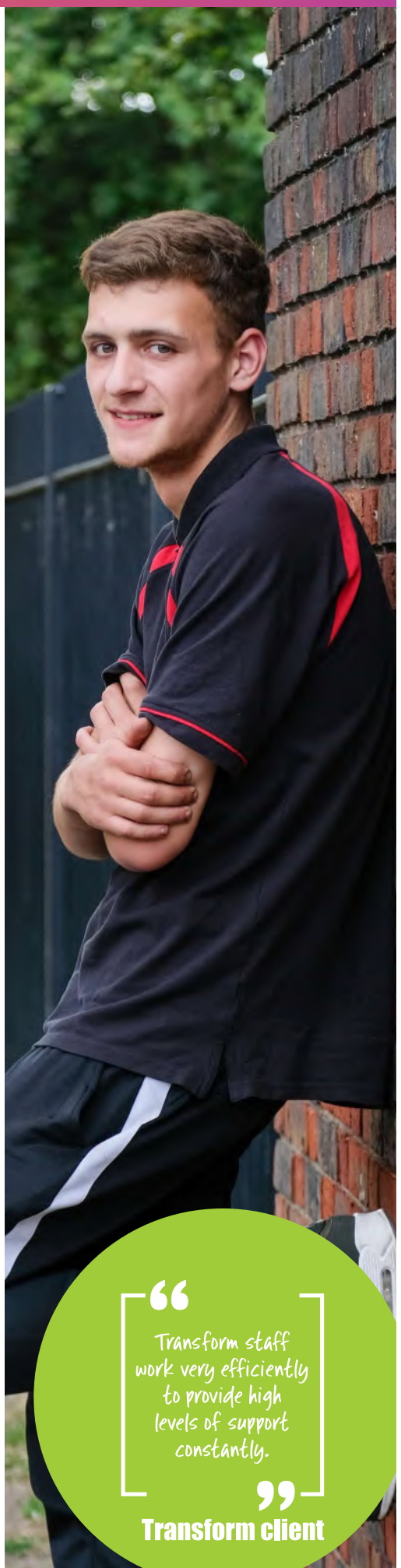
See more information on our new client satisfaction survey this year in the Client Engagement and Feedback section on page 10.

Future improvement plans

Transform is operating in a challenging environment which is being negatively impacted by the wider economic climate and increasing regulatory requirements. To address these challenges, the organisation has set VFM targets which are being regularly monitored. Our strategic plan focuses on continuing to offer exceptional services which respond to the needs of the clients. This includes pursuing an active asset management strategy based on a strategic asset viability assessment and options review.

We aim to develop, implement and closely monitor our VFM performance through:

- improved budgeting and budgetary control
- improved business planning
- improved asset management
- improved procurement and contract management processes
- benchmarking and adopting best practice information via Housemark and Acuity benchmark clubs and connecting with other registered social housing providers.





Risk management

Principal risks and uncertainties

Risk management

Risk management is fundamental to Transform's operation. We continue to measure risks scrupulously to assess if they will significantly impact on the delivery of our business plan. The Board holds overall accountability for risk management with Trustees regularly reviewing Transform's risk register. The more detailed scrutiny is delegated to the Finance & Audit Committee. The Senior Leadership Team – which includes the Executive Team – has day-to-day oversight for reviewing risk. This activity supports strategic decision-making and ensures that Transform can adapt to changing circumstances.

This year, we have refreshed our risk management framework – which seeks to involve colleagues at all levels in the organisation. Within the framework, risks and opportunities are continuously monitored and evaluated. From this work, policies and procedures are adapted and controls put in place to ensure appropriate action is taken to safeguard clients, colleagues and Transform as a whole. We also ensure that risk informs the business planning process with proactive risk management being used to prepare for the uncertainty in our operating environment.

Transform's key risks

Details of the most significant, highest scoring, risks listed as follows:

Regulatory intervention

Risk

A regulatory notice from the RSH

Details and specific risk mitigations

In January 2022 an error in rent calculations was identified which we felt did not comply with the RSH Rent Standard. We made a voluntary disclosure of potential non-compliance to both the RSH and the Charity Commission. There is a comprehensive action plan in place to rectify this and suitable controls in place to avoid future errors. The Board are also reviewing a 'lessons learned' report. The matter has been reviewed by external consultants Altair and the Board has agreed appropriate rent refunds and compensation for clients and housing benefit offices. This matter is now being reviewed by the RSH and we are awaiting a response.

General controls and mitigations

- Delivery of a governance continuous improvement plan.
- Action plan for compliance with the regulatory standards.
- Adequate resourcing of governance activity at Transform.
- Internal audit of regulatory compliance in October 2021.

Effectiveness of financial controls

Risk

Financial policies and procedures that require updating to strengthen controls

Details and specific risk mitigations

Following the errors discovered in our rent and pension calculations, we are reviewing all key financial procedures to ensure they are robust and effective. The review will be led by the Director of Finance, appointed recently following an Executive Team restructure in March 2022.

General controls and mitigations

- A governance framework with clear internal controls and financial regulations.
- A revised budget-setting process and increased scrutiny of management accounts.
- Our housing management/finance system provides automated reporting to ensure accurate accounting.

Data protection and IT security risks

Risk

Threats to our IT and data security

Details and specific risk mitigations

We are keeping pace with developments in cyber-security and data protection. Continued investment in staff resources, monitoring and testing, security systems, training and awareness will continue to ensure we are doing our utmost to safeguard business continuity as well as protecting client, colleague and business data. Our partnership with LIMA means we have an immediate response in place in the event of any network failures.

General controls and mitigations

- A vulnerability assessment service and patch compliance reporting.
- A programme of Data Protection Officer audits.
- Regular data protection and cyber-security training and awareness raising.
- Robust business continuity planning.
- We achieved Cyber Essentials accreditation from the National Cyber-security Centre during the year and application is underway for Cyber Essentials Plus.
- Reasonable assurance of our cyber-security was received from our internal audit in March 2022.

Underfunding of support contracts

Risk

Low-margin supported housing contracts

Details and specific risk mitigations

Supported housing is reliant on local authority contract funding which is often low-margin – i.e. income only marginally covers the cost of providing the support. This means that the financial viability of those contracts is sensitive to fluctuations in income and costs as well as changes in Government policy.

General controls and mitigations

- All new contracts are being tendered on a full-cost recovery basis.
- Financial performance-monitoring of contracts.
- Executive Team approval of the financial viability of new support contracts and renegotiation of existing ones.

Economic risk exposures such as inflation, interest rates and economic downturn

Risk

Macroeconomic activity negatively impacting on clients and colleagues

Details and specific risk mitigations

There is much uncertainty in the UK and global economies as they emerge from the pandemic. Increases in inflation and interest rates are causing operational pressures. The position is further exacerbated by the war in Ukraine and rising energy costs.

General controls and mitigations

- Business plan stress testing with appropriate mitigations identified.
- Executive Team approval of the financial viability of new support contracts and renegotiation of existing ones.
- Contingency budgeting for building contracts to provide for cost increases.

Inability to recruit and retain high-quality staff

Risk

Challenges recruiting staff who meet our role requirements and retention issues post- appointment

Details and specific risk mitigations

The after-effects of the pandemic have resulted in a severe shortage of labour and skills for employers across the UK. Transform has seen 36.5% staff turnover, substantially exceeding our target of under 20%. This presents a challenge for recruitment, selection and retention within a strongly competitive market.

General controls and mitigations

- Increased agility in our recruitment, with a process review in 2022.
- Regular salary and benefit benchmarking to ensure our offer to employees remains competitive and provides flexibility.
- Enhanced marketing through social media, a refreshed website and, improved connectivity between the website and candidate tracking system.

Over-reliance on a single local authority for housing support income

Risk

Surrey County Council contracts represent a significant percentage of Transform's income

Details and specific risk mitigations

We recognise the importance of not placing over-reliance on a single local authority as a source of income. We have diversified and secured existing contracts for £57,000 with Crawley Borough Council and £49,000 per annum with the Office of the Police & Crime Commissioner. We have also seen success in securing the retendered Surrey County Council Contract with increased provision for young people.

General controls and mitigations

- Maintain relationships with local authorities within our area of operation.
- Identify additional sources of support income.
- Executive Team approval of the financial viability of new support contracts and renegotiation of existing ones.

Health and safety

Risk

Non-compliance with statutory health and safety obligations as an employer and as a landlord

Details and specific risk mitigations

We continually review and update policies and procedures to ensure that we meet our obligations regarding landlord and employer health and safety. We carry out health and safety checks of properties and occupational health & safety risk assessments on an ongoing basis, including, gas safety, fire risk, water quality, electrical safety, lift safety and asbestos.

General controls and mitigations

- High-quality recognised training, robust recruitment and contractor vetting processes, specialist roles, effective supervision/oversight and appropriate client/colleague ratios.
- Health and safety scorecard to regularly monitor and actively manage performance.
- We hold insurance at an appropriate level for our business activities.

The Board closely monitors the environment to identify changes in key risks as well as new or emerging ones. This is a key focus of the Finance & Audit Committee which, together with the Board, has overseen the development of the risk register for Transform and will continue to review and scrutinise this during the coming year.





Governance, regulation and compliance

Governance

Board of Trustees

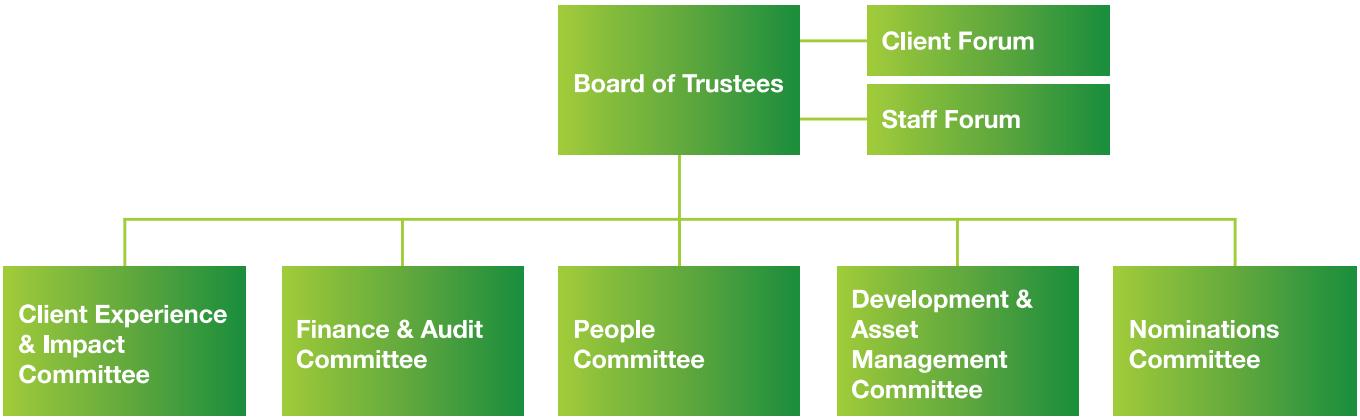
During 2021/22, the Board comprised nine members and was responsible for Transform's strategy, policy framework and managing the affairs of the organisation. The Board members were drawn from a wide background bringing together professional, commercial and local experience.

Trustees are selected by the Nominations Committee following public advertisement for recruitment. During the year we appointed a new Trustee, Natalia Kolotneva, who has brought additional skills in asset management and development, particularly in relation to sustainability and the net zero carbon agenda.

Those Board members who served during the period to 31 March 2022 and Transform's Executive Team are set out on page 2.

Board and committee structure

During the year the Board was supported by several committees, providing detailed scrutiny on its behalf.



"I've been given a safe home. What more could anyone want?"

Transform client

Board and committee membership 2021/22

Trustees	Board	Client Experience & Impact Committee	Finance & Audit Committee	People Committee	Development & Asset Management Committee	Nominations Committee
Mark Austen	Chair					Chair
Jane Bolton	Member	Member		Member		Member
Julie Bradley	Member	Member	Member	Chair		
Chris Deacon	Member	Chair	Member			
Natalia Kolotneva (from 14 July 2021)	Member		Member	Member	Member	
Paul Rees	Member		Chair		Member	
Michael Ryan	Member			Member	Member	
Ollie Smedley	Deputy Chair		Member		Member	Member
Katie Wadey	Member	Member			Chair	

Board and committee focus

The Board is responsible for the governance of Transform. Its role is to lead, direct, control, scrutinise and evaluate Transform's work. During the year, the Board considered key issues which included:

- overseeing the completion of the WVHA merger
- approving safeguarding, tenancy fraud, rent/service charge and information security policies
- considering the pension and rent standard errors and overseeing their resolution, ensuring improved controls were in place
- recruiting a new Transform trustee – Natalia Kolotneva
- approving the new Equality, Diversity and Inclusion Policy statement
- appointing a new Company Secretary
- reviewing the terms of reference of the Board and committees
- reviewing, updating and overseeing the implementation of the governance framework
- overseeing the health and safety actions arising from the external review.

The Board delegates specific responsibilities to five committees which each report to the Board where their recommendations are considered and approved.

Please see below key matters discussed and approved at the five committees during 2021/22.

Committee	Key matters 2021/22
Client Experience & Impact	▪ Maintained oversight on client services performance. ▪ Agreed plans for a new methodology for the client satisfaction survey, focused on the things that matter most to clients. ▪ Approved and recommended to the Board a process for individuals with lived experience to participate in this committee. ▪ Contributed to developing, and approved, a new client engagement strategy. ▪ Approved all client-facing policies following prior consideration at the Client forum. ▪ Approved the introduction of a new housing management manual.
Finance & Audit	▪ Maintained oversight on financial and risk management. ▪ Oversaw internal/external audits and agreed review of the internal audit supplier. ▪ Agreed cyber-security improvement plan and approved a GDPR and data protection awareness campaign. ▪ Reviewed the business continuity plan and contributed to the governance plan.
People	▪ Approved and provided oversight for the new Transform Leadership Programme. ▪ Endorsed recommendation to collect diversity information for the Board and more detailed colleague diversity data through annual census. ▪ Agreed a review of the Transform pension schemes to maximise the offer for colleagues and equalise life cover. ▪ Approved the colleague wellbeing review and action plan including the introduction of a wellbeing day for staff.
Development & Asset Management	▪ Maintained oversight of asset management compliance and performance. ▪ Approved property investment and disposal decisions. ▪ Oversaw health and safety compliance. ▪ Approved a proposal for Transform to self-deliver grounds maintenance services. ▪ Oversaw the delivery of the stock condition survey.
Nominations	▪ Reviewed Board/committee composition. ▪ Recommended Board appointments. ▪ Reviewed succession planning for Board/Executive Directors.

Board training

An interim development plan was agreed for the Board along with a new induction programme for incoming Trustees. In addition, up to three Transform Trustees participated in each of the following training and development activities:

- IOSH Leading Safety course
- Devonshires' pension seminar
- National Housing Federation:
  - New Board Member Induction
  - Board Succession Planning and Recruitment
  - Diversity on Boards
  - Board Excellence
  - Civil Society – Digital Training for Trustees

Board effectiveness

The Board recognises the importance of monitoring and improving its performance. This is primarily achieved through annual appraisals and self-assessment of the effectiveness of the Board and its committees. An external assessment is scheduled for 2022/23. Trustees are also encouraged to attend events and networking opportunities held by recognised sector bodies such as the National Housing Federation.

Code of governance

Transform adopted the National Housing Federation Code of Governance 2015 for the reporting period. An annual assessment of compliance against the code has been conducted and confirms that Transform complies with all the requirements including:

- constitution and composition of the Board
- essential functions of the Board and Chair
- Board skills, renewal and review
- conduct of Board and committee business
- audit and risk
- the Chief Executive
- conduct of members.

The Head of Governance & Assurance is supporting the Board with a governance improvement plan to enable the adoption of the National Housing Federation Code of Governance 2020 in April 2023.

Governance and Financial Viability Standard

The annual review of compliance against the Regulator of Social Housing's Governance and Financial Viability Standard has been carried out and Transform was compliant with the Standard during the reporting period. A detailed and evidence-based assessment was completed against each requirement and the Board approved this at its meeting on 27 July 2022.

In preparing this strategic report the Board has followed the principles set out in the Statement of Recommended Practice (SORP) for Registered Social Housing Providers 2018.

Regulation and compliance

Public benefit reporting

Transform's aims, objectives and activities demonstrate public benefit as defined by the Charity Commission. The Board ensures that planned activities meet the organisation's objectives. Transform's work supports those on the margins of society to overcome the challenges they face in their lives.

Trustees follow the Charity Commission's public benefit guidance when carrying out their duties. Awareness of the guidance forms part of each Trustee's induction and the Board take this into account when making relevant decisions. There have been no decisions to depart from this guidance during 2021/22.

Fundraising code compliance

To provide reassurance to donors and supporters – and to demonstrate high standards for our fundraising activities – we are registered with the Fundraising Regulator and have adopted the Regulator's Code of Fundraising Practice. This code sets out the responsibilities that apply to fundraising carried out by charitable institutions and third-party fundraisers in the UK. It ensures that our fundraising meets the four standards – legal, open, honest and respectful.

We are committed to protecting our donors and the public from any unreasonably intrusive or persistent fundraising approaches and will not apply any undue pressure on them to donate. Colleagues deal with existing and potential donors gently and with extreme care, protecting our charity's reputation and values. We do not use any external professional fundraising services to fundraise for us.

We use the Fundraising Regulator's logo on all fundraising communications. Transform has not yet received any requests to remove or suppress donor data from the regulator's Fundraising Preference Service.

The Fundraising Team continually monitors guidance and regulations from the Charity Commission and the Fundraising Regulator, and colleagues are kept abreast of changing regulations through training, one-to-one and team meetings.

We received no complaints relating to fundraising in the year to 31 March 2022.

Regulator of Social Housing

As a small provider, Transform is not subject to regulatory judgement from the Regulator of Social and was not issued with any regulatory notices during this period of accounts.



Statement of Board responsibilities

The Board is responsible for preparing the Strategic Report (including the Board Report) and financial statements in accordance with applicable law and regulations. Company law requires the Board to prepare financial statements for each financial year. Under that law the Trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards as reflected in FRS102 and applicable laws).

Under company law, the Board must not approve the financial statements unless they are satisfied that they give a true and fair view of the situation and surplus or deficit of the company for that period.

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

- select suitable accounting policies and then apply them consistently
- make judgments and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice (SORP) Accounting by Registered Social Housing Providers update 2018, have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Board is responsible for keeping proper accounting records. Trustees must be able to disclose, with reasonable accuracy, at any time the financial position of the organisation. The Board ensures that the financial statements comply with the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. It is also responsible for safeguarding the assets of the organisation and for taking reasonable steps for to prevent and detect fraud and other irregularities.

In so far as each member of the Board is aware:

- there is no relevant audit information of which Transform's auditors are unaware
- it has taken all the steps required to be aware of any relevant audit information and that the auditors have all the information they require.

The Board is responsible for the maintenance and integrity of Transform's corporate and financial information, including on the organisation's website.

Internal control framework

The Board acknowledges its overall responsibility for establishing and maintaining the system of internal controls and for annually reviewing its effectiveness. The system of internal controls is designed to manage, rather than to eliminate, the risk of failure to achieve the business objectives and to provide reasonable assurance against material misstatement or loss.

The process of identifying, evaluating, and managing significant risks facing the organisation is ongoing. It has been in place from 1 April 2021 to the date of Board approval (27 July 2022).

During the 2021/22 year, we pinpointed some internal control weaknesses after identifying errors in our rent calculations and in the way employee pension contributions had been processed. In both instances, following thorough investigations, comprehensive action plans – approved by the Transform Board – were implemented to rectify the errors and suitable controls were put in place to avoid any such future incidents from occurring.

The key elements of the framework include:

Internal audit

The Board delegated responsibility for overseeing the adequacy and effectiveness of the internal control system to the Finance & Audit Committee. The internal auditor reported directly to the committee and a risk-based internal audit plan was prepared and approved. The committee subsequently monitored the programme of internal audits and received assurances to confirm that recommendations had been implemented as agreed. Follow-up internal audit reviews were then undertaken to confirm this.

External audit

Through the audit plan, the work of the external auditors provided assurance detailing the scope of work which is approved by the Finance & Audit Committee, together with the resulting audit report and management letter setting out their findings. Regular meetings are held with the external auditors to provide an update on changes in the business and to discuss strategic and technical matters. This includes a confidential meeting with members of the Finance & Audit Committee without officers present at least once a year.

Performance monitoring framework

Key performance indicators were produced regularly and reported through the Executive Team, committees and the Board. These reports include performance-monitoring of client services, client satisfaction and feedback, colleagues, compliance, asset management, development and financial results.

Anti-fraud

We maintain a fraud register which is inspected by the internal auditors, together with regular updates reporting any such occurrences to the Finance & Audit Committee. During the year 2021/22 there were no such incidents of fraud reported.

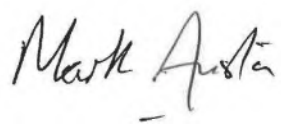
Regulatory reporting

Transform submitted a range of regulatory returns to the RSH and the Charity Commission. The Executive Team ensures that regulatory matters are dealt with promptly and efficiently. It also co- ordinates the self-monitoring system operated by the Board and monitors compliance with the required standards.

External Auditors

External auditors CLA Evelyn Partners Limited (formerly Nexia Smith & Williamson) were re-appointed as external auditor at our Annual General Meeting on 24 September 2021. A resolution for the appointment of external auditors will be proposed at the AGM on 29 September 2022.

By order of The Board.



Mark Austen
Chair
27 July 2022

"I would just like to thank Transform's Farnham team for not leaving me to near certain death."

Transform client



Auditor's report and financial statements

Auditor's report

CLA Evelyn Partners Limited
Report of the independent auditor to the members of Transform Housing & Support

Opinion

We have audited the financial statements of Transform Housing & Support (the 'Company') for the year ended 31 March 2022 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Reserves, the Statement of Cash flows and the 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2022 and of its surplus for the year then ended
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been properly prepared in accordance with the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Board 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 Company'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 Members with respect to going concern are described in the relevant sections of this report.

Other information

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken during the audit:

- the information given in the strategic report (incorporating the Board Members' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report (incorporating the Board Members' report) has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report (incorporating the Board Members' report).

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Board Members' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Board Members

As explained more fully in the Statement of Board's Responsibilities on page 41, the Board Members who are the directors of the Company for the purposes of company law, are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal controls 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 Members are responsible for assessing the Company'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 Members either intend to liquidate the Company 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.

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 on page 46.

We obtained a general understanding of the company's legal and regulatory framework through enquiry of management in respect of their understanding of the relevant laws and regulations. We obtained an understanding of the company's policies and procedures in relation to compliance with relevant laws and regulations. We also drew on our existing understanding of the company's industry and regulation.

We understand that the company complies with the framework through:

- updating operating procedures, manuals and internal controls as legal and regulatory requirements change.
- a programme of internal audit performed by an independent firm of internal auditors.
- independent health and safety reviews across identified compliance areas.
- a risk assessment framework and register that includes regular review and scrutiny by the Finance & Audit Committee.
- an annual assessment of compliance with housing association regulations.
- the Board's close oversight through regular board meetings and compliance reporting.

In the context of the audit, we considered those laws and regulations which determine the form and content of the financial statements, those which are central to the company's ability to conduct operations and those where failure to comply could result in material penalties. We have identified the following laws and regulations as being of significance in the context of the company:

- The requirements of the Companies Act 2006 and the Housing and Regeneration Act 2008 in respect of the preparation and presentation of the financial statements, the Accounting Direction for Private Registered Providers of Social Housing 2019 and FRS 102.
- Safeguarding and health and safety regulations, including building and fire safety.
- Housing association law and regulation.
- Charity law and regulation.

We performed the following specific procedures to gain evidence about compliance with the significant laws and regulations above:

- Making enquiries with management and the Finance & Audit Committee as to the risks of non-compliance and any instances thereof
- Reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence between regulators and the company.

The senior statutory auditor led a discussion with senior members of the engagement team regarding the susceptibility of the company's financial statements to material misstatement, including how fraud might occur. The key areas identified as part of the discussion were:

- management override of control
- revenue recognition, specifically the manipulation of revenue through fraudulent journal entries.

These areas were communicated to the other members of the engagement team not present at the discussion.

The procedures carried out to gain evidence in the above areas included:

- testing of a sample of manual journal entries, selected through applying specific risk assessments applied based on the company's processes and controls surrounding manual journal entries
- reviewing and challenging estimates made by management
- substantive work on revenue transactions.

The senior statutory auditor was satisfied that the engagement team collectively had the appropriate competence and capabilities to identify or recognise irregularities. In particular, both the senior statutory auditor and the audit manager have a number of years' experience in dealing with organisations with similar risk profiles.

A further description of our responsibilities is available 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 company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company'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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

CLA Evelyn Partners Limited
CLA Evelyn Partners Limited (Sep 12, 2022 17:19 GMT+1)

Julie Mutton
Senior Statutory Auditor for and on behalf of CLA Evelyn Partners Limited
Statutory Auditors
Chartered Accountants
Onslow House
Onslow Street
Guildford
Surrey GU1 4TZ

Financial statements and notes to the accounts

Statement of comprehensive income for year ending 31 March 2022

	Note	2022 total £000s	2021 Continuing operations £000s (restated)	2021 Discontinued operations £000s	As restated 2021 total £000s
Turnover	3	**10,570**	10,403	1,803	12,206
Operating expenditure	3	**(10,315)**	(9,460)	(1,866)	(11,326)
Underlying operating surplus		**255**	943	(63)	880
Gain on disposal of housing properties	9	**211**	100	-	100
Donation of RQHA/WVHA net assets	30	**684**	3,577	-	3,577
Operating surplus/(deficit)		**1,150**	**4,620**	**(63)**	4,557
Surplus from sale of care services		-	-	98	98
Interest receivable	7	5	3	-	3
Interest and other financing costs	8	(412)	(395)	-	(395)
Surplus for the year		**743**	**4,228**	**35**	**4,263**
Other comprehensive income					
Actuarial (loss) in respect of pension scheme		(81)	(131)	-	(131)
Total comprehensive income for the year		662	4,097	35	4,132



Mark Austen
Chairman



Paul Rees
Chairman of the
Finance & Audit Committee



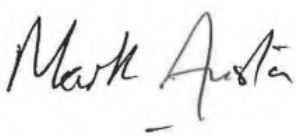
Mandy Arnold
Company Secretary

Statement of financial position as at 31 March 2022

	Note	2022	Restated 2021
		£000s	£000s
Fixed assets			
Tangible fixed assets – housing properties and other fixed assets	11	52,817	50,846
Current assets			
Trade and other debtors	12	818	1,459
Cash and cash equivalents	13	2,667	2,556
		3,485	4,015
Creditors: amounts falling due within one year	14	(2,583)	(2,845)
Net current assets		902	1,170
Total assets less current liabilities		53,719	52,016
Less: creditors – amounts falling due after more than one year	15	(26,288)	(25,109)
Pension – defined benefit liability	24	(203)	(159)
Other provisions for liabilities and charges	19	(-)	(182)
Total net assets		27,228	26,566
Capital and reserves			
Restricted reserve		294	237
General reserve - invested in property		25,950	25,260
- free reserve		984	1,069
		27,228	26,566

The accompanying notes form part of these financial statements. The financial statements were issued and approved by the Board on 27 July 2022.

Company number: 01057984



Mark Austen
Chairman



Paul Rees
Chairman of the
Finance & Audit Committee



Mandy Arnold
Company Secretary

Statement of changes in reserves for year ending 31 March 2022

	Restricted reserves	General reserves		Total
		Invested in property	Free reserves	
	£000s	£000s	£000s	£000s
Balance at 1 April 2020				
as originally stated	176	21,664	786	22,626
prior year adjustment as per note 31	-	-	(192)	(192)
as restated	176	21,664	594	22.434
Surplus for the year as restated	-	4,263	-	4,263
Other comprehensive income for the year	-	(131)	-	(131)
Total comprehensive income for the year	-	4,132	-	4,132
Transfer between reserves	61	(536)	475	-
At 31 March 2021	**237**	**25,260**	**1,069**	**26,566**

Balance at 1 April 2021				
as originally stated	237	25,260	1,447	26,944
prior year adjustment as per note 31	-	-	(378)	(378)
as restated	237	25,260	1,069	26,566
Surplus for the year	-	743	-	743
Other comprehensive income for the year	-	(81)	-	(81)
Total comprehensive income for the year	-	662	-	662
Transfer between reserves	57	28	(85)	-
Balance at 31 March 2022	294	25,950	984	27,228

The accompanying notes form part of these financial statements.

Statement of cash flows for the year ending 31 March 2022

	Note	2022	2021
		£000s	£000s
Net cash generated from operating activities	22	1,598	1,984
Cash flow from investing activities			
Purchase and refurbishment of housing properties		(2,820)	(2,604)
Proceeds from sale of tangible fixed assets	9	298	144
Net proceeds from disposal of care services		-	154
Cash received on merger	30	176	806
Merger expenses	30	(34)	(116)
Grants received		1,112	345
Grants repaid		-	(13)
Interest received		5	3
Net cash used in investing activities		(1,263)	(1,281)
Cash flow from financing activities			
Interest paid		(409)	(428)
Further borrowing		455	944
Repayment of borrowings		(270)	(270)
Net cash used in financing activities		(224)	246
Net change in cash and cash equivalents		111	949
Cash and cash equivalents at:			
Beginning of the year		2,556	1,607
End of the year		**2,667**	**2,556**

Notes to the financial statements

1. Legal status

Transform Housing & Support is

- Registered under the Companies Act 2006, and is a company limited by guarantee (registered in England and Wales with number 01057984).
- Registered with the Regulator of Social Housing (H2452).
- A registered charity with the Charity Commission (264133).
- Regulated by the Fundraising Regulator – mainly our fundraising activities.
- Registered with the CQC 1-2756361790 (de-registered May 2021).

Principal activity – the provision of housing and support to clients.

2. Accounting policies

The principal accounting policies are summarised below. Except as explained below, they have all been applied consistently throughout the year and the preceding year.

Basis of accounting
The financial statements have been prepared in accordance with the UK Generally Accepted Accounting Practice (UK GAAP) including the Financial Reporting Standard 102 (FRS 102) and the Housing SORP 2018: Statement of Recommended Practice for Registered Social Housing Providers. They comply with the Accounting Direction for Private Registered Providers of Social Housing 2019.

Transform's objectives are to provide housing and support services and to improve the wellbeing for vulnerable and socially excluded clients. It is therefore considered as a Public Benefit Entity (PBE), in accordance with FRS 102.

Going concern
In preparing the financial statements, management has assessed Transform's ability to continue as a going concern. This assessment has involved considering all available information about the future, which is at least, but is not limited to, 12 months from the date when the financial statements are authorised.

Transform has considered the business activities and current financial position. The factors that are likely to impact our future development are set out in the strategic report. In assessing its future viability, the Board has carried a thorough review of the cash-flow forecast, treasury management policy, compliance with the debt facilities as well as covenants' compliance, liquidity levels and financial plan outputs. In addition, the Board stress tested the operating and financial pressures on the business activities and implemented mitigating factors to protect the financial viability of the organisation. Having evaluated the impact on each business activity, the Board is confident that services are well-managed and continue to make positive contributions to the organisation.

Furthermore, the organisation has adequate long-term debt facilities in place to fund the commitments on strategic investments and development programmes, along with the organisation's day-to-day operations. The organisation's long-term business plan reflects a viable financial position capable of servicing these debt facilities while continuing to comply with lenders' covenants.

A wide range of multivariant stress tests have been run and are regularly monitored through the risk register, these include economic risk exposure from inflation, interest rates and economic downturn. We have also considered the post-Brexit environment including the impact on raising capital, recruitment, staffing costs and stretched supply chains.

Transform has adopted various approaches to mitigate against risks. These include delaying uncommitted non-essential expenditure, implementing efficiencies in our procurement processes and closely monitoring increased regulatory costs (e.g. fire safety costs). The appropriate governance support has been factored in for all scenarios. This stress testing found that the business plan is robust and does not affect the organisation's ability to meet its obligations.

On this basis, the Board has a reasonable expectation that Transform has adequate resources to continue in operational existence for the foreseeable future, being a period of at least 12 months after the date on which the report and the financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

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

WVHA merger
During the year we completed the merger with a small Guildford-based provider, WVHA. Both Boards approved the merger in February 2021 and the formal approval from the Financial Conduct Authority (FCA) was obtained in 2020/21. The merger was completed on 1 April 2021, through a Transfer of Engagement, and all assets and liabilities have been transferred to Transform. Management judged the merger date as the date of the transfer and have recognised the value of the donation in the 2021/22 financial statements.

Other key sources of estimation uncertainty
Information about estimates and assumptions that have the most significant effect on recognition and the measurement of assets, liabilities, income and expenses, is provided below. Actual results may be substantially different.

- **Impairment review:** we have carried out a review of the triggers for impairment. No areas of impairment were identified.
- **Defined benefit obligation:** management's estimate of the defined benefit obligation is based on a number of critical underlying assumptions such as standard rate of inflation, mortality, discount rate and anticipation of future salary increases. We are conscious that there were no active members within the organisation's defined benefit plan and the assumptions were in line with actuarial recommended rates. Variations in these assumptions may significantly impact the liability and the annual defined benefit expenses (see note 24). The net defined benefit pension liability at 31 March 2022 was £203k.
- **Useful lives of depreciable assets:** if there are any changes in circumstances (e.g. impairment) management reviews its estimate of the useful lives of depreciable assets including any components. Uncertainties in the estimates relate to technological obsolescence. These include the lifespan of certain software and IT equipment and changes to the Decent Homes Standard which may require more frequent replacement of key components. The useful lives of the property assets transferred through the WVHA merger were estimated by the independent valuers (Savills (UK) Limited) and found to be in line with the useful lives of our existing property components. As at 31 March 2022, the carrying amount of the housing properties was £60.4m and accumulated depreciation was £8.5m.

Turnover and revenue recognition
Turnover represents the income received or receivable from the following sources:

Rental and service charge income – this income is in respect of the year, net of any voids. The rental and service charge income from properties developed during the year is recognised from the point at which these properties reach practical completion or are otherwise available for letting. The enhanced housing management fees receivable that is funded by housing benefit is also included here.

Housing related support income – income is recognised as when we become entitled to it under the contractual agreements. The 'block subsidy' housing-related support income is classed as social housing income and 'block gross' income as other social housing income in the Statement of Comprehensive Income

Charitable donations – grants and donations from charitable trusts and voluntary sources for the development of property or for the acquisition of other tangible fixed assets are treated as income. Income is recognised on any significant pledges only after the grant conditions are fulfilled.

Donation of net assets – In a merger or otherwise, when an entity donates its assets and liabilities to Transform, the donated assets and liabilities are recognised at their fair value. Any excess of the net fair value of assets and liabilities donated over costs incurred is then recorded as an exceptional income within the Statement of Comprehensive Income. This income is recognised on legal completion of the agreement for the transfer of engagement.

Financial instruments
Financial instruments which meet the criteria of a basic financial instrument as defined in Section 11 of FRS 102 are accounted for under an amortisation cost model.

Non-basic financial instruments are recognised at fair value using a valuation technique with any gains or losses being reported in surplus or deficit. At the year end, the instruments are revalued to fair value with the movements posted to the income and expenditure account.

Transform's significant financial liability is the bank loan and this is classed as a basic financial instrument, measured at amortised cost. The values are similar to those previously shown with no significant adjustments.

Any payment arrangements entered into with tenants are also classed as basic instruments and need to be measured at their present value. Our assessment shows that Transform has a limited number of such agreements at the year end, and these are not considered to be material. Transform does not have any other financial instruments falling into the category of financing transactions.

Housing properties and depreciation
These are properties held for the provision of social housing or otherwise to provide social benefit. They are principally properties available for rent and stated at cost, less accumulated depreciation and impairment losses. Cost includes acquiring the land and buildings, development, and the interest cost capitalised during the development period. Works to existing properties which replace components that have been treated separately for depreciation purposes, along with those works that result in increase in net rental income over the lives of the properties, thereby enhancing the economic benefits of the assets, are capitalised as improvements.

Housing properties under construction are stated at cost and are not depreciated. Donated land and other assets are included within costs at fair value at the time of the transfer.

The property disposals are recognised in the financial statements only when the legal completion for the transaction is concluded, realising any surplus or deficit on the disposal.

Depreciation is charged over the estimated useful lives of the structure and major components of the housing properties, so as to write down the cost of each component to its estimated residual value, on a straight-line basis, over its estimated economic life. No depreciation is charged on freehold land. Leasehold properties are amortised over the life of the lease or their estimated useful economic lives in the business, if shorter. Depreciation is charged on qualifying fixed assets on the following estimated useful lives:

Components identified within housing properties	
Structure	100 years
Roofs	70 years
Flat roofs	15 years
Windows	30 years
Kitchens	15-20 years
Bathrooms	25-30 years
Boilers	15 years
Fire doors	30 years
Other building facilities	10 years

Other fixed assets	
Furniture and fittings	7 years
Office equipment	7 years
Office fittings	10 years
Specialist software	7 years
Computer equipment	3 years

Impairment of housing properties
Housing properties are assessed annually for impairment indicators. Where indicators are identified, an assessment for impairment is undertaken comparing the schemes carrying amount to its recoverable amount.

For the purposes of impairment assessments, housing properties are grouped together into schemes. Each scheme typically comprises of one or more buildings in the immediate locality, and each building consists of one or more accommodation units. Schemes are typically developed or acquired as a single block of units.

When comparing a scheme's carrying amount with its recoverable amount, any excess carrying amount on the scheme is written down to its recoverable amount. The resulting impairment loss is recognised as an operating expenditure.

With regard to supported housing schemes, management deems the properties are held not just to generate future cash, but to provide an additional social value i.e. these properties are held for their service potential. Therefore, the recoverable amount for these properties should be higher than (a) fair market value less cost of sale, and (b) its Value In Use Service Potential (VIU-SP).

VIU-SP can be used when the schemes can be let in the current condition and that fulfils a social purpose in addition to generating net rental cash flow. The 'depreciated replacement cost' (DRC) methodology can be used to measure this.

The DRC basis considers (a) cost of purchasing an equivalent property on the open market, and (b) the rebuilding cost of the property (of a similar condition, age, location and type) less depreciation, considering the age and condition of the property. However, when establishing no active market for these properties, then (b) above (i.e. rebuilding costs less depreciation) can be considered as value in use for the properties under DRC basis.

Other fixed assets
These are measured at cost less accumulated depreciation. Depreciation is provided evenly throughout the assets' estimated useful lives.

Government grants
These include grants receivable from Homes England, local authorities and other government organisations. Government grants received for housing properties are treated as deferred income and recognised in turnover over the estimated useful life of the housing property structure, under the accrual model.

Revenue grants are recognised in the Statement of Comprehensive Income over the same period as the expenditure to which they relate, once reasonable assurance has been gained that the entity will comply with the conditions and that the funds will be received. Grants due from government organisations or received in advance are included as current liabilities.

Government grants released on the sale of a property may be repayable. These are normally available to be recycled and are credited to a Recycled Capital Grant Fund. They are included in the balance sheet in creditors. If there is no requirement to recycle or repay the grant on disposal of the asset, any unamortised grant remaining within creditors is released and recognised as income in the Statement of Comprehensive Income.

Other grants
Grants received from non-government sources are recognised using the performance model. A grant which does not impose specific future performance conditions is recognised as revenue when the grant proceeds are received. A grant that imposes specific future performance related conditions on the organisation is only recognised when these conditions are met. A grant received before the revenue recognition criteria are satisfied is shown as a liability in the Statement of Financial Position.

Leases
Leases are classified as finance leases where the terms of the transfer substantially all the risks and the rewards of ownership of the leased asset to the company. All other leases are classified as operating leases.

Rental payable under operating leases is charged to income and expenditure on a straight-line basis over the lease term. With regard to lease incentives, the aggregate benefits of the lease incentive are recognised as a reduction in expenses recognised over the term of the lease.

Cash and cash equivalents
This includes all forms of cash and deposits repayable on demand, overdraft repayable on demand and short-term deposits held with various banks. These cash balances are used in our cash flow statements and future cash projections.

Interest payable
Interest costs are capitalised on borrowing to finance the development of qualifying assets to the extent that it accrues in respect of the period of the development. Other interest payable is charged to the Statement of Comprehensive Income.

Pension
Transform participates in two defined contribution pension schemes – the group personal pension scheme operated by Aviva Group (Friends Life) and the Social Housing Pension Scheme (SHPS) defined contributions scheme – as well as the SHPS multi-employer defined benefits scheme.

Defined contribution pension schemes
For the SHPS, the association has been able to identify its share of the scheme assets and scheme liabilities from 1 April 2018 and has applied defined benefit accounting from this date onwards.

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. This has been recognised within the defined benefit pension liability on the face of the Statement of Financial Position.

The current service cost and costs from settlements and curtailments are charged against operating surplus. Interest is calculated on the net defined liability. Re-measurements are reported in the Statement of Comprehensive Income.

Provision for liabilities
Provisions are recognised when the organisation has a present obligation as a result of a past event. It is probable that it is required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation, at the end of the reporting period taking into account the risks and uncertainties surrounding the obligation.

Value Added Tax
Transform is not registered for Value Added Tax (VAT) and VAT is accounted for as a cost to the organisation within the respective expenditure heading.

Reserves
The reserves comprise the general reserves and restricted reserves. The restricted reserves are provided by donors to be spent on specific client activities and general reserves have no restrictions on their use. Transform's reserve policy is shown in the strategic report on page 16.

Free reserves
Free reserves are unrestricted reserves that are currently not invested in the property assets and are freely available to fund charitable activities.

Reserves that are invested in property are calculated as being the net book value of the properties, less the grants and loans that part fund these assets. The free reserves are the balance of the unrestricted reserves.

3. Particulars of turnover, operating expenditure and operating surplus

2022	Note	Turnover	Operating expenditure	Operating surplus (deficit)
		£000s	£000s	£000s
Continuing operations				
Social housing lettings	4	7,462	(7,121)	341
Other social housing activities				
Housing related support income		2,886	(3,084)	(198)
Charitable donations		142	(78)	64
Other income		80	(32)	48
		10,570	(10,315)	255
Gain on disposal of property, plant and equipment	9			211
Donation of WVHA net assets	30			684
				1,150

2021 (restated)	Note	Turnover	Operating expenditure	Operating surplus (deficit)
		£000s	£000s	£000s
Continuing operations				
Social housing lettings	4	7,287	(6,269)	1,018
Other social housing activities				
Housing related support income		2,910	(3,098)	(188)
Charitable donations		110	(77)	33
Other income		96	(16)	80
		10,403	(9,460)	943
Discontinued				
Other social housing activities				
Home-based care services		1,803	(1,866)	(63)
		12,206	(11,326)	880
Gain on disposal of property, plant and equipment	9			100
Donation of RQHA net assets	30			3,577
				4,557

4. Particulars of turnover and operating expenditure from social housing lettings

	Note	2022	Restated 2021
		£000s	£000s
Rents receivable net of identifiable service charges		4,443	4,396
Charges for housing related support services		1,027	980
Service charges income		1,779	1,707
Amortised government grants	16	213	204
Turnover from social housing lettings	3	7,462	7,287
Operating expenditure:			
Service charge costs		1,690	1,620
Management		2,099	1,684
Routine maintenance		1,301	1,219
Planned maintenance		558	140
Bad debts		63	118
Property charges – lease/management agreement		431	560
Depreciation of housing properties	11	916	865
Other costs		63	63
Operating expenditure on social housing lettings	3	7,121	6,269
Operating surplus on social housing lettings	3	341	1,018
Void losses		(269)	(286)

5. Directors and key management personnel salary cost

Executive team covers those shown in page 2. None of the Board members received any salary.

	2022	2021
	£000s	£000s
Aggregate emoluments including pension scheme contributions, payable to:		
Executive Team (2022: 6.0 FTEs, 2021: 6.3 FTEs)	502	492
The highest paid Executive Team member:		
Emoluments	113	113
Pension contributions	10	10

The Executive team represents the key management personnel under FRS 102 and their aggregate emoluments including employer's national insurance contributions were £545k (2021: £542k). There were no compensation payments for loss of office to any previous members of the Executive team (2021: nil).

The Chief Executive was the highest paid Executive member during the year. His pension arrangements are similar to those of other colleagues – a money-purchase pension scheme with no additional benefits.

6. Employee information

The average number of employees employed (headcount)	2022	2021
	Number	Number
Housing, care and support staff	89	149
Administration staff	40	39
Maintenance staff	8	7
	137	195

The average number of employees employed (FTEs)	2022	2021
	Number	Number
Housing, care and support staff	78	127
Administration staff	33	33
Maintenance staff	7	7
	118	167

The number of full-time employees is calculated based on a 39-hour working week. Following the sale of the care services to Apex Prime Care on 28 February 2021, 65 staff were TUPE-transferred.

Staff costs for the above persons:	2022	2021
	£000s	£000s
Wages and salaries	3,792	4,805
Social security costs	327	393
Other pension costs	162	176
	4,281	5,374

The number of full-time equivalent employees who received remuneration (including pension contributions) above £60k (including the Executive team) is shown in the following bands:

The average number of employees employed (headcount)	2022	2021
More than £60,000 but not more than £70,000	2	4
More than £70,000 but not more than £80,000	2	1
More than £100,000 but not more than £110,000	1	-
More than £120,000 but not more than £130,000	1	1

7. Interest receivable

	2022	2021
	£000s	£000s
Interest from bank deposits	5	3

8. Interest and financing costs

	2022	2021
	£000s	£000s
Interest payable on bank loans	409	394
Net interest expense on SHPS pension scheme	3	1
	412	395

9. Surplus on property disposal

	2022	2021
	£000s	£000s
Disposal proceeds	298	144
Carrying cost of the property	(87)	(44)
	211	100

There was no capital grant allocation that requires recycling.

10. Surplus for the year

	2022	2021
	£000s	£000s
The operating surplus is arrived at after charging:		
Depreciation of housing properties	916	865
Depreciation of other tangible fixed assets	206	150
Surplus on disposal of property, plant and equipment	211	100
Operating lease rentals:		
Land and buildings	458	471
Other leases	46	40
Auditor's remuneration (excluding VAT):		
Audit fees	25	27
Other services	3	1

11. Tangible fixed assets – housing properties and other fixed assets

	Housing properties	Properties under construction	Total housing properties	Furniture and equipment	Total
	£000s	£000s	£000s	£000s	£000s
Cost					
At 1 April 2021	57,231	482	57,713	1,467	59,180
Additions	1,893	150	2,043	239	2,282
Transfer of engagement	547	-	547	-	547
Works to existing properties.	350	-	350	-	350
Disposals	(244)	-	(244)	(154)	(398)
At 31 March 2022	**59,777**	**632**	**60,409**	**1,552**	**61,961**
Depreciation					
At 1 April 2021	7,785	-	7,785	549	8,334
Charges for the period	916	-	916	206	1,122
Disposals	(158)	-	(158)	(154)	(312)
At 31 March 2022	**8,543**	**-**	**8,543**	**601**	**9,144**
Net book value					
At 31 March 2022	**51,234**	**632**	**51,866**	**951**	**52,817**
At 31 March 2021	**49,446**	**482**	**49,928**	**918**	**50,846**

Works to existing properties £350k (2021: £798k) includes, fire safety improvement works costs of £28k (2021: £550k) and component replacement costs of £322k (2021: 248k).

The additions during the year include:

- Property assets of £1.9m (2021: £1.3m) is the cost of acquisition of eight properties (2021: four properties for £1.3m).
- Other fixed assets of £239k (2021: £590k) includes (a) IT cost addition of £102k (2020: £376k) relating to ongoing IT capital projects (b) office refurbishment costs £nil (2021: £146k).

Housing properties book value, net of depreciation, comprises:

	2022	2021
	£000s	£000s
Freehold land and buildings	44,508	43,393
Long leasehold land and buildings	5,649	4,778
Short leasehold land and buildings	1,709	1,757
	51,866	49,928

12. Debtors

	2022	Restated 2021
	£000s	£000s
Due within one year		
Rent and service charges receivable	506	443
Less: provision for bad and doubtful debts	(409)	(355)
	97	88
Trade debtors	173	832
Other debtors	163	108
Prepayments and accrued income	385	431
	818	1,459

13. Cash and cash equivalents

	2022	2021
	£000s	£000s
Cash in bank and in hand	2,667	2,556

The cash balances include deposits to meet Transform's future working capital requirements.

14. Creditors: amounts falling due within one year

	Note	2022	Restated 2021
		£000s	£000s
Housing loans	17	360	270
Deferred grant income	16	221	207
Trade creditors		439	869
Loan interest due		107	107
Rent and service charges received in advance		555	344
Recycled capital grant fund	18	50	153
Capital accruals and retentions		8	13
Other creditors		507	581
Other taxation and social security		85	139
Other accruals and deferred income		251	162
		2,583	2,845

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

	Note	2022	2021
		£000s	£000s
Housing loans	17	13,248	13,121
Deferred grant income	16	13,040	11,988
Recycled capital grant fund	18	-	-
		26,288	25,109

16. Deferred grant income

	2022	2021
	£000s	£000s
Balance at 1 April	12,195	11,996
Grant received in the year	1,175	403
Grant transferred from Recycled Capital Grant Fund	103	-
Released to Statement of Comprehensive Income	(213)	(204)
Balance at 31 March	13,260	12,195

Deferred income to be released to the Statement of Comprehensive Income		
Amount to be released in **less than one year**	221	207
Amount to be released in **more than one year**	13,039	11,988
	13,260	12,195

The above summary excludes grants transferred through the merger and grants which have been written off to income; the total grants received to date in respect of properties owned are detailed in note 28.

17. Housing loan debt analysis

	2022	2021
	£000s	£000s
Due within **one year**	360	270
Due after **more than one year**		
Loan	13,440	13,300
Less: issue costs	(192)	(179)
	13,248	13,121
	13,608	13,391

We have the following loan facilities in place:

- Barclays Bank (Facility A) £6.3m – fully drawn (2021 – fully drawn) (expires July 2029).
- Barclays Bank (Facility B) £6.5m – fully drawn (2021 – £6m drawn) (expires August 2025).
- Unity Trust Bank £7.5m – £1m drawn (2021 – £1m drawn) (expires January 2031).

Repayment profile:

- Within one year: £360k (2021 – £270k).
- One year or more but less than two years: £460k.
- Two years or more but less than five years: by instalments of £1.7m (2021– £1.7m) and bullet payment of Barclays Bank (Facility B) £6.5m (2021– £6.5m).
- More than five years: £4.8m.(2021 – £4.7m).

Of the drawn loan facility £11.3m is on fixed interest rates and divided into several fixed-rate loan tranches with Barclays. These tranches have different interest rates ranging from 2.7% to 5.5% and varying maturity dates. Once they mature all tranches revert to variable rates.

The remainder is comprised of floating rate loans, with interest that is based on SONIA (Barclays) rate or the bank's base rate (Unity). The loan facilities are secured by fixed charges on a selected property portfolio. However, there are several other properties that are free from this charge and can be charged in the future to cover further borrowings, if required.

18. Recycled capital grant fund – Homes England

	2022	2021
	£000s	£000s
Balance at 1 April	153	167
Recycling of grants – new build	(103)	-
Grant repaid	-	(14)
Interest on grant fund	-	-
Balance at 31 March	50	153

	2022	2021
	£000s	£000s
Due within **one year**	50	153
Due after **more than one year**	-	-

19. Provisions for liabilities and charges

	2022	2021
	£000s	£000s
Balance at 1 April	182	60
Spend in the year	(164)	(15)
Release of provision	(18)	(15)
Increase in provision	-	152
Balance at 31 March	-	182

During the year dilapidation work at the Mill Street office and entrance doors at several schemes as recommended by the scheme Fire Risk Assessments were completed and the balance of the provision released.

20. Financial and other commitments

Capital expenditure commitments at the year-ends were as follows:

	2022	2021
	£000s	£000s
Expenditure contracted for but not provided in the accounts	420	33
Expenditure authorised by the Board but not yet contracted	3,085	2,735

The above commitments will be financed primarily through borrowings, which are available for drawdown under existing loan arrangements with the balance through social housing grant.

Leasing commitments

The future minimum lease payments are set out below.

	2021 Property £000s	2021 Others £000s	2021 Property £000s	2021 Others £000s
Within one year	460	26	454	13
Between one and five years	987	35	1,194	10
Over five years	873	-	952	-
At 31 March	**2,320**	**61**	**2,600**	**23**

21. Social housing units

The number of housing units under management at the end of the period:

	2022	2021
Supported housing units	869	864
Housing for older people units	36	36
Total owned and managed	905	900
Not owned but managed	30	65
	935	965

22. Notes to the statement of cash flow

	2022 £000s	Restated 2021 £000s
Surplus for the year	**743**	**4,263**
Adjustments for non-cash items		
Surplus on disposal of property, plant and equipment	(211)	(100)
Depreciation of tangible fixed assets	1,122	1,015
Surplus on sale of care services	-	(98)
Donation on merger	(684)	(3,577)
Amortisation of loan arrangement fee	33	30
	1,003	1,533
Movements in working capital		
Decrease/(increase) in debtors	712	(331)
(Decrease)/increase in creditors	(270)	634
	1,445	1,836
Adjustments for investing or financing activities		
Government grants amortised in the year	(213)	(204)
Pension costs less contributions	(41)	(40)
Interest payable	412	395
Interest received	(5)	(3)
Net cash generated from operating activities	1,598	1,984

23. Analysis of changes in net debt

	At 1 April 2021	Cash flow	Non-cash changes	Total 2022
	£000s	£000s	£000s	£000s
Housing loans				
Due in less than one year	270	(270)	360	360
Due after more than one year	13,121	455	(328)	13,248
	13,391	185	32	13,608
Cash at bank and in hand	(2,556)	(111)	-	(2,667)
At 31 March	**10,835**	**74**	**32**	**10,941**

24. Social Housing Pension Scheme (SHPS)

Transform participates in SHPS, a multi-employer pension scheme which provides benefits to non-associated participating employers. The scheme is classed as a defined benefits scheme in the UK and as a 'last man standing' arrangement. Therefore, Transform is potentially liable for other participating employers' obligation if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

The most recent formal actuarial valuation was completed as at 30 September 2021 and rolled forward, allowing for the different financial assumptions required under FRS 102, to 31 March 2022 by a qualified independent actuary.

The net defined benefit liability at the year ended 31 March 2022 is £203k (2021: £159k). We have been notified by the Trustee of the scheme that it has performed a review of the changes to the scheme's benefits over the years and the result is that there is uncertainty surrounding some of these changes. The Trustee has been advised to seek clarification from the court on these items. This process is ongoing and the matter is unlikely to be resolved before the end of 2024 at the earliest. It is recognised that this could potentially impact the value of scheme liabilities, but until court directions are received, it is not possible to calculate the impact of this issue, particularly on an individual employer basis, with any accuracy at this time. No adjustment has been made in these financial statements in respect of this potential issue.

Present value of defined benefit obligation

	31 March 2022	31 March 2021
	£000s	£000s
Fair value of plan assets	1,096	1,236
Present value of the scheme liabilities	1,299	1,395
Deficit in plan	(203)	(159)
Defined benefit liabilities to be recognised	(203)	(159)

Reconciliation of the opening and closing present value of scheme liabilities

	2022	2021
	£000s	£000s
Opening Scheme liability	1,395	1,187
Expenses	3	3
Interest expense	28	28
Actuarial (losses)/gains	(75)	229
Net benefits paid	(52)	(52)
Closing scheme liability	1,299	1,395

Reconciliation of the opening and closing balances of the fair value of the plan assets

	2022	2021
	£000s	£000s
Opening fair value of the plan assets	1,236	1,120
Interest income	25	27
Return on plan assets	(156)	98
Contributions by the employer	43	43
Benefits paid	(52)	(52)
Fair value of assets	1,096	1,236

The actual return on plan assets (including any changes in share assets) over the period from 3 March 2021 to 31 March 2022 was £131k.

Amounts recognised in the surplus

	2022	2021
	£000s	£000s
Amounts charged to operating costs	3	3
Amounts charged to interest costs	3	1
Total charge for the year	6	4

Defined benefits costs recognised in the other comprehensive income

	2022	2021
	£000s	£000s
Experience to plan assets (excluding amounts included in net interest cost) – gain (loss)	(156)	98
Experience gains and losses arising on plan liabilities – gain (loss)	(18)	2
Effects of changes in the demographic assumptions underlying the present value of the defined befit obligation – gain (loss)	24	(6)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – gain (loss)	69	(225)
Total actuarial gains or losses (before restriction due to some of the surplus not being recognisable) – gain (loss)	(81)	(131)
Total amount recognised in other comprehensive income – gain (loss)	(81)	(131)

Principal actuarial assumptions: Financial assumptions

	31 March 2022	31 March 2021
	% per Annum	% per Annum
Discount rate	2.78	2.04
Future salary increase	3.77	3.82
Inflation (RPI)	3.28	3.35
Inflation (CPI)	4.28	2.82
Allowance for commutation of pension for cash at retirement	75% of max. allowance	75% of max. allowance

Mortality assumptions

	31 March 2022	31 March 2021
	Life expectancy at age of 65 years	
Male retiring in 2022	21.1	21.6
Female retiring in 2022	23.7	23.5
Male retiring in 2042	22.4	22.9
Female retiring in 2042	25.2	25.1

Analysis of pension scheme assets

	31 March 2022	31 March 2021
	£000s	£000s
Global equity	210	197
Absolute return	44	68
Distressed opportunities	39	36
Credit relative values	36	39
Alternative risk premia	36	47
Fund of hedge funds	-	-
Emerging markets debts	32	50
Risk sharing	36	45
Insurance linked securities	26	30
Property	30	26
Infrastructure	78	82
Private debt	28	29
Opportunistic illiquid credit	37	31
High yield	9	37
Opportunistic credit	4	34
Corporate bond fund	73	73
Liquid credit	-	15
Long lease property	28	24
Cash	4	-
Currency hedging	(4)	-
Secured income	41	51
Liability driven investments	306	314
Net current assets	3	8
	1,096	**1,236**

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

25. Fundraising activities

We receive fundraising income from individuals, companies and trusts and report performance on a cash basis. Based on the accounting policy, fundraising income is recognised in the financial statements only after the grant conditions are fulfilled.

	2022	2021
	£000s	£000s
Fundraising cash generated		
Fundraising cash	142	110
Fundraising costs		
Salary costs	57	55
Other costs	21	22
	78	77
Net fundraising contributions	64	33
Return on investment (ROI)	**1.82**	**1.4**
Fundraising cost ratio	**55%**	**70%**
Allocation of funds		
Capital projects		
Move on Grants	-	8
Revenue projects		
For specific client groups/projects	142	102
Total fundraising cash allocation	**142**	**110**

26. Share capital

Transform is limited by guarantee and therefore has no share capital. Each member (see numbers below) agrees to contribute £5 in the event of the organisation winding up.

Number of members	2022	2021
	No	No
At 1 April	23	24
Joining during the year	1	1
Leaving during the year	(1)	(2)
At 31 March	23	23

27. Related party transactions

The members of the Board and Executive Team are considered related parties as defined by FRS 102. Transform retains a register of members' interests. We can confirm that we do not have any transactions that require disclosure.

28. Government grants

Government grants are Social Housing Grants and other grants received to enable us to acquire properties for social housing use. Should the properties to which the grants relate cease to be used for social housing, the grants may be repayable in full.

Total grants received:	2022	2021
	£000s	£000s
Grants credited to the income statement or arising on merger/acquisition	9,738	9,525
Deferred grants (note 16)	13,260	12,195
	22,998	21,720

29. Taxation status

Transform is a registered charity and as such is exempt from taxation on its charitable activities.

30. Donation of WVHA and RQHA net assets

WVHA transferred all its assets and liabilities as at 1 April 2021 to Transform, through a transfer of engagement.

The fair values of the housing properties were based on the existing use value for social housing. The valuations were undertaken by Savills.

	Book value	Restated to fair value	Fair value to Transform
	£000s	£000s	£000s
Housing property	462	85	547
Debtors	7	-	7
Short term liabilities	(12)	-	(12)
Cash	176	-	176
	633	**85**	**718**
Less: merger costs			(34)
			684

RQHA transferred all its assets and liabilities as at 15 May 2020 to Transform, through a transfer of engagement. The table below sets out the net book value of the identifiable assets and their value to Transform.

The fair values of the housing properties were assessed as follows:

- properties which are to be sold or redeveloped, based on the open market fair value assuming vacant possession
- other social housing properties, based on the existing use value for social housing

The valuations were undertaken by Savills.

The only social housing grant on the properties transferred relates to the properties which are to be retained and which will be used for social housing purposes for the foreseeable future. As such it is not expected that the grant will become repayable in the foreseeable future and the grant is not recognised in the financial statements (see also note 28).

	Book value	Restated to fair value	Fair value to Transform
	£000s	£000s	£000s
Housing property	2,205	668	2,873
Other fixed assets	21	-	21
Debtors	22	-	22
Short term liabilities	(29)	-	(29)
Cash	806	-	806
	3,025	**668**	**3,693**
Less: merger costs			(116)
			3,577

31. Prior year adjustments

During the year, it was discovered that:

- Certain rent increases had been incorrectly applied with the result that for certain properties, excess rents were charged from 1 April 2018.
- Incorrect returns were made in respect of certain employees' pension contributions with the result that income tax was claimed twice on the pension contributions. Transform has agreed to cover the cost of the excess tax claims.

These items have been treated as prior year adjustments, the impact on the financial statements is shown in the table below:

	As previously reported 2021	Prior year adjustments	2021 restated
	£000s	£000s	£000s
Impact on the statement of comprehensive income			
Turnover (rent receivable)	12,364	(158)	12,206
Operating expenditure (management costs)	(11,298)	(28)	(11,326)
Other operating income	3,677	-	3,677
Operating surplus	4,743	(186)	4,557
Surplus on sale of care services	98	-	98
Interest receivable	3	-	3
Interest payable	(395)	-	(395)
	4,449	**(186)**	**4,263**
Impact on the statement financial position			
Tangible fixed assets	50,846	-	50,846
Trade and other debtors	1,551	(92)	1,459
Cash and cash equivalents	2,556	-	2,556
Creditors: amounts falling due within one year	(2,559)	(286)	(2,845)
Creditors: amounts falling due after more than one year	(25,109)	-	(25,109)
Provisions and pension scheme liability	(341)	-	(341)
	26,944	**(378)**	**26,566**
Reserves			
Opening reserves	22,626	(192)	22,434
Net comprehensive income for the year	4,318	(186)	4,132
	26,944	**(378)**	**26,566**

If you would like this document in another format please contact us

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Surrey KT22 7NA

01372 387100

www.transformhousing.org.uk

info@transformhousing.org.uk

Registered with FUNDRAISING REGULATOR

TRANSFORM HOUSING & SUPPORT

England & Wales - Charity number 264133

Accounts

transform
housing & support



Financial statements
31 March 2021

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About Transform Housing & Support

Transform is a registered provider of social housing and support to more than 1,800 people each year. With a central office in Leatherhead, Surrey, Transform covers Surrey and surrounding areas including West Sussex, Berkshire and south west London. Many Transform clients are homeless, feel excluded from society, are battling multiple health challenges and often have little, or no, family support. We not only offer many individuals a safe place to live and somewhere to call their own, we also provide the support they need to prosper in their own home. Transform keyworkers empower clients to live happier, healthier and more fulfilling lives.

The Board of Trustees

Chair
Mark Austen FCMA

Deputy Chair and Senior Independent Director
Oliver Smedley FCMA

Trustees
Jane Bolton BA (Hons) FCIH

Julie Bradley

Chris Deacon BSc (Hons) MSc

Natalia Kolotneva MSc MRICS
(appointed July 2021)

Robert Mills BA (Hons) MCIH
(retired September 2020)

Paul Rees MA FCA

Michael Ryan
(appointed June 2020)

David Turner DSc FRICS
(retired September 2020)

Katie Wadey

Committees
Client Services & Performance
Chair: Chris Deacon

Development & Asset Management
Chair: Katie Wadey

Finance & Audit
Chair: Paul Rees

Nominations
Chair: Mark Austen

People
Chair: Julie Bradley

Executive team

Chief Executive
Lawrence Santcross

Director of Asset Management & Capital Development
Michael O'Brien (appointed as Director October 2020)

Director of Asset Management & New Business
Andrea Cannon (retired August 2020)

Director of Client Services
Adele Duncan

Director of Finance & Resources
Ratna Sukumaran

Director of People
Simone Bartley

Head of External Affairs & Communications
Anita Gupta



Patrons

Royal Patron
HRH The Countess of Wessex GCVO DStJ CD

The Rt Hon Baroness Bottomley of Nettlestone PC DL

Michael More-Molyneux, HM Lord-Lieutenant of Surrey

Professor Patrick J Dowling CBE DL FREng FRS

Dame Penelope Keith DBE DL

David Hypher OBE DL (Hons)

Elizabeth Kennedy FCIPD

Prof G. Q. Max Lu AO, DL, FREng, FAA, FTSE, FIChemE, FRSC, FCAS, FNAI, President and Vice-Chancellor, University of Surrey

Gavin Stephens QPM, Chief Constable, Surrey Police

Sir Richard Stilgoe OBE DL

Sally Varah MBE DL

The Rt Revd Andrew Watson, Bishop of Guildford

Ambassadors

Dame Elizabeth Anson DBE JP DL

His Hon Christopher Critchlow DL

Desmond McCann BA FCA

David McNulty PhD

Greg Melly

Lesley Myles MBE JP DL MA

Kim Rippett

The Hon Mrs Lavinia Sealy DL

Bernard Stevens FCA FCMA

Lady Elizabeth Toulson CBE DL

Paul Wates FRICS

Cllr Fiona White

Malcolm Young FRICS

Company Secretary

Ratna Sukumaran

Registered office

Transform Housing & Support
Bradmere House
Brook Way
Leatherhead
Surrey, KT22 7NA

01372 387100

www.transformhousing.org.uk

info@transformhousing.org.uk

Registrations

Registered charity: 264133

Company limited by guarantee registered in England: 01057984

Registered provider of social housing: H2452

CQC registered: 1-2756361790
(de-registered May 2021)

Auditor

Nexia Smith & Williamson LLP
25 Moorgate
London, EC2R 6AY

Principal solicitors

Devonshires Solicitors LLP
30 Finsbury Circus
London, EC2M 7DT

Banker

Barclays Bank PLC
1 Churchill Place
Canary Wharf
London, E14 5HP

Highlights, facts and figures 2020-21

Previous year's figures in brackets

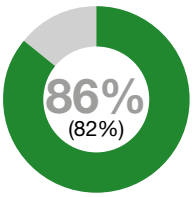


1,591 housing and support clients (1,734)

This reduced number is the result of fewer people accessing the Wokingham drop-in service due to Covid-19 restrictions.

215 care clients (270)

Client outcomes



of clients moved on in a planned way
(short-term impact)

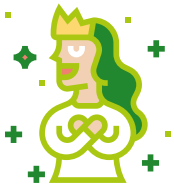
91% (85%)
felt improvements in emotional and mental wellbeing
(short-term impact)





100% (92%)
of clients felt more secure
(long-term impact)

Client satisfaction



92% (91%)
of housing and support clients felt more confident after receiving Transform support

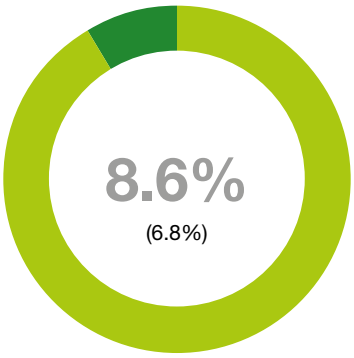
93% (95%)
of housing and support clients were satisfied with the quality of Transform accommodation





98% (99%)
of homecare clients were satisfied with the care and support they received

Financial performance



underlying operating margin (excluding exceptional items)

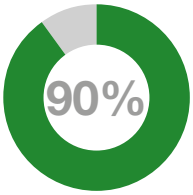
Transform people

At the time of publishing 85% colleagues had received their first Covid vaccinations.

Our colleague wellbeing survey found:

93%
felt informed about how the pandemic affected Transform and their role





felt they have been given enough advice and support to do their job safely

65%
felt their Transform job contributed positively to their mental wellbeing





72%
said they had been provided with the equipment needed to work from home effectively

Transform client and colleague quotes

























Our Chairman reflects on 2020-21



Transform's Covid journey

To say that 2020-21 was a challenging year would be more than an understatement. This was especially the case for the clients we support who have been among those facing the greatest difficulties during the pandemic.

I am, though, very proud of how we have weathered the Covid storm. All services have remained open, all care appointments carried out and all colleagues have gone above and beyond to ensure clients have continued to receive outstanding support from us, as shown by our client surveys.

During the year, Transform robustly followed the Government's social distancing, self-isolation and personal protective equipment (PPE) requirements.

Essential maintenance services have continued throughout the pandemic. We experienced the initial national shortage, and subsequent rapid cost increases, in PPE supplies. We managed this through effective planning and advanced purchasing. We also secured crucial additional grants from Surrey County Council and extra supplies of PPE and funding from external donors.

Colleagues working in our central support functions were provided with IT equipment to work from home.

Vaccinations

At time of publishing, 85% of Transform employees have confirmed they have received their first vaccination and 75% their second vaccine. A large number of Transform clients have also now had their jabs.

Winter shelter/Covid cabins

Covid put those who were homeless in even greater peril. Transform teamed up with Elmbridge Borough Council, Rentstart, Molesey Churches Night Shelter and other organisations, and, with support from Surrey County Council and Public Health England, installed temporary accommodation in the form of 12 studio cabins in Elmbridge. The cabins took a number of the most vulnerable people – including some with Covid – off the streets and gave them respite during the winter months while reducing the spread of the virus. We are delighted that the cabins have now been relocated to Camberley, after Surrey County Council and Surrey Heath Borough Council secured funding for them.

Growth and development

Transform has made significant advances during the year in developing its supporting systems, technology and processes with the aim of continually improving the way we deliver services. We also have a deliberate strategy to grow, either organically or through merger. This year we have delivered an extra four new units. On 15 May 2020, we completed a merger with Reigate Quaker Housing Association through which we added sheltered housing for 60 people and two redevelopment sites. We also secured the opportunity to merge with a small Guildford-based provider, Wey Valley Housing Association.

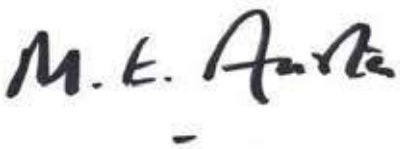
Care sale

Transform took on care services four years ago. Since this time, we sought to strike a balance between providing the best services for clients and delivering them in a financially sustainable way. We were very proud of the high-quality care staff had been providing, however we were not able to achieve the level of financial viability we required to continue and grow the care services in a sustainable way. Following a review, we concluded that care would be better placed with a specialist provider. The care services were sold to Apex Prime Care on 28 February 2021.

In summary

As you will see from this report, Transform has continued to flourish and we are all looking forward enthusiastically and energetically to the future. We shall build further on the platform we have established and intend to bid successfully for new contracts as well as re-tender for existing ones. We hope to play an even greater leadership role in reducing homelessness in Surrey and the surrounding areas and refresh our property portfolio addressing its sustainability and future fitness.

Finally, we very much look forward to celebrating our 50th anniversary with you next year.



Mark Austen, Chairman



Strategic report

Key strategic achievements – 2020-21

Despite the challenges this year, we have achieved our key objectives including keeping clients and colleagues safe. We discovered how agile colleagues could be in addressing Covid challenges while still ensuring clients received the support they needed.

Achievement highlights

Clients

- Kept the health and wellbeing of clients as our utmost priority during the Covid-19 pandemic – including all services remaining open, maintaining high support levels and continuing repair services.
- Arranged vital services such as food bank deliveries, pop-up Covid vaccine centres at some services and a Covid-secure cabin-based service in Elmbridge.
- Supported 1,806 (2020: 2,004) individuals, including 1,591 (2020: 1,734) housing and support clients, with 86% (2020: 82%) of clients who moved on from our services, doing so in a planned way.
- Maintained positive client outcomes and high satisfaction rates throughout the pandemic.

People

- Implemented a new pay structure based on sector salary benchmarking, introduced a reward strategy and a new benefits platform.
- Created a bespoke Transform leadership development programme.
- Supported the transfer to homeworking for many colleagues and developed comprehensive wellbeing resources including support for financial, mental, physical and Covid-19 wellbeing challenges.







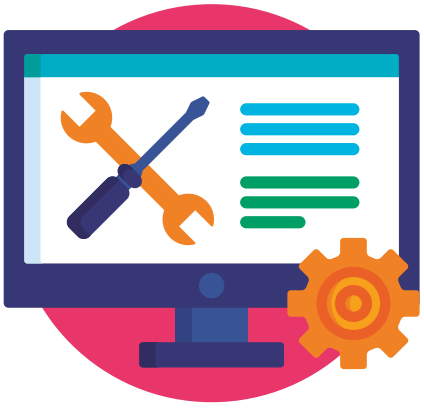
Growth and funding

- Completed a merger with Reigate Quaker Housing Association acquiring 60 units of sheltered accommodation and two sites with development potential.
- Acquired a further three one-bedroom move-on flats funded through a grant from Homes England. We were also successful with bids to the Next Steps Accommodation Programme for five one-bedroom properties which we are running as our first Housing First model in partnership with Elmbridge Borough Council.
- Agreed terms for a merger with Wey Valley Housing Association comprising of 11 units of supported housing accommodation and completed related financial due diligence activity.
- Made successful bids for Covid funding with many donations in kind, including PPE and computers. Also received £110k in fundraising from donors.

Developments within Transform

- Modernised IT infrastructure through acquisition of new hardware, migration to Office 365 and cloud-based services. Implemented software upgrades on new HR and payroll systems and launched an intranet.
- Completed reviews of occupational/landlord health and safety, and compliance.
- Following a review, sold care services to another registered domiciliary care provider.
- Delivered a surplus which exceeded expectations in a challenging operating environment.







“Without them things could have been very different for me.”

Victoria

Future plans – strategic objectives 2021-24

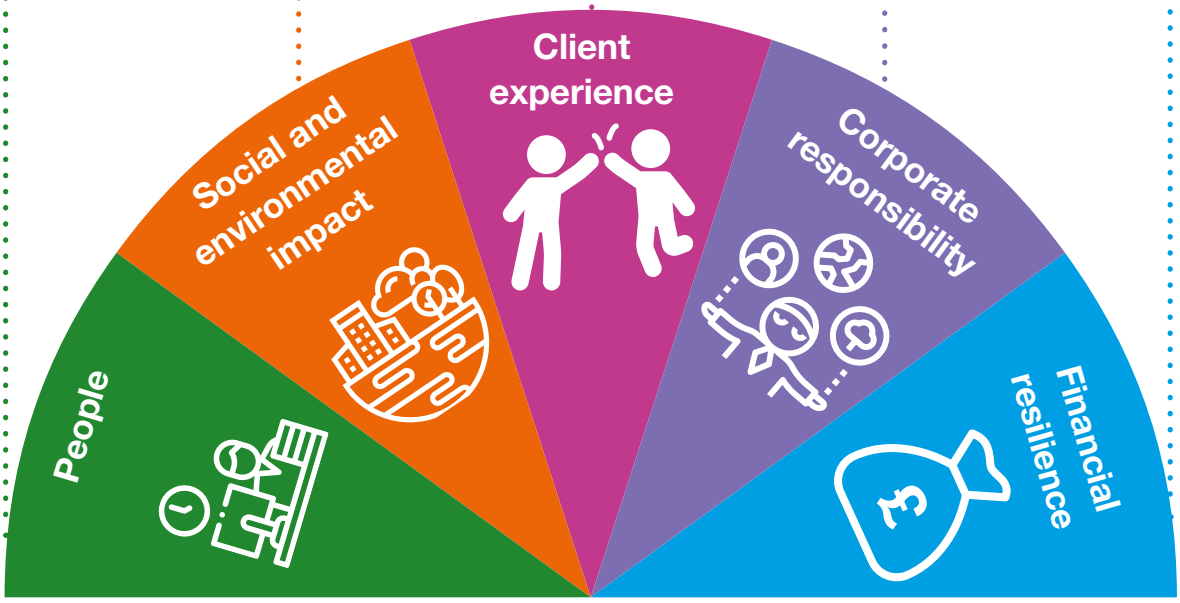
Further build colleague engagement, embed inspiring leadership approaches that align with outstanding client outcomes and focus on colleague wellbeing and inclusivity.

Use our resources and partnerships to create positive social and environmental impact, including implementing measures to fully understand this impact.

Improve, innovate and develop housing and support services, increase the volume and diversity of client engagement and use technology wherever it can add value. Consistently maintain property assets to a high standard.

Continue to focus on quality and compliance and be proactive in communicating positive outcomes. Increase our reputation by building on relationships with commissioners, trusted partners and other stakeholders.

Invest in new housing supply and ensure all existing assets are fit for purpose, financially viable and relevant. Extend our operating footprint, monitor opportunities for asset investment and possible mergers while ensuring financial sustainability of all services.





Social impact – client outcomes

Transform provides people with a home. We also enable them to take greater control of their lives and build their overall confidence by supporting them to address their challenges, learn life skills, improve their health and wellbeing, and participate in educational, training and employment opportunities.

During the year, 1,591 clients received housing-related support services from Transform, and 327 (86%) clients moved on in a planned way (2020: 82%). We also provided care for 215 clients between April 2020 and 28 February 2021 before the care services were sold.

Our main aim is to support clients to find a home and to live independent and fulfilling lives; we therefore seek to ensure that the accommodation and support we provide meets their needs and aspirations. To enable us to better understand how effective our services are and to continually improve, we carry out exit surveys as well as long-term outcome and client satisfaction surveys.

Current housing and support client satisfaction

The 2021 client satisfaction survey compiled responses from clients across five aspects – what they thought of our services; how they felt our services had helped them; whether their personal wellbeing had improved; how we had supported them through the pandemic and how they felt we had dealt with complaints.

Highlights from housing and support clients' satisfaction survey (previous year in brackets)



96%
(n/a)
were satisfied with actions taken to keep them safe during the pandemic



82%
(84%)
feel their ability to manage their emotional/mental health has improved



87%
(86%)
feel their ability to manage their alcohol or drug use has improved

Homecare client satisfaction

The 2020 homecare survey covered questions across four areas – how satisfied clients were with our care services; how effective clients found us – including how well protected they felt from contracting Covid-19; complaints and compliments and their overall assessment of the care services received.

Highlights from homecare clients' satisfaction survey (previous year in brackets)



98%
(n/a)
of homecare clients felt protected from Covid-19 by the use of PPE



98%
(99%)
of homecare clients satisfied with the care and support received



98%
(100%)
of homecare clients satisfied that Transform staff treated them with dignity, respect and compassion



Short-term impact of services

When housing and support clients are ready to move on from Transform, we ask them to compare how they feel when leaving our services with how they felt when they began to receive support from us. The exit survey comprises exit questionnaires completed from April 2020 to March 2021.

Highlights from 2020-21 exit survey (previous year in brackets)



100%
(100%)
satisfied with the quality of Transform accommodation



95%
(97%)
satisfied with the support received



90%
(94%)
feel more secure

Long-term impact on outcomes

To obtain information on how services affect clients in the longer-term, we carry out an outcome survey each year. This year's survey, carried out in December 2020, collected the views of former clients who left Transform's services between four months and two and a half years ago.

Highlights from 2020 long-term impact survey (previous year in brackets)



95%
(92%)
feel happier



88%
(91%)
feel more confident



100%
(100%)
have settled accommodation

Financial performance

Summary

Transform's turnover increased by 8% to £12.4m and the operating costs by 6% to £11.3m (2020: £10.7m), increasing the underlying operating surplus to £1.1m (2020: £0.8m). The overall surplus for the year was £4.4m, which exceeded budget expectations and covenant requirements and was largely a result of the merger with RQHA.

The financial performance for the care operations had improved, resulting in a reduction in the operating deficit to £63k (2020: £464k). This was achieved through more efficient service delivery and better cost management.

We had been monitoring the viability of the care business and, following a review, concluded it was no longer sustainable. It was therefore sold in February 2021. The financial performance of the care business up to the date of sale, is reported as 'discontinued operations' and the surplus on the sale of £98k is reported as 'other operating surplus'.

Continuous operations – housing, support and fundraising activities show a drop in underlying operating surplus to £1.1m (2020: £1.2m). This is due to operating cost increases from continuing investments in management, staff and IT infrastructure to enhance our service delivery.

The RQHA merger, completed in May 2020, increased turnover by £397k alongside a proportionate cost increase. The merger increased Transform's net assets by £3.6m.

As at March 2021, Transform's net assets of £52.4m (2020: £47m) comprised of £12.1m in grants, £13.4m in bank loans and the remainder as reserves of £26.9m (2020: £22.6m).

We had strong liquidity at year end, with the £2.5m cash providing a good buffer to manage short-term cash flow pressures.

Capital structure and treasury

As at 31 March 2021, Transform had secured loan facilities of £20.5m, of which £13.4m has been drawn. Of the drawn loan balances, £8.6m was on variable interest rates and the remaining £4.8m on fixed interest rates. Our weighted average cost of capital was 2.4% (2020: 3.1%).

Reserve policy

The reserve policy is regularly reviewed and updated. The merger with RQHA increased the reserves generated during the year.

Transform holds reserves for the following purposes:

1. To meet the working capital requirements.
2. To mitigate operational risks such as those arising from pandemics, staffing shortages, and reactive asset management requirements.
3. To protect against any income fluctuations.
4. To smooth cash flows.

We hold three types of reserves:

- Restricted reserves – funds received from donors for designated purposes.
- General reserves – generated through normal operations and invested in property assets.
- Free reserves – generated from normal operations.

As of March 2021, our free reserves amounted to circa £1.5m. This exceeded the target by £750k, a consequence of holding larger than normal cash reserves to fund planned property acquisitions that were due to be completed by year end but were delayed.

The Board reviewed our reserve policy, then – taking into consideration the ability to draw down from our loan facility at short notice – they set a free reserve target of £500k for the year 2021-22. This represents two months' operating costs for Transform.

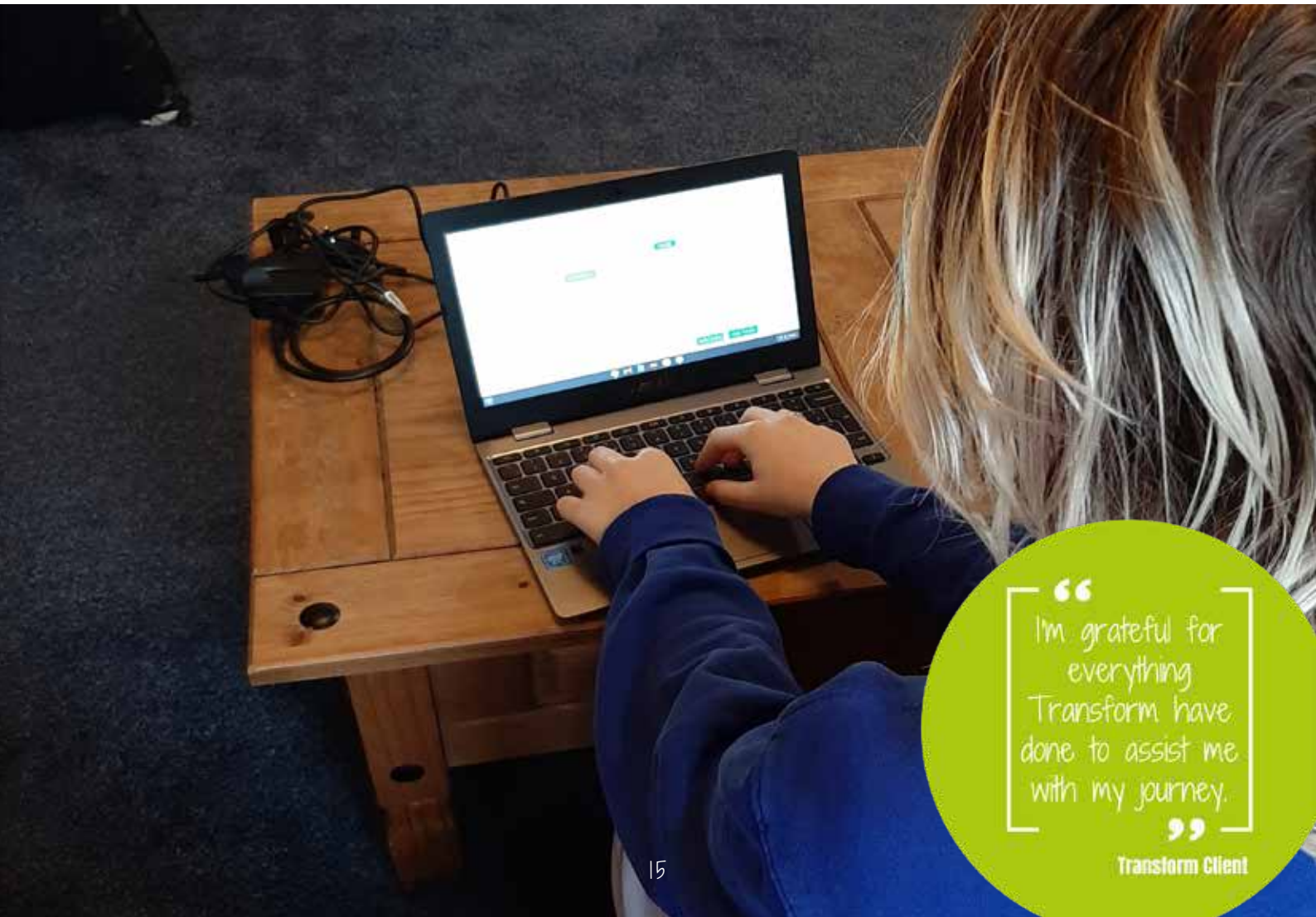


Fundraising – true generosity highlighted during Covid-19 pandemic

Transform has been overwhelmed by the generous and continued support received from donors and supporters. We have received vital emergency funds that have helped us purchase additional PPE, as well as donations to keep clients digitally connected.

We have continued to invest in safe and affordable homes for vulnerable people to live in, alongside specialist support and interventions. The pandemic has shone a light on the challenges faced by homeless and vulnerable people. Transform continues to commit its resources to providing increased opportunities and services to enable people to live independent and fulfilled lives.

In addition to many donations in kind, we have received £110k from donors. Every single penny has been used to support clients who have been facing even more challenges during the Covid-19 pandemic.



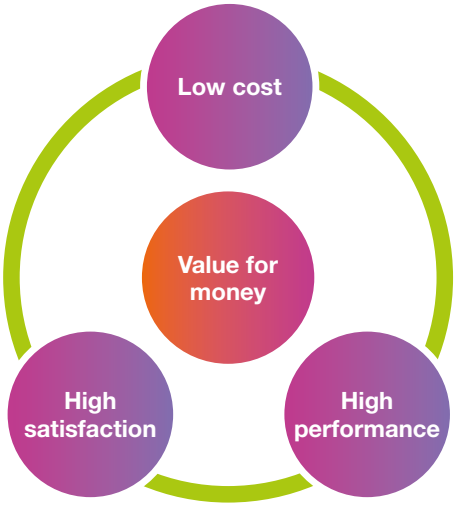


Value for money

Our approach

Our Value for Money (VfM) approach aims to optimise the benefits we derive from our resources in an economic, cost-effective and efficient manner.

The key aim underpinning our strategy is to maintain long-term financial viability so we can continue to support more clients in the future.



Strategic decision on care services

During the year, we completed a strategic review of Transform's care activities and concluded that we should exit this market. Through a selection process based on our core values, we identified a home care purchaser and completed the sale on 28 February 2021.

Performance

Our performance is measured against our strategic goals. Our performance indicators are based on the VfM metrics set out by the Regulator of Social Housing (RSH). Our services create social value for clients and also to society. This is further illustrated by our client success story.

During the year, Transform participated in a pilot for supported housing benchmarking co-ordinated by Housemark which included wide participation from several care and support providers. This pilot confirmed that Transform's services are cost-effective and provide good value for money.

The RSH's Global Accounts 2019-20 included VfM metrics. We have used these metrics related to supported housing providers as a basis for benchmarking.

We measure Transform's value for money performance as follows:

- Internally: against our target for the year and last year's actual performance.
- Externally: against RSH's supported housing median.

As the care business was sold on 28 February 2021, the social housing costs per unit cited are presented inclusive and exclusive of care and support activities.



Value for money performance metrics		Actual performance			Benchmark performance	Target performance	
		2020-21	2019-20	RAG	RSH's Supported Housing Median	2020-21	2021-22
RSH metrics							
1	Operating margin (overall)	39.2%	6.8%	●	6.5%	6.8%	7.9%
2	Operating margin (excluding RQHA gift)	10.2%	6.8%	●			
3	Operating margin (social housing)	16.2%	21.1%	●	10.4%	20.0%	18%
4	Interest cover ratio (EBITDA MRI)	303%	280%	●	259%	170%	180%
5	Social housing cost per unit						
	Including care and support costs	£11,707	£11,911	●	£9,900	£11,500	£10,183
	Excluding care and support costs	£6,467	£5,964	●		£6,449	£6,673
6	Gearing	18.8%	24.5%	●	14.2%	25.0%	26%
7	New supply % (social housing units)	8.9%	1.2%	●	0.4%	1%	1.9%
8	Reinvestment %	4.5%	2.7%	●	4.4%	3%	5%
9	Return on Capital Employed (ROCE)	9.2%	1.7%	●	3.1%	1.8%	1.4%
Other metrics							
10	Occupancy rate	93.1%	93.9%	●	99.8%	94%	94%
11	Rent collected	98.9%	97.5%	●	98.6%	98.5%	98.5%
12	Client satisfaction	94.6%	95.8%	●	86.9%	95%	95%

Key	
Exceeds last year's performance	●
Below last year's performance	●



Operating margin

The overall operating margin was nearly 40% and, excluding exceptional surplus, the underlying margin was 8.6%. The social housing operating margin has reduced due to increased investments in IT infrastructure and management capabilities.

Interest cover ratio (EBITDA MRI)

This provides an approximation of cash generation compared to interest payments. The improvements in underlying surplus have contributed to the enhancement in this interest cover ratio. In addition, this satisfies loan covenants.

Social housing cost per unit

This is the key cost measure used by RSH and our unit cost has reduced by 1.7% in 2021. However, this cost is higher than the median cost for supported housing providers published by the RSH. Their publication on the 'cost regression analyses' recognises that supported housing providers' unit costs can vary significantly between £8k and £14k per unit/annum. A supported housing provider's average unit cost is dependent on (a) its income/cost proportions from supported housing (b) clients' support needs (c) size of the organisation and (d) regional cost variances. Therefore, due to Transform's south east location and size, our unit costs (including care and support) are in the higher end of this band.

Gearing ratio

Gearing is the proportion of borrowings in relation to the size of the asset base. During the year, we increased our asset base through the 2020-21 merger without an increase in loans, reducing the ratio. This satisfies loan covenant requirements.

Housing units acquired

There were four new units of accommodation acquired during the year and 76 units transferred through the 2020-21 merger of which 16 units are empty awaiting redevelopment or sale.

Re-investment

The re-investment levels have increased during the year. We made capital investments on both existing and new property units. As identified and reported last year, two sheltered housing schemes required significant capital investments to comply with fire safety recommendations.



Return on Capital Employed (ROCE)

The return is based on the overall operating surplus including a gift through merger and asset sales. The ROCE is 9.2% which exceeded budget expectations and the median for the sector.

Occupancy rate

The occupancy rate declined during the year and was below target. This was mainly due to the pandemic causing delays in local authority referrals and subsequent difficulties processing applications.

Rent collection rate

The rent collection rate for 2020-21 was influenced by the effects of the pandemic and the resulting financial difficulties faced by clients. Despite these challenges, Transform's collection rate increased during the year and is comparable to the median for supported housing providers. We recognise that further work may be required to maintain a similar, or better, collection level going forward.

Client satisfaction

A range of measures is used to ascertain satisfaction levels. The overall satisfaction for 2020-21 was 94.6% (2020: 95.8%), despite the pandemic effects. Service satisfaction remained high for (a) quality of housing 92.7% (2020: 95%) and (b) quality of support 96.9% (2020: 98.2%). Moreover, 96.4% of clients were satisfied with the actions taken by Transform to keep them safe and secure during the pandemic.

Future improvement plans

Our social housing operating margin has declined and this was mainly due to investments made in upgrading our management and IT infrastructure. This margin is likely to come under further pressure with the increasing regulatory compliance requirements arising from the fire safety bill, the Government's 2050 net carbon zero target and the social housing white paper. This emphasises the need to exercise effective cost controls.

The occupancy rate for Transform is in the lower quartile performance among the benchmarking group. Transform is committed to making future improvements in this area.

Social value

Our service delivery includes three components:

1. Housing services – the provision of safe and secure homes for clients, providing independence and stability to improve lives.
2. Support and advice – this enhances clients' independence and quality of life.
3. Community activities – participation in training, education and volunteering improves clients' wellbeing and provides future opportunities.

The impact of our services can be measured as a creation of social value at two levels – benefitting individual clients and benefitting society overall.

Why do we measure social value?

- Measuring the outcomes that are important for clients/stakeholders enables us to make informed, evidence-based investment decisions.
- To maximise the social value for each £1 of investment in our services.

Social value measurement – key questions

1. Has the service delivery achieved positive outcomes for clients?
2. What value can be placed on the outcomes delivered?

Social value measurement tools

- HACT Wellbeing Valuation Model – this determines the value of any client impact.
- Capgemini Benefit Realisation tool – this determines the impact on society (i.e. savings to the public purse).

Client wellbeing gains

The client satisfaction survey for 2020-21 reported an average wellbeing rating of 85.3% (2020: 86.4%). This covers a range of wellbeing measures to improve financial, physical, emotional and mental health wellbeing. This figure has dipped slightly from the previous year despite the challenges during the difficult period marked by the pandemic.

Social value success story

To provide an example of the benefits realised by our work, we have assessed the social value of our services for one client, Jon. We considered Jon's story and the journey he has been on since receiving support from Transform. We then used social value tools to measure the impact of the support provided by Transform and placed a financial value on the outcomes achieved. We used the following two established social value tools:

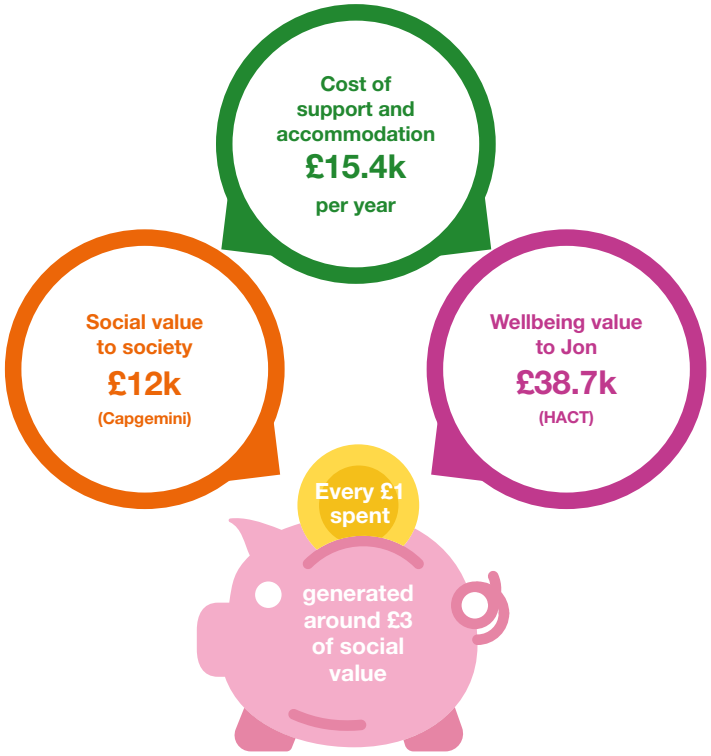
HACT wellbeing valuation

This was used to calculate the wellbeing benefits to Jon of the support provided by Transform. We have used the standard values provided by HACT to place a financial value on these improvements. These values represent the amount of extra income a person would need to be able to increase their wellbeing by the same amount as the support provided.

Capgemini benefits realisation tool

We used this to ascertain the financial savings to the public purse as a direct result of the support provided by Transform.

By combining the two, we can determine the overall social value of the support provided to Jon by Transform. We are then able to compare the social value with the cost to Transform of providing support to Jon and hence the related cost/benefit ratio.



Financial value

Social value to society £12k

Wellbeing value to Jon:

■ Relief from alcohol/drug problems	£10.8k
■ Confidence and feeling in control	£10.8k
■ Relief from depression/anxiety	£13.4k
■ Employment and voluntary work	£1.8k
■ Managing finances and paying debts	£1.9k

Total wellbeing value to Jon £38.7k

Cost of support and accommodation per year £15.4k

Total social value generated per year £50.8k

Total social value for every £1 invested £3.29



Jon's story

Things started getting tough when I was 16. I joined the army but didn't stay long so when I was home my parents kept asking me what I was doing with my life. I started smoking weed and, when I turned 18, I'd go straight to the pub whenever I had any money.

Both my parents were drinkers, and I didn't really get on with my dad, we would argue a lot. We'd end up having a fight or they'd tell me to leave and then they'd call the police. There's been over 27 arrests, over a period of years.

The final straw was after I got a job with a delivery company. My mum said: "promise me you won't drink when you get paid", but there wasn't much to do where I lived so when some friends invited me to the pub, I went. I came home drunk, and dad told me I had to get out. That was December 2016.

I took everything I owned and found this place called the "All Night Café". If you're homeless, you could just rock up there and sleep on the floor. I went to the Council for help, and they found me a place to stay, but I moved a few times which was tough because I was getting further and further away from anyone I knew.

"I didn't have a reason to change before but thanks to Transform, now I do."

The last place I stayed wasn't great for a few reasons. Eventually they told me I had to leave the shared house but there was a bed for me at the night shelter. I didn't really want to go there but I had no choice. They would kick us out in the morning and because there was nothing to do, I would just sit and drink in the park.

My mental health went downhill quickly when I was homeless – it was a downward spiral. I tried killing myself a few times – I didn't want to die; I just wanted the craziness to stop.

I was running out of options. I'd been staying with a friend but that didn't work out. I was banned from the All Night Café and had no money, so I tried the Council again, but only managed to get back to where my parents lived. It was freezing cold and raining, so I walked to my parents' house even though I hadn't seen them for months.

There was no answer, so I hopped over the gate and climbed through the open back window – which was how I used to get in. My mum wasn't there, but there was a bag full of alcohol, so I just stayed in the house drinking. My brother came home and found me. When I said I'd come to see mum, he told me she was dying. Things got heated, we got into a fight, and I ended up slashing his face with a knife so I got arrested for GBH and burglary.

I pled guilty and was sent to prison. I saw a forensic psychologist and he diagnosed me with antisocial personality disorder, borderline personality disorder and ADHD – he also said that the alcohol and my circumstances had a huge part to play in that.

When I came out of prison, I didn't think anywhere would take me in because of how serious my crime was. But the woman from probation arranged for me to have an assessment with Transform on the day I got out and a few days later they offered me a five-day 'guesting period'.

The deputy manager Sally was really stern with me. She said any antisocial behaviour or drinking, and I'd be gone. I couldn't believe I had a whole flat to myself. I didn't think it would go well so I asked if I should bother unpacking, but she said: "Yeah, unpack your stuff." Every day I came downstairs to do a breathalyser test and, when they said I could stay, it felt really good.

That was when things began to change for me. I realised that if they were going to trust me with a whole flat, I could manage to get sober. All that time spent staring out of my cell window thinking: "What am I going to do?", well this is it now. Having people believe in me has definitely helped me stay away from alcohol.

My Transform keyworker Simon is brilliant, he's got a great sense of humour and we've been through everything together. The support I get from Transform is more like guidance, they don't just do everything for you. I thought I'd be useless at budgeting and paying bills because I used to spend all my money on drink, but they helped me budget; and now I'm really good at it. I even like saving money! I just got a job, which I didn't think I'd ever have. I work in a charity shop and I haven't been arrested since June 2019. The goal now is to get a full-time job and live a normal life.

I had so many chaotic years but it's not until you talk about it and realise – that was actually my life. When you're running away from the police, people are shouting at you and you're in the middle of court cases, it seems fairly normal. I didn't have a reason to change before but thanks to Transform, now I do.

Simon, Jon's Keyworker

I've worked with Jon since he came to Transform in 2020. When I looked at his history on his referral form we thought he was going to have a challenge to maintain abstinence from alcohol, but his motivation has been amazing. He has not drunk at all – not even a mini relapse since he moved in. He has fully accepted that alcohol ruined his life. Jon has demonstrated a model recovery to date and shown what can be achieved when people choose abstinence.

He is very personable and enthusiastic. When Jon moved in we developed a support plan together so he could identify his goals and how to achieve them. One of the challenging parts of supporting Jon is that he can be very compulsive and will get an idea in his head and want to do it immediately. After about a month of being with Transform, Jon felt like he was ready to move on. We're not here to hold people back, so if they want to move on, then of course we'll help as much as we can, but we do try and ensure they are ready first. It took a while to slow Jon down, but he realised in the end that it was too soon.

Jon's main support need when he came here was learning how to live independently, including maintaining a tenancy, which he'd never done before. That included budgeting and helping him sort out his debt. Jon's motivation to abstain from drugs and alcohol has been strong, however he has benefitted from discussions in the weekly support sessions around relapse prevention and how to manage emotionally without using substances. I think he would agree he's a lot happier now.

There were times in our weekly sessions where Jon would tell me he was having a bad day but couldn't identify why. It was clear that there was an underlying mental health issue, so I encouraged Jon to get a referral for therapy which he has, and I think it is really helping him. I'm a great believer in getting people to take responsibility for their own mental health. There's no magic cure. If you can learn to manage your challenges, you can get on with life and do whatever you want to do.

We always try and get clients involved in the local community through voluntary work as structure is important. Jon was resistant at the beginning as he felt he didn't need to build a life here as he would be moving. Now, though, he's started voluntary work in a local charity shop. He decided he wanted to do part-time work, so once we'd sorted out what he could earn while being on Universal Credit without it affecting benefits, he just went out and got a job.

We've seen some great changes in Jon and we are pleased to have been able to help him to start to rebuild his life. The foundation for Jon moving forward is to maintain his abstinence and to continue to manage his mental health. It is very positive to see Jon having the confidence to start work and I hope he now believes in the great potential he has.



Improvements in Jon's wellbeing

With the support of Transform, Jon has achieved the following improvements in his life:



Alcohol and drug use

Alcohol played a key part in the problems Jon experienced in his past. To move on in his life, it was vital that Jon addressed his drinking. Since moving to Transform, Jon has been completely abstinent from alcohol and this has given him the firm foundation he needs to start rebuilding his life.



Finances

When Jon first moved to Transform he had debts and was unable to budget his money as most would be spent on alcohol. He has since managed to repay his debts and has taken firm control of his finances. With support from Transform colleagues, Jon now carefully budgets his money. He is no longer spending money on alcohol and even finds he is able to save a small amount each month for when he eventually moves on.



Mental health

Jon can struggle with depression. To help him address this he is now receiving support from the Mental Health Integrated Service and is attending a 'Managing Emotions' group. Jon can still experience low moods, but for the first time he is receiving support to help him cope.



Employment

In the time that Jon has been living with us he has made incredible progress with structuring his time. He now volunteers two mornings a week at a local charity shop and, more recently, he has started part-time paid employment as a cleaner.



Offending

Jon regards the time he spent in prison as having been a wake-up call for him. Since leaving prison and receiving housing and support from Transform, Jon has been able to turn his life around. He has not re-offended, is reliably attending meetings with his Probation Officer and intends to complete his order in January 2022.



Risk management

Principal risks and uncertainties

Transform's approach to risk management

The Board is responsible for the risk management process and continually assessing which risks are relevant to Transform in the context of the current climate including, the current Covid-19 pandemic and the post-Brexit transition. The Executive team maintains a register which covers various risks including those related to development, operations, cyber-security and finances. The risks and mitigations within this register are regularly updated and communicated to the Board.

The Board has identified the following as Transform's principal risks and has approved the related controls detailed below.

Principal risk

Covid-19 pandemic ongoing effects

Controls

- Stringently adhering to Government guidelines and regulations including following our own roadmap out of lockdown in line with national guidance.
- Promoting vaccinations as the best way to reduce the risk of infection and serious illness.
- Regular communication with clients, colleagues and stakeholders.
- Business plan stress-testing, scenario and contingency plans.
- Striving to limit the negative impact of Covid-19 on the health and wellbeing of clients and colleagues by providing guidance, materials and activities – some of which have been driven by the Health & Wellbeing Group.
- Carrying out robust risk assessments.
- Contingency plan to deal with potential future infection waves.

Principal risk

Non-compliance with legislative and regulatory standards

Controls

- Compliance with regulatory standards and the Code of Governance 2015, Code of Conduct 2012 and developments from the social housing white paper.
- Keeping abreast of best practice guidance.
- Compliance with building safety regulations, the Health and Safety Regulator and Housing Ombudsman – including new complaints' handling requirements.

Principal risk

Potential failure to discharge safeguarding responsibilities

Controls

- Robust safeguarding policies and practices.
- Continual training for colleagues.
- Regular monitoring reports to the Board.
- Client engagement with safeguarding advice and measures.

Principal risk

Non-compliance with health and safety legislative and regulatory requirements

Controls

- Stringent health and safety compliance supported by external advisers.
- Maintaining a strong health and safety culture and rigorous safety regime.
- Asset management strategy implementation.
- Providing regular, relevant training and development opportunities for all colleagues.
- Regular fire risk assessments (FRAs) and timely implementation of recommendations from them.
- Higher level (level-four) FRAs carried out on identified properties based on client needs.
- An up-to-date stock condition survey.
- Continued regular staff training on health and safety matters.

Principal risk

Management capacity to deliver change

Controls

- Senior leadership learning and development programme.
- Robust planning processes – effective resource planning, prioritisation and project management.

Principal risk

Potential cyber-attacks on Transform's IT systems

Controls

- Mimecast security system.
- Monitoring and monthly reviews of all devices, servers, firewalls and wireless access points.
- Regular updates and awareness briefings for colleagues on cyber-security and protecting data.
- Annual compulsory training session for all colleagues.
- Regular reviews to check vulnerability of systems.
- Transform's Information Governance Steering Group has ownership of cyber risks.

Social Housing White Paper

This was published in November 2020 and outlines seven commitments for social housing providers including enhancing the existing Decent Homes Standard. There is also a requirement to have three nominated people within Transform responsible for health and safety, consumer standards and building standards respectively. Some of these commitments may have a cost implication.

Sustainability target

Transform is committed to meeting the Government's sustainability targets – EPC ratings C by 2030 and the net zero carbon targets by 2050. These targets, along with the increased fire safety measure costs, require a significant capital commitment both for retrofitting existing properties and for ensuring new developments meet these standards. These commitments are factored in to our asset management programme and long-term business plan.

Going concern

The Board has reviewed our latest financial forecasts incorporating the necessary investment in existing and new stock to meet all the above commitments. Our trustees are, to the best of their knowledge, satisfied that the covenant compliance will be maintained throughout the period of the plan and have modelled a number of scenarios to test the headroom in the plan. After making adequate enquiries, the Board has a reasonable expectation that Transform has adequate resources to continue to operate for at least 12 months from the date of approval of the financial statements. Therefore, the Board believes that Transform is well-placed to manage its risks successfully. For this reason, we continue to adopt the going concern basis in preparing the financial statements.





Governance, regulation and compliance

Governance

Board of Trustees

As at 31 March 2021, the Board of Trustees (the Board) comprised eight non-executive members. All Trustees share the same responsibilities and legal status and ultimately ensure Transform complies with all regulatory and statutory requirements. Trustees are appointed through an open and transparent process based on regular assessment of the required skills and experience for the Board to discharge its duties effectively.

Board members are appointed for a term of three years and may serve no more than three consecutive terms. As the Board is considering adopting the new National Housing Federation's (NHF) Code of Governance, which recommends a maximum tenure of two terms, the Board is also reflecting on board renewal and suitable continuity arrangements to ensure Transform transitions to the new Code successfully.

Following the conclusion of an open recruitment process, two Trustees were elected at the Annual General Meeting (AGM) in September 2020. The merger with Reigate Quaker Housing Association led to an additional Trustee joining the Transform Board at the same AGM.

Transform's Articles provide for the Chair to be elected for a three-year term, which can be extended at the discretion of the Board. The Chair's term was extended for a further three years, recognising the challenges presented to Transform due to the pandemic and the benefit of having continuity in this pivotal role for the organisation. Due to lockdown restrictions, all board and committee meetings, including the AGM, were carried out remotely during the year.

Board and committee focus

The Board is responsible for the governance of Transform. Its role is to lead, direct, control, scrutinise and evaluate Transform's work.

During the year, the Board considered key issues which included:

- The merger with Reigate Quaker Housing Association and proposed merger with Wey Valley Housing Association.
- The sale of the care business.
- The management of the short and long-term effects of the pandemic.

The Board delegates specific responsibilities to five committees and they each report to the Board where their recommendations are considered and approved where necessary.



Committee	Key matters 2020-21
Client Services & Performance	▪ Maintained oversight on client services performance. ▪ Considered the detail of the care services sale. ▪ Approved policies including those relating to domestic abuse and complaints. ▪ Approved the extension of the winter shelter and Covid cabins in Camberley, following the success of the Elmbridge cabins.
Development & Asset Management	▪ Asset management compliance and oversight of performance. ▪ Health and safety compliance. ▪ Property investment/disposal decisions. ▪ Commissioned a full stock condition survey.
Finance & Audit	▪ Risk management. ▪ Internal/external audit. ▪ Financial management. ▪ Financial due diligence for care sale and mergers.
Nominations	▪ Reviewed Board/committee composition. ▪ Recommended Board appointments. ▪ Reviewed succession planning for Board/Executives.
People	▪ Completed a pay and reward review. ▪ Focused on Transform providing the best working environment for colleagues, especially during the pandemic, including wellbeing, change management and other colleague-related matters.

Board effectiveness

The Board recognises the importance of monitoring and improving its performance. This is primarily achieved through annual appraisals and ongoing development activities. Trustees are also encouraged to attend events and networking opportunities held by recognised sector bodies such as the National Housing Federation.

Client engagement

We have begun to refresh our client involvement strategy. We hold regular client forum meetings comprising of a cross-section of clients and have been assessing how we can increase engagement opportunities.

Code of Governance

Transform has adopted the National Housing Federation's (NHF) Code of Governance 2015 and Code of Conduct 2012 and the Board can confirm compliance with these codes.

In recognition of the preparation required to adopt the NHF Code of Governance 2020, the Board commissioned a review of the governance framework. The implementation of the actions for improvement will form part of the work of the newly created Head of Governance & Assurance role.

Governance and Financial Viability Standard

Transform is required to formally certify compliance with the Regulator of Social Housing's Governance and Financial Viability Standard and supporting Code of Practice on an annual basis. A detailed and evidence-based assessment was completed against each requirement and the Board approved this at its meeting on 29 July 2021.

Regulation and compliance

Public benefit reporting

Transform's aims, objectives and activities demonstrate public benefit as defined by the Charity Commission. The Board ensures that planned activities meet the organisation's objectives. Transform's work supports those on the margins of society to overcome the challenges they face in their lives.

Fundraising code compliance

The Code of Fundraising Practice sets out the responsibilities that apply to fundraising carried out by charitable institutions and third-party fundraisers in the UK. To provide reassurance to donors and supporters, and to demonstrate high standards for our fundraising activities, we are registered with the Fundraising Regulator. We have adopted the Regulator's Code of Fundraising Practice and the Board received a statement of full compliance at its 29 July 2021 meeting.

We are committed to protecting our donors and the public from any unreasonably intrusive or persistent fundraising approaches and will not apply any undue pressure on them to donate. Colleagues deal gently and with extreme care with existing and potential donors, protecting our charity's reputation and values. We do not use any external professional fundraising services.

We use the Fundraising Regulator's logo on fundraising communications. Transform has not yet received any requests to remove or suppress donor data from the regulator's Fundraising Preference Service.

The fundraising management team continually monitor guidance and regulations from the Charity Commission and the Fundraising Regulator, and staff are kept abreast of changing regulations through training, one to ones and team meetings.

We received no complaints relating to fundraising. We have carried out an internal review and have no evidence of non-compliance with the Fundraising Regulator's standards, as required by the Charities (Protection and Social Investment) Act 2016.

Complaints 2020-21

In July 2020, the Housing Ombudsman Service published a new Complaint Handling Code which set out good practice in how landlords respond to complaints effectively and fairly. The Code is part of the Ombudsman's new powers in the revised Housing Ombudsman Scheme.

At its 15 December 2020 meeting, the Board approved Transform's revised Complaints Policy and Procedure, which is fully compliant with the new requirements. At the same meeting, the Board approved the self-assessment against the new Code, which certified its full compliance. The updated Transform policy and the self-assessment were published on the Transform website and we have committed to completing the self-assessment annually.

In 2020-21 Transform handled a total of 18 reported complaints (2019-20: 19). No complaints were referred to the Housing Ombudsman during the year. This number of reported complaints is in line with the past two years. There were no significant spikes highlighting any team which received more complaints than any other.

Of the 18 complaints recorded, two related to the same property, with the remaining 16 all relating to different properties. In terms of the type of property, 59% of complaints were made by, or about, clients living in flats and 41% by, or about, clients living in shared houses.

As part of our commitment to continual improvement, we value the opportunity to learn from such complaints to help us get things right first time and, in addition to resolving the individual complaints, we have carefully scrutinised them and taken action across services to mitigate against future complaints.

One example noted this year has been a rise in complaints from clients about other clients' behaviour. We believe this may be due to the impact of the pandemic with clients spending more time at home and in the company of their fellow clients. We will continue to monitor this type of complaint as lockdown measures are lifted and will be looking at ways to mitigate such occurrences in the event of future lockdowns. Actions may include increased communications with clients and more discussions at house meetings.

Statement of Board responsibilities

The Board is responsible for the preparation of the Strategic Report (incorporating the Board Members' Report) and the financial statements in accordance with the applicable law and regulations.

Company law requires the Board to prepare financial statements each year. Under the law, the Board has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards as reflected in FRS 102 and applicable laws). Under Company law, the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the statement of affairs and surplus or deficit of the company.

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

- Select suitable accounting policies and apply them consistently.
- Make adjustments and accounting estimates that are reasonable and prudent.
- State whether applicable UK Accounting Standards and the Statement of Recognised Practice (SORP) by Registered Housing Providers 2018 have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose them with reasonable accuracy at any time. They ensure that the financial statements comply with the Companies Act 2006. They are responsible for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as all the Board Trustees are aware:

- There is no relevant audit information which the company's auditors are unaware of.
- The Board trustees have taken all steps required to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information, including Transform's website.

Internal control framework

The Board acknowledges its overall responsibility for establishing and maintaining the system of internal controls and for annually reviewing its effectiveness. The system of internal controls is designed to manage, rather than to eliminate, the risk of failure to achieve the business objectives and to provide reasonable assurance against material misstatement or loss. The process of identifying, evaluating, and managing significant risks facing the organisation is ongoing. It has been in place from 1 April 2020 to the date of board approval (29 July 2021).

The key elements of the framework include:

- Board-approved terms of reference and delegated authority to the Finance and Audit Committee.
- Clearly defined management responsibilities for the identification, evaluation and control of significant risks.
- Good strategic and business planning processes with detailed financial budgets and forecasts.
- Formal recruitment, retention, training and development policies for staff including regular supervision/appraisals.
- Established authorisation and appraisal procedures for new initiatives and development projects.
- Strong treasury management policies and practices reviewed by the Finance and Audit Committee and regular external validation by auditors.
- Regular Board reporting on key objectives, targets, and client outcomes.

- The internal audit programme carried out by the internal auditors, TIAA, provided confidence to the Board.
- Board report compliance with whistle-blowing and anti-corruption/bribery policies and fraud monitoring.
- Regular monitoring of loan covenants and the requirements for new loan facilities.

The fraud register is maintained and is inspected by the internal auditors and we have regular fraud updates reporting any such occurrences to the Finance and Audit Committee. During the year 2020-21, there were no incidents of fraud. With the increasing incidence of cyber fraud, we have reviewed the controls around this and have also obtained a cyber-essentials certificate which recognises good practice in the industry. The internal audit partner from TIAA attends a Finance and Audit Committee meeting every year, providing assurance to the Committee and Board.

External auditors

Nexia Smith & Williamson were re-appointed as external auditor at our Annual General Meeting on 24 September 2020 and a resolution for their re-appointment will be proposed at the Annual General Meeting on 23 September 2021.

By order of the Board.



Mark Austen
Chairman





Auditor's report and financial statements

Auditor's report

Nexia Smith & Williamson

Report of the independent auditor to the members of Transform Housing & Support

Opinion

We have audited the financial statements of Transform Housing & Support (the 'Company') for the year ended 31 March 2021 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Reserves, the Statement of Cash flows and the 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2021 and of its surplus for the year then ended
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been properly prepared in accordance with the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Board 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 Company'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 Members with respect to going concern are described in the relevant sections of this report.

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or

apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken during the audit:

- the information given in the strategic report (incorporating the Board Members' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report (incorporating the Board Members' report) have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report (incorporating the Board Members' report).

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Board Members' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Board Members

As explained more fully in the Statement of Board's Responsibilities, the Board Members are the directors of the Company for the purposes of company law. The Board Members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal controls 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 Members are responsible for assessing the Company'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 Members either intend to liquidate the Company 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.

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 on the next page:

We obtained a general understanding of the company's legal and regulatory framework through enquiry of management in respect of their understanding of the relevant laws and regulations. We obtained an understanding of the company's policies and procedures in relation to compliance with relevant laws and regulations. We also drew on our existing understanding of the company's industry and regulation.

We understand that the company complies with the framework through:

- Updating operating procedures, manuals and internal controls as legal and regulatory requirements change
- A programme of internal audit performed by an independent firm of internal auditors
- Independent health and safety reviews across identified compliance areas
- A risk assessment framework and register that includes regular review and scrutiny by the Audit Committee
- An annual assessment of compliance with housing association regulations
- The Board's close oversight through regular board meetings and compliance reporting

In the context of the audit, we considered those laws and regulations which determine the form and content of the financial statements, those which are central to the company's ability to conduct operations and those where failure to comply could result in material penalties. We have identified the following laws and regulations as being of significance in the context of the company:

- The requirements of the Companies Act 2006 and the Housing and Regeneration Act 2008 in respect of the preparation and presentation of the financial statements, the Accounting Direction for Private Registered Providers of Social Housing 2019 and FRS 102.
- Safeguarding and health and safety regulations, including building and fire safety
- Housing association law and regulation
- Charity law and regulation

We performed the following specific procedures to gain evidence about compliance with the significant laws and regulations above:

- Making enquiries with management and the Audit Committee as to the risks of non-compliance and any instances thereof
- Reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence between regulators and the company.

The senior statutory auditor led a discussion with senior members of the engagement team regarding the susceptibility of the company's financial statements to material misstatement, including how fraud might occur. The key areas identified as part of the discussion were:

- Management override of control
- Revenue recognition, specifically the manipulation of revenue through fraudulent journal entries.

These areas were communicated to the other members of the engagement team not present at the discussion.

The procedures carried out to gain evidence in the above areas included:

- Testing of a sample of manual journal entries, selected through applying specific risk assessments applied based on the company's processes and controls surrounding manual journal entries
- Reviewing and challenging estimates made by management
- Substantive work on revenue transactions.

The senior statutory auditor was satisfied that the engagement team collectively had the appropriate competence and capabilities to identify or recognise irregularities. In particular, both the senior statutory auditor and the audit manager have a number of years' experience in dealing with group's with similar risk profiles.

A further description of our responsibilities is available 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 Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company'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 Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Jacqueline Oakes
Senior Statutory Auditor for and on behalf of Nexia Smith & Williamson
Statutory Auditors
Chartered Accountants
25 Moorgate, London WC2R 6AY

2021

Statement of comprehensive income for year ending 31 March 2021

	Note	Continuing operations £000s	Discontinued operations £000s	2021 total £000s	Continuing operations £000s	Discontinued operations £000s	2020 total £000s
Turnover	3	10,561	1,803	**12,364**	9,723	1,725	11,448
Operating expenditure	3	(9,432)	(1,866)	**(11,298)**	(8,483)	(2,189)	(10,672)
Underlying operating surplus		1,129	(63)	**1,066**	1,240	(464)	776
Gain on disposal of housing properties	9	100	-	**100**	-	-	-
Donation of RQHA net assets	31	3,577	-	**3,577**	-	-	-
Operating surplus/(deficit)		**4,806**	**(63)**	**4,743**	**1,240**	**(464)**	**776**
Surplus on sale of care activity	32	-	98	98	-	-	-
Interest receivable	7	3	-	3	10	-	10
Interest and other financing costs	8	(395)	-	(395)	(422)	-	(422)
Surplus/(deficit) for the year		**4,414**	**35**	**4,449**	**828**	**(464)**	**364**
Other comprehensive income:							
Actuarial gain/(loss) in respect of pension scheme		(131)	-	(131)	217	-	217
Total comprehensive income for the year		4,283	35	4,318	1,045	(464)	581

The accompanying notes form part of these financial statements. The financial statements were authorised and approved by the Board on 29 July 2021.



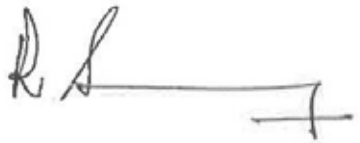
Mark Austen

Chairman



Paul Rees

Chairman of the
Finance & Audit Committee



Ratna Sukumaran

Director of Finance & Resources
and Company Secretary

Statement of financial position as at 31 March 2021

	Note	2021	2020
		£000s	£000s
Fixed assets			
Tangible fixed assets – housing properties and other fixed assets	11	50,846	46,346
Current assets			
Trade and other debtors	12	1,551	1,094
Cash and cash equivalents	13	2,556	1,607
		4,107	2,701
Creditors: amounts falling due within one year	14	(2,559)	(2,034)
Net current assets		1,548	667
Total assets less current liabilities		52,394	47,013
Less: creditors – amounts falling due after more than one year	15	(25,109)	(24,260)
Pension – defined benefit liability	24	(159)	(67)
Other provisions for liabilities and charges	19	(182)	(60)
Total net assets		26,944	22,626
Capital and reserves			
Restricted reserve		237	176
General reserve - invested in property		25,260	21,664
- free reserve		1,447	786
		26,944	22,626

The accompanying notes form part of these financial statements. The financial statements were issued and approved by the Board on 29 July 2021.

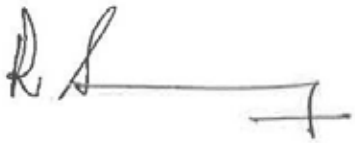
Company number: 01057984



Mark Austen
Chairman



Paul Rees
Chairman of the
Finance & Audit Committee



Ratna Sukumaran
Director of Finance & Resources
and Company Secretary

Statement of changes in reserves for year ending 31 March 2021

	Restricted reserves	General reserves		Total
		Invested in property	Free reserves	
	£000s	£000s	£000s	£000s
Balance at 1 April 2019	146	21,311	588	22,045
Surplus for the year	-	364	-	364
Other comprehensive income for the year	-	217	-	217
Total comprehensive income for the year	-	581	-	581
Transfer between reserves	30	(228)	198	-
At 31 March 2020	**176**	**21,664**	**786**	**22,626**
Surplus for the year	-	4,449	-	4,449
Other comprehensive income for the year	-	(131)	-	(131)
Total comprehensive income for the year	-	4,318	-	4,318
Transfer between reserves	61	(722)	661	-
Balance at 31 March 2021	237	25,260	1,447	26,944

The accompanying notes form part of these financial statements.

Statement of cash flows for the year ending 31 March 2021

	Note	2021	2020
		£000s	£000s
Net cash generated from operating activities	22	1,984	1,215
Cash flow from investing activities			
Purchase and refurbishment of housing properties		(2,604)	(1,683)
Proceeds from sale of tangible fixed assets	9	144	-
Net proceeds from disposal of care business	32	154	-
Cash received on merger	31	806	-
Merger expenses	31	(116)	-
Grants received		345	40
Grants repaid		(13)	-
Interest received		3	10
Net cash used in investing activities		(1,281)	(1,633)
Cash flow from financing activities			
Interest paid		(428)	(358)
Further borrowing		944	862
Repayment of borrowings		(270)	(270)
Net cash used in financing activities		246	234
Net change in cash and cash equivalents		949	(184)
Cash and cash equivalents at:			
Beginning of the year		1,607	1,791
End of the year		**2,556**	**1,607**

Notes to the financial statements

1. Legal status

Transform Housing & Support is

- Registered under the Companies Act 2006, and is a company limited by guarantee (registered in England and Wales with number 01057984).
- Registered with the Regulator of Social Housing and Homes England (H2452).
- A registered charity with the Charity Commission (264133).
- Regulated by the Fundraising Regulator – mainly our fundraising activities.
- Registered with the CQC 1-2756361790 (de-registered May 2021).

Principal activity – the provision of housing and support to clients.

2. Accounting policies

The principal accounting policies are summarised below. Except as explained below, they have all been applied consistently throughout the year and to the preceding year.

Basis of accounting

The financial statements have been prepared in accordance with the UK Generally Accepted Accounting Practice (UK GAAP) including Financial Reporting Standard 102 (FRS 102) and the Housing SORP 2018: Statement of Recommended Practice for Registered Social Housing Providers. They comply with the Accounting Direction for Private Registered Providers of Social Housing 2019.

Transform's objectives are to provide housing and support services and to improve the wellbeing for vulnerable and socially excluded clients. It is therefore considered as a Public Benefit Entity (PBE), in accordance with FRS 102.

Going concern

In preparing the financial statements, management has assessed the company's ability to continue as a going concern. In this assessment management considered all available information about the future, which is at least, but is not limited to, 12 months from the date when the financial statements are authorised.

Our scenario analysis covered the potential impact of the following events:

a. **Covid-19** for the company – operating under the ongoing effects of the pandemic in the future, having measures in place to protect vulnerable clients and staff with social distancing rules likely to be in place for some time and this severely impacting the service delivery mode and the cost of operations.

b. **Long-term impact arising from the economic shut-down**, deep recession, the prolonged economic recovery and the potential impact of all the above on the company, sector and the supply chain.

c. **Post Brexit environment**. We have considered the potential impact on Transform by way of shortages in accessing fresh capital and EU workers, alongside increasing staffing costs, stretched supply chains and the effect of property valuation. With the care sale this may have limited impact on Transform.

Transform's business activities, our current financial position, and the factors that are likely to affect our future development are set out in the Strategic Report. The company has in place adequate long-term debt facilities to fund our commitments on the strategic investments and development programmes, along with the company's day- to-day operations. The company has a long-term business plan which shows that it can service these debt facilities whilst continuing to comply with lenders' covenants. A wide range of multivariant stress tests have been run on the business plan including a normal suite of scenarios that are tested regularly. The multivariant stress tests include the impact of sensitivities on the company's cash flow requirements, compliance with the debt facilities as well as covenants compliance. Mitigating actions, for instance, delays in non-essential expenditure, staff reductions, increased fire safety costs and the appropriate governance support has been factored for all scenarios. This stress test found that the business plan is robust and does not affect the company's ability to meet its obligations.

On this basis, the Board has reasonable expectation that Transform has adequate resources to continue in operational existence for the foreseeable future, being a period of at least 12 months after the date on which the report and the financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

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

- **Fire remedial work:** During the year we have carried out significant fire remedial work to the two sheltered schemes that were identified last year to be lacking adequate fire stoppage measures. Due to the Covid lockdown there were some delays, but the work was mainly complete at the year end. Costs of compartmentation works of £241k and fire door replacement costs of £126k were incurred during the year. Management judged that these works result in incremental future benefit and are therefore capitalised and depreciated over their useful lives. We have recognised the statutory commitment at the year end, the need to replace additional fire doors and provided for a further £152k capital costs for these replacements post year end.
- **WVHA merger:** During the year we progressed a merger with a small provider, Wey Valley Housing Association. Both Boards approved the merger in February 2021, and the formal approval from the Financial Conduct Authority (FCA) was obtained prior to the year end. The merger was completed on 1 April 2021, through a Transfer of Engagement, and all assets and liabilities were transferred to Transform. Management judged the merger date as the date of the transfer and will recognise the value of the gift in the next financial year (2021-22).

Other key sources of estimation uncertainty
Information about estimates and assumptions that have the most significant effect on recognition and the measurement of assets, liabilities, income and expenses, is provided below. Actual results may be substantially different.

- **Impairment review:** we have carried out a review for impairment by reviewing our triggers. No areas of impairment were identified.
- **Defined benefit obligation:** management's estimate of the defined benefit obligation is based on a number of critical underlying assumptions such as standard rate of inflation, mortality, discount rate and anticipation of future salary increases. We are conscious that there were no active members within the company's defined benefit plan and the assumptions were in line with actuarial recommended rates. Variations in these assumptions may significantly impact the liability and the annual defined benefit expenses (see note 24). The net defined benefit pension liability at 31 March 2021 was £159k.
- **Useful lives of depreciable assets:** if there are any changes in circumstances, e.g. impairment, management reviews its estimate of the useful lives of depreciable assets including any components. Uncertainties in the estimates relate to technological obsolescence that may change the utility of certain software and IT equipment and changes to decent homes standards which may require more frequent replacement of key components. The useful lives of the property assets transferred through the RQHA merger were estimated by the independent valuers (Savills (UK) Limited) and found to be in line with the useful lives of our existing property components. As at 31 March 2021 the carrying amount of the housing properties was £57.7m and accumulated depreciation was £7.8m.
- **RQHA merger:** The merger with RQHA was concluded on 15 May 2020, through a Transfer of Engagement, where all RQHA assets and liabilities were transferred to Transform at fair value. This transfer value is recognised as a gift in our statement of comprehensive income and is expanded in note 31.

Turnover and revenue recognition
Turnover represents the income received or receivable from the following sources:

Rental and service charge income – this represents the rental and service charge income receivable for the year, net of any voids. The rental and service charge income from properties developed during the year is recognised from the point at which these properties reach practical completion or are otherwise available for letting. The enhanced housing management fees receivable that is funded by housing benefit is also included here.

Housing related support income – income is recognised as it falls due under the contractual agreements. The 'block subsidy' housing related support income is classed as social housing income and 'block gross' income as other social housing income in the Statement of Comprehensive Income.

Charitable donations – grants and donations from charitable trusts and voluntary sources for the development of property or for the acquisition of other tangible fixed assets are treated as income. Income is recognised on any significant pledges only after the grant conditions are fulfilled.

Donation of net assets – in a merger or otherwise, when an entity donates its assets and liabilities to Transform, the donated assets and liabilities are recognised at their fair value. Any excess of the net fair value of assets and liabilities donated over costs incurred is then recorded as an exceptional income within the Statement of Comprehensive Income. This income is recognised, on legal completion of the agreement for the transfer of engagement.

Financial instruments
Financial instruments which meet the criteria of a basic financial instrument as defined in Section 11 of FRS 102 are accounted for under an amortisation cost model.

Non-basic financial instruments are recognised at fair value using a valuation technique with any gains or losses being reported in surplus or deficit. At the year end, the instruments are revalued to fair value, with the movements posted to the income and expenditure account.

Transform's significant financial liability is the bank loan, and this is classed as a basic financial instrument, measured at amortised cost. The values are similar to those previously shown with no significant adjustments.

Any payment arrangements entered into with tenants are also classed as basic instruments and need to be measured at their present value. Our assessment shows that Transform has a limited number of such agreements at the year end, and these are not considered to be material. Transform does not have any other financial instruments falling into the category of financing transactions.

Housing properties and depreciation
Housing properties are properties held for the provision of social housing or otherwise to provide social benefit. Housing properties are principally properties available for rent and stated at cost less accumulated depreciation and impairment losses. Cost includes the cost of acquiring the land and building, development costs, and the interest cost capitalised during the development period. Works to existing properties which replaces a component that has been treated separately for depreciation purposes, along with those works that result in increase in net rental income over the lives of the properties, thereby enhancing the economic benefits of the assets, are capitalised as improvements.

Housing properties under construction are stated at cost and are not depreciated. Donated land and other assets are included within costs at fair value at the time of the transfer.

The property disposals are recognised in the financial statements only when the legal completion for the transaction is concluded, realising any surplus or deficit on the disposal.

Depreciation is charged over the estimated useful lives of the structure and major components of the housing properties, so as to write down the cost of each component to its estimated residual value, on a straight line basis, over its estimated economic life. No depreciation is charged on freehold land. Leasehold properties are amortised over the life of the lease or their estimated useful economic lives in the business, if shorter. Depreciation is charged on qualifying fixed assets on the following estimated useful lives:

Components identified within housing properties	
Structure	100 years
Roofs	70 years
Flat roofs	15 years
Windows	30 years
Kitchens	15-20 years
Bathrooms	25-30 years
Boilers	15 years
Fire doors	30 years
Other building facilities	10 years

Other fixed assets	
Furniture and fittings	7 years
Office equipment	7 years
Office fittings	10 years
Specialist software	7 years
Computer equipment	3 years

Impairment of housing properties
Housing properties are assessed annually for impairment indicators. Where indicators are identified, an assessment for impairment is undertaken comparing the schemes carrying amount to its recoverable amount.
For the purposes of impairment assessments, housing properties are grouped together into schemes. Each scheme typically comprises one or more buildings in the immediate locality, and each building consists of one or more accommodation units. Schemes are typically developed or acquired as a single block of units.

When comparing a scheme's carrying amount with its recoverable amount, any excess carrying amount on the scheme is written down to its recoverable amount. The resulting impairment loss is recognised as an operating expenditure.

With regard to supported housing schemes, management deems the properties are held not just to generate future cash, but to provide an additional social value i.e. these properties are held for their service potential. Therefore, the recoverable amount for these properties should be higher than (a) fair market value less cost of sale, and (b) its Value In Use Service Potential (VIU-SP).

Value in Use Service Potential (VIU-SP) – This can be used when the schemes can be let in the current condition and that fulfils a social purpose in addition to generating net rental cash flow. The 'depreciated replacement cost' (DRC) methodology can be used to measure this.

The DRC basis considers (a) cost of purchasing an equivalent property on the open market, and (b) the rebuilding cost of the property (of a similar condition, age, location, and type) less depreciation, considering the age and condition of the property. However, when establishing no active market for these properties, then (b) above (i.e. rebuilding costs less depreciation) can be considered as value in use for the properties under DRC basis.

Other fixed assets
Other tangible fixed assets are measured at cost less accumulated depreciation. Depreciation is provided evenly throughout the assets' estimated useful lives.

Government grants
Government grants include grants receivable from Homes England, Local Authorities and other government organisations. Government grants received for housing properties are treated as deferred income and recognised in turnover over the estimated useful life of the housing property structure, under the accrual model.

Revenue grants are recognised in the Statement of Comprehensive Income over the same period as the expenditure to which they relate, once reasonable assurance has been gained that the entity will comply with the conditions and that the funds will be received. Grants due from government organisations or received in advance are included as current liabilities.

Government grants released on the sale of the property may be repayable but are normally available to be recycled and are credited to a Recycled Capital Grant Fund and are included in the balance sheet in creditors. If there is no requirement to recycle or repay the grant on disposal of the asset, any unamortised grant remaining within creditors is released and recognised as income in the Statement of Comprehensive Income.

Other grants
Grants received from non-government sources are recognised using the performance model. A grant which does not impose specific future performance conditions is recognised as revenue when the grant proceeds are received. A grant that imposes specific future performance related conditions on the company is only recognised when these conditions are met. A grant received before the revenue recognition criteria are satisfied is shown as a liability in the Statement of Financial Position.

Leases
Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and the rewards of ownership of the leased asset to the company. All other leases are classified as operating leases.

Rental payable under operating leases is charged to income and expenditure on a straight-line basis over the lease term. With regard to lease incentives, the aggregate benefits of the lease incentive are recognised as a reduction in expenses recognised over the term of the lease.

Cash and cash equivalents
This includes all forms of cash and deposits repayable on demand, overdraft repayable on demand and short-term deposits held with various banks. These cash balances are used in our cash flow statements and future cash projections.

Interest payable
Interest costs are capitalised on borrowing to finance the development of qualifying assets to the extent that it accrues in respect of the period of the development. Other interest payable is charged to the Statement of Comprehensive Income.

Pension
Transform participates in two defined contribution pension schemes – the group personal pension scheme operated by Aviva Group (Friends Life) and the Social Housing Pension Scheme (SHPS) defined contributions scheme – as well as the SHPS multi-employer defined benefits scheme.

Defined contribution pension schemes
For the SHPS, the association has been able to identify its share of the scheme assets and scheme liabilities from 1 April 2018 and has applied defined benefit accounting from this date onwards.

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. This has been recognised within the defined benefit pension liability on the face of the Statement of Financial Position.

The current service cost and costs from settlements and curtailments are charged against operating surplus. Interest is calculated on the net defined liability. Re-measurements are reported in the Statement of Comprehensive Income.

Provision for liabilities
Provisions are recognised when the company has a present obligation as a result of a past event, and it is probable that the company is required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation, at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Value Added Tax
Transform is not registered for Value Added Tax (VAT) and VAT is accounted for as a cost to the organisation within the respective expenditure heading.

Reserves
The reserves comprise the general reserves and restricted reserves. The restricted reserves are provided by donors to be spent on specific client activities and general reserves have no restrictions on their use. Our Reserve Policy is shown in the strategic report.

Free reserves
Free reserves are unrestricted reserves that are currently not invested in the property assets and are freely available to fund charitable activities.

3. Particulars of turnover, operating expenditure and operating surplus

2021	Note	Turnover	Operating expenditure	Operating surplus (deficit)
		£000s	£000s	£000s
Continuing operations				
Social housing lettings	4	7,445	(6,241)	1,204
Other social housing activities				
Housing related support income		2,910	(3,098)	(188)
Charitable donations		110	(77)	33
Other income		96	(16)	80
		10,561	(9,432)	1,129
Discontinued				
Other social housing activities				
Home based care		1,803	(1,866)	(63)
		12,364	(11,298)	1,066
Gain on disposal of property, plant and equipment	9			100
Donation of RQHA net assets	31			3,577
				4,743

2020	Note	Turnover	Operating expenditure	Operating surplus (deficit)
		£000s	£000s	£000s
Continuing operations				
Social housing lettings	4	6,775	(5,361)	1,414
Other social housing activities				
Housing related support income		2,715	(2,938)	(223)
Charitable donations		166	(140)	26
Other income		67	(44)	23
		9,723	(8,483)	1,240
Discontinued				
Other social housing activities				
Home based care		1,725	(2,189)	(464)
		11,448	(10,672)	776

As detailed in note 4, the basis of cost allocations was refined in the year and the comparative information has been restated to be consistent. This results in the 2020 costs analysis above being amended from those previously reported.

4. Particulars of turnover and operating expenditure from social housing lettings

	Note	2021	Restated 2020
		£000s	£000s
Rents receivable net of identifiable service charges		4,554	4,183
Charges for housing related support services		980	932
Service charges income		1,707	1,458
Amortised government grants	16	204	202
Turnover from social housing lettings	3	7,445	6,775
Operating expenditure:			
Service charge costs		1,620	1,382
Management		1,656	1,178
Routine maintenance		1,219	886
Planned maintenance		140	419
Bad debts		118	98
Property charges – lease/management agreement		560	540
Depreciation of housing properties	11	865	798
Other costs		63	60
Operating expenditure on social housing lettings	3	6,241	5,361
Operating surplus on social housing lettings	3	1,204	1,414
Void losses		(522)	(417)

During the year we refined the calculations of the above note and thereby adjusted the comparative costs to be consistent with those reported in 2021.

The operating costs have increased due to the RQHA merger and additional investment in IT and management staff costs.

5. Directors and key management personnel salary cost

Executive team covers those shown in page 2. None of the Board members received any salary.

	2021	2020
	£000s	£000s
Aggregate emoluments including pension scheme contributions, payable to:		
Executive team (2021: 6.3 FTEs, 2020: 4.7 FTEs)	492	380
The highest paid Executive team member:		
Emoluments	113	112
Pension contributions	10	10

The Executive team represents the key management personnel under FRS 102 and their aggregate emoluments including employer's national insurance contributions were £542k (2020: £419k). There were no compensation payments for loss of office to any previous members of the Executive team (2020: nil).

The Chief Executive was the highest paid Executive member during the year. His pension arrangements are similar to those of other colleagues – a money-purchase pension scheme with no additional benefits.

6. Employee information

The average number of employees employed (headcount)	2021	2020
	Number	Number
Housing, care and support staff	149	166
Administration staff	39	35
Maintenance staff	7	7
	195	208

The average number of employees employed (FTEs)	2021	2020
	Number	Number
Housing, care and support staff	127	141
Administration staff	33	27
Maintenance staff	7	7
	167	175

The number of full-time employees is calculated based on a 39-hour working week. Following the sale of the care activity to Apex Prime Care on 28 February 2021, 65 staff were TUPE transferred.

Staff costs for the above persons:	2021	2020
	£000s	£000s
Wages and salaries	4,805	4,727
Social security costs	393	359
Other pension costs	176	171
	5,374	5,257

The number of full-time equivalent staff who received remuneration (including pension contributions) above £60k (including the Executive team) is shown in the following bands:

The average number of employees employed (headcount)	2021	2020
More than £60,000 but not more than £70,000	4	1
More than £70,000 but not more than £80,000	1	1
More than £120,000 but not more than £130,000	1	1

7. Interest receivable

	2021	2020
	£000s	£000s
Interest from bank deposits	3	10

8. Interest and financing costs

	2021	2020
	£000s	£000s
Interest payable on bank loans	394	416
Net interest expense on SHPS pension scheme	1	6
	395	422

9. Surplus on property disposal

	2021	2020
	£000s	£000s
Disposal proceeds	144	-
Carrying cost of the property	(44)	-
	100	-

There was no capital grant allocation that requires recycling.

10. Surplus for the year

	2021	2020
	£000s	£000s
The operating surplus is arrived at after charging:		
Depreciation of housing properties	865	798
Depreciation of other tangible fixed assets	150	69
Surplus on disposal of property, plant and equipment	100	-
Operating lease rentals:		
Land and buildings	471	467
Other leases	40	34
Auditor's remuneration (excluding VAT):		
Audit fees	27	19
Other services	1	7

11. Tangible fixed assets – housing properties and other fixed assets

	Housing properties	Properties under construction	Total housing properties	Furniture and equipment	Total
	£000s	£000s	£000s	£000s	£000s
Cost					
At 1 April 2020	52,824	23	52,847	920	53,767
Additions	1,308	24	1,332	590	1,922
Transfer of engagement	2,438	435	2,873	21	2,894
Works to existing properties.	798	-	798	-	798
Disposals	(137)	-	(137)	(64)	(201)
At 31 March 2021	**57,231**	**482**	**57,713**	**1,467**	**59,180**
Depreciation					
At 1 April 2020	7,013	-	7,013	408	7,421
Charges for the period	865	-	865	150	1,015
Disposals	(93)	-	(93)	(9)	(102)
At 31 March 2021	**7,785**	**-**	**7,785**	**549**	**8,334**
Net book value					
At 31 March 2021	**49,446**	**482**	**49,928**	**918**	**50,846**
At 31 March 2020	**45,811**	**23**	**45,834**	**512**	**46,346**

Works to existing properties £798k (2020: £386k) includes, fire safety improvement works costs of £550k (2020: £61k) and component replacement costs of £248k (2020: 325k).

The additions during the year include:

- Property assets of £1,308k (2020: £911k) is the cost of acquisition of four properties (2020: two properties for £683k).
- Other fixed assets of £590k (2020: £371k) includes (a) IT cost addition of £376k (2020: £158k) relating to ongoing IT capital projects and laptops (b) office refurbishment costs – head office £81k (2020: £84k) and new office at Reigate of £65k.

Housing properties book value, net of depreciation, comprises:

	2021	2020
	£000s	£000s
Freehold land and buildings	43,393	40,126
Long leasehold land and buildings	4,778	4,072
Short leasehold land and buildings	1,757	1,636
	49,928	45,834

12. Debtors

	2021	2020
	£000s	£000s
Due within one year		
Rent and service charges receivable	534	410
Less: provision for bad and doubtful debts	(355)	(241)
	179	169
Trade debtors	832	507
Other debtors	109	128
Prepayments and accrued income	431	290
	1,551	1,094

13. Cash and cash equivalents

	2021	2020
	£000s	£000s
Cash in bank and in hand	2,556	1,607

The cash balances include deposits to meet Transform's future working capital requirements.

14. Creditors: amounts falling due within one year

	Note	2021	2020
		£000s	£000s
Housing loans	17	270	270
Deferred grant income	16	207	202
Trade creditors		869	403
Loan interest due		107	141
Rent and service charges received in advance		115	57
Recycled capital grant fund	18	153	117
Capital accruals and retentions		13	19
Other creditors		581	553
Other taxation and social security		82	120
Other accruals and deferred income		162	152
		2,559	2,034

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

	Note	2021	2020
		£000s	£000s
Housing loans	17	13,121	12,416
Deferred grant income	16	11,988	11,794
Recycled capital grant fund	18	-	50
		25,109	24,260

16. Deferred grant income

	2021	2020
	£000s	£000s
Balance at 1 April	11,996	12,158
Grant received in the year	403	40
Released to Statement of Comprehensive Income	(204)	(202)
Balance at 31 March	12,195	11,996

Deferred income to be released to the Statement of Comprehensive Income		
Amount to be released in **less than one year**	207	202
Amount to be released in **more than one year**	11,988	11,794
	12,195	11,996

The above summary excludes grants transferred through the merger and grants which have been written off to income; the total grants received to date in respect of properties owned are detailed in note 28.

17. Housing loan debt analysis

	2021	2020
	£000s	£000s
Due within **one year**	270	270
Due after **more than one year**		
Loan	13,300	12,570
Less: issue costs	(179)	(154)
	13,121	12,416
	13,391	12,686

We have the following loan facilities in place:

- Barclays Bank (Facility A) £6m – fully drawn (expires July 2029).
- Barclays Bank (Facility B) £6.5m – £6m drawn (expires August 2024).
- Unity Trust Bank £7.5m – £1m drawn (expires January 2031).

Repayment profile:

- Within one year: £270k.
- One year or more but less than two years: £360k.
- Two years or more but less than five years: by instalments of £1.7m and bullet payment of Barclays Bank (Facility B) £6.5m.
- More than five years: £4.7m.

Of the drawn loan facility £4.8m is on fixed interest rates and divided into several fixed-rate loan tranches with Barclays. These tranches have different interest rates ranging from 2.9% to 5.9% and varying maturity dates. Once they mature all tranches revert to variable rates.

The remainder is comprised of floating rate loans, with interest that is based on LIBOR (Barclays) rate or the bank's base rate (Unity). We expect the SONIA transition for the LIBOR-linked Barclays loans to complete by September 2021.

The loan facilities are secured by fixed charges on a selected property portfolio. However, there are several other properties that are free from this charge and can be charged in the future to cover further borrowings, if required.

18. Recycled capital grant fund – Homes England

	2021	2020
	£000s	£000s
Balance at 1 April	167	166
Grant repaid	(14)	-
Interest on grant fund	-	1
Balance at 31 March	153	167

	2021	2020
	£000s	£000s
Due within **one year**	153	117
Due after **more than one year**	-	50

Included within the amount due within one year is £103k which is more than three years old. It has been agreed that this can be carried over and utilised in 2021-22.

19. Provisions for liabilities and charges

	2021	2020
	£000s	£000s
Balance at 1 April	60	16
Spend in the year	(15)	-
Release of provision	(15)	-
Increase in provision	152	44
Balance at 31 March	182	60

During the year dilapidation work at the Tern House office was completed and the balance of the provision released. The provision is to cover the cost of office dilapidations of the Mill Street office and entrance doors at several schemes as recommended by the scheme Fire Risk Assessments. This provision will be utilised in the next financial year.

20. Financial and other commitments

Capital expenditure commitments at the year-ends were as follows:

	2021	2020
	£000s	£000s
Expenditure contracted for but not provided in the accounts	33	142
Expenditure authorised by the Board but not yet contracted	2,735	564

The above commitments will be financed primarily through borrowings, which are available for drawdown under existing loan arrangements with the balance through social housing grant.

Leasing commitments

The future minimum lease payments are set out below.

	2021 Property £000s	2021 Others £000s	2020 Property £000s	2020 Others £000s
Within one year	454	13	453	20
Between one and five years	1,194	10	974	12
Over five years	952	-	1,287	-
At 31 March	**2,600**	**23**	2,714	32

21. Social housing units

The number of housing units under management at the end of the period:

	2021	2020
Supported housing units	864	786
Housing for older people units	36	36
Total owned and managed	900	822
Not owned but managed	65	74
	965	896

22. Notes to the statement of cash flow

	2021 £000s	2020 £000s
Surplus for the year	**4,449**	**364**
Adjustments for non-cash items		
Surplus on disposal of property, plant and equipment	(100)	-
Depreciation of tangible fixed assets	1,015	867
Surplus on sale of care activity	(98)	-
Gift on merger	(3,577)	-
Amortisation of loan arrangement fee	30	18
	1,719	1,249
Movements in working capital		
(Increase) in debtors	(377)	(195)
Increase/(decrease) in creditors	494	(59)
Increase in provisions	-	50
	1,836	1,045
Adjustments for investing or financing activities		
Government grants amortised in the year	(204)	(202)
Pension costs less contributions	(40)	(40)
Interest payable	395	422
Interest received	(3)	(10)
Net cash generated from operating activities	1,984	1,215

23. Analysis of changes in net debt

	At 1 April 2020	Cash flow	Non-cash changes	Total
	£000s	£000s	£000s	£000s
Housing loans				
Due in less than one year	270	(270)	270	270
Due after more than one year	12,416	1,000	(295)	13,121
	12,686	730	(25)	13,391
Cash at bank and in hand	(1,607)	(949)	-	(2,556)
At 31 March	**11,079**	**(219)**	**(25)**	**10,835**

24. Social Housing Pension Scheme (SHPS)

Transform participates in SHPS, a multi-employer pension scheme which provides benefits to non-associated participating employers. The scheme is classed as a defined benefits scheme in the UK. The scheme is classed as a 'last man standing' arrangement. Therefore, the association is potentially liable for other participating employers' obligation if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

The most recent formal actuarial valuation was completed as at 30 September 2017 and rolled forward, allowing for the different financial assumptions required under FRS 102, to 31 March 2021 by a qualified independent actuary.

The net defined benefit liability at the year ended 31 March 2021 is £159k (2020: £67k).

Present value of defined benefit obligation

	31 March 2021	31 March 2020
	£000s	£000s
Fair value of plan assets	1,236	1,120
Present value of the scheme liabilities	1,395	1,187
Deficit in plan	(159)	(67)
Defined benefit liabilities to be recognised	(159)	(67)

Reconciliation of the opening and closing present value of scheme liabilities

	2021	2020
	£000s	£000s
Opening Scheme liability	1,187	1,428
Expenses	3	3
Interest expense	28	27
Actuarial losses/gains	229	(211)
Net benefits paid	(52)	(60)
Closing scheme liability	1,395	1,187

Reconciliation of the opening and closing balances of the fair value of the plan assets

	2021	2020
	£000s	£000s
Opening fair value of the plan assets	1,120	1,111
Interest income	27	21
Return on plan assets	98	6
Contributions by the employer	43	42
Benefits paid	(52)	(60)
Fair value of assets	1,236	1,120

The actual return on plan assets (including any changes in share assets) over the period from 3 March 2020 to 31 March 2021 was £125k.

Amounts recognised in the surplus

	2021	2020
	£000s	£000s
Amounts charged to operating costs	3	3
Amounts charged to interest costs	1	6
Total charge for the year	4	9

Defined benefits costs recognised in the other comprehensive income

	2021	2020
	£000s	£000s
Experience to plan assets (excluding amounts included in net interest cost) – gain (loss)	98	6
Experience gains and losses arising on plan liabilities – gain (loss)	2	19
Effects of changes in the demographic assumptions underlying the present value of the defined befit obligation – gain (loss)	(6)	13
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – gain (loss)	(225)	179
Total actuarial gains or losses (before restriction due to some of the surplus not being recognisable) – gain (loss)	(131)	217
Total amount recognised in other comprehensive income – gain (loss)	(131)	217

Principal actuarial assumptions: Financial assumptions

	31 March 2021	31 March 2021
	% per Annum	% per Annum
Discount rate	2.04	2.42
Future salary increase	3.82	2.71
Inflation (RPI)	3.35	2.71
Inflation (CPI)	2.82	1.71
Allowance for commutation of pension for cash at retirement	75% of max. allowance	75% of max. allowance

Mortality assumptions

	31 March 2021	31 March 2020
	Life expectancy at age of 65 years	
Male retiring in 2021	21.6	21.5
Female retiring in 2021	23.5	23.3
Male retiring in 2041	22.9	22.9
Female retiring in 2041	25.1	24.5

Analysis of pension scheme assets

	31 March 2021	31 March 2020
	£000s	£000s
Global equity	197	164
Absolute return	68	58
Distressed opportunities	36	22
Credit relative values	39	31
Alternative risk premia	47	78
Fund of hedge funds	-	1
Emerging markets debts	50	34
Risk sharing	45	38
Insurance linked securities	30	34
Property	26	25
Infrastructure	82	83
Private debt	29	23
Opportunistic illiquid credit	31	27
High yield	37	-
Opportunistic credit	34	-
Corporate bond fund	73	64
Liquid credit	15	-
Long lease property	24	19
Secured income	51	42
Liability driven investments	314	372
Net current assets	8	5
	1,236	**1,120**

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

25. Fundraising activities

We receive fundraising income from individuals, companies and trusts and report performance on a cash basis. Based on the accounting policy, fundraising income is recognised in the financial statements only after the grant conditions are fulfilled.

	2021	2020
	£000s	£000s
Fundraising cash generated		
Fundraising cash	110	166
Fundraising costs		
Salary costs	55	106
Other costs	22	34
	77	140
Net fundraising contributions	33	26
Return on investment (ROI)	**1.4**	**1.2**
Fundraising cost ratio	**70%**	**84%**
Allocation of funds		
Capital projects		
Woking, Surrey	-	19
Future generations	-	8
Move on Grants	8	41
Reigate, Surrey	-	3
Redhill, Surrey	-	3
Spelthorne, Surrey	-	17
	8	91
Revenue projects		
For specific client groups/projects	102	75
	102	75
Restricted funds allocated	110	166
Total fundraising cash allocation	**110**	**166**

As detailed in note 4, the basis of cost allocations was amended in the year and the comparative information has been restated to be consistent. This results in the 2020 costs above being amended from those previously reported.

26. Share capital

Transform is limited by guarantee and therefore has no share capital. Each member (see numbers below) agrees to contribute £5 in the event of the organisation winding up.

Number of members	2021	2020
	No	No
At 1 April	24	23
Joining during the year	1	2
Leaving during the year	(2)	(1)
At 31 March	23	24

27. Related party transactions

The members of the Board and Executive Team are considered related parties as defined by FRS 102. Transform retains a register of members' interests. We can confirm that we do not have any transactions that require disclosure.

28. Government grants

Government grants are Social Housing Grants and other grants received to enable us to acquire properties for social housing use. Should the properties to which the grants relate ceases to be used for social housing, the grants may be repayable in full.

Total grants received:	2021	2020
	£000s	£000s
Grants credited to the income statement or arising on merger/acquisition	9,525	9,321
Deferred grants (note 16)	12,195	11,996
	21,720	21,317

29. Taxation status

Transform is a registered charity and as such is exempt from taxation on its charitable activities.

30. Post year-end events

During the year merger discussions with Wey Valley Housing Association (WVHA) were well advanced, with both Boards and the WVHA shareholders approving the merger. On 1 April 2021 we received consent for the transfer of engagement from the FCA, and we notified the Regulator of Social Housing (RSH) accordingly. Our pre-merger financial due diligence has shown that Transform will gain approximately £700k of WVHA's net assets through this merger.

31. Donation of Reigate Quaker Housing Association (RQHA) net assets

RQHA transferred all its assets and liabilities as at 15 May 2020 to Transform, through a transfer of engagement. The table below sets out the net book value of the identifiable assets and their value to Transform.

The fair values of the housing properties were assessed as follows:

- properties which are to be sold or redeveloped, based on the open market fair value assuming vacant possession
- other social housing properties, based on the existing use value for social housing

The valuations were undertaken by Savills.

The only social housing grant on the properties transferred relates to the properties which are to be retained and which will be used for social housing purposes for the foreseeable future. As such it is not expected that the grant will become repayable in the foreseeable future and the grant is not recognised in the financial statements (see also note 28).

	Book value	Restated to fair value	Fair value to Transform
	£000s	£000s	£000s
Housing loans			
Housing property	2,205	668	2,873
Other fixed assets	21	-	21
Debtors	22	-	22
Short term liabilities	(29)	-	(29)
Cash	806	-	806
	3,025	**668**	**3,693**
Less: merger costs			(116)
			3,577

32. Sale of care activity

Transform's Board made a strategic decision in September 2020 to exit from all care activity. Consequently, the income and the operating cost relating to the care activity is shown as discontinued activity in the Statement of Comprehensive Income. As of 28 February 2021, we completed the sale of the care business to Apex Prime Care. Through this sale process, all the care-related staff, clients and the goodwill were transferred to Apex Prime Care and Transform retained the care-related net assets as at that date; the surplus arising on the sale is shown below.

	2021	2020
	£000s	£000s
Sale proceeds	200	-
Less: selling costs	(46)	-
unrecoverable care related asset write-off	(56)	-
	98	

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