

**Omega Housing Limited**  
**A company limited by guarantee**  
**Financial Statements**  
**For the year ended 31 December 2022**



**Company number: 07318252**  
**Regulator of Social Housing: 4635**

Omega Housing Limited  
Year ended 31 December 2022

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## **REPORT AND FINANCIAL STATEMENTS**

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## COMPANY INFORMATION

Registration number	07318252 (England & Wales) The Regulator of Social Housing number: 4635
Registered office	1390 Montpellier Court Gloucester Business Park Brockworth Gloucester GL3 4AH
Directors	J K Taylor Mears Group PLC B A Cingtho-Taylor E Mahmood M A Patterson G D Sims A C M Smith L J Critchley A Horsey M Birkett D Sagar
Secretary	B Westran
Bankers	HSBC Bank PLC 62 George White Street Cabot Circus Bristol BS1 3BA
Solicitors	Travers Smith 10 Snow Hill London EC1A 2AL
Auditors	Ernst & Young LLP Chartered Accountants The Paragon 32 Counterslip Bristol BS1 6BX

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## REPORT OF THE BOARD

The Directors present their report and the financial statements of the Company for the year ended 31 December 2022.

The Company would have otherwise qualified as small company but is a member of an ineligible group and has taken advantage of the exemption from including a strategic report.

### Principal activities

The principal activity of the Company during the year continued to be that of a not-for-profit Registered Provider administered by a management Board and involved in the provision and management of affordable rented accommodation to people with a diversity of needs.

Throughout the report and financial statements, the term "Company" is used to refer to Omega Housing Limited and the term 'Group' refers to Mears Group plc and its subsidiaries.

### Board members

The Company's Directors, who held office during the year and up to the date of approval of these financial statements, are set out below. The Board has previously been supplemented by the membership of others who are drawn from a wide background bringing together professional, commercial and local experience. The Board members have responsibilities for implementation of the Company's strategy and for its ongoing management and viability.

The Company is limited by guarantee and as such, the Board members, including Directors, do not hold any shares in the Company.

The directors, who held office during the year and up to the date of approval of these financial statements, were as follows:

John Taylor  
Andrew Smith  
Beatrice Cingtho-Taylor  
Michelle Patterson  
Erfana Mahmood  
Gary Sims  
Mears Group PLC  
Lucas Critchley  
Michael Birkett  
Ashley Horsey  
Deep Sagar

### Principal risks and uncertainties

The effective management of risks is a key feature to the continuing success of the Company. Our approach is to identify principal risks and robustly mitigate the impact of these risks through a Group-wide risk management process.

The Company's financial risk management is based upon sound economic objectives and good corporate practice. The Directors have overall responsibility for risk management and internal control within the context of achieving the Company's objectives. The key risks and mitigating factors are set out below.

- *Operational*

The principal risks and uncertainties that the business faces are operational risks, most importantly welfare reforms. As the majority of business is generated through local authority contracts, government public spending cuts may have affected trading had it not been for the Directors prudent approach to income generation.

The Company has limited exposure to these risks by negotiating and tendering for council contracts in a variety of different ways, including yearly as well as long-term contracts. In addition, other services and revenue streams have been developed in order to limit reliance on one source of income.

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## REPORT OF THE BOARD (continued)

### Principal risks and uncertainties (continued)

#### • Financial

The Company seeks to manage financial risk, to ensure sufficient liquidity is available to meet the identifiable needs of the Company and to invest cash assets safely and profitably.

Risks arise from short term cash flow movements and renewal risk on maturity of facilities. The Company is part of a Group banking facility and its working capital requirements are managed at a Group level. The facility has currently been agreed until December 2026.

Both short-term and long-term liquidity are monitored through the use of various tools including cashflow forecasts and proactive response to variances identified.

The Company does not undertake any trading activity in financial instruments. All activities are transacted in Sterling. The Company does not engage in any hedging activities.

#### • Integrity, ethics, anti-bribery and corruption

There are inherent risks of bribery, fraud and corruption in some of the sectors the Company works in. It is important that the Company has an internal control framework and means of communication to be pro-active where any risks materialise.

### Business review

The Company is a not-for-profit provider of social housing, registered with the Regulator of Social Housing. The key focus of the business is to procure private rented properties for use as homeless prevention for families in need of housing.

The Company has recorded a 45.3% reduction in revenue. Gross margins have remained consistent in the current year, despite the fact that we continue to reduce the levels of units of accommodation we have. During 2022, the Board continued to consider the financial and non-financial factors in assessing the sustainability of all landlord relationships. Any landlord relationship that did not demonstrate sustainability has been terminated and the effect of this is reflected in the property numbers at 31 December 2022. The Board is pleased to see that the gross profit margin has been increased from 4.5% to 5.0%.

During the year, Omega has been successful in the following:

- Continuing to deliver its business plan to ensure all relationships with landlords are sustainable for the long term.
- Reduced rent arrears to 4.2% of the rent roll compared to the target set of less than 4.5%, reflecting the strategy of keeping landlords that are sustainable financially.
- Had only 2 void properties at the year end, compared to a target of 5 properties.

The Directors are pleased to present the below trading results for the year 1 January 2022 to 31 December 2022.

The Directors have identified the following key performance indicators:

	Year to 31 December 2022	Year to 31 December 2021
Revenue	£2,670,829	£4,885,974
Gross profit %	5.0%	4.5%
Net profit %	2.9%	3.1%
% decrease in revenue on the previous year	45.3%	37.8%
Units of accommodation	249	302

### Strategic and financial review

#### About Omega

Omega Housing Limited ("Omega") is a company registered with the Homes and Communities Agency (HCA), now known as the Regulator for Social Housing ("RSH") which supplies accommodation to support the activities of local authorities, housing associations and other relevant agencies in providing homes for those households who are homeless or have a high degree of housing need.

The Company was set up in December 2010 as a private not-for-profit Registered Provider (RP) and is incorporated as a company with limited guarantee in England and Wales and hence has no shareholders. Omega Housing was acquired by Mears Group PLC on the 15th October 2014 as part of the Omega Group acquisition. Mears Living refers to the part of the Group that delivers housing management services on behalf of Omega.

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## REPORT OF THE BOARD (continued)

### **Our business**

The business involves the acquiring of leases from private landlords for relatively short, fixed-term periods, typically 1-3 years. The properties are then rented via a HALD (Housing Association Leasing Direct) scheme.

Omega Housing uses a unique leasing arrangement with Landlords that does not guarantee the rent and where Omega Housing does not incur any repair and maintenance costs. Hence this is a low-risk business model relative to more traditional schemes which generally provide rent guarantees and full repairing leases.

### **Our Mission and our Values**

Our Mission is:

*"To provide sustainable and affordable temporary and permanent housing solutions for people in housing need and the communities where they live"*

Underpinning our Mission are five values which support the ethos of the organisation:

#### Outstanding Customer Service

Our customers are our first priority and we will ensure that we deliver our services in line with their current and on-going needs. We will listen to them and offer them opportunities to influence the way we work and to monitor our performance. We will invest in our business infrastructure to ensure our service delivery is effective and offers value for money.

#### Exceptional Service Delivery

We will employ a culture of continuous improvement across all of our service areas to ensure that we deliver exceptional services to our clients who include local authorities, tenants and landlords.

#### Partnership Working

We will work in partnership with Local Authorities, Registered Providers, the Government and other agencies to assist them in delivering their housing strategies by creating new long-term partnerships and look to make a genuine difference in the communities we work in.

#### Growth

We will look to grow the business whilst ensuring the balance of risks in terms of financial exposure and financial commitments are prudently maintained whilst ensuring our income streams are strong and well supported. We have ambitious plans to grow our portfolio substantially over the period of this corporate plan with an aim to help our local authority partners meet their housing need nationally.

#### Adaptable

We will deliver innovative solutions to ensure we can continue to procure and invest in long term sustainable housing to meet local housing needs, by being at the forefront of future innovations.

### **Priorities**

Our priorities during this period are to:

- Invest in our neighbourhoods and services to meet the changing needs of our customers.
- Invest in our homes to ensure that they are fit for purpose and continue to meet building safety requirements.
- Increase customer satisfaction, particularly in relation to repairs and making sure access to our services is easy.
- Offer a range of ways for our customers to get involved in shaping and improving our services.
- Build strong and lasting partnerships with local authorities to join up our investment, maximise our impact and boost their local economy.

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## REPORT OF THE BOARD (continued)

### *Priorities (continued)*

#### Our Plan - Three Ambitious Objectives

We're focused on achieving three main objectives:

- Providing quality services to our customers.
- Acquiring new homes and keeping our existing homes in top condition.
- Investing in our neighbourhoods to create great places to live and work.

As a business we will work with our customers and stakeholders to develop meaningful actions linked to these objectives that will be updated annually.

#### What will we do

We'll create great customer experiences by:

- Working with our customers to define the customer experience.
- Upgrading our digital offer and tailoring it to customer needs.
- Growing our services to support our customers.

We'll provide great homes by:

- Creating an investment programme to bring a further 1,000 homes into management.
- Delivering a new home standard that exceeds customer expectations with safety as the priority.
- Getting our repairs service to be right first time.
- Making our homes green and energy efficient.

We'll create great places to live by:

- Investing in our communities and neighbourhoods.
- Supporting our customers into employment, training and learning opportunities.
- Offering apprenticeship and volunteering opportunities to local people.
- Offering advice and support services to customers to sustain tenancies and keep communities together.

We'll work in partnership with Mears Living to create a great place to work by taking an active interest in their culture. We recognise that to achieve this for us Mears Living will need to:

- Be recognised regionally and nationally for its investment in its people
- Offer learning and development opportunities that attract, nurture and retain the very best talent
- Be an equal, diverse, safe and vibrant place to work.

#### How will we do it

Developing our approach to environmental, social and governance (ESG) reporting

- We care deeply about the impact we make on our customers' lives, every time we offer a tenancy to one of our tenants it changes the course of their life; we take this impact very seriously. Our social purpose is linked to our mission to provide sustainable and affordable temporary and permanent housing solutions for people in housing need. Our approach to ESG will underpin everything we do, and we will develop a transparent dashboard that monitors our progress.

Net zero by 2050

- To meet the government's target of net zero emissions by 2050, we will develop a net-zero carbon roadmap that identifies the milestones we need to achieve. We will aim to achieve Net Zero across Scope 1 and 2 emissions by 2030, and Scope 3 emissions by 2045, raising environmental standards and being a lead partner to support the decarbonisation of our nation's social housing stock.

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## REPORT OF THE BOARD (continued)

### Introducing new technology

- We will introduce new technology to streamline the way we work and make us more efficient at what we do. We will also improve the service our residents receive by giving our teams the right tools for the job and becoming a more connected business.

### Joined up customer focused services

- We will make it easier for our customers to engage and transact with us by embedding customer-focused systems and behaviour. We will invest more in our homes and the services that matter the most to our customers.
- We will use our tenant scrutiny panel and other engagement mechanisms to ensure customers are able to shape our services.

### Performance improvement

- Driving improvements in our performance, particularly in letting homes quickly, keeping them in good repair, providing a great service to our customers and collecting rent and other income for reinvestment into services and homes.
- We will continue to work with HouseMark to ensure our services are appropriately benchmarked with similar housing providers.

### Working in partnership

- Building strong partnerships with local authorities, service providers and community groups to maximise our impact and join up our investment plans and priorities.

### ***How we measure our success in delivering this plan***

#### Value for Money

There are three key VFM drivers (our business plan, our desire to seek continuous improvement and to be fully regulatory compliant) to support the Company's three VFM pillars, which are:

- Strong governance, scrutiny & performance management.
- Ensuring we maximise the Return on Assets.
- Clear measures, evidence and comparisons; including understanding of costs and outcomes.

These are underpinned by a strong VFM culture where information is transparently available and accessible to all customers and stakeholders.

#### Performance Measures

To demonstrate the progress we are making during the lifetime of this business plan, the following performance measures will be monitored and shared with our customers and stakeholders:

- Increase in overall customer satisfaction
  - Customer satisfaction with repairs
  - Overall safety compliance
  - Additional number of homes established
  - Reduction in rent arrears
  - Reduction in void turnaround times
  - Reduction in the cost of delivering our services
  - Reduced maintenance costs per home
  - Increase in our operating margin
  - Percentage of properties whose energy rating/carbon footprint improves
  - Increase in the percentage of digital interactions
  - Improvement in our data maturity
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## **REPORT OF THE BOARD (continued)**

### ***Corporate Governance***

The Board sets the overall aims and objectives for Omega and ensures that it meets and keeps within its legal and ethical obligations.

The Board meets quarterly with three committees to consider strategic issues in more detail, and to add value to the work of the Board.

The three committees are:

- Audit & Risk Committee
- Operations Committee
- Nominations Committee

### ***Code of governance***

During the year we carried out a review of our governance arrangements and agreed to adopt the National Housing Federation Code of governance 2020. The Board is pleased to confirm we comply with the code.

### ***RSH governance and viability standard***

During the year we carried out a review of our compliance with the RSH governance and viability standard. The Board is pleased to confirm we comply with this standard.

For both the code of governance and RSH governance and viability standard, whilst the board is pleased to report compliance, an associated action plan is in place to ensure continuous improvement.

### ***Anti-fraud, money laundering and anti-bribery***

The Board has confirmed its zero-tolerance policy to fraud, bribery, money laundering or corruption of any kind. We have adopted the Group's Plc Anti-Fraud and Bribery Policy and ensure a culture of fraud, bribery and money laundering risk awareness is in place in the organisation, and that employee responsibilities are clear.

A fraud register is maintained. Any fraud or attempted fraud would be reviewed according to the Anti-Fraud and Bribery policy and reported to the Board, with plans and actions for areas sensitive to fraud.

### ***Internal controls assurance***

The Board has overall responsibility for the system of internal control and risk management and for reviewing its effectiveness. Our Audit & Risk Committee is now responsible on behalf of the Board for monitoring this system and reporting back to Board on its effectiveness.

The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives. It can only provide reasonable, and not absolute, assurance against material misstatement or loss.

Key elements of the Group's internal control framework include:

- Board-approved terms of reference and delegated authorities for Nominations, Audit & Risk and Operations Committees
- Clearly defined management responsibilities for the identification, evaluation and control of significant risks. The executive directors regularly consider reports on these risks and are responsible for reporting to the Board any significant changes affecting key risks.

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**REPORT OF THE BOARD (continued)****Risks**

We recognise that most of our activities are not necessarily following the well-trodden path of almost all other registered providers, with few long-term assets being held in ownership and virtually no government grant to subsidise our business. Our approach, which is different, of course brings an element of risk. But we believe that taking identified, evaluated and managed risks in pursuit of our strategic objectives is acceptable, particularly those that benefit Omega and our customers.

We will continue to identify emerging risks as changes in the operating environment materialise and take appropriate action to mitigate them. This, supported by our risk maps, appetite, tolerance statements and associated risk management strategy, provides a managed approach to the risks we face.

We also recognise the need to align the skills of Board members and staff delivering this plan to current and emerging strategic risks, including:

- Complying with legislative requirements and regulatory standards
- Remaining viable as an organisation
- Effectively managing funding agreements and cash flows
- Dealing with the impact of welfare reform and other housing-related policies
- Effectively and compliantly managing systems & data
- Well managed diversification into new products and markets

The following key business risks were identified by the Assurance Committee:

Risk Theme	No	Risk Description	Current Controls	Future Actions
Relationship with the Group	1.1	Unable to achieve independent financial stability	a) The Board must actively seek to safeguard the operations of the Registered Provider (RP) in the event of the Group failing, thus reducing its current reliance on the Group including access to its own funding, reduced support on parental guarantees, independent financial growth & strength b) Updated intragroup agreement & management agreement signed off by the Board c) Surplus budget set for 2022	a) Monitoring of financial performance by Committee on a quarterly basis b) 30 year financial plan monitored by Committee - half yearly c) Exercise to be carried out to stress test the implications of the Group breaking links with the RPs
	1.2	Failure to achieve adequate value for money for services from Mears Living	a) Mears Living restructure complete and in place b) Annual budget and target savings agreed by board annually c) Agreed group service level agreements and reporting requirements d) VFM reports produced by an external assurance provider e) Adequacy of rent rates and consistency with other Housing Associations offerings have been subject to external review. f) Quarterly VFM reporting & HouseMark Benchmarking g) Updated Asset Management Strategy approved	a) Quarterly VFM reporting to the Committee b) External benchmarking - members of HouseMark - further monitoring and action plan to be established

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## REPORT OF THE BOARD (continued)

Risk Theme	No	Risk Description	Current Controls	Future Actions
Relationship with Mears (continued)	1.3	Omega is not able to sufficiently exert control over the services it receives, which are controlled or managed through Group companies	a) Service level agreements are either currently in place, or in the process of being renegotiated with all Group companies currently providing a direct or overhead service b) Commercial review frameworks in place to performance manage service provisions c) Continual cost review undertaken on costs incurred on a monthly basis to identify d) Monthly SMT meetings to monitor services provided with decision makers able to influence future service provision e) Board approved updated intra-group agreement	a) SMT updates relating to emerging risks to be communicated to the Board as appropriate in order to ensure plans can be put in place to safeguard the operations of the RP
	1.4	Omega may be directly affected by poor performance or negative publicity relating to other Group companies	a) Strong relationships within the Group at Board and SMT level b) Working together to ensure combined resolution to impending issues	a) Board to receive regular update on news within the Group
	1.5	Poorly managed voids results in increase in void periods, levels and costs	a) Voids & lettings team in place b) The service is delivered directly by Mears Living c) Monthly monitoring and KPIs set up d) New systems and processes in place	a) Weekly Voids meetings in place b) Monthly Updates to Board
	1.6	Delivery of repairs services, including void works, are of poor quality, too expensive, or do not meet service levels for turnaround times	a) The voids works service is delivered directly by Mears Living b) Monthly monitoring and KPIs set up c) New systems and processes in place	a) Performance scrutinised by Operations Committee on a quarterly basis
	1.7	Mears Living provides all housing management services for Omega. Risk that Mears Living lacks the appropriate management expertise or skills for the services it provides	a) Mears Living restructure complete and in place b) Formal SLAs in place between RPs and other group companies providing housing management or repairs services c) Board approved updated intra-group and management agreements	

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**REPORT OF THE BOARD (continued)**

Risk Theme	No	Risk Description	Current Controls	Future Actions
<b>Regulatory</b>	<b>2.1a</b>	Major or series of Health & Safety incident(s) causing injury or death event(s) - as an employer	<ul style="list-style-type: none"> <li>a) Induction Process</li> <li>b) Training and awareness programme</li> <li>c) Accident database</li> <li>d) Licensed asbestos removal partners</li> <li>e) Site visits &amp; inspections by H&amp;S managers</li> <li>f) KPIs related to site visits &amp; inspections</li> <li>g) Annual defensibility study</li> <li>h) OHSAS 18001 External Audit</li> <li>i) Report H&amp;S matters to the Committee/Board</li> </ul>	<ul style="list-style-type: none"> <li>a) Policies reviewed annually</li> <li>b) Work with insurance brokers to ensure following best practice</li> <li>c) Training programmes in place</li> <li>d) Additional support from the Group experts</li> </ul>
	<b>2.1b</b>	Major or series of Health & Safety incident(s) causing injury or death event(s) - as a landlord	<ul style="list-style-type: none"> <li>a) All relevant policies in place and approved by the Board</li> <li>b) Effective monitoring and performance reporting in place</li> <li>c) Compliance services delivered by Mears Facilities Management on behalf of the Board</li> <li>d) Awareness of RSH consumer standards</li> </ul>	<ul style="list-style-type: none"> <li>a) Policies reviewed annually</li> <li>b) Work with insurance brokers to ensure following best practice</li> <li>c) Training programmes in place</li> <li>d) Additional support from the Group experts</li> </ul>
	<b>2.2</b>	Fail to meet applicable statutory or regulatory requirements leading to supervision or deregistration	<ul style="list-style-type: none"> <li>a) Strong policies and procedures in place which are based on HCA standards</li> <li>b) Good understanding of policies and procedures amongst staff</li> <li>c) Housing Office audit programme, focusing on governance and viability, value for money, rents, risk assessments, safeguarding, training and ensuring that policies and procedures are being followed</li> <li>d) Critical friends / experienced persons that have been through HCA inspections in the past and are familiar with best practice and HCA standards</li> <li>e) Financial - Group support and established process and policy</li> <li>f) Governance - experienced board used for strategic input, succession planning and skills audits</li> <li>g) External governance review conducted by KPMG and all recommendations completed</li> <li>h) Second external governance review completed by PWC, all recommendations accepted by the Board</li> <li>i) KPMG appointed as internal auditors for 3 year period</li> <li>j) confirmation of change in ombudsman's power - new process approved by Operations Committee</li> </ul>	<ul style="list-style-type: none"> <li>a) Update the yearly training, compliance team guidance and scrutiny / audits</li> <li>b) Assurance framework in development to test the strength of controls</li> <li>c) Second Governance Review action plan progressing</li> <li>d) NHF code of governance actions - tracked</li> </ul>

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**REPORT OF THE BOARD (continued)**

<b>Regulatory (continued)</b>	<b>2.3</b>	Failure to ensure primary data sets are accurate and up to date and properly maintained, and ICT systems are robust, resilient and support the business	a) ICT system, software and hardware upgrades constantly being reviewed b) ICT Strategy in place	a) Digitalisation of services and functions to be implemented
	<b>2.4</b>	Risk of fraud taking place, which also puts at risk the safety of our residents as well as not adequately safeguarding social housing assets	a) Acquisition procedure includes checking Land Registry records against owner details, getting owners to declare their overseas tax status b) Each new lease checked by Governance & Performance manager before being signed by Director c) All sub-contractors put through rigorous PQQ process and regularly reviewed d) Internal audit programme including regular compliance visits by Quality manager to each office / large block e) Robust policies on Whistleblowing, Anti-Corruption & Anti competitive practises, Anti Fraud & Anti Bribery f) KPMG appointed as internal auditors for 3 year period	a) Review and update of key fraud policies including the Anti-Corruption & Anti-competitive handbook and Anti-Bribery policy statement
<b>Financial</b>	<b>3.1</b>	Inadequate asset management strategy in place for FRI (full repairing and insured) properties and the future zero carbon agenda	a) Updated asset management strategy in place b) Facilities Management and repair staff appropriately qualified c) Zero Carbon strategy to be developed	a) Preparation of Asset management strategies for all relevant schemes, with annual review and integration into budgets b) Review of works undertaken by Facilities Management function and approve annual spend and skill levels required
	<b>3.2</b>	Failure to deliver on our zero carbon aspirations	a) Board Strategy Plan in place	a) Board Approved Zero Carbon Strategy to be developed b) Review of stock to consider works that need to be carried out

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**REPORT OF THE BOARD (continued)**

Risk Theme	No	Risk Description	Current Controls	Future Actions
<b>Financial (continued)</b>	<b>3.3</b>	New and material schemes are not adequately stress tested, and the business plans are not tested to determine the levels of risks that the new schemes could support over a period of time - resulting in damage to the Provider, financial viability or safeguarding of assets	a) Mobilisation / new business framework in place b) Gateway reporting tool for all new business opportunities in the pipeline c) Above Financial model implemented including stress testing capabilities d) Monitoring monthly by SMT e) Reporting to Board as per model	a) New schemes to be scrutinised by Committee b) Agreed metrics to be reviewed
	<b>3.4</b>	Universal credit rollout will impact on residents' ability to pay rents as they fall due, and will have a substantial effect cash collection by the provider	a) Contact and personal arrangements. Early intervention where possible. b) Increased training for staff, suitable risk assessments for certain resident profiles Regular meetings with local authorities to discuss the climate and funding strategies c) Strong partnerships with authority partners to ensure viability of schemes d) Weekly rent arrears meetings in place	a) Continued training to all relevant staff members, including communication and relationship changes with residents b) External independent advice sought regarding the treatment of Universal Credit and homeless housing. Advice is being used when liaising with Housing Boroughs and Local Authorities
	<b>3.5</b>	The impact on our schemes and funding of local authorities being in financial difficulty	a) Regular meetings with key local authority partners	a) Monitoring of relevant press regarding Local Authorities (LAs) getting into difficulty
	<b>3.6</b>	Changes on the temporary accommodation subsidy levels could render some homelessness schemes unviable	a) Continual training of staff, to ensure suitable approach b) Regular meetings with local authorities to discuss the climate and funding strategies c) Strong partnerships with authority partners to ensure viability of schemes	a) Continue to monitor high risk individuals and schemes with LA intervention as required
	<b>3.7</b>	Impact of the cost of living crisis on our customers	a) Support is provided to all customers (although not comprehensive) b) Asset Management strategy in place c) Ongoing communications to sign post customers to partner agencies	a) Need to consider how we support our customers b) Need to ensure capital investment works has a positive energy efficiency impact on our properties with the lowest EPC rating c) Consider the role of Mears Foundation and other support providers

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## REPORT OF THE BOARD (continued)

### ***Damp & Mould***

The Board are very conscious of the impact of damp and mould in properties to our tenants and have taken a number of steps to ensure any reporting of potential damp and mould in properties is taken very seriously.

We have been through all repairs tickets over the last 12 months that mention damp or mould and instructed the housing officers to visit these properties again.

We have encouraged customers to come forward to report concerns over potential damp/mould and have increased our visits to properties we deem as high risk.

Where we have significant concerns, we have put the customers into a hotel whilst we are dealing with the damp and mould issues at the property in line with our policy and process.

For the other properties, we have agreed with the customer to carry some minor works but there is no risk to the customer, and they have all agreed to remain in their properties.

We have setup a dedicated task force to be able to react rapidly to these cases.

We have also provided training for frontline operatives and housing officers. As part of any repairs visit and the regular housing management property/customer checks we are ensuring that there are no potential damp or mould issues at the properties visited.

There is also a completely revamped damp, mould and condensation policy that has been approved by the Board:

### ***Value for money***

A Value for Money (VfM) Standard and Code of Practice was introduced in April 2018. This Standard has a clear focus on outcomes and sets out expectations that registered providers will agree a strategic approach to achieving value for money in fulfilling their objectives.

The standard now includes a number of requirements for registered providers, in particular the need to demonstrate that:

- overall, optimal benefit is derived from resources and assets in the delivery of their strategic objectives
- providers undertake a rigorous appraisal of options for improving their VfM performance and have a robust approach to decision making
- VfM is achieved across all providers' operations and that where investment is made in non-social housing activity, proper consideration is given to whether this activity generates returns that are proportionate to the risks involved
- providers report on a suite of VfM metrics (these now replace the former requirement to publish a VfM self-assessment) and that they clearly explain plans to address areas of underperformance.

Omega has three key VfM drivers (our business plan, our desire to seek continuous improvement and to be fully regulatory compliant) which support our three VfM pillars:

- Strong governance, scrutiny & performance management
- Ensuring we maximise the return on assets
- Clear measures, evidence and comparisons; including understanding of costs and outcomes.

These are underpinned by a strong VfM culture where information is transparently available and accessible to stakeholders. In order to deliver social value we need to be financially sound and make the most of our resources to deliver the services that our customers need. We also need to provide assurance to our freeholders and where necessary their funders.

We have highlighted our key VfM objectives below:

### ***Rent Arrears***

Rent arrears have remained steady with our rent arrears as a percentage of the rent roll currently at 4.2%. This is a positive performance and reflects the Board's strategy of only dealing with landlords who are financially and non-financially sustainable and within the target set by the Board of 4.5%.

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## REPORT OF THE BOARD (continued)

### Value for money (continued)

#### Percentage of properties vacant and available to let

In December 2022 the percentage of properties vacant and available to let was 0.33% against a target of 0.35%, reflecting the positive relationships we have with landlords and local authorities.

#### Void Revenue

The number of void properties at the year-end was 2 (0.8% of the total portfolio). This was below our target of 5 properties (2.0% of the total portfolio) and reflects the hard work carried out in partnership with our local authority clients to utilize as much of our stock as possible during and post lockdown.

### The Regulator of Social Housing technical measures

There are seven technical measures, introduced by the RSH in April 2018 to be reported by every Registered Provider, to ensure greater consistency across the sector:

Results for these technical measures are as follows:

Measure	2022	2021	2022 sector average
Metric 1 – Reinvestment %	Not applicable	Not applicable	6.5%
Metric 2 – New supply delivered %	0%	0%	1.4%
Metric 3 – Gearing %	0%	0%	44.1%
Metric 4 – Earnings Before Interest, Tax, Depreciation, Amortisation, Major Repairs Included (EBITDA MRI) Interest Cover	8,377%	Not applicable	146%
Metric 5 – Headline social housing cost per unit	£9,726	£16,925	£4,150
Metric 6a – Operating Margin % (social housing lettings only)	1.4%	3.0%	23.3%
Metric 6b – Operating Margin % (overall)	2.5%	3.5%	20.5%
Metric 7 – Return on capital employed (ROCE)	3.0%	7.9%	3.2%

### Directors' responsibilities

The Directors are responsible for preparing the Report of the Board and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial period. 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 and applicable laws), including FRS 101 'Reduced Disclosure Framework' ('FRS 101'). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are 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.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



Omega Housing Limited  
Year ended 31 December 2022

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## REPORT OF THE BOARD (continued)

### Going concern

The Company reported a profit for the period of £77,199 (2021: £153,487). The balance sheet shows net assets of £2,201,651 (2021: £2,124,452).

In considering the appropriateness of adopting the going concern basis for preparing the financial information, the Directors noted that the Company and Group operate in defensive markets where spend is largely non-discretionary and that contracts tend to be long-term partnerships. The Board believes that the Company has adequate resources to continue in operational existence until 30 September 2024. The Company and Group carried out stress tests against the business plan to determine the performance levels that would result in a breach of covenants or in a reduction in headroom against its borrowing facilities to £nil. In reaching this judgement, the Directors considered a number of possible downside scenarios and concluded that any scenario or combination of scenarios that could cause the business to be no longer a going concern to be implausible.

The principal risks and uncertainties of the Company are managed at a Group level. However, the Company itself has a positive balance sheet and the Directors believe that the Company will be in a position to settle its debts as they fall due.

On this basis, the Directors consider it appropriate to adopt the going concern basis for preparing the financial information.

The Directors have recognised the challenging economic backdrop, including price inflation and skills shortages, however the majority of the Company's customer contracts include annual price adjustments to mitigate much of this risk.

### Directors' liabilities

Directors are granted an indemnity from the Company in respect of liabilities incurred as a result of their position in office. However, our indemnity does not cover Directors or officers in the event of being proven of acting dishonestly or fraudulently.

### Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

### Energy and Carbon Reporting

The Company has complied with all the streamlined Energy and Carbon Reporting requirements (SECR), along with all other entities that are part of Mears Group PLC. The annual report and accounts of Mears Group PLC includes SECR required disclosures for all subsidiaries within the group.

### Auditor

Ernst & Young LLP are deemed to be reappointed in accordance with an elective resolution made under section 386 of the Companies Act 2006.

This report was approved by the Board on 30 June 2023 and signed on its behalf.

DocuSigned by:

Andrew Smith

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A C M Smith  
Director

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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF OMEGA HOUSING LIMITED

### Opinion

We have audited the financial statements of Omega Housing Limited for the year ended 31 December 2022 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of changes in equity and the related notes 1 to 18, 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 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2022 and of its profit 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.

### 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 directors' 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 to 30 September 2024.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

### Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 course of 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 the 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 the audit:

- the information given in the report of the board for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The report of the board has been prepared in accordance with applicable legal requirements.

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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF OMEGA HOUSING LIMITED (continued)

### 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 report of the board.

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 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 16, the directors 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 directors 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 directors 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 directors 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.

### *Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud*

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS101, the Companies Act 2006, the Statement of Recommended Practice: Accounting by Registered Social Landlords Providers Update 2018 and the Accounting Direction for Private Registered Providers of Social Housing 2022) and the relevant tax compliance regulations in the UK.
- We understood how Omega Housing Limited is complying with those frameworks by reading internal policies and assessing the entity level control environment, including the level of oversight of those charged with governance. We made enquiries of the company's legal counsel and internal audit of any known instances of non-compliance or suspected non-compliance with laws and regulations. We corroborated our enquiries through review of correspondence with regulatory bodies. We designed our audit procedures to identify non-compliance with such laws and regulations identified in the paragraph above.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by considering the programs and controls that the company has established to address risks identified by the entity, or that otherwise prevent, deter and detect fraud, how senior management monitor those programs and controls, evaluating conditions in the context of incentive and/or pressure to commit fraud, considering the opportunity to commit fraud and the potential rationalisation of the fraudulent act.

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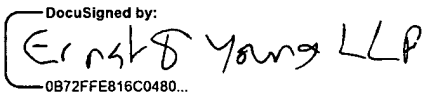
## INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF OMEGA HOUSING LIMITED (continued)

- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved making enquiries of senior management, including the Directors. As well as attendance and enquiry at meetings, our procedures involved a review of board meetings, internal audit reports, and other committee minutes to identify any non-compliance with laws and regulations. We planned our audit procedures to identify risks of management override, tested higher risk journal entries and performed audit procedures to address the potential for management bias, particularly over areas involving significant estimation.

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](http://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.

DocuSigned by:  
  
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Greg Tyler (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
Bristol  
30 June 2023

Omega Housing Limited  
Year ended 31 December 2022

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	Year ended 31 December 2022 £	Year ended 31 December 2021 £
<b>Revenue</b>	3	<b>2,670,829</b>	4,885,974
Cost of sales		<b>(2,538,044)</b>	(4,664,202)
<b>Gross profit</b>		<b>132,785</b>	221,772
Administrative expenses		<b>(66,868)</b>	(53,130)
<b>Operating profit</b>	7	<b>65,917</b>	168,642
Interest receivable and similar income	9	<b>28,399</b>	26,267
Interest payable and similar charges	10	<b>(1,341)</b>	–
<b>Profit on ordinary activities before taxation</b>		<b>92,975</b>	194,909
Tax on profit on ordinary activities	12	<b>(15,776)</b>	(41,422)
<b>Profit for the financial period</b>		<b>77,199</b>	153,487

The Company has no profits or losses other than those included in the income and expenditure account as set out above.

There is no other comprehensive income.

All activities of the Company are classed as continuing.

The accompanying accounting policies and notes form an integral part of these Financial Statements.

Omega Housing Limited  
Year ended 31 December 2022

## BALANCE SHEET AS AT 31 DECEMBER 2022

	Notes	31 December 2022		31 December 2021	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	13		569,898		587,915
<b>Current assets</b>					
Debtors due within one year	14	86,724		71,175	
Debtors due after more than one year	14	1,251,303		988,514	
Cash at bank and in hand		360,576		596,162	
		<u>1,698,603</u>		<u>1,655,851</u>	
<b>Creditors: amounts falling due within one year</b>					
Trade and other payables	15	(9,591)		(16,604)	
Current tax liability		(57,259)		(102,710)	
		<u>(66,850)</u>		<u>(119,314)</u>	
<b>Net current assets</b>			1,631,753		1,536,537
<b>Total assets less current liabilities</b>			<u>2,201,651</u>		<u>2,124,452</u>
			<u>2,201,651</u>		<u>2,124,452</u>
<b>Reserves</b>					
Profit and loss account			2,201,651		2,124,452
			<u>2,201,651</u>		<u>2,124,452</u>

Approved by the Board on 30 June 2023.

DocuSigned by:

Andrew Smith

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A C M Smith  
Director

Company number: 07318252

The accompanying accounting policies and notes form an integral part of these Financial Statements.

Omega Housing Limited  
Year ended 31 December 2022

# **STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022**

	Profit and loss account £
At 1 January 2021	1,970,965
Profit for the year	153,487
<b>At 31 December 2021</b>	<b>2,124,452</b>
	Profit and loss account £
At 1 January 2022	2,124,452
Profit for the year	77,199
<b>At 31 December 2022</b>	<b>2,201,651</b>

The accompanying accounting policies and notes form an integral part of these Financial Statements.

Omega Housing Limited  
Year ended 31 December 2022

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## **NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2022**

### **1. LEGAL STATUS**

The Company is registered as a limited company under the Companies Act 2006 and also a not-for-profit social housing provider by the Regulator of Social Housing (RSH).

### **2. ACCOUNTING POLICIES**

#### **Statement of compliance**

Omega Housing Limited is a private limited by guarantee company incorporated in England and Wales and domiciled in the United Kingdom. Its registered office is 1390 Montpellier Court, Gloucester Business Park, Brockworth, Gloucester, GL3 4AH.

The Company's financial statements have been prepared in compliance with FRS 101 as it applies to the financial statements of the Company for the year ended 31 December 2022.

#### **Basis of preparation**

The financial statements have been prepared in accordance with applicable accounting standards, including FRS 101, the Companies Act 2006, and the Statement of Recommended Practice: Accounting by Registered Social Landlords Providers Update 2018 and comply with the Accounting Direction for Private Registered Providers of Social Housing 2022.

The financial statements have been prepared under the historical cost convention. The financial statements are presented in Sterling (£), which is also the functional currency of the Company.

The Company has taken advantage of the reduced disclosures for subsidiaries provided for in FRS 101 and the specific exemptions that the Company has taken advantage of are set out in 'Summary of disclosure exemptions', as the Company is a member of a group where the parent of that group prepares publicly available financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit and loss of the group.

#### **Going concern**

On the basis of their assessment of the Company's financial position, the Company's Directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future.

In considering the appropriateness of adopting the going concern basis for preparing the financial information, the Directors noted that the Company and Group operate in defensive markets where spend is largely non-discretionary and that contracts tend to be long-term partnerships. The Board believes that the Company has adequate resources to continue in operational existence until 30 September 2024. The Company and Group carried out stress tests against the business plan to determine the performance levels that would result in a breach of covenants or in a reduction in headroom against its borrowing facilities to £nil. In reaching this judgement, the Directors considered a number of possible downside scenarios and concluded that any scenario or combination of scenarios that could cause the business to be no longer a going concern to be implausible.

The principal risks and uncertainties of the Company are managed at a Group level. However, the Company itself has a positive balance sheet and the Directors believe that the Company will be in a position to settle its debts as they fall due.

On this basis, the Directors consider it appropriate to adopt the going concern basis for preparing the financial information.

The Directors have recognised the challenging economic backdrop, including price inflation and skills shortages, however the majority of the Company's customer contracts include annual price adjustments to mitigate much of this risk.

#### **Summary of disclosure exemptions**

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2022. The Company has taken advantage of the following disclosure exemptions under FRS 101:

- a) The requirements of IFRS 7 Financial Instruments: Disclosures;
- b) The requirements of IFRS 13 Fair Value Measurement;
- c) The requirements of IFRS 15 Revenue from Contracts with Customers;
- d) The requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
  - (i) paragraph 79(a)(iv) of IAS 1; and
  - (ii) paragraph 73(e) of IAS 16 Property, Plant and Equipment
- e) The requirements of IAS 1 Presentation of Financial Statements;
- f) The requirements of IAS 7 Statement of Cash Flows;



Omega Housing Limited  
Year ended 31 December 2022

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2022

### Summary of disclosure exemptions (continued)

- g) The requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- h) The requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures;
- i) The requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
- j) The requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairment of Assets, provided that equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated.

### Revenue

Revenue comprises the fair value of the consideration received or receivable for the provision of services in the ordinary course of the company's activities. Revenue is shown net of sales/value added tax, returns, rebates and discounts.

#### Property income

Where the Company is acting as principal, lessor operating lease revenue is recognised in revenue on a straight-line basis over the tenancy.

Where the Company is providing a management service, the Company recognises revenue as an agent (the net management fee) on a straight-line basis. Where significant initial costs are required to make good the housing to perform Housing Management activities, the costs directly attributable to the initial upgrade will be recognised as costs incurred to fulfil a contract and held within current assets, to the extent that it is determined that costs are recoverable.

Where the Company is providing an accommodation and support service, revenue is recognised at a point in time for each night that the accommodation is occupied. These types of contracts typically include elements of variable consideration in the form of key performance indicators and revenue arising from these elements is recognised in line with the Company's other variable consideration.

Where the Company enters into arrangements with customers for the provision of housing an assessment is made as to whether this income is recognised under IFRS 15 or IFRS 16. The contract between the Company and the customer is deemed to contain a lease where the contract conveys the right to control an identified asset for a period of time in exchange for consideration. In this instance, the rental income is recognised on a straight-line basis over the life of the lease.

All such sub-leased residential property leases are classified as operating leases. Revenue in respect of sub leased residential property is disclosed separately in note 6.

### Housing properties

Housing properties have been split between their land and structure costs and a specific set of major components which require periodic replacement. Refurbishment or replacement of such components is capitalised and depreciated over the estimated useful life of the component (excluding land) as follows:

<u>Component</u>	<u>Useful economic life (years)</u>
Land	- Not depreciated
Structure	- 100
Roof	- 100
Windows	- 30
Heating	- 15
Electrical	- 40
Kitchen	- 20
Bathroom	- 30

### Other tangible fixed assets

Other fixed assets are stated at cost less depreciation. Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Leasehold property improvements	-	shorter of the useful economic life or over the period of the lease, straight line
Computer equipment	-	20% per annum, straight line

Omega Housing Limited  
Year ended 31 December 2022

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## **NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2022**

### **Taxation**

The tax expense for the year comprises current and deferred tax.

Deferred taxation is the tax expected to be repayable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method.

Deferred taxation liabilities are generally recognised on all taxable temporary differences in full with no discounting. Deferred taxation assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability, unless the related transaction is a business combination or affects tax or accounting profit.

Deferred taxation is calculated using the tax rates and laws that are expected to apply in the period when the liability is settled or the asset is realised, provided they are enacted or substantively enacted at the balance sheet date. The carrying value of deferred taxation assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available against which taxable temporary differences can be utilised. Deferred tax is charged or credited to either the Profit and Loss Account, the Statement of Comprehensive Income or equity to the extent that it relates to items charged or credited. Deferred tax relating to items charged or credited directly to equity is also credited or charged to equity.

### **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

### **Trade debtors**

Trade debtors represent amounts due from customers in respect of invoices. They are initially measured at their transaction price and subsequently remeasured at amortised cost.

Omega Housing Limited  
Year ended 31 December 2022

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## **NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2022**

### **Financial instruments**

Financial assets and liabilities are recognised in the Balance Sheet when the Company becomes party to the contractual provisions of the instrument. The principal financial assets and liabilities of the Company are as follows:

#### *Financial assets, loans and receivables*

The assets generated from goods or services transferred to customers are presented as either receivables or contract assets, in accordance with IFRS 15. The assessment of impairment of receivables or contract assets is in accordance with IFRS 9 'Financial Instruments'.

All cash flows from customers are solely payments of principal and interest, and do not contain a significant financing component. Financial assets generated from all of the Company's revenue streams are therefore initially measured at their fair value, which is considered to be their transaction price (as defined in IFRS 15) and are subsequently remeasured at amortised cost.

Under IFRS 9, the Company recognises a loss allowance for expected credit losses (ECL) on financial assets subsequently measured at amortised cost using the 'simplified approach'. Individually significant balances are reviewed separately for impairment based on the credit terms agreed with the customer. Other balances are grouped into credit risk categories and reviewed in aggregate.

Trade debtors, contract assets and cash at bank and in hand are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Trade debtors and contract assets are initially recorded at fair value net of transaction costs, being invoiced value less any provisional estimate for impairment should this be necessary due to a loss event. Trade debtors are subsequently remeasured at invoiced value, less an updated provision for impairment. Any change in their value through impairment or reversal of impairment is recognised in the Profit and Loss Account.

Cash and cash equivalents include cash at bank and in hand and bank deposits available with no notice or less than three months' notice from inception that are subject to an insignificant risk of changes in value. Bank overdrafts are presented as current liabilities to the extent that there is no right of offset with cash balances.

Following initial recognition, financial assets are subsequently remeasured at amortised cost using the effective interest rate method.

#### *Financial liabilities*

The Company's financial liabilities are overdrafts, trade and other payables including accrued expenses, and amounts owed to Group companies.

All interest related charges are recognised as an expense in 'Interest payable and similar charges' in the Profit and Loss Account with the exception of those that are directly attributable to the construction of a qualifying asset, which are capitalised as part of that asset.

Bank and other borrowings are initially recognised at fair value net of transaction costs. Gains and losses arising on the repurchase, settlement or cancellation of liabilities are recognised respectively in finance income and finance costs. Borrowing costs are recognised as an expense in the period in which they are incurred with the exception of those which are directly attributable to the construction of a qualifying asset, which are capitalised as part of that asset.

Trade payables on normal terms are not interest bearing and are stated at their fair value on initial recognition and subsequently at amortised cost.

### **Reserves**

Profit and loss account includes all current and prior period retained profits and losses.

### **Significant judgements and estimates**

#### *Trade debtors*

The Directors have made judgements in respect of the provision for doubtful debts including estimates of expected credit losses based on historical recovery data.

Omega Housing Limited  
Year ended 31 December 2022

**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 December 2022**

**3. PARTICULARS OF REVENUE, COST OF SALES, OPERATING COSTS AND OPERATING PROFIT**

	Note	Year to 31 December 2022				Year to 31 December 2021			
		Revenue £	Cost of Sales £	Operating Costs £	Operating Profit £	Revenue £	Cost of Sales £	Operating Costs £	Operating Profit £
Social Housing Lettings	4	1,815,515	(1,740,157)	(49,412)	25,946	3,803,588	(3,651,212)	(38,352)	114,024
Non-Social Housing Lettings		855,314	(797,887)	(17,456)	39,971	1,082,386	(1,012,990)	(14,778)	54,618
		<b>2,670,829</b>	<b>(2,538,044)</b>	<b>(66,868)</b>	<b>65,917</b>	<b>4,885,974</b>	<b>(4,664,202)</b>	<b>(53,130)</b>	<b>168,642</b>

Omega Housing Limited

Year ended 31 December 2022

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2022

### 4. PARTICULARS OF INCOME AND EXPENDITURE FROM SOCIAL HOUSING LETTINGS

	Year to 31 December 2022	Year to 31 December 2021
	Total	Total
	£	£
<b>Income</b>		
Rent receivable net of identifiable service charges	1,815,515	3,803,588
<b>Revenue from social housing lettings</b>	<b>1,815,515</b>	<b>3,803,588</b>
<b>Expenditure</b>		
Management	49,412	33,815
Routine maintenance	(476)	14
Bad debts	7,274	15,955
Property lease charges	1,733,359	3,639,780
<b>Operating costs on social housing lettings</b>	<b>1,789,569</b>	<b>3,689,564</b>
<b>Operating profit on social housing lettings</b>	<b>25,946</b>	<b>114,024</b>
<b>Void losses</b>	<b>275,694</b>	<b>155,926</b>

### 5. ACCOMMODATION IN MANAGEMENT

The number of units of accommodation in management at the end of each period for each class of accommodation is as follows:

	Year to 31 December 2022	Year to 31 December 2021
	No.	No.
<b>Social Housing</b>		
General needs		
- Social rent	160	188
- Affordable rent	24	30
<b>Non-Social Housing</b>		
Market rented	65	84
	<b>249</b>	<b>302</b>

Omega Housing Limited

Year ended 31 December 2022

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2022

### 6. REVENUE

The revenue and profit before tax are attributable to the one principal activity of the Company. All revenue is derived from within the United Kingdom.

The Company's revenue disaggregated by pattern of revenue recognition is as follows:

	Year ended 31 December 2022 £	Year ended 31 December 2021 £
Lease income	<u>2,670,829</u>	<u>4,885,974</u>

### 7. OPERATING PROFIT

This is arrived at after charging:

	Year ended 31 December 2022 £	Year ended 31 December 2021 £
Depreciation of tangible fixed assets	18,017	22,578
Loss on disposal of property, plant and equipment	<u>-</u>	<u>1,194</u>

### 8. AUDITORS' REMUNERATION

	Year ended 31 December 2022 £	Year ended 31 December 2021 £
Audit of the financial statements	<u>41,000</u>	<u>30,000</u>

Auditors' remuneration was borne by another Group company.

Omega Housing Limited  
Year ended 31 December 2022

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2022

### 9. INTEREST RECEIVABLE AND SIMILAR INCOME

	Year ended 31 December 2022	Year ended 31 December 2021
	£	£
Interest receivable from group undertakings	27,652	26,216
Interest income on bank deposits	392	24
Other interest receivable	355	27
Interest receivable	<u>28,399</u>	<u>26,267</u>

### 10. INTEREST PAYABLE AND SIMILAR CHARGES

	Year ended 31 December 2022	Year ended 31 December 2021
	£	£
Other interest payable	<u>1,341</u>	<u>-</u>

### 11. EMPLOYEES

	Year ended 31 December 2022 No.	Year ended 31 December 2021 No.
Average monthly number of employees (full time equivalents)	<u>1</u>	<u>1</u>
<b>Staff costs:</b>	<b>£</b>	<b>£</b>
Wages and salaries	26,043	19,865
Social security costs	2,669	1,904
Other pension costs	726	431
	<u>29,438</u>	<u>22,200</u>

No member of staff had an annual salary above £60,000 (2021: none).

The average number of employees is derived by dividing the sum of the number of employees employed under contracts of service in each month by the number of months in the financial year.

Omega Housing Limited

Year ended 31 December 2022

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2022

### 11. EMPLOYEES (continued)

There were seven directors (2021: nine directors) paid for qualifying services for Omega Housing Limited. The remaining directors were not remunerated in respect of qualifying services as directors of Omega Housing Limited and were remunerated by other Group companies.

Total remuneration paid to Board Members in respect of the year was:

	Year ended 31 December 2022	Year ended 31 December 2021
	£	£
E Mahmood	2,500	2,500
G Sims	3,500	3,500
M Patterson	3,750	2,500
B Cingtho-Taylor	3,500	2,500
R Jarman	–	3,500
J Taranczuk	–	2,500
M Birkett	6,250	3,333
A Horsey	3,250	1,459
D Sagar	2,500	1,459
	<b>25,250</b>	<b>23,251</b>

### 12. TAXATION

#### Analysis of the tax charge

The tax charge on the profit on ordinary activities for the period was as follows:

	Year ended 31 December 2022	Year ended 31 December 2021
	£	£
<b>Current tax:</b>		
UK corporation tax	15,781	41,483
Adjustments for prior periods	(5)	(61)
<b>Tax on profit on ordinary activities</b>	<b>15,776</b>	<b>41,422</b>

The tax assessed on the profit on ordinary activities for the period is lower than the standard rate of corporation tax in the UK. During the period the average corporation tax rate was 19% (2021: 19%).

	Year ended 31 December 2022	Year ended 31 December 2021
	£	£
Profit for the period before taxation	<b>92,975</b>	<b>194,909</b>
Profit for the period multiplied by standard rate of tax	<b>17,665</b>	<b>37,033</b>
<b>Effects of:</b>		
Permanent differences and expenses not deductible in determining taxable profit	(1,884)	4,450
Adjustment to tax in respect of prior periods	(5)	(61)
<b>Total tax charge for the period</b>	<b>15,776</b>	<b>41,422</b>



Omega Housing Limited

Year ended 31 December 2022

## NOTES TO THE FINANCIAL STATEMENTS

### for the year ended 31 December 2022

#### 12. TAXATION (continued)

##### Factors affecting tax charge for the period

The UK Budget 2021 announcements on 3 March 2021 included an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2023. These changes were substantively enacted at the balance sheet date and hence have been reflected in the measurement of deferred tax balances at the period end, to the extent those balances are expected to impact on current tax after 1 April 2023.

#### 13. TANGIBLE ASSETS

	Freehold property £	Leasehold property improvements £	Computers and equipment £	Total £
<b>Cost</b>				
At 1 January 2022	567,353	155,119	36	722,508
Additions	–	–	–	–
<b>At 31 December 2022</b>	<b>567,353</b>	<b>155,119</b>	<b>36</b>	<b>722,508</b>
<b>Depreciation</b>				
At 1 January 2022	47,957	86,600	36	134,593
Charge for the year	6,368	11,649	–	18,017
<b>At 31 December 2022</b>	<b>54,325</b>	<b>98,249</b>	<b>36</b>	<b>152,610</b>
<b>Net book value</b>				
<b>At 31 December 2022</b>	<b>513,028</b>	<b>56,870</b>	<b>–</b>	<b>569,898</b>
At 31 December 2021	519,396	68,519	–	587,915

#### 14. DEBTORS

	Year ended 31 December 2022 £	Year ended 31 December 2021 £
Trade debtors	81,421	1,878,873
Provision for bad debts	–	(1,807,733)
	<b>81,421</b>	<b>71,140</b>
Debtors due from related parties after more than one year	1,251,303	988,514
Prepayments and accrued income	5,303	35
	<b>1,338,027</b>	<b>1,059,689</b>
Less non-current portion	<b>(1,251,303)</b>	<b>(988,514)</b>
	<b>86,724</b>	<b>71,175</b>

Omega Housing Limited

Year ended 31 December 2022

## NOTES TO THE FINANCIAL STATEMENTS

### for the year ended 31 December 2022

#### 15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Year ended 31 December 2022 £	Year ended 31 December 2021 £
Accruals and deferred income	2,589	1,154
Contract liabilities	7,002	15,450
	<u>9,591</u>	<u>16,604</u>

#### 16. COMPANY STATUS

The Company is private company limited by guarantee and consequently does not have any share capital. In the event of the company being wound up, the liability of each member is limited to the level of guarantee provided. The sole member of the company is Mears Housing Management Limited.

#### 17. RELATED PARTY TRANSACTIONS

The Group of which the Company is a member has a central treasury arrangement in which all Group companies participate and procures a number of goods and services centrally which are recharged to its subsidiaries at cost. The Directors do not consider it meaningful to set out details of transfers made in respect of this treasury arrangement, nor the recharge of centrally procured goods and services, nor do they consider it meaningful to set out details of interest or dividend payments made within the Group.

#### 18. ULTIMATE CONTROLLING PARTY

The sole member of the Company is Mears Housing Management Limited. The Directors consider that the ultimate parent undertaking and controlling related party of this Company is Mears Group PLC by virtue of its 100% shareholding in Mears Housing Management (Holdings) Limited.

Mears Group PLC prepares group financial statements which include this company and are the smallest and largest consolidated accounts that the company are included in. These financial statements are available upon request from The Company Secretary, Mears Group PLC, 1390 Montpellier Court, Gloucester Business Park, Brockworth, Gloucester, GL3 4AH.