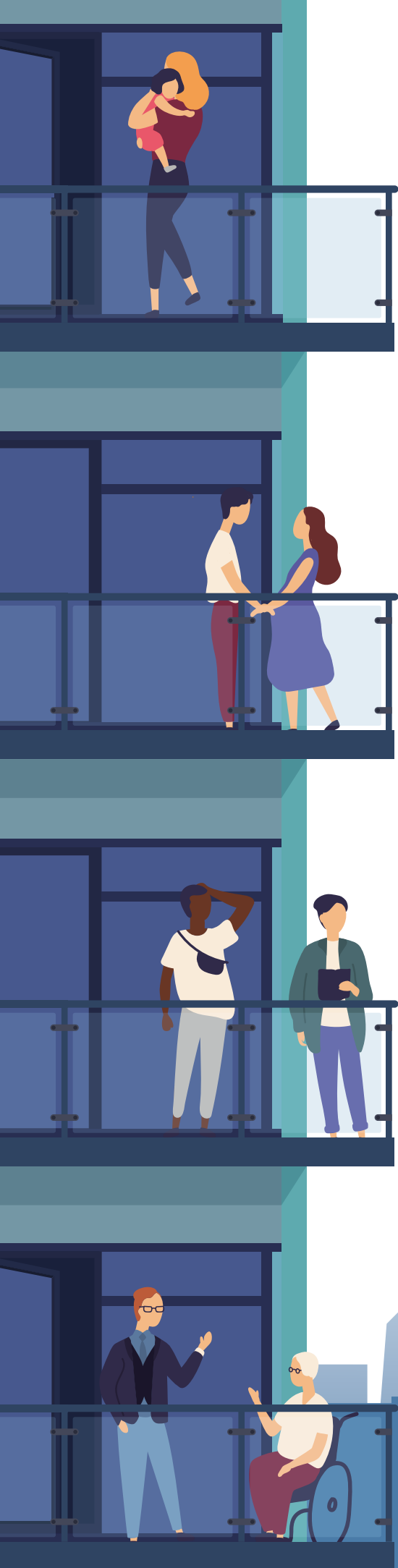


REPORT & FINANCIAL STATEMENTS

2018/19





Contents

| | |
|--|----|
| Executives and advisors | 2 |
| Chair's statement | 3 |
| Report of the Board of Management and Strategic Review | 4 |
| Independent Auditors' Report | 23 |
| Consolidated statement of comprehensive income | 26 |
| Association statement of comprehensive income | 27 |
| Consolidated and Association balance sheets | 28 |
| Consolidated statement of changes in equity | 29 |
| Association statement of changes in equity | 30 |
| Consolidated statement of cash flows | 31 |
| Notes forming part of the financial statements | 32 |
| Executive Team serving during the year | 76 |
| Board members serving during the year | 77 |

Pictured on this spread: Pimento House, Goodman's Fields.

Executives and advisors for the year ended 31 March 2019

The Board

| | |
|----------------|---------------------|
| Sarah Ebanja | Chair |
| Jackie Ballard | Vice Chair |
| Mike Hinch | Appointed Executive |
| Martin Hughes | Appointed Resident |
| Maria Grogan | |
| Nicola Bastin | |
| Fred Angole | |
| John Cross | |
| Matt Campion | |

Executive Management Team

| | |
|-------------------|---|
| Mike Hinch | Group Chief Executive |
| Surjit Dhande | Group Finance and Resources Director |
| William Henderson | Housing Services Director |
| Caroline Pennock | Business Development Director (Resigned March 2019) |
| Ezinne Ogbonna | Business Development Director (Appointed April 2019) |
| Peter Little | Group Director Supported Housing and Care |
| Mark Newstead | Property Services Director |

Company Secretary and registered office

| | |
|---------------|----------------------------|
| Surjit Dhande | (to September 2018) |
| Glenn Dhurowa | (appointed September 2018) |

Registered office:

Newlon House
4 Daneland Walk
Hale Village
London
N17 9FE

Group Audit and Risk Committee

| | |
|----------------|----------------|
| Fred Angole | Chair |
| Maria Grogan | |
| Nicola Bastin | |
| Asari St Hill | |
| Jackie Ballard | To July 2018 |
| Alan McNab | From July 2018 |

Bankers

Barclays Bank PLC
Level 28
1 Churchill Place
London
E14 5HP

External Auditors

BDO LLP
2 City Place
Beehive Ring Road
Gatwick
West Sussex
RH6 OPA

Principal Solicitors

Devonshires Solicitors
30 Finsbury Circus
London
EC2M 7DT

Internal Auditors

Mazars LLP
Tower Bridge House
St Katherine's Way
London
E1W 1DD

Chair's statement for the year ended 31 March 2019

I am pleased to report that Newlon enjoyed a successful 50th anniversary year in 2018/19.

We once again delivered a healthy surplus while continuing to be one of London's major providers of new affordable housing. Our capacity and track record of delivering new affordable homes for Londoners has recently been confirmed through signing a Strategic Partnership agreement with the GLA, a major achievement for an organisation of our size. Our vision is to deliver 1,265 new affordable homes by 2022, with 88% being truly affordable.

During the year we successfully raised a further £135 million from a private placement to support our development aspirations. The private placement was oversubscribed and achieved funding at better rates than many larger providers.

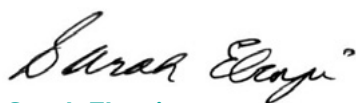
Health and safety for our residents, staff, and contractors remains a priority and we are continuing our significantly increased programme of fire and electrical safety works and investing significantly in staff training.

In February 2019 we took on direct management of the Barnsbury Estate in Islington, which had previously been managed in partnership with BELMO, a tenant management organisation. Concerns about BELMO's health and safety monitoring meant that we needed to take on services for the estate. The transfer process has been smooth and we are committed to investing significantly in the estate over the coming years. As well as a programme of short-term improvements we have begun the process of consulting with residents about how best to improve the estate for the long-term.

I am proud that a number of our areas of work were shortlisted for national awards. This includes our Finance team being recognised for their work on our private placement and being nominated for Employer of the Year at the Women in Housing Awards. We are particularly proud of the recognition that our employment placement scheme for residents received at the UK Housing Awards. This programme provides work experience in a variety of roles at Newlon to support people into employment. A number of residents have successfully gone on to work for us and over 15% of our staff are now residents. This means that an ever increasing proportion of residents are directly involved in shaping and delivering the services they receive.

To complement this we are recruiting two new resident Board members. One will replace Martin Hughes, who currently chairs our Residents' Forum and will be stepping down from the Board at the end of his nine year term in September. I would like to thank Martin for his excellent service. The decision to appoint a second new resident Board member means that we will be increasing residents' involvement at the highest level of governance and in our strategic direction setting.

The outlook for the coming year is quite uncertain, especially with the potential impact of Brexit. One thing that is certain is that there will continue to be a strong demand for new affordable homes in London. Newlon is committed to helping to meet this need and we are confident that we have prudent plans in place and the skills and resources to continue to deliver the new affordable homes Londoners need, even in an uncertain climate.



Sarah Ebanja

Chair

17 July 2019

Report of the Board of Management and Strategic Review for the year ended 31 March 2019

Business model

The Group consists of two registered providers, three registered charities and two limited companies, headed by Newlon Housing Trust ("the Association"), a charitable organisation founded in 1968.

The Association is a registered provider of social housing in the north and east of London and was founded with the purpose of providing high quality affordable housing for the people of Hackney.

The Group is diverse and operates in the following key business areas:

- General Needs housing for rent, primarily for families who are unable to rent or buy at open market rates.
- Supported housing and care especially for people with learning disabilities or those on the autism spectrum.
- Low cost home ownership, primarily Shared Ownership, whereby residents purchase a share in the equity of their homes and pay rent to the housing association on the remainder.
- Houses for outright sales to subsidise further social housing.
- Housing products aimed at the intermediate market including Intermediate Rent and Key Worker rent.
- Community services aimed at promoting social inclusion and a range of employment and training initiatives.

Objectives and strategies for achieving these objectives

Our simple mission is to increase the supply of affordable housing in London. To do this we provide a range of housing options designed to meet the diverse needs of local people. We think people should have certainty when it comes to where they live and this is why we are dedicated to providing affordable rents, attainable home ownership and developing stable, prosperous communities.

Over the past 15 years, we have delivered 4,000 new homes and played a key role in some of London's most exciting regeneration projects. We are proud that Newlon homes have provided so many Londoners with security and the opportunity to grow. We are determined to build on this success and continue to deliver new homes and good quality, value for money services.

Over the past three years, the Board has refined our business model in order to focus on two simple, complementary objectives:

Objective 1: Increase the supply of high quality, affordable housing in London.

Our priorities for the next few years are:

- Meeting our ten year growth target of 2,100 homes by 2023.
- Launching our Newlon Living brand and going to market with our first private sale homes.
- Continuing to provide new housing options across a range of tenures including social rent.
- Obtaining additional funding to deliver our growth ambitions.
- Achieving commercial success with our first joint venture.

Objective 2: Provide good quality, convenient, value for money services to our residents.

Our priorities for the next few years are:

- Supporting residents through the introduction of Universal Credit.
- Expanding our digital service to increase efficiency and provide more convenience for customers.

Report of the Board of Management and Strategic Review

for the year ended 31 March 2019

- Continuing to offer a low cost but good quality repairs service.
- Driving greater value for money for service charges.
- Reducing rent arrears, maximising resident income and helping more residents into work, apprenticeships and training.
- Implementing the asset management strategy and optimising return from our property assets.
- Maintaining a high standard of health and safety for our residents across all our properties.

Results

At 31 March 2019 we had assets of £1.2 billion, reserves totalling £156m and an annual turnover of £80m. The turnover from our social housing and other activities for the year ended 31 March 2019 is shown below:

| | Turnover |
|---|-------------|
| | £'m |
| Social housing letting: | |
| General Needs housing for rent | 36.3 |
| Supported housing | 5.4 |
| Low cost ownership | 5.7 |
| Key Worker housing | 13.1 |
| Other social housing activities: | |
| First tranche low cost home ownership sales | 4.7 |
| Supporting people and care | 13.0 |
| Other activities | 2.0 |
| Total | 80.2 |

Summary consolidated statement of comprehensive income

| | 2019 | 2018 | 2017 | 2016 | 2015 |
|-------------------------------------|-----------|-----------|-----------|-----------|-----------|
| | £'m | £'m | £'m | £'m | £'m |
| Turnover | 80 | 76 | 93 | 85 | 71 |
| Cost of sales | (2) | (2) | (3) | (11) | (6) |
| Surplus on disposal of fixed assets | 7 | 7 | 6 | 9 | 6 |
| Operating costs | (52) | (50) | (46) | (48) | (46) |
| Operating surplus | 33 | 31 | 50 | 35 | 25 |
| Net interest payable | (14) | (13) | (15) | (16) | (15) |
| Other finance costs | - | - | - | (5) | - |
| Fair value movement | (2) | 2 | - | - | - |
| Surplus for the year | 17 | 20 | 35 | 14 | 10 |

The lower level of surplus for the year compared to 2017/18 is due to the increase in interest costs as a result of the new funding of £135m secured during the year, of which £55m was drawn. In addition there were negative movements in the fair values of treasury instruments and Outward's Social Housing Pension Scheme (SHPS) defined benefit scheme.

Report of the Board of Management and Strategic Review

for the year ended 31 March 2019

Summary consolidated balance sheet

| | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|--------------|--------------|--------------|------------|------------|
| | £'m | £'m | £'m | £'m | £'m |
| Tangible fixed assets – housing properties and others | 1,090 | 1,033 | 971 | 934 | 934 |
| Net current assets | 39 | 28 | 34 | 41 | 27 |
| Total assets less current liabilities | 1,129 | 1,061 | 1,005 | 975 | 961 |
| Long term liabilities and provisions | (973) | (922) | (886) | (891) | (891) |
| Net assets/reserves | 156 | 139 | 119 | 84 | 70 |

Housing properties are held at historic cost and unamortised grant is held in long term creditors. The increased carrying cost of £58m in 2018/19 includes a £52m investment in completed new homes and £6m spend on improvement and remedial work to the existing homes. As at 31 March 2019 we had £424m of social housing and capital grant to support our development programme.

Consolidated cash flow

| | 2019 | 2018 |
|-----------------------------------|------|------|
| | £'m | £'m |
| Cash generated from operations | 41 | 35 |
| Cash used in investing activities | (75) | (74) |
| Cash from financing activities | 35 | 35 |
| Net change in cash | 1 | 5 |

At 31 March 2019 we had £34m cash and cash equivalent. In the year we:

- Received £41m from operating activities, including housing asset sales of £17m.
- Invested £75m in existing and new stock.
- Repaid £9m of loan balances.
- Paid interest of £18m.

Report of the Board of Management and Strategic Review

for the year ended 31 March 2019

Key financial indicators – Group

| | 2019 | 2018 | 2017 | 2016 | 2015 |
|---------------------------------------|-------|-------|-------|-------|-------|
| | £'m | £'m | £'m | £'m | £'m |
| Operating margin ¹ | 41% | 41% | 54% | 42% | 35% |
| EBITDA MRI ² | 132% | 126% | 268% | 151% | 110% |
| Bank interest cover ³ | 199% | 214% | 329% | 225% | 164% |
| Bank gearing ⁴ | 49% | 50% | 50% | 45% | 46% |
| Debt per unit | £69k | £71k | £65k | £60k | £63k |
| Average cost of capital | 3.44% | 3.26% | 3.11% | 3.66% | 3.74% |
| Housing units owned | 7,995 | 7,847 | 7,782 | 7,974 | 7,566 |
| Units developed as % of current stock | 2.2% | 0.8% | - | 5.4% | 2.5% |

¹ Operating margin is defined as operating surplus as a proportion of turnover.

² EBITDA MRI is defined as operating surplus less surplus on disposal of fixed asset, amortised grant in year, capitalised major works plus interest receivable and depreciation, as a proportion of gross interest payable.

³ Interest cover is for the Association and is defined as operating surplus plus housing depreciation, less surplus on all property sales and grant amortisation as a proportion of net interest payable.

⁴ The bank gearing covenant is for the Association and is defined as net loans as a proportion of housing asset cost.

Value for money, performance and development during the financial year

The Board believes that value for money (VFM) is inextricably linked with the delivery of our two main objectives of increasing the supply of high-quality, affordable homes and improving resident services. The Board approved a new Value for Money Strategy in December 2018 following the introduction of the new Value for Money Standard earlier in the year. The strategy outlines Newlon's definition of VFM and identifies the ways in which we will seek to deliver it.

Newlon's approach to VFM

The Board is committed to the delivery of two simple business objectives: increasing the supply of affordable housing and providing good quality services to residents. In terms of our VFM Strategy, we have tried to keep things simple too. Our overall aim is to gradually reduce unit costs through growth and cost control. We intend to do this by developing an average of 200 new homes a year for the next five years whilst working to make the business operate more economically, efficiently and effectively through a programme of incremental, sustainable improvements. Our approach is captured in five value for money commitments:

1) We will maximise the potential of our resources in order to deliver more homes.

Growth in unit numbers is at the heart of our VFM Strategy. We aim to reduce overall unit costs through increasing stock numbers and keeping increases in management costs below inflation. Delivering sustained growth relies on maintaining strong operating margins and keeping borrowing costs as low as possible and these are key considerations of the Board when approving budgets and seeking new funding.

2) We will provide good quality services and increase customer satisfaction without exceeding the sector median for management costs.

Maintaining a strong focus on the customer experience as well as on controlling costs means that staff are encouraged to be innovative in finding ways to improve services but cuts are not made at the expense of current residents. The Board recognises that much of the success of this approach relies on us taking opportunities to improve efficiency and service quality through implementing digital solutions. In order to emphasise the importance of these improvements, the Board approved an updated Digital Strategy in 2019 and the Executive Team established a Digital Steering Group.

3) We will seek to maximise return on our current property assets whilst maintaining a tenure mix that fulfils our charitable mission.

The Board has set a five year Asset Investment Plan based on detailed, independently validated stock information. Though this substantial investment will increase Newlon's headline social housing cost, implemented alongside a strategic disposal programme, it will improve long-term viability by boosting the overall efficiency of stock and should result in higher levels of resident satisfaction.

4) We will scrutinise spending and challenge costs to ensure we reduce waste and deliver greater value.

As part of the annual business planning cycle, the Board considers detailed departmental plans for the coming year alongside a proposed budget to ensure that the business is making best use of resources. The budget is presented together with the predicted impact on unit costs, allowing the Board to make decisions about the allocation of resources with reference to overall impact on costs. The Board also identifies opportunities for savings from procurement, which are integrated into departmental targets and monitored throughout the year.

Report of the Board of Management and Strategic Review

for the year ended 31 March 2019

5) We will deliver efficiencies across the Group by reducing overheads, streamlining back office processes and systems, making better use of data, automating processing activity and improving cost analysis.

We have already had success in cutting overheads at Group level through optimising the resources of the Group such as office space, systems and back office functions. We will continue to look at opportunities to combine and streamline as well as examining the way we could do things more efficiently and deliver savings to each of the Group members. The Board's Digital Strategy identifies opportunities for automation and streamlining of processes and introduces a set of performance indicators focused on the delivery of efficiencies through digital improvements.

Responsibility and reporting

The overall responsibility for delivering VFM lies with the Board and reporting 2019/20 will be based on the indicators agreed in the VFM Strategy in December 2018. The Chairs of the Resident Services Committee, the Group Audit and Risk Committee, the People and Governance Committee and the Development Committee are responsible for ensuring that VFM is considered as part of the decision-making process.

We have produced the metrics prescribed by the Regulator of Social Housing at both Group and Association level to be consistent with the financial statements as a whole. The section immediately below addresses the metrics at Group level before we focus in on the performance of the Association where we have compared performance across both these indicators and the Board's chosen VFM metrics.

The Board has set targets at both Group and Association level. These were set with reference to:

- The principles and priorities set out in the VFM Strategy approved.
- Peer group median and top performer/top quartile performance taken from a peer group of seven similar groups at Group level and all London providers at Association level.
- Reference to budgets and other performance targets agreed at the Board workshops earlier in the year.
- The overall ethos of continuous improvement encouraged by the Board when setting service performance targets.

Group performance

Registered providers are required by the Regulator of Social Housing to publish their performance against the indicators below. The definitions applied to this matrix are per the Sector Scorecard. As the Newlon Group contains entities that are not housing providers (notably Outward, which is a care and support provider) these numbers give a wider view of costs.

In order to benchmark Group performance, we have worked with the benchmarking consultancy, Vantage, to establish a small peer group with similar Group structures and we have used the median from that peer group to provide a comparison in the table below. We are in the early stages of this work with Vantage and will be doing more detailed analysis in 2019/20 so the Board can better understand comparative cost drivers and see what we can learn from peers. In the next section, we will look more closely at some of these metrics at Association level where we have a more established benchmarking group of similar organisations.

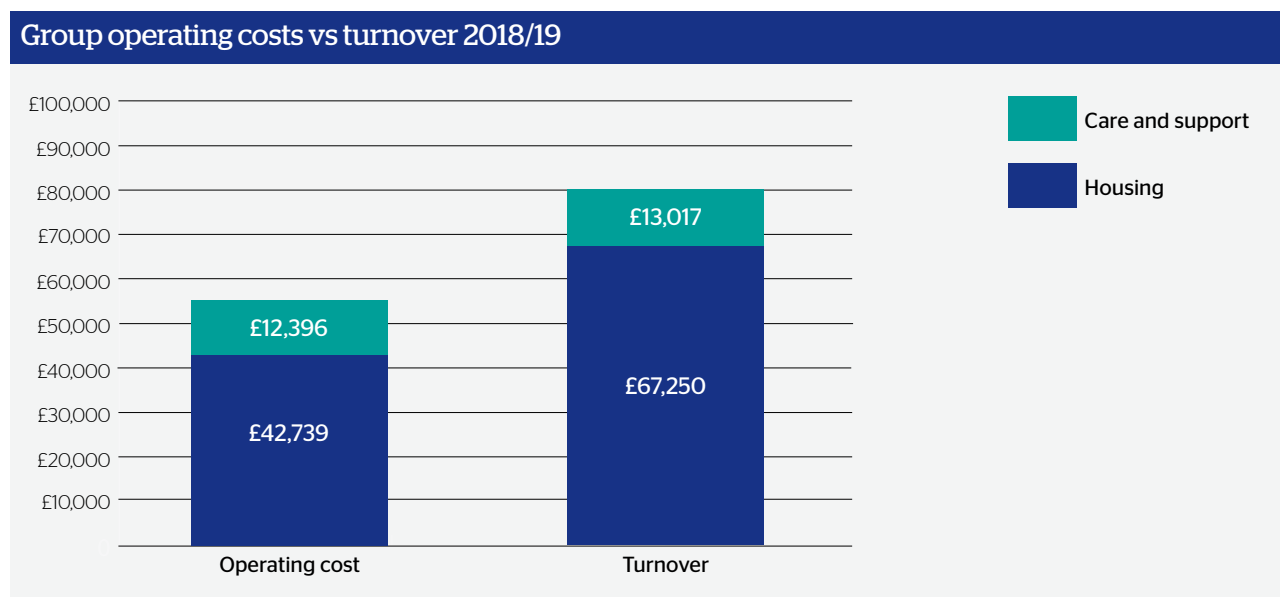
Report of the Board of Management and Strategic Review for the year ended 31 March 2019

| Group performance* | | 2019 | 2018 | Median 2017/18 | Target 2019/20 |
|--------------------|------------------------------|--------|--------|----------------|----------------|
| Business health | Operating Margin | 31.8% | 31.8% | 29.4% | 32% |
| | Operating Margin SHL | 37.6% | 39.4% | 29.7% | 39% |
| | EBITDA MRI Interest Cover | 131.7% | 125.7% | 166.9% | 130% |
| Development | New Supply % | 2.3% | 1.0% | 2.0% | 3.0% |
| | Gearing | 48.1% | 46.3% | 37.2% | 50% |
| Outcomes | Reinvestment % | 12.1% | 7.0% | 6.5% | 10% |
| Asset management | ROCE | 2.9% | 3.0% | 3.4% | 3% |
| Cost per unit | Headline social housing cost | £7,070 | £7,241 | £6,576 | £6,970 |

* The definitions are per the VFM Sector Scorecard.

At Group level, we continue to record strong financial performance despite a further year of rent cuts and on-going spend on health and safety works that have impacted the profitability of social housing lettings.

Headline social housing unit costs are higher at Group level because they include expenditure related to care and support services. The graph below demonstrates the impact this has on the headline social housing cost and how the additional cost of providing care and support services is offset by income received from local authority clients.



Group entities

When looking at Group performance the Board has to take into account the impact of the subsidiaries and their contribution in terms of the value they bring to the Group.

Four of the subsidiaries do not have any staff of their own and share services and/or back office functions with Newlon Housing Trust. NewlonBuild and NewlonInvest facilitate the development programme and optimise the use of resources to deliver new homes. Meanwhile, Newlon Fusion, a charity, is able to fundraise and Access Homes is able to gift-aid profits from commercial activities.

In respect of the Regulator of Social Housing's metrics, Outward is the only subsidiary that has a significant cost associated with non-housing activities.

The Board believes that Outward brings considerable value to the Newlon Group and to Newlon residents. Strategically, the partnership with Outward allows the Newlon Group to provide a full package of housing, care and support services, which is an advantage when seeking new opportunities.

Report of the Board of Management and Strategic Review for the year ended 31 March 2019

In terms of delivering value for residents, Outward provides housing management services to over 500 Newlon tenants and care and support to 350, attracting millions of pounds of funding for care and support services from local authorities. They also provide a range of extra services that improve quality of life for Newlon residents, including award-winning community volunteering projects and field breaks at Nutley Edge Cottages, which also generates income that funds respite breaks for carers.

Due to an intra-group agreement, Group Audit and Risk Committee and shared services (crucially finance and landlord health and safety), the Board considers that the relationship with Outward presents significantly less risk than dealing with a range of third party care and support providers in what is a challenging market.

Crucially, Outward have very high levels of CQC compliance and resident satisfaction. The Newlon Board also receives assurance on quality and compliance issues through direct governance links and a shared internal audit service.

Given the difficulty of the operating environment in care and support, the Newlon Board will continue to assess the benefits and risk associated with the market on an annual basis. When considering value for money, they will consider Outward's performance in relation to four key questions in particular:

Does Outward add value and make the best use of properties?

In 2018/19 Outward attracted over £5m in external funding to provide care and support services to Newlon residents. Occupancy was 91.2% in 2018/19, considerably lower than levels in social rented homes. The Board has noted that Outward highlighted the need to improve in their business plan for 2019/20, setting a target of 95%.

Does Outward provide high quality services?

Outward has 100% good/compliant ratings from CQC and the latest customer survey showed 85% of customers and stakeholders were satisfied with the support services they received, whilst 94% were satisfied with housing services.

Is Outward financially independent and secure?

Although income has reduced by £955k due to loss of contracts in Redbridge and Bromley, Outward ended the year with an operating surplus of £363k or 2.0%, up by £284k on the previous year.

Is Outward efficient?

Staff costs were reduced by 1.6% in the fiscal year and the Outward Board is seeking continuous improvement in relation to occupancy, financial performance and efficiency.

Association metrics

Since the publication of the first VFM Standard in 2012, the Newlon Board has sought to define VFM in terms of our main business objectives. We have measured and benchmarked our performance against a range of indicators across the themes of overall financial health, delivery of new homes, asset performance, quality of outcomes, efficiency and overall cost.

Given the close match between the Sector Scorecard and the metrics we had previously reported in relation to our own business objectives, in 2017 the Board decided to adopt the Sector Scorecard as the foundation of our VFM reporting. As part of our VFM Strategy, the Board added some additional indicators that reflected Newlon's specific priorities, which are also covered in the tables below.

We have sought to benchmark metrics wherever possible using a London median for 2017/18 obtained from either the Regulator of Social Housing's published Global Accounts or the social housing benchmarking services HouseMark and Vantage.

Report of the Board of Management and Strategic Review

for the year ended 31 March 2019

Business health

| Association performance | 2019 | 2018 | Median 2017/18 | Target 2019/20 |
|--|-------|--------|----------------|----------------|
| Operating margin overall | 39.5% | 41.6% | 25.4% | 40% |
| Operating margin social housing lettings | 39.9% | 42.3% | 28.8% | 40% |
| EBITDA MRI interest cover | 131% | 127.5% | 160% | 130% |
| Weighted average interest rate | 3.44% | 3.34% | 4.08% | 3.6% |

Despite a minor reduction in the overall operating margin, we continue to demonstrate strong financial performance with a margin well above the sector average. We maintained our A3 stable credit rating in January 2019 with Moody's credit opinion stating: 'Newlon's profitability is expected to remain strong driven by management's continued focus on efficiency'. They also noted that management are 'focused on value for money and have delivered savings across the business over the last few years which supports its improvement in operating margin'. The Board aim to sustain the same healthy margins going forward.

Interest cover remains below the sector average due to the Board's continued commitment to an ambitious development programme and investment in line with our Asset Management Strategy. The Board monitors this particular metric closely and considers interest cover as part of the annual stress testing assessment. We will continue to ensure that we perform comfortably within covenants.

As a developing Association with a considerable loan portfolio, the Board considers the average interest rate to be an important indicator of value for money. We secured an additional £135m from investors in October 2018 at rates between 3.14% and 3.38% and continue to attain an average rate below the sector average. We refinanced an existing loan, delivering significant savings over the coming years. Although we anticipate a slight rise in interest costs over the next 12 months, we are confident that they will remain low compared to those of many peers.

Growth

| Association performance | 2019 | 2018 | Median 2017/18 | Target 2019/20 |
|------------------------------------|-------|-------|----------------|----------------|
| New supply (total units) | 175 | 69 | 60 | 240 |
| New supply as a % of current stock | 2.3% | 1.1% | 0.9% | 3% |
| Gearing | 49.2% | 47.4% | 39.4% | 50% |

The Board is pleased to see Newlon once more achieving the higher levels of development we have been known for in the past. The Board's intention is that Newlon continues to punch above its weight in terms of development over the next ten years. We are set to deliver an average of more than 200 homes a year up until 2023 and have already agreed a Growth Strategy for 2023-28 which aims to increase that number to 300 units a year. The Board will review these ambitions annually, taking account of the operating environment.

Future development will be facilitated by the fact that we have now achieved development partner status with the Greater London Authority (GLA) and we expect to remain in the top quartile in London when it comes to the number of new homes delivered as a percentage of current stock.

Report of the Board of Management and Strategic Review

for the year ended 31 March 2019

Asset management

| Association performance | 2019 | 2018 | Median 2017/18 | Target 2019/20 |
|--|-------|-------|----------------|----------------|
| ROCE | 2.9% | 3.0% | 3.1% | 3% |
| Occupancy % | 99.7% | 99.5% | 99.7% | 99.9% |
| Ratio of responsive to planned repairs | 42% | 43% | 59% | 42% |
| % of residents satisfied with property condition | 69% | 69% | - | 70% |
| Reinvestment % | 12.2% | 7.1% | 5.6% | 10% |

The Board is driving further efficiencies through a programme of disposal, development and improvement aimed at maximising economic and social value from our property portfolio. The increased investment in new and existing properties is already reflected in the rising reinvestment percentage and the ratio of responsive to planned repairs, which compares very well against the median for the peer group. The Board have set an aspirational target for ROCE, although we may find it difficult to make significant improvements against this metric due to the fact that we are developing a considerable number of new properties, which will be held at a higher value than older properties.

The Board have also chosen to monitor resident satisfaction with the condition of their homes, which we expect to rise together with property standards as our investment programme progresses.

Whilst occupancy was slightly below the sector median, our average void letting time across all tenures was just 16 days, which compares very well with peers and demonstrates our strong commitment to maximising the use of our housing assets.

Outcomes

| Association performance | 2019 | 2018 | Median 2017/18 | Target 2019/20 |
|---|-------|-------|----------------|----------------|
| Customer satisfaction with the service overall (Rented) | 74% | 73% | 75% | 75% |
| Customer satisfaction overall (Supported Housing) | 94% | 92% | - | 94% |
| Income per £ invested in community services | £1.37 | £0.93 | - | £1.04 |
| Net social value of community services (HACT) | £3.6m | £1.9m | - | £3.7m |

The Board is keen to see further improvement in overall customer satisfaction and have made this a priority in the coming year, agreeing a programme of work and training aimed at improving customer services. The Board is taking further steps to sharpen the focus on resident services by recruiting new resident Board members in 2019/20.

The Board also considers the Resident Services team to be an important part of our VFM offer to residents. The role of the team is to maximise income for the benefit of Newlon residents and their communities. This is done through the profitable management of community resources, such as community centres, and by helping residents to claim their full benefit entitlement or supporting applications for hardship funds.

In 2018/19 the amount of income the team attracted exceeded their annual budget, meaning that the social value generated by the employment, training and advice services they provide was not subsidised by other residents or delivered at the expense of Newlon's other objectives.

Report of the Board of Management and Strategic Review

for the year ended 31 March 2019

Operating efficiency

| Association performance | 2019 | 2018 | Median 2017/18 | Target 2019/20 |
|---------------------------------------|--------|--------|----------------|----------------|
| Rent collected % | 98.76% | 99.98% | 99.98% | 100% |
| Overheads as a % of adjusted turnover | 9% | 9% | 13% | 9% |

Although there was a reduction in the level of rent collected, overall arrears fell to a record low of 2.8% in 2018/19, demonstrating the effectiveness of our income procedures even as residents are switching to Universal Credit in a number of our key boroughs. The Board is targeting further improvement in 2019/20.

Our overheads are low compared with many others in the sector and the Board has agreed budgets with a view to keeping cost increases below inflation.

Cost per unit

| Association performance | 2019 | 2018 | Median 2017/18 | Target 2019/20 |
|------------------------------|--------|--------|----------------|----------------|
| Headline social housing cost | £4,799 | £5,052 | £5,381 | £4,699 |
| Management cost | £914 | £1,036 | £1,290 | £900 |
| Maintenance | £1,515 | £1,283 | £1,212 | £1,515 |
| Major repairs | £805 | £1,160 | £831 | £805 |
| Service charge costs | £1,330 | £1,340 | £999 | £1,250 |
| Other social housing costs | £132 | £131 | £835 | £130 |

Our overall headline social housing cost is down due to cost control, reduced spending on major repairs and the addition of new units that have led to reductions in management and service charge cost per unit. We are focusing heavily on reviewing our processes and systems and seeking further efficiencies through digitalisation and IT solutions.

Our comparatively high maintenance costs are driven by the Board's decision to invest in higher compliance standards and an expanded asset management programme. The majority of this was planned expenditure focused on property improvements as well as some additional health and safety works in the wake of the Grenfell fire. The Board plans sustained investment in this area to ensure that we continue to raise property standards for residents and remain in step with best practice by responding quickly to any changes in regulations and standards announced following inquiries into Grenfell. Although we will aim to keep spending in line with 2018/19, we will ensure we respond appropriately to any new requirements.

The Board are especially pleased to see a reduction in service charge costs despite the addition of over 200 new, high-density, high-specification units. Looking at the components that make up service charge costs shows that through effective procurement and negotiation we have reduced the cost of a number of core services including: communal cleaning and refuse removal, lift maintenance and utilities. However, we have seen increases in fees from third party managing agents and had to spend more on health and safety patrols whilst carrying out some safety works. The Board has identified opportunities for further savings in this area over the next year.

Report of the Board of Management and Strategic Review

for the year ended 31 March 2019

Procurement savings

Last year the Board identified specific opportunities for savings within the procurement pipeline. A number of these procurement exercises were delayed due to the fact that we needed to procure a number of additional contracts for health and safety works. When considering savings for the coming year, we have rolled one of the targets from 2018/19, identified some new opportunities for cashable and non-cashable savings, and invested additional resources in our Procurement team to ensure they have capacity to deliver the projects:

| Contract | Target | Status |
|---|---|--|
| Cleaning | 5% saving | 10% saving on office cleaning as a result of negotiation. Overall cleaning services tender in progress and due to complete in 2019/20. |
| Door entry and CCTV | 5% saving | Estimated 4% saving and increase in service standards. |
| Design, management and compliance consultancy | 2-4% saving through avoiding framework fees | Stayed with framework due to prioritisation of other procurement projects. |
| External works | £500k saving on scaffolding costs | Achieved £400k a year saving delivered through combining window replacement contract with other external works. |
| Advertising services | 5% saving | 50% saving from direct negotiation with publications. |
| TV and aerial systems | 5% saving | Not completed due to prioritisation of other procurement projects. |
| Water testing | 5% saving | Not completed due to prioritisation of other procurement projects. |

The Association keeps a savings register. Other significant savings that were made last year include:

| Area | Saving | Method |
|----------------------------------|--------------------------|--|
| Electrical works | £3m over 5 years. | 20% saving on previous contract costs through procurement. |
| Kitchen and bathroom replacement | £284k over 1 year | Saving through procurement based on average market rate. |
| Legal services | £56k over 1 year | Savings obtained through legal framework agreement. |
| Treasury | £269k a year for 6 years | Savings from loan refinancing. |

The Board has identified the following opportunities for 2019/20:

| Area | Saving | Method |
|--|--------------------|--|
| Overall communal cleaning | 5% | OJEU tender |
| External audit services | 5% | Open tender |
| Building security systems | 5% | OJEU tender or framework |
| Heating system maintenance and servicing | Efficiency savings | Framework procurement and delivery of efficiency savings through IT integration. |

Report of the Board of Management and Strategic Review

for the year ended 31 March 2019

Capital Structure and Treasury Policy

Borrowings at the year-end were £553m after fair value adjustment. Undrawn facilities amounted to £160m, which were fully secured.

The debt is sourced from a number of banks and building societies in the UK as well as corporate investors from the UK and US.

All drawn and undrawn loans were secured against social housing assets. Together with our available cash balance these funds are sufficient to meet our contractual development commitments.

Newlon Housing Trust has a Treasury Management Policy which is annually approved by the Board. The Treasury Policy seeks to address funding and liquidity risk and covenant compliance.

Risk is managed through the use of hedges. As at 31 March 2019, 64% of our debt portfolio was fully hedged and the remaining 36% was unhedged.

| | Newlon | | Access | | Total | |
|---|--------|------|--------|------|-------|------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| | £'m | £'m | £'m | £'m | £'m | £'m |
| Fixed | 336 | 232 | - | - | 336 | 232 |
| Fixed (cancellable option) | 31 | 30 | - | - | 31 | 30 |
| Index - linked hedge | 62 | 62 | - | - | 62 | 62 |
| Variable | 121 | 179 | 3 | 3 | 124 | 182 |
| Total drawn (after fair value adjustment) | 550 | 503 | 3 | 3 | 553 | 506 |
| Total facilities | 710 | 578 | 3 | 3 | 713 | 581 |

We structure our loan portfolio to ensure the maturity period is staggered such that large repayments do not occur in the same financial year. This helps us to minimise the refinancing risk. The table below provides an analysis of when the drawn debt falls due for repayment.

| Maturity | Group | Association |
|---------------|-------|-------------|
| | £'m | £'m |
| 0 - 1 year | 3.9 | 3.8 |
| 1 - 2 years | 4.4 | 4.3 |
| 2 - 5 years | 19.6 | 19.2 |
| 5 - 10 years | 105.3 | 104.5 |
| 10 - 20 years | 370.0 | 368.3 |
| 20 - 30 years | 49.5 | 49.5 |

New funding was obtained in 2018/19 through a £135m private placement in order to ensure the Group's business plan is fully funded and sufficient liquidity is maintained for day to day operations.

Compliance with the loan covenants is monitored by the management team monthly and by the Development Committee and the Board quarterly. We complied with our financial covenants in 2018/19 and expect to continue to be compliant.

Report of the Board of Management and Strategic Review for the year ended 31 March 2019

Principal risks and uncertainties

The uncertain economic and political outlook is causing significant problems for organisations in the public and private sectors alike. However, due to the fact that we have recently secured new financing for the development programme Newlon approaches the new fiscal year without needing to make any major changes to our strategy or reduce any of the commitments we have made to delivering new homes or improving existing ones.

There are considerable challenges in the operating environment. Sales have slowed due to the uncertainty concerning Britain's departure from the EU and, for the first time since the financial crash in 2008, we have sold fewer homes than we expected at the beginning of the year. Although sales are still steady, the Board and Executive Team are monitoring the situation closely and have plans in place to minimise the impact if the market continues to stagnate. In the meantime, we are investing more in marketing and we are optimistic that we will see an upturn when the economic outlook becomes clearer.

There are other pressures on finances with health and safety compliance standards set to rise in the wake of the Grenfell disaster. There is also continued uncertainty about some aspects of fire safety compliance standards and there is a possibility that further investment in properties will be required to rectify design features that may be retrospectively identified as non-compliant.

Universal Credit remains a threat to our income and a cause of serious concern for some of our residents. With many more claimants moving to the new benefit this year, we have to make sure that we continue to reduce arrears and offer valuable support to residents who are looking for help to find work, manage finances or save on household bills.

We have to make sure we carefully consider the risks we can afford to take and we do this by stress-testing our financial plans, making sure that the organisation is as resilient as possible and being prepared to respond quickly if the operating environment becomes more difficult. In 2019 the Board tested our business plan against the Bank of England's 'No Deal' scenario and are satisfied that the business is resilient even in the event of an extremely adverse set of circumstances.

| Risk | Mitigation |
|---|--|
| Failure to sell new-build for expected price | Our Development Committee reviewed our scheme appraisal criteria in 2018/19. Prudent assumptions and the approval process, involving the Development Committee, further protect the Association against this risk. Regular reporting to the Executive team and Development Committee means that any problems are identified early in the marketing and sales phase, whilst scenario testing showed us to be resilient to a fall in the housing market. We have one joint venture which has its own Board that reports in detail to the Newlon Board and the Development Committee. |
| Welfare reform | Although it is highly likely that welfare reform will impact our rent collection, we continue to reduce rent arrears and the Board are confident that early warning systems are in place to identify emerging problems promptly. Internal auditors carry out quarterly checks of arrears collection. This should alert the Audit and Risk Committee to a dip in the performance. The work of the Community Services team is focused on improving financial outcomes for residents and they work closely with the Income Recovery team, helping residents to maximise benefits, develop skills and find employment. |

Report of the Board of Management and Strategic Review for the year ended 31 March 2019

| Risk | Mitigation |
|--|---|
| Increase in the cost of debt | Our position is closely monitored by the Executive team and is reported to the Board regularly. Whilst the external factors that could lead to increased cost cannot be controlled or prevented by the Association, the Business Plan is subjected to multivariate stress testing and we ensure that there is adequate headroom to withstand such events in the short term. |
| Breach of health and safety standards | Key aspects of landlord health and safety are audited by internal auditors as part of a quarterly compliance check. Fire and gas safety, water hygiene and asbestos are also subject to in-depth audits on a three year rolling programme. We engage expert advisors in all these areas to ensure that our assessments and processes are thorough and remain in step with best practice. |
| Discovery of defects or use of materials no longer deemed compliant | We have a robust approach to health and safety compliance. Invasive 'type 3' fire risk assessments have uncovered some property defects that have been costly to rectify. We have made arrangements to closely case manage defects where they are discovered, engaging with partners and insurers to rectify the issues quickly and minimise the financial impact. |
| Build cost inflation or land cost rises | We insure against unexpected rises through fixed price build contracts. Sessions are held at Board weekends to consider the development programme and operating environment. |
| IT or information security failure | We have undertaken a comprehensive data audit and compiled an Information Processing Register. We have also updated privacy notices and trained all staff on the new General Data Protection Regulations. In terms of system security, there is a well thought out security architecture, well developed framework of management controls and regular independent penetration testing. The Audit and Risk Committee have received regular reports on IT security. |

Future prospects

Prospects for the housing sector are generally positive despite the uncertain political climate and Newlon maintains a clear commitment to maintaining a significant development programme across a range of tenures until 2028. The Board welcomes the recent Social Housing Green Paper and the intention of the Government to bolster standards around customer services. We have done a lot of work over the past five years to get the right structures and systems in place to support good services and we are taking steps to strengthen resident influence within the organisation by recruiting more residents to the Board in 2019.

Many of our service improvements will arise from our new digital strategy as we seek to enhance customer experiences, meet increasing customer expectations and reduce our transaction costs. Like many other associations, we are also undertaking more commercial ventures in order to generate returns to invest in new affordable housing, with our first joint venture and private sale schemes currently in development.

There are scenarios where a difficult operating environment for others could work in our favour and we are prepared to take advantage of any good value opportunities to secure land or additional units. We also remain open to new partnership opportunities with other housing providers or contractors.

Report of the Board of Management and Strategic Review

for the year ended 31 March 2019

We have comprehensive plans in place to negotiate these uncertain times, bolstered by strong financial performance and sound governance, we expect to continue to grow and provide many new homes for people in London.

Governance

Newlon is committed to sound corporate governance and has adopted the latest (2015) version of the National Housing Federation (NHF) Code of Governance and Code of Conduct 2012. The Board reviews compliance with the codes annually and confirms that the Association is compliant with both the Code of Governance and Code of Conduct.

The Board

The Group Board is comprised of eight non-executives and the Group Chief Executive. It is also the Association Board. Other senior staff members attend Board meetings as required. All other members of the Group have their own governing Boards. The present Board members and Executive Directors of the Group are set out on page 2.

The Board delegates some of its responsibilities to functional committees. Each of these committees has clear terms of reference and delegated authority. There are four main functional committees: the Audit and Risk Committee, the Residents' Services Committee, the Development Committee and the People and Governance Committee. In addition, an Urgency Committee was constituted during 2016 for any urgent commercial or strategic decisions.

Group Audit and Risk Committee

The Audit and Risk Committee oversees the work of both the internal and external audit function and the risk management and internal controls for the Group. The Committee reviews the audited financial statements for all parts of the Group and recommends them to the relevant Boards for approval. Through the reports it receives, the Committee gains external assurance that the Group has appropriate systems of internal control. The Audit and Risk Committee met four times during the year.

Residents' Services Committee

The Residents' Services Committee oversees the provision of services and housing management activities to the Association's residents and met four times during the year. The Committee is supported by a Residents' Forum and Residents' Scrutiny Panel.

Development Committee

The Development Committee is responsible for reviewing and approving development activities within the Group. The Committee also assists the Board in formulating growth strategies and monitors their progress.

People and Governance Committee

The People and Governance Committee considers remuneration of Board members and of the Executive team. The Committee is also responsible for annually appraising the Group Chief Executive and monitoring the performance of the other Executive team members. In addition, the Committee reviews the process for Board member appointments and appraisals and significant Human Resources issues across the Association.

Report of the Board of Management and Strategic Review for the year ended 31 March 2019

Urgency Committee

The Urgency Committee can take significant decisions which fall outside delegated authority to staff and are time critical.

The Executive Team

The Group's Executive Team including the Chief Executive have served throughout the year. The Executive Team hold no interest in the Association's shares and act as executives within the authority delegated by the Board.

The Chief Executive and Executive Team members are on notice periods ranging from three to six months. Details of the Board and Executive Team remuneration are shown in notes 9 and 10 (pages 51 and 52).

Newlon operates a defined contribution scheme for all staff including the Executive Team. Newlon contributes 8% of employee salaries.

Compliance with Governance and Financial Viability Standard

Newlon Housing Trust, as a registered provider, has undertaken an assessment of compliance as required under the above standard annually. This report has been prepared in accordance with applicable standards and legislation. The Board confirms that the Group has complied with the Regulator of Social Housing's Governance and Financial Viability Standard.

Going concern

The financial statements are prepared on the basis that Newlon Housing Trust will continue for the forthcoming 12 months from the date of signing of these financial statements. The annual budget for 2019/20 and the business plans have also been issued and approved by the Board. Both of these statements give further evidence of going concern. For this reason it continues to adopt the going concern basis in the financial statements.

Judgements in applying accounting policies and key sources of estimation uncertainty

These are outlined in notes forming part of the financial statements (note 3, page 42).

Post balance sheet events

There were no post balance sheet events.

Board members' responsibilities

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

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

In preparing these financial statements, the Board members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;

Report of the Board of Management and Strategic Review for the year ended 31 March 2019

- state whether applicable UK Accounting Standards and the Statement of Recommended Practice (SORP) Accounting by Registered Housing Providers 2014 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business.

The Board is responsible for keeping adequate accounting records that are sufficient to show and explain the Association's transactions and disclose with reasonable accuracy at any time the financial position of the Association and enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015. It is also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board is responsible for ensuring that the report of the Board is prepared in accordance with the Statement of Recommended Practice (SORP) Accounting by Registered Housing Providers 2014.

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

Statement of internal controls

The Newlon Housing Trust Board has overall responsibility for establishing and maintaining the Group's system of internal controls and for reviewing its effectiveness.

The Board recognises that no system of internal control can provide absolute assurance against financial misstatement or loss or eliminate all risk. The system of internal control is designed to manage risk and to provide reasonable assurance that key business objectives and expected outcomes will be achieved. It also exists to give reasonable assurance about the preparation and reliability of financial and operational information and the safeguarding of the Group's assets and interests.

The Group Chief Executive presents a detailed report to the Board each year on Internal Controls Assurance. As a result of the consideration of this report the Board is prepared to make this statement.

The Board confirms that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Group and robust and prudent business planning, risk and control framework is in place. This approach has operated throughout the year under review up to and including the date of approval of the annual report and financial statements.

Some of the key elements of the control process that the Board has established for Newlon Housing Trust are as follows:

- The incorporation of key risks into a risk map, with the Board considering significant risks.
- The operation of an outsourced internal audit function, reporting directly to the Audit and Risk committee, which follows a needs and risk based plan. The implementation of recommendations is monitored by the Audit and Risk Committee.
- The formal appraisal by the Board of new business opportunities, including significant new schemes and a delegated framework for investment decisions.
- The use of a Business Improvement team to seek continuous improvement and regularly audit compliance with agreed policies and procedures.

Report of the Board of Management and Strategic Review for the year ended 31 March 2019

- The operation of a comprehensive budgeting system and the regular review of financial and operational performance, including key indicators.

The Group has in place an Anti-Fraud and Corruption Policy and Anti-Money Laundering Policy which is aimed at tackling fraud, corruption, theft and breaches of regulations.

There are whistleblowing and disciplinary policies and procedures in place for all Group entities which link into the Group Anti-Fraud and Corruption Policy. There is a Fraud Response Plan which is aimed at ensuring the Group responds promptly to fraud or fraud allegations and is able to recover its assets where relevant.

There is a Fraud and Bribery Register which is reviewed at each Group Audit and Risk Committee meeting.

The Board confirms that there have been no regulatory concerns which have led the Regulator of Social Housing to intervene in the affairs of the Group, neither are there significant problems in relation to failures of internal controls which require disclosure in the financial statements.

The Board has reviewed the Association's compliance with the Regulator of Social Housing's Governance and Financial Viability Standard and are satisfied that the Association meets the requirements. The latest Regulatory Judgement, following an In-Depth Assessment in 2018, was awarded the highest G1 rating for governance and a compliant V2 rating for viability.

All subsidiaries of the Association have their own Boards of Management with financial services provided through the Association's Finance function. Group members also provide significant non-financial services to each other.

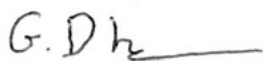
Auditors and AGM

At the date of this report each Board member confirms the following:

- So far as each Board member is aware, there is no relevant information needed by the Association's auditors in connection with preparing their report of which the Association's auditors are unaware.
- Each Board member has taken all of the steps that they ought to have taken as a Board member in order to make themselves aware of any information needed by the Association's auditors in connection with preparing their report and to establish that the Association's auditors are aware of that information.

A resolution to re-appoint BDO LLP as external auditors of the Group will be proposed at the forthcoming Annual General Meeting.

By order of the Board



Glenn Dhurowa

Company Secretary

17 July 2019

Opinion

We have audited the financial statements of Newlon Housing Trust ("the Association") and its subsidiaries ("the Group") for the year ended 31 March 2019 which comprise the consolidated and Association statement of comprehensive income, the consolidated and Association statement of financial position, the consolidated and Association statement of changes in equity, the consolidated cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Association's affairs as at 31 March 2019 and of the Group's and the Association's surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015.

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 and Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Board members' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Board members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the Association's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Board is responsible for the other information. Other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Responsibilities of the Board

As explained more fully in the Board members' responsibilities statement set out on page 20, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the Group and the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intends to liquidate the Group or the Association or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

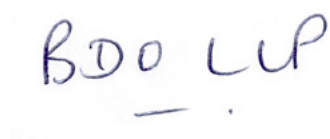
Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Independent Auditors' Report to the members of Newlon Housing Trust

Use of our report

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

A handwritten signature in blue ink that reads "BDO LLP".

Phil Cliftlands (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

Gatwick

Date: 3 August 2019

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

Consolidated statement of comprehensive income for the year ended 31 March 2019

| | Note | Group 2019 £'000 | Group 2018 £'000 |
|---|------|------------------------|------------------------|
| Turnover | 4 | 80,267 | 76,034 |
| Cost of sales | 4 | (2,715) | (1,534) |
| Operating costs | 4 | (52,000) | (50,348) |
| Surplus on disposal of fixed assets – housing properties | 11 | 7,152 | 7,235 |
| Operating surplus | 4,7 | 32,704 | 31,387 |
| Surplus on sale of other fixed assets | 11 | - | 23 |
| Other interest receivable and similar income | 12 | 191 | 93 |
| Interest and financing costs | 13 | (14,703) | (13,120) |
| Movement in fair value of investment properties | 17 | 50 | 50 |
| Other finance costs | 13 | - | - |
| Surplus before taxation | | 18,242 | 18,433 |
| Taxation on surplus | 14 | (70) | (85) |
| Surplus for the financial year | | 18,172 | 18,348 |
| Movement in fair value of defined benefit pension schemes | 31 | (694) | - |
| Movement in fair value of hedged financial instrument | 13 | (869) | 1,710 |
| Total comprehensive income for year | | 16,609 | 20,058 |

The notes on pages 32 to 75 form part of these financial statements.

All activities relate to continuing operations.

Association statement of comprehensive income for the year ended 31 March 2019

| | | Association 2019 | Association 2018 |
|--|------|---------------------|---------------------|
| | Note | £'000 | £'000 |
| Turnover | 4 | 63,408 | 58,588 |
| Cost of sales | 4 | (2,715) | (1,534) |
| Operating costs | 4 | (35,650) | (32,669) |
| Surplus on disposal of fixed assets – housing properties | 11 | 6,881 | 6,753 |
| Operating surplus | 4,7 | 31,924 | 31,138 |
| Surplus from sale of other fixed assets | 11 | - | 23 |
| Other interest receivable and similar income | 12 | 537 | 230 |
| Interest and financing costs | 13 | (14,664) | (13,090) |
| Surplus before taxation | | 17,797 | 18,301 |
| Taxation on surplus | 14 | - | - |
| Surplus for the financial year | | 17,797 | 18,301 |
| Movement in fair value of hedged financial instrument | 13 | (869) | 1,710 |
| Total comprehensive income for year | | 16,928 | 20,011 |

The notes on pages 32 to 75 form part of these financial statements.

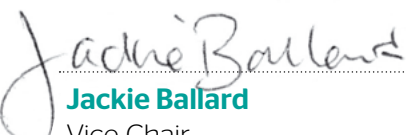
All activities relate to continuing operations.

Consolidated and Association balance sheets at 31 March 2019

| | | Group 2019 | Group 2018 | Association 2019 | Association 2018 |
|--|------|---------------|---------------|---------------------|---------------------|
| | Note | £'000 | £'000 | £'000 | £'000 |
| Fixed assets | | | | | |
| Tangible fixed assets – housing | 15 | 1,077,748 | 1,021,569 | 1,065,227 | 1,008,911 |
| Tangible fixed assets – other | 16 | 9,879 | 9,135 | 8,763 | 8,785 |
| Investment properties | 17 | 1,800 | 1,750 | - | - |
| Investments | 18 | 149 | 111 | - | - |
| | | 1,089,576 | 1,032,565 | 1,073,990 | 1,017,696 |
| Current assets | | | | | |
| Properties developed for sale | 20 | 23,578 | 17,469 | 23,578 | 17,469 |
| Debtors – receivable within one year | 21 | 7,168 | 5,906 | 18,184 | 10,126 |
| Debtors – receivable after one year | 21 | 12,556 | 6,929 | - | - |
| Current asset investments | 22 | 30 | 6 | 30 | 6 |
| Cash and cash equivalents | | 34,024 | 32,701 | 25,172 | 24,320 |
| | | 77,356 | 63,011 | 66,964 | 51,921 |
| Creditors: amounts falling due within one year | 23 | (38,100) | (34,767) | (35,619) | (32,312) |
| Net current assets | | 39,256 | 28,244 | 31,345 | 19,609 |
| Total assets less current liabilities | | 1,128,832 | 1,060,809 | 1,105,335 | 1,037,305 |
| Creditors: amounts falling due after more than one year | 24 | (973,252) | (921,838) | (961,943) | (910,841) |
| Provisions for liabilities and charges | 30 | (25) | (25) | (25) | (25) |
| Net assets | | 155,555 | 138,946 | 143,367 | 126,439 |
| Capital and reserves | | | | | |
| Called up share capital | 32 | - | - | - | - |
| Designated reserve | | 1,752 | 1,752 | - | - |
| Income and expenditure reserve | | 165,553 | 148,063 | 155,151 | 137,354 |
| Cashflow hedge reserve | | (11,784) | (10,915) | (11,784) | (10,915) |
| Restricted reserve | | 34 | 46 | - | - |
| | | 155,555 | 138,946 | 143,367 | 126,439 |

The financial statements were approved by the Board of Directors and authorised for issue on 17 July 2019.


Sarah Ebanja
Chair


Jackie Ballard
Vice Chair


Glenn Dhurowa
Company Secretary

The notes on pages 32 to 75 form part of these financial statements.

Consolidated statement of changes in equity for the year ended 31 March 2019

| Group | Cashflow hedge reserve | Designated reserve | Income and expenditure reserve | Restricted reserve | Total |
|--|------------------------------|-----------------------|--------------------------------------|-----------------------|---------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Balance at 1 April 2018 | (10,915) | 1,752 | 148,063 | 46 | 138,946 |
| Surplus/(deficit) for the year | - | - | 18,184 | (12) | 18,172 |
| Movement in fair value of hedged financial instrument | (869) | - | - | - | (869) |
| Actuarial losses on defined benefit pension schemes | - | - | (694) | - | (694) |
| Other comprehensive income for the year | (869) | - | (694) | - | (1,563) |
| Balance at 31 March 2019 | (11,784) | 1,752 | 165,553 | 34 | 155,555 |

| Group | Cashflow hedge reserve | Designated reserve | Income and expenditure reserve | Restricted reserve | Total |
|--|------------------------------|-----------------------|--------------------------------------|-----------------------|---------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Balance at 1 April 2017 | (12,625) | 1,752 | 129,648 | 113 | 118,888 |
| Surplus for the year | - | - | 18,415 | (67) | 18,348 |
| | (12,625) | 1,752 | 148,063 | 46 | 137,236 |
| Movement in fair value of hedged financial instrument | 1,710 | - | - | - | 1,710 |
| Actuarial losses on defined benefit pension schemes | - | - | - | - | - |
| Other comprehensive income for the year | 1,710 | - | - | - | 1,710 |
| Balance at 31 March 2018 | (10,915) | 1,752 | 148,063 | 46 | 138,946 |

Association statement of changes in equity for the year ended 31 March 2019

| Association | Cash flow hedge reserve | Income and expenditure reserve | Total |
|---|-------------------------------|--------------------------------------|---------|
| | £'000 | £'000 | £'000 |
| Balance at 1 April 2018 | (10,915) | 137,354 | 126,439 |
| Surplus for the year | - | 17,797 | 17,797 |
| | (10,915) | 155,151 | 144,236 |
| Movement in fair value of hedged financial instrument | (869) | - | (869) |
| Other comprehensive income for the year | (869) | - | (869) |
| Balance at 31 March 2019 | (11,784) | 155,151 | 143,367 |

| Association | Cash flow hedge reserve | Income and expenditure reserve | Total |
|---|-------------------------------|--------------------------------------|---------|
| | £'000 | £'000 | £'000 |
| Balance at 1 April 2017 | (12,625) | 119,053 | 106,428 |
| Surplus for the year | - | 18,301 | 18,301 |
| | (12,625) | 137,354 | 124,729 |
| Movement in fair value of hedged financial instrument | 1,710 | - | 1,710 |
| Other comprehensive income for the year | 1,710 | - | 1,710 |
| Balance at 31 March 2018 | (10,915) | 137,354 | 126,439 |

Consolidated statement of cash flows

for the year ended 31 March 2019

| | Note | Group 2019 | Group 2018 |
|--|------|---------------|---------------|
| | | £'000 | £'000 |
| Cash flows from operating activities | | | |
| Surplus for the financial year | | 18,172 | 18,348 |
| Adjustments for: | | | |
| Depreciation of fixed assets – housing properties | 15 | 7,133 | 6,790 |
| Depreciation of fixed assets – other | 16 | 490 | 698 |
| Increase in stock | 20 | (2,262) | (2,485) |
| Amortised grant | 5 | (3,796) | (3,785) |
| Housing asset component write off | 15 | 364 | 212 |
| Interest payable | 13 | 14,703 | 13,120 |
| Interest received | 12 | (191) | (93) |
| Movement in fair value of investment properties | 17 | (50) | (50) |
| Taxation expense | 14 | 70 | 85 |
| Surplus on the sale of fixed assets – housing properties | 11 | (7,152) | (7,235) |
| Surplus on the sale of fixed assets – other | 11 | - | (23) |
| Proceeds from sales of fixed assets – housing properties | 11 | 17,417 | 14,281 |
| (Increase) in trade and other debtors | | (6,889) | (5,742) |
| Decrease/(increase) in trade creditors | | 3,333 | 811 |
| Transaction costs from sale of housing properties | 11 | (147) | (258) |
| Cash from operations | | 41,195 | 34,674 |
| Taxation paid | | (70) | 45 |
| Net cash generated from operating activities | | 41,125 | 34,719 |
| Cash flows from investing activities | | | |
| Proceeds from sales of fixed assets – other | 11 | - | 30 |
| Purchase of fixed assets – housing properties | 15 | (73,850) | (73,645) |
| Purchase of fixed assets – other | 16 | (1,234) | (486) |
| Interest received | 12 | 191 | 93 |
| Purchase of current asset investments | 22 | (24) | (6) |
| Purchase of investment in joint venture | 19 | (37) | (111) |
| Net cash used in investing activities | | (74,954) | (74,125) |
| Cash flows from financing activities | | | |
| Sale of current asset investments | 22 | - | 5,000 |
| Interest paid | | (18,459) | (16,069) |
| Finance cost | 13 | - | (657) |
| New loans – banks | | 55,000 | 48,500 |
| Repayment of loans | | (9,272) | (2,217) |
| Grant repaid | | (229) | - |
| Grants received during year | 25 | 8,112 | 275 |
| Net cash from financing activities | | 35,152 | 34,832 |
| Net decrease in cash and cash equivalents | | 1,323 | (4,574) |
| Cash and cash equivalents at beginning of year | | 32,701 | 37,275 |
| Cash and cash equivalents at end of year | | 34,024 | 32,701 |

The notes on pages 32 to 75 form part of these financial statements.

Index of notes

General notes

- 1 Legal status
- 2 Accounting policies
- 3 Judgements in applying accounting policies and key sources of estimation uncertainty

SOCI related notes

- 4 Particulars of turnover, cost of sales, operating costs and operating surplus
- 5 Income and expenditure from social housing lettings
- 6 Units of housing stock
- 7 Operating surplus
- 8 Employees
- 9 Directors' and senior executive remuneration
- 10 Board members
- 11 Surplus of disposal of fixed assets
- 12 Interest receivable and income from investments
- 13 Interest payable and similar charges
- 14 Taxation on surplus on ordinary activities

SOFP related notes

- 15 Tangible fixed assets – housing properties
- 16 Other tangible fixed assets
- 17 Investment properties
- 18 Investments
- 19 Joint ventures
- 20 Properties for sale
- 21 Debtors
- 22 Current asset investments
- 23 Creditors: amounts falling due within one year
- 24 Creditors: amounts falling due after more than one year
- 25 Deferred capital grant
- 26 Recycled Capital Grant Fund
- 27 Disposal Proceeds Fund
- 28 Loans and borrowings
- 29 Financial instruments
- 30 Provisions for liabilities
- 31 Pensions
- 32 Share capital
- 33 Contingent liabilities
- 34 Operating leases
- 35 Capital commitments
- 36 Related party transactions
- 37 Capital and reserves
- 38 Post balance sheet event

1. Legal status

The Association is registered with the Financial Conduct Authority under the Co-operative and Community Benefits Societies Act 2014, is registered with the Regulator of Social Housing as a social housing provider and is a public benefit entity. The registered office is Newlon House, 4 Daneland Walk, Hale Village, London, N17 9FE.

2. Accounting policies

The financial statements have been prepared in accordance with applicable law and UK accounting standards (United Kingdom Generally Accepted Accounting Practice) which for Newlon Housing Trust includes the Co-operative and Community Benefit Societies Act (and related Group accounts regulations), the Housing and Regeneration Act 2008, FRS 102 “the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland” the Statement of Recommended Practice (SORP) for Registered Social Housing Providers, “Accounting by registered social housing providers” 2014, the Accounting Direction for Private Registered Providers of Social Housing 2015.

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

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

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

The following principal accounting policies have been applied:

Basis of consolidation

The consolidated financial statements present the results of Newlon Housing Trust and its subsidiaries (“the Group”) as if they formed a single entity. Intercompany transactions and balances between Group companies are therefore eliminated in full.

In accordance with the transitional exemption available in FRS 102, the Group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 1 April 2014.

Income

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

- Rental income receivable (after deducting lost rent from void properties available for letting).
- First tranche sales of low cost home ownership housing properties developed for sale.
- Service charges receivable.
- Revenue grants.
- Proceeds from the sale of land and property.
- Supporting People contract income.

Rental income is recognised from the point when properties under development reach practical completion and are formally let. Income from first tranche sales and sales of properties built for sale is recognised at the point of legal completion of the sale. Supported People contract income is recognised on delivery of supported services.

Supported Housing schemes

The Group receives Supporting People grants from a number of London boroughs, county councils and health authorities. The grants received in the period, as well as costs incurred by the Group in the provision of support services, have been included in the Income and Expenditure Account. Any excess of cost over the grant received is borne by the Group where it is not recoverable from tenants.

Social housing capital grants are claimed by the Association as developer and owner of the property and included in the balance sheet of the Association. The treatment of other income and expenditure in respect of supported housing projects depends on the nature of the partnership arrangements between the Association and its managing agents and on whether the Association carries the financial risk.

The Group provides support directly and through sub-contracting to agencies and payments to the agencies are included as supporting people operating costs.

Service charges

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

Where periodic expenditure is required a provision may be built up over the years, in consultation with the residents. Until these costs are incurred this liability is held in the balance sheet within creditors.

Management of units owned by others

Management fees receivable and reimbursed expenses are shown as income and included in management fees receivable. Costs of carrying out the management contracts and rechargeable expenses are included in operating costs.

Schemes managed by agents

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

Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in income and expenditure, except that a change attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company's subsidiaries operate and generate taxable income.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except where:

- the recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- where timing differences relate to interests in subsidiaries, associates, branches and joint ventures and the Group can control their reversal and such reversal is not considered probable in the foreseeable future.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Value Added Tax

The Group charges value-added tax (VAT) on some of its income and is able to recover part of the VAT it incurs on expenditure. The financial statements include VAT to the extent that it is suffered by the Group and not recoverable from HM Revenue and Customs. Recoverable VAT arises from partially exempt activities and is credited to the statement of comprehensive income. The balance of VAT payable or recoverable at the year end is included as a current liability or asset.

Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest rate method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Pension costs

The Association operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Association in an independently administered fund. The pension costs included in these financial statements represent contributions payable by the Association to the fund, which in turn represent a regular pension cost over the average service lives of employees.

A number of the former employees of Tower Hamlets Consortium Limited, now employed by Outward Housing, participate in the Social Housing Pension Scheme (SHPS), a multi-employer defined benefit scheme, the details of which are shown in note 31. The scheme is closed to new employees.

Holiday pay accrual

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

Tangible fixed assets - housing properties

Housing properties constructed or acquired (including land) on the open market are stated at cost less depreciation and impairment (where applicable).

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

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

Expenditure on major refurbishment to properties is capitalised where the works increase the net rental stream over the life of the property. An increase in the net rental stream may arise through an increase in the net rental income, a reduction in future maintenance costs, or a subsequent extension in the life of the property. All other repair and replacement expenditure is charged to the statement of comprehensive income.

Mixed developments are held within Property, Plant And Equipment (PPE) and accounted for at cost less depreciation. Commercial elements of mixed developments are held as investment properties.

Housing properties in the course of construction, excluding the estimated cost of the element of Shared Ownership properties expected to be sold in first tranche, are included in PPE and held at cost less any impairment, and are transferred to completed properties when ready for letting.

Depreciation of housing property

Housing land and property is split between land, structure and other major components that are expected to require replacement over time.

Land is not depreciated on account of its indefinite useful economic life.

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

Freehold land is not depreciated.

Housing properties are split between the structure and the major components which require periodic replacement. The costs of replacement or restoration of these components are capitalised and depreciated over the determined average useful economic life as follows:

| Description | Economic useful life (years) |
|------------------------------|------------------------------|
| Structure | 125 |
| Kitchen | 15 |
| Bathroom and central heating | 20 |
| Roofs | 75 |
| Windows and electrics | 30 |

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

Donated land and other assets

Land and other assets donated by local authorities and other government sources are added to cost at the fair value of the land at the time of the donation. Where the land is not related to a specific development and is donated by a public body an amount equivalent to the increase in value between fair value and consideration paid is treated as a non-monetary grant and recognised in the statement of financial position as a liability. Where the donation is from a non-public source the value of the donation is included as income.

Shared Ownership properties and staircasing

Under low cost home ownership arrangements, the Group disposes of a long lease on low cost home ownership housing units for a share ranging between 25% and 75% of value. The Buyer has the right to purchase further proportions and up to 100% based on the market valuation of the property at the time each purchase transaction is completed.

Low cost home ownership properties are split proportionately between current and fixed assets based on the element relating to expected first tranche sales. The first tranche proportion is classed as a current asset and related sales proceeds included in turnover. The remaining element, 'staircasing element', is classed as PPE and included in completed housing property at cost and any provision for impairment.

Sales of subsequent tranches are treated as a part disposal of PPE. Such staircasing sales may result in capital grant being deferred or abated and any abatement is credited in the sale account in arriving at the surplus or deficit.

Low cost home ownership properties are not depreciated on the expectation that the net realisable value at the time of disposal will be in excess of the historical cost.

For Shared Ownership accommodation that the Group is responsible for, it is the Group's policy to maintain them in a continuous state of sound repair. Maintenance of other Shared Ownership properties is the responsibility of the shared owner. Any impairment in the value of such properties is charged to the statement of comprehensive income.

Allocation of costs for mixed tenure and Shared Ownership developments

Costs are allocated to the appropriate tenure where it is possible to specify which tenure the expense relates to. Where it is not possible to relate costs to a specific tenure, costs are allocated on a floor area or unit basis depending on the appropriateness for each scheme. Surplus/(deficits) on service charges will be adjusted against income.

Tangible fixed assets – other

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

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

Depreciation of other tangible fixed assets

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

| Description | Economic useful life (years) |
|---|------------------------------|
| Leasehold land and buildings | Lease term or 125 |
| Motor vehicles | 4 |
| Office furniture, fixtures, equipment and computers | 5 |

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

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

Government grants

Grant received in relation to newly acquired or existing housing properties is accounted for using the accrual model set out in FRS 102 and the Housing SORP 2014. Grant is carried as deferred income in the balance sheet and released to the income and expenditure account on a systematic basis over the useful economic lives of the asset for which it was received. In accordance with Housing SORP 2014 the useful economic life of the housing property structure has been selected (see table on page 36).

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

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

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

Recycled Capital Grant Fund

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

Disposal Proceeds Fund

Receipts from Right to Acquire (RTA) sales are required to be retained in a ring-fenced fund that can only be used for providing replacement housing. The sales receipts less eligible expenses are credited to the disposal proceeds fund. Any sales receipts less eligible expenses held within disposal proceeds fund, which it is anticipated will not be used within one year is disclosed in the balance sheet under 'creditors due after more than one year'. The remainder is disclosed under 'creditors due within one year'.

Investment properties

Investment properties consist of commercial properties and other properties not held for social benefit or for use in the business. Investment properties are measured at cost on initial recognition and subsequently carried at fair value determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in income or expenditure.

Impairment of fixed assets and goodwill

The housing property portfolio for the Group is assessed for indicators of impairment at each balance sheet date. Where indicators are identified then a detailed assessment is undertaken to compare the carrying amount of assets or cash generating units for which impairment is indicated to their recoverable amounts. An option appraisal is carried out to determine the option which produces the highest net realisable value. Valuations on rental return or potential sale proceeds are obtained and used to inform the options. The Group looks at the net realisable value, under the options available, when considering the recoverable amount for the purposes of impairment assessment. The recoverable amount is taken to be the higher of the fair value less costs to sell or value in use of an asset or cash generating unit. The assessment of value in use may involve considerations of the service potential of the assets or cash generating units concerned or the present value of future cash flows to be derived from them appropriately adjusted to account for any restrictions on their use. No properties have been valued at VIU-SP.

The Group defines cash generating units as schemes except where its schemes are not sufficiently large enough in size or where it is geographically sensible to group schemes into larger cash generating units. Where the recoverable amount of an asset or cash generating unit is lower than its carrying value an impairment is recorded through a charge to income and expenditure.

Stock

Stock represents work in progress and completed Shared Ownership properties. For Shared Ownership properties the value held as stock is the estimated cost to be sold as a first tranche.

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

Debtors and creditors

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

Recoverable amount of rental and other trade receivables

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

Rent and service charge agreements

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

Loans, investments and short term deposits

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

Financial liabilities and equity

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

Cash and cash equivalents

Cash and cash equivalents in the Group's Consolidated Statement of Financial Position consists of cash at bank, in hand, deposits and short term investments with an original maturity of three months or less.

The Group has also identified some investments, which meet the definition of cash and cash equivalents but are restricted in their use; these investments have been classified as restricted cash equivalents.

Financial instruments

Valuation techniques have been used to determine the value of financial instruments by estimating how financial instruments will be priced by market participants. In arriving at the valuations actual data is used (or best available information if data is not available). The Cancellable Fixed Rate loan and the interest rate cap qualify for hedge accounting and have therefore been fair valued as financial instruments.

This financial instrument contains an embedded optionality which gives the lender an option to change the interest rate payable from fixed to variable on an agreed date in 2019. Therefore FRS 102 requires that this loan is considered as an 'other' financial instrument. As a result their measurement is determined by Section 12 of FRS 102. In determining the appropriate accounting treatment for these instruments we have assumed that the Regulations referred to in 12.8c, which are the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulations 2008, are applicable to Newlon Housing Trust.

Associates and joint ventures

An entity is treated as a joint venture where the company is party to a contractual agreement with one or more parties from outside the Group to undertake an economic activity that is subject to joint control.

In the consolidated accounts, interests in associated undertakings are accounted for using the equity method of accounting. Under this method equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the investor's share of the profit or loss, other comprehensive income and equity of the associate. The consolidated statement of comprehensive income includes the consolidated share of the operating results, interest, pre-tax results and attributable taxation of such undertakings applying accounting policies consistent with those of the Association. In the consolidated balance sheet, the interests in associated undertakings are shown as the consolidated share of the identifiable net assets, including any unamortised premium paid on acquisition.

Leased assets: Lessee

Where assets are financed by leasing agreements that give rights approximately to ownership (finance leases), the assets are treated as if they have been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to profit or loss over the shorter of estimated useful economic life and the term of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to profit or loss over the term of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to profit or loss on a straight-line basis over the term of the lease.

Leasehold sinking funds

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

Provision for liabilities

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

Provisions are measured at the best estimate of the expenditure required to settle the obligation at the balance sheet date.

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

Onerous leases

Where the unavoidable costs of a lease exceed the economic benefit expected to be received from it, a provision is made for the present value of the obligations under the lease.

Contingent liabilities

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

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

Reserves

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

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund.

Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.

Designated funds are unrestricted funds earmarked by the Trustees for particular purposes. The revaluation reserve is created from surpluses on asset revaluation.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the key judgements have been made in respect of the following:

- Whether there are indicators of impairment of the Group's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset, the viability and expected future performance of that unit. The members have considered the measurement basis to determine the recoverable amount of assets where there are indicators of impairment based on EUV-SH or depreciated replacement cost. The members have also considered impairment based on their assumptions to define cash generating units as a scheme. This was followed by establishing our net cash flows for each scheme over the estimated life of 100 years. Net cash flows consist of cash inflows which are solely from annual rent and cash outflows consisting of management costs, routine maintenance, service costs (for Affordable Rent units only) and planned and major works. A terminal value is also included in the net cash flow to account for business into the foreseeable future. This is based on the net cash flow for year 100. Annual rental income is assumed to decrease by 1% over the next 4 years after which it increases by CPI plus 1% (RPI plus -5%).
- The anticipated costs to complete on a development scheme, based on anticipated construction cost, effective rate of interest on loans during the construction period, legal costs and other costs. Based on the costs to complete, they then determine the recoverability of the cost of properties developed for first tranche sale. This judgement is also based on the member's best estimate of sales value based on economic conditions within the area of development.
- Whether leases entered into by the Group either as a lessor or a lessee are operating or lease or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- The appropriate allocation of costs for mixed tenure developments, and furthermore the allocation of costs relating to Shared Ownership between current and fixed assets.
- The exemptions to be taken on transition to FRS 102.
- The categorisation of housing properties as investment properties or property, plant and equipment based on the use of the asset.
- What constitutes a cash generating unit when indicators of impairment require there to be an impairment review.
- Cash generating units have been defined as schemes for the purpose of evaluating impairment issues.

Other key sources of estimation uncertainty

- **Tangible fixed assets (see note 15, 16 and 17)**

Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

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

Investment properties are professionally valued annually using a yield methodology. This uses market rental values capitalised at a market capitalisation rate but there is an inevitable degree of judgement involved in that each property is unique and value can only ultimately be reliably tested in the market itself.

- **Rental and other trade receivables (debtors) (see note 21)**

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

Other areas of estimation uncertainty may include:

- Project or scheme costs are capitalised on the basis that the scheme will be completed and the costs for each unit upon completion is apportioned on square feet or area of each unit. If a project or scheme becomes unfeasible then the costs will be written off to the income and expenditure as abortive costs.
- Revenue recognition around particular contracts – income is generated from a range of sources, in particular from rent and service charges to local authority income under a wide variety of contract types, durations and service specifications. Judgement is applied to income recognition and recoverability on a source by source and/or contract by contract basis.
- Fair value measurements for fixed asset revaluations are carried out by independent third parties.
- Obligations under defined benefit pension scheme is accounted for as multi-employer.

4. Particulars of turnover, cost of sales, operating costs and operating surplus

| Group | Turnover | Cost of sales | Operating costs | Surplus on sale of fixed assets | Operating surplus/ (deficit) |
|---|----------|---------------|-----------------|---------------------------------|------------------------------|
| | 2019 | 2019 | 2019 | 2019 | 2019 |
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Social housing lettings (note 5) | 60,503 | - | (37,733) | - | 22,770 |
| Other social housing activities | | | | | |
| First tranche low cost home ownership sales | 4,726 | (2,715) | - | - | 2,011 |
| Development services | 349 | - | (718) | - | (369) |
| Supporting people and care | 13,017 | - | (12,347) | - | 670 |
| Community regeneration | 57 | - | (66) | - | (9) |
| Surplus on sale of fixed assets | - | - | - | 7,152 | 7,152 |
| Other activities | 1,615 | - | (1,136) | - | 479 |
| | 19,764 | (2,715) | (14,267) | 7,152 | 9,934 |
| Total social housing activities | 80,267 | (2,715) | (52,000) | 7,152 | 32,704 |

| Group | Turnover | Cost of sales | Operating costs | Surplus on sale of fixed assets | Operating surplus/ (deficit) |
|---|----------|---------------|-----------------|---------------------------------|------------------------------|
| | 2018 | 2018 | 2018 | 2018 | 2018 |
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Social housing lettings (note 5) | 58,674 | - | (35,548) | - | 23,126 |
| Other social housing activities | | | | | |
| First tranche low cost home ownership sales | 2,697 | (1,534) | - | - | 1,163 |
| Development services | 375 | - | (668) | - | (293) |
| Supporting people and care | 13,151 | - | (12,901) | - | 250 |
| Community regeneration | 53 | - | (118) | - | (65) |
| Surplus on sale of fixed assets | - | - | - | 7,235 | 7,235 |
| Other activities | 1,084 | - | (1,113) | - | (29) |
| | 17,360 | (1,534) | (14,800) | 7,235 | 8,261 |
| Total social housing activities | 76,034 | (1,534) | (50,348) | 7,235 | 31,387 |

4. Particulars of turnover, cost of sales, operating costs and operating surplus

| Association | Turnover | Cost of sales | Operating costs | Surplus on sale of fixed assets | Operating surplus/ (deficit) |
|---|----------|---------------|-----------------|---------------------------------|------------------------------|
| | 2019 | 2019 | 2019 | 2019 | 2019 |
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Social housing lettings (note 5) | 56,559 | - | (34,010) | - | 22,549 |
| Other social housing activities | | | | | |
| First tranche low cost home ownership sales | 4,726 | (2,715) | - | - | 2,011 |
| Development services | 349 | - | (718) | - | (369) |
| Surplus on sale of fixed assets | - | - | - | 6,881 | 6,881 |
| Other activities | 1,774 | - | (922) | - | 852 |
| | 6,849 | (2,715) | (1,640) | 6,881 | 9,375 |
| Total social housing activities | 63,408 | (2,715) | (35,650) | 6,881 | 31,924 |

| Association | Turnover | Cost of sales | Operating costs | Surplus on sale of fixed assets | Operating surplus/ (deficit) |
|---|----------|---------------|-----------------|---------------------------------|------------------------------|
| | 2018 | 2018 | 2018 | 2018 | 2018 |
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Social housing lettings (note 5) | 53,920 | - | (31,132) | - | 22,788 |
| Other social housing activities | | | | | |
| First tranche low cost home ownership sales | 2,697 | (1,534) | - | - | 1,163 |
| Development services | 375 | - | (668) | - | (293) |
| Surplus on sale of fixed assets | - | - | - | 6,753 | 6,753 |
| Other activities | 1,596 | - | (869) | - | 727 |
| | 4,668 | (1,534) | (1,537) | 6,753 | 8,350 |
| Total social housing activities | 58,588 | (1,534) | (32,669) | 6,753 | 31,138 |

5. Income and expenditure from social housing lettings

| Group | General Needs | Supported Housing | Low cost home ownership | Key Worker | Total 2019 | Total 2018 |
|---|---------------|-------------------|-------------------------|------------|------------|------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Income | | | | | | |
| Rents net of identifiable service charges | 28,159 | 3,371 | 3,330 | 12,152 | 47,012 | 46,497 |
| Service charge income | 4,177 | 1,996 | 2,228 | 775 | 9,176 | 8,077 |
| Amortised government grants | 3,768 | - | 28 | - | 3,796 | 3,785 |
| Net rental income | 36,104 | 5,367 | 5,586 | 12,927 | 59,984 | 58,359 |
| Other Income | 212 | - | 151 | 156 | 519 | 315 |
| Turnover from social housing lettings | 36,316 | 5,367 | 5,737 | 13,083 | 60,503 | 58,674 |
| Expenditure | | | | | | |
| Management | 3,928 | 1,005 | 1,151 | 1,049 | 7,133 | 7,943 |
| Service charge costs | 5,366 | 2,244 | 1,719 | 2,530 | 11,859 | 11,417 |
| Routine maintenance | 4,390 | 268 | 6 | 410 | 5,050 | 5,524 |
| Planned maintenance | 4,956 | 151 | 1 | 711 | 5,819 | 3,638 |
| Major repairs expenditure | 86 | - | - | - | 86 | 37 |
| Bad debts | 153 | 88 | - | 48 | 289 | (2) |
| Depreciation of housing properties: | | | | | | |
| Annual charge | 6,131 | 315 | - | 687 | 7,133 | 6,779 |
| Accelerated on disposal of components | 364 | - | - | - | 364 | 212 |
| Operating expenditure on social housing lettings | 25,374 | 4,047 | 2,877 | 5,435 | 37,733 | 35,548 |
| Operating surplus on social housing lettings | 10,942 | 1,296 | 2,860 | 7,648 | 22,770 | 23,126 |
| Void losses | 283 | 525 | 14 | 257 | 1,079 | 887 |

5. Income and expenditure from social housing lettings

| Association | General Needs | Supported Housing | Low cost home ownership | Key Worker | Total 2019 | Total 2018 |
|---|---------------|-------------------|-------------------------|------------|------------|------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Income | | | | | | |
| Rents net of identifiable service charges | 27,931 | 2,369 | 3,032 | 12,152 | 45,484 | 44,344 |
| Service charge income | 4,222 | - | 1,958 | 775 | 6,955 | 5,588 |
| Amortised government grants | 3,735 | - | - | - | 3,735 | 3,749 |
| Net rental income | 35,888 | 2,369 | 4,990 | 12,927 | 56,174 | 53,681 |
| Other income | 206 | - | 23 | 156 | 385 | 239 |
| Turnover from social housing lettings | 36,094 | 2,369 | 5,013 | 13,083 | 56,559 | 53,920 |
| Expenditure | | | | | | |
| Management | 3,868 | 322 | 1,148 | 1,049 | 6,387 | 6,852 |
| Service charge costs | 5,332 | - | 1,433 | 2,530 | 9,295 | 8,870 |
| Routine maintenance | 4,367 | - | - | 410 | 4,777 | 4,859 |
| Planned maintenance | 4,954 | 151 | - | 711 | 5,816 | 3,633 |
| Major repairs expenditure | 79 | - | - | - | 79 | 37 |
| Bad debts | 166 | - | - | 48 | 214 | (55) |
| Depreciation of housing properties: | | | | | | |
| Annual charge | 6,076 | 315 | - | 687 | 7,078 | 6,724 |
| Accelerated on disposal of components | 364 | - | - | - | 364 | 212 |
| Operating expenditure on social housing lettings | 25,206 | 788 | 2,581 | 5,435 | 34,010 | 31,132 |
| Operating surplus on social housing lettings | 10,888 | 1,581 | 2,432 | 7,648 | 22,549 | 22,788 |
| Void losses | 282 | - | 14 | 257 | 553 | 429 |

6. Units of housing stock

| Group | Restated balance brought forward | Addition | Disposal | Transfers | Balance carried forward |
|-----------------------------------|----------------------------------|------------|--------------|-------------|-------------------------|
| | No. | No. | No. | No. | No. |
| General Needs housing: | | | | | |
| Social | 3,846 | 32 | (20) | 8 | 3,866 |
| Affordable | 230 | 60 | (1) | (6) | 283 |
| Low cost home ownership | 1,043 | 73 | (2) | (34) | 1,080 |
| Supported Housing | 858 | 8 | (190) | (1) | 675 |
| Intermediate Rent | 1,135 | 2 | (4) | (2) | 1,131 |
| Total social housing units | 7,112 | 175 | (217) | (35) | 7,035 |
| Leaseholder | 698 | - | - | 35 | 733 |
| Commercial properties | 68 | - | - | - | 68 |
| Total owned and/or managed | 7,878 | 175 | (217) | - | 7,836 |
| Units under construction | 878 | 119 | - | (172) | 825 |

| Association | Restated balance brought forward | Addition | Disposal | Transfers | Balance carried forward |
|-----------------------------------|----------------------------------|------------|-------------|-------------|-------------------------|
| | No. | No. | No. | No. | No. |
| General Needs housing: | | | | | |
| Social | 3,846 | 32 | (20) | 8 | 3,866 |
| Affordable | 230 | 60 | (1) | (6) | 283 |
| Low cost home ownership | 1,043 | 73 | (3) | (34) | 1,079 |
| Supported Housing | 626 | 8 | (3) | (1) | 630 |
| Intermediate Rent | 1,135 | 2 | (4) | (2) | 1,131 |
| Total social housing units | 6,880 | 175 | (31) | (35) | 6,989 |
| Leaseholder | 698 | - | - | 35 | 733 |
| Commercial properties | 68 | - | - | - | 68 |
| Total owned and/or managed | 7,646 | 175 | (31) | - | 7,790 |
| Units under construction | 878 | 119 | - | (172) | 825 |

7. Operating surplus

| | Group | Group | Association | Association |
|--|-------|-------|-------------|-------------|
| | 2019 | 2018 | 2019 | 2018 |
| | £'000 | £'000 | £'000 | £'000 |

The operating surplus is arrived at after charging:

Depreciation of housing properties:

| | | | | |
|---|-------|-------|-------|-------|
| Annual charge | 7,133 | 6,790 | 7,078 | 6,735 |
| Accelerated depreciation on replaced components | 364 | 212 | 364 | 212 |
| Depreciation of other tangible fixed assets | 490 | 698 | 463 | 520 |

Operating lease charges:

| | | | | |
|--------------------|----|----|----|----|
| Land and buildings | - | - | - | - |
| Other leases | 28 | 59 | 28 | 44 |

Auditors' remuneration (excluding VAT):

| | | | | |
|--|-----|-----|-----|-----|
| Fees payable to the Group's auditor for the audit of the Group's annual accounts | 24 | 23 | - | - |
| Fees for audit of accounts of associated entities | 28 | 28 | 18 | 42 |
| Fees for non-audit services | - | 32 | - | 30 |
| Fees for tax advice | 5 | 5 | - | 2 |
| Defined contribution pension cost | 674 | 596 | 674 | 596 |
| Defined benefit pension cost (see note 31) | 178 | 156 | - | - |

8. Employees

| | Group 2019 | Group 2018 | Association 2019 | Association 2018 |
|--|---------------|---------------|---------------------|---------------------|
| | £'000 | £'000 | £'000 | £'000 |

Staff costs (including Executive Management Team) consist of:

| | | | | |
|-------------------------------------|--------|--------|-------|-------|
| Wages and salaries | 17,157 | 16,726 | 6,377 | 6,016 |
| Social security costs | 1,534 | 1,578 | 627 | 656 |
| Cost of defined contribution scheme | 674 | 596 | 471 | 440 |
| Temporary agency workers | 763 | 797 | 441 | 317 |
| | 20,128 | 19,697 | 7,916 | 7,429 |

A defined contribution pension scheme is operated by the Group on behalf of the employees of one of the subsidiary undertakings. The assets of the scheme are held separately from those of the Group in an independently administered fund.

The pension charge represents contributions payable by the Group to the fund and amounted to £674,000 (2018: £596,000.)

Contributions amounting to £18,827 (2018: £18,697) were payable to the fund and are included in creditors.

The average number of employees (including the Executive Management team) expressed as full time equivalents (calculated based on a standard working week of 35 hours during the year) was as follows:

| | Group 2019 | Group 2018 | Association 2019 | Association 2018 |
|-----------------------|---------------|---------------|---------------------|---------------------|
| | No. | No. | No. | No. |
| Administration | 75 | 72 | 54 | 55 |
| Development and sales | 15 | 14 | 15 | 15 |
| Support and care | 519 | 495 | - | - |
| Housing management | 103 | 91 | 87 | 77 |
| | 712 | 673 | 156 | 147 |

9. Directors' and senior executive remuneration

The Directors are defined as the members of the Board of Management, the Chief Executive and the Executive Management team. The Executive Management team are the key management personnel and are listed on page 2.

| | Group 2019 | Group 2018 Restated | Association 2019 | Association 2018 Restated |
|---|---------------|---------------------------|---------------------|---------------------------------|
| | £ | £ | £ | £ |
| Executive Directors' emoluments | 644,626 | 711,983 | 644,626 | 708,831 |
| Compensation for loss of office | - | 80,000 | - | 80,000 |
| Contributions to money purchase pension schemes | 49,742 | 52,761 | 49,742 | 52,761 |
| | 694,368 | 844,744 | 694,368 | 841,592 |

The total amount payable to the Chief Executive, who was also the highest paid Director in respect of emoluments was £150,074 (2018: £152,344).

Pension contributions of £11,486 (2018: £11,261) were made to a money purchase scheme on his behalf.

As a member of the Scottish Widows defined contribution pension scheme, the pension entitlement of the Chief Executive is identical to those of other members.

There were six Directors in the Group's defined contribution pension scheme (2018: 7).

None of the Directors accrued benefits under the Group's defined benefit pension scheme during the year (2018: Nil).

The remuneration paid to staff (including the Executive Management Team) earning over £60,000 upwards:

| | Group 2019 | Group 2018 | Association 2019 | Association 2018 |
|---------------------|---------------|---------------|---------------------|---------------------|
| | No. | No. | No. | No. |
| £60,000 - £69,999 | 11 | 10 | 11 | 10 |
| £70,000 - £79,999 | 2 | 3 | 2 | 3 |
| £80,000 - £89,999 | 2 | 1 | 2 | 1 |
| £90,000 - £99,999 | 3 | 3 | 3 | 3 |
| £100,000 - £109,999 | 1 | 1 | 1 | 1 |
| £110,000 - £119,999 | 1 | - | 1 | - |
| £120,000 - £129,999 | - | - | - | - |
| £130,000 - £139,999 | - | - | - | - |
| £140,000 - £149,999 | - | - | - | - |
| £150,000 - £159,999 | 1 | 1 | 1 | 1 |
| £160,000 - £169,999 | - | 1 | - | 1 |

10. Board members

| Board member | Remuneration £ | Member of: | | | |
|-----------------------------|-------------------|--------------------------|-----------------------|---------------------------------|-----------------------------|
| | | Audit and Risk Committee | Development Committee | People and Governance Committee | Resident Services Committee |
| Sarah Ebanja – Chair | 17,919 | | ✓ | ✓ | ✓ |
| Martin Hughes | 7,168 | | | | ✓ |
| Maria Grogan | 7,168 | ✓ | | | |
| Jackie Ballard – Vice Chair | 10,750 | | | ✓ | |
| Nicola Bastin | 7,168 | ✓ | | ✓ | |
| Fred Angole | 7,168 | ✓ | | | |
| John Cross | 7,168 | | ✓ | | |
| Matt Campion | 7,168 | | | | ✓ |

11. Surplus on disposal of fixed assets

| Group | Housing properties | Other fixed assets | Total | Total |
|---|--------------------|--------------------|--------------|--------------|
| | 2019 | 2019 | 2019 | 2018 |
| | £'000 | £'000 | £'000 | £'000 |
| Housing properties: | | | | |
| Disposal proceeds | 13,850 | - | 13,850 | 14,311 |
| Cost of disposals | (6,348) | - | (6,348) | (7,017) |
| Selling costs | (148) | - | (148) | (258) |
| Grant recycled | (445) | - | (445) | (211) |
| Grant abated | 243 | - | 243 | 433 |
| Surplus on disposal of other tangible fixed assets | 7,152 | - | 7,152 | 7,258 |

| Association | Housing properties | Other fixed assets | Total | Total |
|---|--------------------|--------------------|--------------|--------------|
| | 2019 | 2019 | 2019 | 2018 |
| | £'000 | £'000 | £'000 | £'000 |
| Housing properties: | | | | |
| Disposal proceeds | 13,455 | - | 13,455 | 13,644 |
| Cost of disposals | (6,243) | - | (6,243) | (6,728) |
| Selling costs | (147) | - | (147) | (256) |
| Grant recycled | (427) | - | (427) | (211) |
| Grant abated | 243 | - | 243 | 327 |
| Surplus on disposal of other tangible fixed assets | 6,881 | - | 6,881 | 6,776 |

12. Interest receivable and income from investments

| | Group 2019 | Group 2018 | Association 2019 | Association 2018 |
|--|---------------|---------------|---------------------|---------------------|
| | £'000 | £'000 | £'000 | £'000 |
| Interest receivable and similar income | 191 | 93 | 537 | 230 |

13. Interest payable and similar charges

| | Group 2019 | Group 2018 | Association 2019 | Association 2018 |
|--|---------------|---------------|---------------------|---------------------|
| | £'000 | £'000 | £'000 | £'000 |
| Bank loans and overdrafts | 18,459 | 16,234 | 18,420 | 16,204 |
| Recycled capital grant fund accrued interest | 51 | 32 | 51 | 32 |
| Disposal proceeds fund accrued interest | 2 | - | 2 | - |
| Interest capitalised on construction of housing properties | (3,809) | (3,146) | (3,809) | (3,146) |
| | 14,703 | 13,120 | 14,664 | 13,090 |

Other financing costs through other comprehensive income

| | | | | |
|---|-----|---------|-----|---------|
| Movement on fair value of hedged derivative instruments | 869 | (1,710) | 869 | (1,710) |
| | 869 | (1,710) | 869 | (1,710) |

14. Taxation on surplus on ordinary activities – Group only

| | Group 2019 | Group 2018 |
|---|---------------|---------------|
| | £'000 | £'000 |
| UK corporation tax | | |
| Current tax on surplus for the year | 70 | 85 |
| Adjustment in respect of prior period | - | - |
| Total current tax | 70 | 85 |
| Taxation on surplus on ordinary activities | 70 | 85 |

The tax assessed for the year differs to the standard rate of corporation tax in the UK applied to surplus before tax. The differences are explained below:

| | Group 2019 | Group 2018 |
|---|---------------|---------------|
| | £'000 | £'000 |
| Surplus on ordinary activities before tax | 18,242 | 18,433 |
| Surplus on ordinary activities at the standard rate of corporation tax in the UK of 19% | 3,466 | 3,502 |
| Effects of: | | |
| Income not taxable for tax purposes | - | - |
| Expenses not deductible for tax purpose | - | (174) |
| Charitable exemption | (3,396) | (3,243) |
| Adjustments to tax charge in respect of previous period | - | - |
| | 70 | 85 |

There was no tax charge for the year (2018: Nil) for the Association.

The aggregate current and deferred tax relating to items recognised in other comprehensive income is a charge of £70,000 (2018: £85,000).

Factors that may affect future tax charges

The Group has used all brought forward tax losses, which have significantly reduced tax payments in the current year.

No provision has been made for deferred tax on gains recognised on revaluing property to its market value or on the sale of properties where potentially taxable gains have been rolled over into replacement assets. Such tax would become payable only if the property was sold without it being possible to claim rollover relief.

15. Tangible fixed assets – housing properties

| Group | General Needs completed | General Needs under construction | Shared Ownership completed | Shared Ownership under construction | Total |
|--|-------------------------------|--|----------------------------------|--|------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Cost or valuation: | | | | | |
| At 1 April 2018 | 856,382 | 78,757 | 127,616 | 45,220 | 1,107,975 |
| Additions: | | | | | |
| Construction costs | - | 33,709 | - | 38,397 | 72,106 |
| Works to existing properties | 5,552 | - | - | - | 5,552 |
| Transfers to held for sale | - | - | (3,847) | - | (3,847) |
| Completed schemes | 27,726 | (27,726) | 24,728 | (24,728) | - |
| Disposals: | | | | | |
| Property sales | (2,480) | - | - | - | (2,480) |
| Staircasing sales | - | - | (7,933) | - | (7,933) |
| Replaced components | (1,559) | - | - | - | (1,559) |
| At 31 March 2019 | 885,621 | 84,740 | 140,564 | 58,889 | 1,169,814 |
| Depreciation: | | | | | |
| At 1 April 2018 | (86,405) | - | - | - | (86,405) |
| Charge for the year | (7,133) | - | - | - | (7,133) |
| Eliminated on disposals: | | | | | |
| Property sales | 277 | - | - | - | 277 |
| Housing property components | 1,559 | - | - | - | 1,559 |
| Accelerated charge on components | (364) | - | - | - | (364) |
| At 31 March 2019 | (92,066) | - | - | - | (92,066) |
| Net book value at 31 March 2019 | 793,555 | 84,740 | 140,564 | 58,889 | 1,077,748 |
| Net book value at 31 March 2018 | 769,976 | 79,757 | 127,616 | 45,220 | 1,021,569 |

15. Tangible fixed assets – housing properties (continued)

| Association | General Needs completed | General Needs under construction | Shared Ownership completed | Shared Ownership under construction | Total |
|--|-------------------------------|--|----------------------------------|--|------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Cost or valuation: | | | | | |
| At 1 April 2018 | 849,504 | 79,127 | 120,704 | 45,220 | 1,094,555 |
| Additions: | | | | | |
| Construction costs | - | 33,687 | - | 38,397 | 72,084 |
| Works to existing properties | 5,552 | - | - | - | 5,552 |
| Transfers to held for sale | - | - | (3,847) | - | (3,847) |
| Completed schemes | 27,726 | (27,726) | 24,728 | (24,728) | - |
| Disposals: | | | | | |
| Property sales | (2,481) | - | - | - | (2,480) |
| Staircasing sales | - | - | (7,828) | - | (7,828) |
| Replaced components | (1,559) | - | - | - | (1,559) |
| At 31 March 2019 | 878,743 | 85,088 | 133,757 | 58,889 | 1,156,477 |
| Depreciation: | | | | | |
| At 1 April 2018 | (85,644) | - | - | - | (85,644) |
| Charge for the year | (7,078) | - | - | - | (7,078) |
| Eliminated on disposals: | | | | | |
| Property sales | 277 | - | - | - | 277 |
| Housing property components | 1,559 | - | - | - | 1,559 |
| Accelerated charge on components | (364) | - | - | - | (364) |
| At 31 March 2019 | (91,250) | - | - | - | (91,250) |
| Net book value at 31 March 2019 | 787,493 | 85,088 | 133,757 | 58,888 | 1,065,227 |
| Net book value at 31 March 2018 | 763,860 | 79,127 | 120,704 | 45,220 | 1,008,911 |

15. Tangible fixed assets – housing properties (continued)

| | Group 2019 | Group 2018 | Association 2019 | Association 2018 |
|--|---------------|---------------|---------------------|---------------------|
| | £'000 | £'000 | £'000 | £'000 |
| The net book value of housing properties may be further analysed as: | | | | |
| Freehold | 764,863 | 735,301 | 756,014 | 726,420 |
| Long leasehold | 312,444 | 285,827 | 308,772 | 282,050 |
| Short leasehold | 441 | 441 | 441 | 441 |
| | 1,077,748 | 1,021,569 | 1,065,227 | 1,008,911 |

Interest capitalisation

| | | | | |
|----------------------------------|--------|--------|--------|--------|
| Interest capitalised in the year | 3,809 | 3,146 | 3,809 | 3,146 |
| Cumulative interest capitalised | 39,315 | 36,169 | 39,315 | 36,169 |
| | 43,124 | 39,315 | 43,124 | 39,315 |
| Rate used for capitalisation | 3.40% | 3.28% | 3.40% | 3.28% |

Works to properties

| | | | | |
|---|-------|-------|-------|-------|
| Improvements to existing properties capitalised | 5,552 | 7,644 | 5,552 | 7,644 |
| Major repairs expenditure to income and expenditure account | 79 | 37 | 79 | 37 |
| | 5,631 | 7,681 | 5,631 | 7,681 |

Total Social Housing Grant received or receivable to date is as follows:

| | | | | |
|------------------------------------|---------|---------|---------|---------|
| Capital grant – housing properties | 424,061 | 417,906 | 417,535 | 411,263 |
| Recycled Capital Grant Fund | 5,999 | 7,820 | 5,830 | 7,614 |
| Disposals Proceeds Fund | - | 639 | - | 639 |
| Revenue grant – I&E | 71,167 | 67,371 | 70,036 | 66,301 |
| | 501,227 | 493,736 | 493,401 | 485,817 |

Properties held for security

The Association had property with a net book value of £737m pledged as security at 31 March 2019 (2018: £706m).

16. Other tangible fixed assets

| Group | Land and office buildings | Plant, machinery and vehicles | Motor vehicles | Fixtures, fittings, tools and equipment | Total |
|-------------------------|---------------------------|-------------------------------|----------------|---|----------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Cost | | | | | |
| At 1 April 2018 | 8,990 | 4,517 | 128 | 1,546 | 15,181 |
| Additions | - | 392 | - | 128 | 520 |
| Disposals | - | - | (7) | - | (7) |
| At 31 March 2019 | 8,990 | 4,909 | 121 | 1,674 | 15,694 |
| Depreciation | | | | | |
| At 1 April 2018 | (665) | (3,110) | (80) | (1,477) | (5,332) |
| Charge for year | (83) | (330) | (18) | (59) | (490) |
| Disposals | - | - | 7 | - | 7 |
| At 31 March 2019 | (748) | (3,440) | (91) | (1,536) | (5,815) |
| Net book value | | | | | |
| At 31 March 2019 | 8,242 | 1,469 | 30 | 138 | 9,879 |
| At 31 March 2018 | 8,325 | 1,407 | 48 | 69 | 9,849 |

| Association | Land and office buildings | Plant, machinery and vehicles | Motor vehicles | Fixtures, fittings, tools and equipment | Total |
|-------------------------|---------------------------|-------------------------------|----------------|---|----------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Cost | | | | | |
| At 1 April 2018 | 8,694 | 2,842 | 48 | 1,174 | 12,758 |
| Additions | - | 355 | - | 86 | 441 |
| Disposals | - | - | - | - | - |
| At 31 March 2019 | 8,694 | 3,197 | 48 | 1,260 | 13,199 |
| Depreciation | | | | | |
| At 1 April 2018 | (637) | (2,150) | (12) | (1,174) | (3,973) |
| Charge for year | (70) | (326) | (12) | (55) | (463) |
| Disposals | - | - | - | - | - |
| At 31 March 2019 | (707) | (2,476) | (24) | (1,229) | (4,436) |
| Net book value | | | | | |
| At 31 March 2019 | 7,987 | 721 | 24 | 31 | 8,763 |
| At 31 March 2018 | 8,057 | 692 | 36 | - | 8,785 |

16. Other tangible fixed assets (continued)

The net book value of office buildings may be further analysed as:

| | Group 2019 | Group 2018 | Association 2019 | Association 2018 |
|----------|---------------|---------------|---------------------|---------------------|
| | £'000 | £'000 | £'000 | £'000 |
| Freehold | 8,242 | 8,325 | 7,987 | 8,057 |

17. Investment properties

| Group | Commercial | Total |
|-------------------------|--------------|--------------|
| | £'000 | £'000 |
| At 1 April 2018 | 1,750 | 1,750 |
| Additions | - | - |
| Revaluations | 50 | 50 |
| At 31 March 2019 | 1,800 | 1,800 |

All investment properties are held within Outward Housing.

The freehold property in East Sussex was last valued, on an open market basis, on 26 April 2019 by an external firm GVA Grimley Ltd trading as Avison Young Chartered Surveyors, Retail, hotels and leisure branch. Avison Young are RICS general valuers and undertook the valuation in accordance with the RICS Valuation Professional Standards UK January 2014 (revised April 2015).

The property was valued as a specialised property used for leisure purposes and the method of valuation gave weighting to stabilised earnings, based on historic turnover and potential future turnover based on the current price list and discount structure, at a capitalisation rate of 10.5% and to comparable local sales and properties offered for sale, in particular holiday units and one-bed flats. More weighting was given to the latter method.

It was assumed the property has good title and is free from onerous or restrictive covenants and obligations, restrictions and statutory notices and was described as being in excellent condition and not subject to backlog maintenance.

The surplus on revaluation of investment property arising of £50,000 (2018: £50,000) has been credited to the statement of comprehensive income for the year.

If investment property had been accounted for under the historic cost accounting rules, the properties would have been measured as follows:

| | Group 2019 | Group 2018 |
|--------------------------|---------------|---------------|
| | £'000 | £'000 |
| Historic cost | 1,882 | 1,882 |
| Accumulated depreciation | (560) | (522) |
| | 1,322 | 1,360 |

18. Investments

Details of subsidiary undertakings and associated undertakings

The principal undertakings in which the Association has an interest in are as follows:

| Name | Country of incorporation or registration | Proportion of voting rights/ordinary share capital held | Nature of business | Nature of entity |
|--|--|---|---|---------------------------------------|
| Subsidiary undertakings | | | | |
| Outward Housing | England | 100% | Provision of community support services | Registered charity |
| Access Homes Housing Association Limited | England | 100% | Registered provider of social housing | Registered provider of social housing |
| NewlonBuild Limited | England | 100% | Development company | Limited company |
| Newlon Fusion | England | 100% | Community services | Registered charity |
| NewlonInvest | England | 100% | Joint venture and private sales | Limited company |
| Finsbury Park Homeless Families Project (FPHFP)* | England | 100% | Community services for homeless persons | Registered charity |

* FPHFP is a subsidiary of Outward Housing, all other subsidiaries are 100% wholly owned by the parent being Newlon Housing Trust.

19 Joint ventures

The Newlon Group entered into a joint venture DR4 Developments LLP ("DR4") with Galliford Try ("GT") in June 2017 in respect of the development of a site at Devon's Road, Bow. The proposed development will consist of new residential units (6 for Shared Ownership and 124 for open market sale) and commercial/retail units costing £50m, 50% of which will be contributed by NewlonBuild, partner of the joint venture. The contribution during 2018/19 was £5.6m with an outstanding capital commitment balance of £12.4m.

All development costs/profits of the LLP will be split 50:50 between the LLP members.

| Group | Joint ventures | |
|--------------------|----------------|------------|
| | 2019 | 2018 |
| | £'000 | £'000 |
| Cost | | |
| At 1 April | 111 | - |
| Additions | 37 | 111 |
| At 31 March | 148 | 111 |

Details of subsidiary undertakings, associated undertakings and other investments

The principal undertakings in which the company has an interest in are as follows:

| Name | Country of incorporation or registration | Proportion of voting rights/ordinary share capital held | Nature of business | Nature of entity |
|-----------------------|--|---|---------------------|-------------------------------|
| Joint ventures | | | | |
| DR4 Developments LLP* | England | 50% | Development company | Limited Liability Partnership |

* DR4 is a joint venture held by NewlonBuild Ltd, a subsidiary.

20. Properties for sale

| Group and Association | First tranche Shared Ownership properties | Total | Total |
|-----------------------|---|--------|--------|
| | 2019 | 2019 | 2018 |
| | £'000 | £'000 | £'000 |
| Work in progress | 18,766 | 18,766 | 16,505 |
| Completed properties | 4,812 | 4,812 | 964 |
| | 23,578 | 23,578 | 17,469 |

Properties developed for sale include capitalised interest of £1,712,140 (2018: £1,258,441).

21. Debtors

| | Group 2019 | Group 2018 | Association 2019 | Association 2018 |
|------------------------------------|------------|------------|------------------|------------------|
| | £'000 | £'000 | £'000 | £'000 |
| Due within one year | | | | |
| Rent and service charge arrears | 2,201 | 2,031 | 1,659 | 1,431 |
| Less: Provision for doubtful debts | (864) | (834) | (727) | (633) |
| | 1,337 | 1,197 | 932 | 798 |
| Amounts owed by Group undertakings | - | - | 12,899 | 7,243 |
| Other debtors | 4,410 | 3,629 | 3,128 | 1,196 |
| Prepayments and accrued income | 1,421 | 1,080 | 1,225 | 889 |
| Taxation | - | - | - | - |
| | 7,168 | 5,906 | 18,184 | 10,126 |
| Due after one year | | | | |
| Other debtors | 12,556 | 6,929 | - | - |
| | 19,724 | 12,835 | 18,184 | 10,126 |

22. Current asset investments

| | Group 2019 | Group 2018 | Association 2019 | Association 2018 |
|--------------------|---------------|---------------|---------------------|---------------------|
| | £'000 | £'000 | £'000 | £'000 |
| Opening fair value | 6 | 5,000 | 6 | 5,000 |
| Purchases | 24 | 6 | 24 | 6 |
| Sales | - | (5,000) | - | (5,000) |
| Fair value | 30 | 6 | 30 | 6 |

All current asset investments are short term fixed time deposits held with Lloyds Bank PLC which earn interest at 57 basis points.

23. Creditors: amounts falling due within one year

| | Group 2019 | Group 2018 | Association 2019 | Association 2018 |
|--|---------------|---------------|---------------------|---------------------|
| | £'000 | £'000 | £'000 | £'000 |
| Loans and borrowings (note 28) | 3,900 | 3,983 | 3,787 | 3,889 |
| Trade creditors | 4,898 | 4,043 | 1,309 | 2,456 |
| Rent and service charges received in advance | 1,560 | 1,790 | 1,167 | 1,420 |
| Amounts owed to Group undertakings | - | - | 7,652 | 626 |
| Taxation and social security | 272 | 115 | 202 | 44 |
| Other creditors | 2,149 | 2,970 | 1,412 | 2,453 |
| Deferred capital grant (note 25) | 3,796 | 3,811 | 3,735 | 3,749 |
| Recycled Capital Grant Fund (note 26) | 3,472 | 3,374 | 3,454 | 3,263 |
| Disposal Proceeds Fund (note 27) | - | 639 | - | 639 |
| Accruals and deferred income | 11,471 | 8,106 | 6,667 | 8,162 |
| Accrued interest | 4,656 | 3,894 | 4,656 | 3,894 |
| Leasehold maintenance | 1,926 | 2,042 | 1,578 | 1,717 |
| | 38,100 | 34,767 | 35,619 | 32,312 |

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

| | Group 2019 | Group 2018 | Association 2019 | Association 2018 |
|---------------------------------------|---------------|---------------|---------------------|---------------------|
| | £'000 | £'000 | £'000 | £'000 |
| Loans and borrowings (note 28) | 548,815 | 502,133 | 545,767 | 498,976 |
| Deferred capital grant (note 25) | 420,265 | 414,095 | 413,800 | 407,514 |
| Recycled Capital Grant Fund (note 26) | 2,527 | 4,446 | 2,376 | 4,351 |
| Disposal Proceeds Fund (note 27) | - | - | - | - |
| Pension scheme deficit liability | 1,059 | 517 | - | - |
| Service charge creditors | 586 | 647 | - | - |
| | 973,252 | 921,838 | 961,943 | 910,841 |

Housing loans from banks, bondholders and other private lenders are secured by specific charges on the Association's housing properties. The loans are at differing fixed and variable rates of interest between 0.98% and 10.7% per annum. The loans are repayable over their life as set out in note 28.

25. Deferred capital grant

| | Group 2019 | Group 2018 | Association 2019 | Association 2018 |
|---|----------------|----------------|---------------------|---------------------|
| | £'000 | £'000 | £'000 | £'000 |
| At 1 April | 417,905 | 424,445 | 411,263 | 413,339 |
| Grants received during the year | 8,112 | 1,429 | 8,112 | 275 |
| Grants recycled from the recycled capital grant fund/ disposal proceeds fund | 5,120 | 1,040 | 5,120 | 3,276 |
| Grants recycled to the recycled capital grant fund/ disposal proceeds fund | (3,036) | (2,596) | (2,981) | (1,738) |
| Released to income during the year | (244) | (431) | (244) | (140) |
| Grant amortised during the year | (3,796) | (3,686) | (3,735) | (3,749) |
| At 31 March | 424,061 | 420,201 | 417,535 | 411,263 |

| Deferred capital grant | Group 2019 | Group 2018 | Association 2019 | Association 2018 |
|-------------------------------------|----------------|----------------|---------------------|---------------------|
| | £'000 | £'000 | £'000 | £'000 |
| Due within one year (note 23) | 3,796 | 3,811 | 3,735 | 3,749 |
| Due in more than one year (note 24) | 420,265 | 414,095 | 413,800 | 407,514 |
| At 31 March | 424,061 | 417,906 | 417,535 | 411,263 |

26. Recycled Capital Grant Fund

| Group | Homes England 2019 | Homes England 2018 |
|---|--------------------------|--------------------------|
| Funds pertaining to activities within areas covered by: | £'000 | £'000 |
| At 1 April | 7,820 | 9,249 |
| Inputs to fund: | | |
| Grants recycled from surplus on disposal of fixed asset | 18 | 15 |
| Grants recycled from deferred capital grants | 3,459 | 1,800 |
| Grants paid back | (229) | - |
| Interest accrued | 51 | 32 |
| Recycling of grant: | | |
| New build | (5,120) | (3,276) |
| At 31 March | 5,999 | 7,820 |

| Association | Homes England 2019 | Homes England 2018 |
|---|--------------------------|--------------------------|
| Funds pertaining to activities within areas covered by: | £'000 | £'000 |
| At 1 April | 7,614 | 9,120 |
| Inputs to fund: | | |
| Grants recycled from surplus on disposal of fixed asset | - | - |
| Grants recycled from deferred capital grants | 3,404 | 1,738 |
| Grants paid back | (214) | - |
| Interest accrued | 50 | 32 |
| Transfers from other group members | 96 | - |
| Recycling of grant: | | |
| New build | (5,120) | (3,276) |
| At 31 March | 5,830 | 7,614 |

Withdrawals from the recycled capital grant fund were used for the purchase and development of new housing schemes for letting and for approved works to existing properties.

| Recycled capital grant fund | Group 2019 | Group 2018 | Association 2019 | Association 2018 |
|-------------------------------------|---------------|---------------|---------------------|---------------------|
| | £'000 | £'000 | £'000 | £'000 |
| Due within one year (note 23) | 3,472 | 3,374 | 3,454 | 3,263 |
| Due in more than one year (note 24) | 2,527 | 4,446 | 2,376 | 4,351 |
| At 31 March | 5,999 | 7,820 | 5,830 | 7,614 |

27. Disposal Proceeds Fund

| Group and Association | Homes England 2019 | Homes England 2018 |
|---|--------------------------|--------------------------|
| Funds pertaining to activities within areas covered by: | £'000 | £'000 |
| At 1 April | 639 | 669 |
| Inputs to fund: | | |
| Grants recycled from surplus on disposal of fixed asset | - | - |
| Grants recycled from deferred capital grants | - | - |
| Net PRTB receipts | - | - |
| Interest accrued | - | - |
| Recycling of grant: | | |
| New build | (639) | (30) |
| At 31 March | - | 639 |

Withdrawals from the disposal proceeds fund were used for approved works to existing housing properties.

| Disposal proceeds fund | Group 2019 | Group 2018 | Association 2019 | Association 2018 |
|-------------------------------------|---------------|---------------|---------------------|---------------------|
| | £'000 | £'000 | £'000 | £'000 |
| Due within one year (note 23) | - | 639 | - | 639 |
| Due in more than one year (note 24) | - | - | - | - |
| At 31 March | - | 639 | - | 639 |

28. Loans and borrowings

Maturity of debt:

| Group | Bank loans 2019 | | Other loans 2019 | Total 2019 |
|---|--------------------|------------|---------------------|---------------|
| | Bullet | Amortising | Bullet | |
| | £'000 | £'000 | £'000 | £'000 |
| In one year or less, or on demand | - | 3,900 | - | 3,900 |
| In more than one year but not more than two years | - | 4,424 | - | 4,424 |
| In more than two years but not more than five years | 2,000 | 17,558 | - | 19,558 |
| In five years or more | 20,000 | 349,833 | 155,000 | 524,833 |
| At 31 March | 22,000 | 375,715 | 155,000 | 552,715 |

| Group | Bank loans | | Other loans | Total |
|---|------------|------------|-------------|---------|
| | 2018 | | 2018 | 2018 |
| | Bullet | Amortising | Bullet | |
| | £'000 | £'000 | £'000 | £'000 |
| In one year or less, or on demand | 516 | 3,467 | - | 3,983 |
| In more than one year but not more than two years | - | 3,774 | - | 3,774 |
| In more than two years but not more than five years | - | 15,369 | - | 15,369 |
| In five years or more | 27,000 | 355,990 | 100,000 | 482,990 |
| At 31 March | 27,516 | 378,600 | 100,000 | 506,116 |

| Association | Bank loans | | Other loans | Total |
|---|------------|------------|-------------|---------|
| | 2019 | | 2019 | 2019 |
| | Bullet | Amortising | Bullet | |
| | £'000 | £'000 | £'000 | £'000 |
| In one year or less, or on demand | - | 3,787 | - | 3,787 |
| In more than one year but not more than two years | - | 4,311 | - | 4,311 |
| In more than two years but not more than five years | 2,000 | 17,181 | - | 19,181 |
| In five years or more | 20,000 | 347,275 | 155,000 | 522,275 |
| At 31 March | 22,000 | 372,554 | 155,000 | 549,554 |

| Association | Bank loans | | Other loans | Total |
|---|------------|------------|-------------|---------|
| | 2018 | | 2018 | 2018 |
| | Bullet | Amortising | Bullet | |
| | £'000 | £'000 | £'000 | £'000 |
| In one year or less, or on demand | 516 | 3,373 | - | 3,889 |
| In more than one year but not more than two years | - | 3,661 | - | 3,661 |
| In more than two years but not more than five years | - | 15,011 | - | 15,011 |
| In five years or more | 27,000 | 353,304 | 100,000 | 480,304 |
| At 31 March | 27,516 | 375,349 | 100,000 | 502,865 |

Housing loans from banks, bondholders and other private lenders are secured by specific charges on the Associations housing properties.

The loans are at different fixed and variable rates of interest between - 0.98% and 10.70% per annum. At 31 March 2019 the Group had undrawn facilities of £160m (2018: £75m).

Total issue cost included in the loan books was £3,300k for 2019 (2018: £2,841k).

29. Financial instruments

The Group's and Association's financial instruments may be analysed as follows:

| | Group 2019 £'000 | Group 2018 £'000 | Association 2019 £'000 | Association 2018 £'000 |
|--|------------------------|------------------------|------------------------------|------------------------------|
| Financial assets | | | | |
| Financial assets measured at fair value | | | | |
| Investment properties | 1,800 | 1,750 | - | - |
| Financial assets measured at historical cost | | | | |
| Rental debtors | 2,201 | 2,031 | 1,659 | 1,431 |
| Other receivables | 4,410 | 10,558 | 3,128 | 1,196 |
| Prepayments and accrued income | 1,421 | 1,080 | 1,225 | 889 |
| Taxation | - | - | - | - |
| Cash and cash equivalents | 34,024 | 32,707 | 25,172 | 24,326 |
| Total financial assets | 43,856 | 48,126 | 31,184 | 27,842 |
| Financial liabilities | | | | |
| Financial liabilities held at fair value | | | | |
| Loans payable | 11,219 | 10,922 | 11,219 | 10,922 |
| Financial liabilities held at amortised cost | | | | |
| Loans payable | 541,496 | 495,194 | 538,335 | 491,943 |
| Financial liabilities held at historical cost | | | | |
| Trade creditors | 4,898 | 4,043 | 1,309 | 2,456 |
| Other creditors | 28,033 | 28,540 | 29,164 | 26,569 |
| Deferred capital grant | 424,061 | 417,906 | 417,535 | 411,263 |
| Total financial liabilities | 1,009,707 | 956,605 | 997,562 | 943,153 |

Financial assets measured at fair value through profit or loss comprises fixed asset investments in properties owned by Outward, namely Nutley Edge Cottages.

Financial assets measured at historic cost comprise rental debtors and other debtors.

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

Financial liabilities measured at amortised cost include bank loans.

To reduce volatility in interest costs the Group selectively contracted interest rate swaps in loan agreements where floating rate Libor on loans was exchanged for fixed rates of between 4.2% and 5.4% per annum. The Group also entered into inflation swaps embedded in certain loan agreements where interest rates are linked to RPI instead of Libor to match RPI related rental income to interest costs. Under FRS 102 these are classed as 'non basic' financial instruments and accounted for at fair value.

In addition, the Group has entered into 'standalone' interest rate caps matched to specific loans to limit interest costs and it has also entered into an embedded cancellable swap to exchange floating rate Libor for a fixed cancellable rate of 4.9% per annum. These are classed as 'non basic' financial instruments in accordance with FRS 102.

They had a total fair value movement of £0.87m (2018: £0.36m) at the balance sheet date.

The cash flows arising from the interest rate swaps will continue until their various maturities' dates between 2019 and 2035 which do not extend beyond the maturity dates of the underlying loans.

30. Provisions for liabilities

| Group and Association | Dilapidations | Major repairs on stock transfer | Total |
|-------------------------|---------------|---------------------------------|-----------|
| | £'000 | £'000 | £'000 |
| At 1 April 2018 | 7 | 18 | 25 |
| Utilised in year | - | - | - |
| At 31 March 2019 | 7 | 18 | 25 |

As at 31 March 2019, there are ongoing works to an existing property. Remedial works and associated professional fees will be incurred as a result. It is expected that the provision will unwind within the next 12 months.

The major works provision relates to costs associated with a constructive obligation that existed at the balance sheet date in respect of essential rectification scheme works approved by the Board.

31. Pensions

Outward Housing participates in the multi-employer Social Housing Pension Scheme and also makes available a defined contribution scheme, through Scottish Widows, to its staff. Employer contributions match those of the employee and are in the range of 5% to 7%.

Those staff who are not otherwise members of a pension scheme are enrolled automatically into a defined contribution scheme also offered by the Social Housing Pension Scheme. Employer and employee contributions are currently set at 1%.

There is a group of staff who have transferred in to Outward Housing under TUPE regulations and remain members of local government and other pension schemes.

Multi-employer Social Housing Pension Scheme (the scheme)

Outward Housing participates in the Social Housing Pension Scheme ('the Scheme'), a multi-employer scheme which provides benefits to some 500 non-associated employers. The Scheme is a defined benefit scheme in the UK. The Scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The last triennial valuation of the Scheme for funding purposes was carried out as at 30 September 2017. This valuation revealed a deficit of £1.522m. A Recovery Plan has been put in place with the aim of removing this deficit by 30 September 2026.

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

For financial years ending on or before 28 February 2019, it has not been possible for the company to obtain sufficient information to enable it to account for the Scheme as a defined benefit scheme, therefore the company has accounted for the Scheme as a defined contribution scheme.

Notes forming part of the financial statements Year ended 31 March 2019

For financial years ending on or after 31 March 2019, it is possible to obtain sufficient information to enable the company to account for the Scheme as a defined benefit scheme.

For accounting purposes, two actuarial valuations for the scheme were carried out with effective dates of 31 March 2018 and 30 September 2018. The liability figures from each valuation are rolled forward to the relevant accounting dates, if applicable, and are used in conjunction with the company's fair share of the Scheme's total assets to calculate the company's net deficit or surplus at the accounting period start and end dates.

Present values of defined benefit obligation, fair value of assets and defined benefit asset (liability)

| | 31 March 2019 | 31 March 2018 |
|---|----------------|----------------|
| | £'000 | £'000 |
| Fair value of plan assets | 3,435 | 3,381 |
| Issued during the year | (4,610) | (4,420) |
| Surplus (deficit) in plan | (1,175) | (1,039) |
| Unrecognised surplus | - | - |
| Defined benefit asset (liability) to be recognised | (1,175) | (1,039) |

Reconciliation of the opening and closing balances of the defined benefit obligation

| | Period ended 31 March 2019 |
|--|----------------------------|
| | £'000 |
| Defined benefit obligation at start of period | 4,420 |
| Current service cost | - |
| Expenses | 6 |
| Interest expense | 110 |
| Actuarial losses / (gains) due to scheme experience | 12 |
| Actuarial losses / (gains) due to changes in demographic assumptions | 12 |
| Actuarial losses / (gains) due to changes in financial assumptions | 284 |
| Benefits paid and expenses | (234) |
| Defined benefit obligation at end of period | 4,610 |

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

| | Period ended 31 March 2019 |
|---|----------------------------|
| | £'000 |
| Fair value of plan assets at start of period | 3,381 |
| Interest income | 84 |
| Experience on plan assets (excluding amounts included in interest income) - gain / (loss) | 130 |
| Contributions by the employer | 74 |
| Benefits paid and expenses | (234) |
| Fair value of plan assets at end of period | 3,435 |

Defined benefit costs recognised in the statement of comprehensive income (SOC)

| | Period ended 31 March 2019 |
|--|----------------------------|
| | £'000 |
| Expenses | 6 |
| Net interest expense | 26 |
| Defined benefit costs recognised in the statement of comprehensive income (SOC) | 32 |

Defined benefit costs recognised in other comprehensive income

| | Period ended 31 March 2019 |
|---|----------------------------|
| | £'000 |
| Experience on plan assets (excluding amounts included in interest income) – gain/(loss) | 130 |
| Experience gains and losses arising on the plan liabilities – gain / (loss) | (12) |
| Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – gain/(loss) | (12) |
| Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – gain/(loss) | (284) |
| Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) – gain/(loss) | (178) |
| Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost) – gain/(loss) | - |
| Total amount recognised in other comprehensive income – gain/(loss) | (178) |

Assets

| | 31 March 2019 | March 2018 |
|-----------------------------|---------------|--------------|
| | £'000 | £'000 |
| Global equity | 578 | 668 |
| Absolute return | 297 | 413 |
| Distressed opportunities | 62 | 33 |
| Credit relative value | 63 | - |
| Alternative risk premia | 198 | 128 |
| Fund of hedge funds | 15 | 111 |
| Emerging markets debt | 119 | 135 |
| Risk sharing | 104 | 31 |
| Insurance-linked securities | 99 | 89 |
| Property | 77 | 156 |
| Infrastructure | 180 | 87 |
| Private debt | 46 | 30 |
| Corporate bond fund | 160 | 139 |
| Long lease property | 51 | - |
| Secured income | 123 | 125 |
| Liability driven investment | 1,256 | 1,233 |
| Net current assets | 7 | 3 |
| Total assets | 3,435 | 3,381 |

Key assumptions

| | 31 March 2019 | 31 March 2018 |
|---|--------------------------|--------------------------|
| | % per annum | % per annum |
| Discount rate | 2.31 | 2.56 |
| Inflation (RPI) | 3.29 | 3.19 |
| Inflation (CPI) | 2.29 | 2.19 |
| Salary growth | 3.29 | 3.19 |
| Allowance for commutation of pension for cash at retirement | 75% of maximum allowance | 75% of maximum allowance |

The mortality assumptions adopted at 31 March 2019 imply the following life expectancies:

| | Life expectancy at age 65 (years) |
|--------------------------|-----------------------------------|
| | No. |
| Males retiring in 2019 | 21.8 |
| Females retiring in 2019 | 23.5 |
| Males retiring in 2039 | 23.2 |
| Females retiring in 2039 | 24.7 |

Change in fair value of defined benefit pension schemes charged to the Statement in Comprehensive income:

| | 31 March 2019 | 31 March 2018 |
|---------------------------|---------------|---------------|
| | £'000 | £'000 |
| At 1 April | 448 | 448 |
| Change in fair value | 694 | - |
| Interest cost and expense | 32 | - |
| At 31 March | 1,174 | 448 |

Scottish Widows defined contribution scheme - Newlon Housing Trust

During the year employer pension contributions of £464k (2018: £596k) were charged to income and expenditure and at 31 March 2019 180 staff (2018: 167 staff) were in the scheme.

Social Housing Pension Scheme defined contribution (auto-enrolment) - Outward Housing only

During the year employer pension contributions of £178k (2018: £156k) were charged to income and expenditure and at 31 March 2019 530 staff (2018: 556 staff) were in the scheme.

Local government and other schemes - Outward Housing only

During the year employer pension contributions of £23,893 (2018: £31,349) were charged to income and expenditure and at 31 March 2019 4 staff (2018: 7 staff) were in the scheme.

32. Share capital

| | 2019 | 2018 |
|------------------------|-----------|-----------|
| | £ | £ |
| At 1 April | 30 | 30 |
| Issued during the year | - | - |
| As at 31 March | 30 | 30 |

The share capital of the Association consists of shares with a nominal value of £1 each, which carry no rights to dividends or other income. Shares in issue are not capable of being repaid or transferred. When a shareholder ceases to be a member, that share is cancelled and the amount paid thereon becomes the property of the Association. Therefore, all shareholdings relate to non-equity interests.

33. Contingent liabilities

The Association has not guaranteed any bank borrowings of its subsidiaries.

As the timing of any future disposal is uncertain, no provision has been recognised in these financial statements.

The Group has disclosed contingent liabilities where there is a possible but uncertain obligation to repay Social Housing Grant in the future.

Actual payment is contingent upon future disposal of housing properties for which the grant was received.

| | Group 2019 | Group 2018 | Association 2019 | Association 2018 |
|-----------------|---------------|---------------|---------------------|---------------------|
| | £'000 | £'000 | £'000 | £'000 |
| Grant amortised | 71,140 | 67,371 | 70,036 | 66,301 |

34. Operating leases

The Group and the Association had minimum lease payments under non-cancellable operating leases as set out below:

| | Group 2019 | Group 2018 | Association 2019 | Association 2018 |
|---|---------------|---------------|---------------------|---------------------|
| Amounts payable as lessee | £'000 | £'000 | £'000 | £'000 |
| Not later than one year | 21 | 37 | 21 | 22 |
| Later than one year and not later than five years | 7 | 22 | 7 | 22 |
| Total | 28 | 59 | 28 | 44 |

The operating leases above are for photocopying and vending machines. There are no other significant leasing arrangements with third parties.

Amounts to be received as lessor:

The Group's total future minimum lease receipts under non-cancellable operating leases is as follows for each of the following periods:

| | Group 2019 | Group 2018 | Association 2019 | Association 2018 |
|--------------------|---------------|---------------|---------------------|---------------------|
| | £'000 | £'000 | £'000 | £'000 |
| Less than one year | 56,808 | 53,824 | 54,952 | 53,009 |

The above details the amounts to be received from the Association's tenants of all tenure types within the next year.

35. Capital commitments

| | Group 2019 | Group 2018 | Association 2019 | Association 2018 |
|--|---------------|---------------|---------------------|---------------------|
| | £'000 | £'000 | £'000 | £'000 |
| Commitments contracted but not provided for: | | | | |
| Construction | 112,059 | 101,515 | 104,502 | 102,530 |
| Commitments approved by the Board but not contracted for: | | | | |
| Construction | 105,445 | 97,183 | 106,500 | 98,155 |
| | 217,504 | 198,698 | 211,002 | 200,685 |

All capital commitments will be financed by Social Housing Grant, private loans and internally generated funds. Newlon currently has loan facilities of £570m in place. At 31 March 2019 Newlon had undrawn facilities totalling £160m. In addition the Association has over £25m of cash resources. Therefore sufficient funds are available to finance the commitments stated above.

36. Related party transactions

The Board of Newlon Housing Trust includes tenant representation. Transactions between these individuals and Newlon Housing Trust are in accordance with the Association's normal terms.

We have one Resident Board member – Martin Hughes. During the year the total rent charged was £5,518.50. The balance on his account at year end was £458.38 credit.

Intercompany sales between NewlonBuild and Newlon Housing Trust were £43m (2018: £47m).

The interest charges between Newlon Housing Trust and NewlonInvest are £372k (2018: £164k) and between DR4 and NewlonInvest are £425k (2018: £164k).

Transactions with non regulated entities

| Payable to Association by subsidiaries: | Service level agreements | | Other charges | | Intercompany balance | |
|--|--------------------------|-------|---------------|-------|----------------------|--------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Outward Housing | 455 | 418 | 2,320 | 2,353 | 278 | 174 |
| Newlon Fusion | - | - | 2 | 2 | - | - |
| NewlonBuild Limited | 107 | 119 | 463 | 490 | 7,652 | 5,707 |
| NewlonInvest Limited | - | - | - | - | 12,588 | 7,091 |
| | 562 | 537 | 2,785 | 2,845 | 20,518 | 12,972 |

| Payable to Association by subsidiaries: | Donated services | | Loans | | Joint venture | |
|--|------------------|-------|--------|-------|---------------|-------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Newlon Fusion | 2 | 2 | - | - | - | - |
| NewlonBuild Limited | - | - | 148 | 111 | - | - |
| NewlonInvest Limited | - | - | 12,552 | 6,929 | - | - |
| DR4 - Joint venture | - | - | - | - | 12,563 | 7,113 |
| | 2 | 2 | 12,700 | 7,040 | 12,563 | 7,113 |

Service level agreements

The service level agreement relates to a percentage of payroll costs associated with each subsidiary as well as a percentage recharge of attributable overheads.

| Department | By reference to |
|------------|-----------------|
| Finance | Headcount |
| IT | Workstation |
| Facilities | Workstation |
| Executive | Staff time |

Other charges

Outward: Other charges related to the rent and properties owned by the Association but managed by Outward Housing.

Newlon Fusion: Other charges relates to funding paid by the Association to further Newlon Fusion community development work.

NewlonBuild: NewlonBuild applies margins ranging from 1% to 5% on sales made to the Association.

Gift Aid

Access Homes paid a total of £770k (2018: £920k) in gift aid to the Association.

37. Capital and reserves

Revaluation gains of £50k were recognised in Outward on property investments known as Nutley Edge Cottages, valued at £1.8m on an open market basis by an independent third party valuer.

38. Post balance sheet event

There are no post balance sheet events.

Executive Team serving during the year



Mike Hinch

Group Chief Executive



Surjit Dhande

Group Finance and
Resources Director



Caroline Pennock

Business Development
Director



William Henderson

Housing Services
Director



Mark Newstead

Property Services
Director



Peter Little

Group Director
Supported Housing
and Care

Board members serving during the year



Sarah Ebanja

Chair



Jackie Ballard

Vice Chair



Mike Hinch



Martin Hughes



Maria Grogan



Nicola Bastin



Fred Angole



John Cross



Matt Campion



Newlon House – 4 Daneland Walk – Hale Village – London – N17 9FE

T: 020 7613 8000

E: customerservice@newlon.org.uk

www.newlon.org.uk

Newlon Housing Trust is a charitable housing association

Group Chief Executive: Mike Hinch Chair: Sarah Ebanja

Newlon Housing Trust is a Community Benefit Society – company no. 18449R, registered with the Regulator of Social Housing no. L0006, HMRC charities reference no. EW91301, VAT registration no. GB778532683.

Access Homes is a Community Benefit Society – company no. 24992R, registered with the Regulator of Social Housing SL3605

Outward Housing, trading as Outward, is a company limited by guarantee – company no. 02151434, registered charity no. 800529.

Finsbury Park Homeless Families Project is a company limited by guarantee – company no. 2879813, registered charity no. 1030970.

Newlon Fusion is a company limited by guarantee – company no. 04000022, registered charity no. 1119673.

NewlonBuild Ltd is a private limited company no. 07884092.

NewlonInvest is a private limited company no. 09492006.

Cover designed by Glendale Creative www.glendalecreative.com

© Newlon Housing Trust 2019. All rights reserved.