







Making a difference everyday

Report and financial statements
2021/2022

newlon
HOUSING TRUST

Contents

Pictured on this spread: Millstream Tower, Tottenham Hale..


Central London
Dalston
Tottenham
(A10)
Holloway A503
(M11)
Stansted
Walthamstow
A503
Hornsey (A504)
Retail park

Executives and advisors for the year ended 31 March 2022

The Board

Aman Dalvi	Chair
Jackie Ballard	Vice Chair
Mike Hinch	Appointed Executive
Edward Ihejirika	
Nicola Bastin	
Fred Angole	
John Cross	
Matt Campion	
Blossom Shakespeare	
Lloyd Gale-Ward	
Chris Cheshire	

Executive Management Team

Mike Hinch	Group Chief Executive
Surjit Dhande	Group Finance and Resources Director
Sarah Shaw	Housing Services Director (Appointed December 2021)
William Henderson	Housing Services Director (Resigned December 2021)
Ezinne Ogbonna	Business Development Director
Nicky Boland	Outward Chief Executive (Appointed November 2021)
Peter Little	Outward Chief Executivee (Resigned November 2021)
Symon Sentain	Property Services Director

Company Secretary

Cristina Jandic

Registered office

Newlon House
4 Daneland Walk
Hale Village
London
N17 9FE

Group Audit and Risk Committee

Fred Angole	Chair
Edward Ihejirika	
Nicola Bastin	
Alan McNab	
Asari St Hill	

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 0PA

Principal Solicitors

Devonshires Solicitors
30 Finsbury Circus
London
EC2M 7DT

Internal Auditors

Beever and Struthers LLP
15 Bunhill Row
London
EC1Y 8LP

Chair's statement for the year ended 31 March 2022

The past year has been particularly challenging for Newlon, our residents and the social housing sector as a whole, characterised by rising costs, new and evolving legislation and the continued impact of the pandemic. Issues around supply chains and staffing have also impacted our contractors and partners.

I am therefore proud to report that despite these challenges we successfully continued to deliver services throughout the year and maintained our record of providing new affordable homes to help meet the needs of people in boroughs across North and East London.

I have been greatly impressed by the work of Newlon's staff in providing support for our residents throughout the pandemic and during the various periods of restrictions. This has ranged from maintaining regular contact with our more vulnerable households through to directly supporting residents to maintain and sustain tenancies.

I am also proud of the ongoing work and dedication of the staff members of our specialist care and support partner Outward in supporting the most vulnerable members of our community during the pandemic.

The demand for affordable housing remains as high as ever in London and I am pleased to report that despite some minor delays to our programme we completed 261 new homes during the year. The continued regeneration of the heart of Tottenham Hale, where Newlon is providing more than 200 new affordable homes, is especially exciting and the area now has the potential to truly thrive after many years of deprivation.

Although the past year has been financially challenging due to factors including increasing inflationary costs in the wider economy and significant ongoing investment in fire safety works, we have nevertheless delivered a strong financial performance. We are therefore well placed to continue with the delivery of our key priorities, including increased investment in our existing stock, building new homes and delivering an extensive programme of fire safety works.

Our strong financial position has been supported by a successful £160 million private placement offer, which will allow us to flexibly draw down new funds at highly competitive and stable rates. We have also been successful in a number of our bids for Building Safety Fund funding to support carrying out essential cladding and fire safety remedial works costs.

I can also report that we retained our G1 and V2 ratings in the recent In-Depth Assessment (IDA) carried out by our regulator.

We will continue to face major challenges in the year ahead, especially in improving residents' satisfaction which has dipped throughout the pandemic. I am confident that with our secure financial platform and committed staff team we will be able to enjoy another successful year and deliver improved services for our residents.

Aman Dalvi OBE
Chair

13 July 2022

Business model

The Newlon Group (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.
- 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 provide high quality affordable homes in London in line with our values:

- we are truthful
- we are supportive
- we are fair
- we are committed to quality
- we are committed to safety
- we can be trusted

To do this we provide a range of housing options designed to meet the diverse needs of local people. Our latest Corporate Plan acknowledges the need to meet the challenges of new regulation, to invest in our properties and to continue delivering new homes. Newlon will continue to place an emphasis on financial security and ensure we remain in a strong position to fulfil our mission for the years to come in accordance with the following priorities:

Priority 1 – Excellent services

We will challenge ourselves and our partners to deliver quality services to our residents. We will be supportive and ensure we respond to the needs, circumstances and preferences of residents. We will be truthful, fair and easy to deal with. We will show that we can be trusted to get the basics right and to take pride in finding solutions to complex problems.

Priority 2 – High quality homes

Newlon homes are secure and well-maintained and residents feel safe where they live. We make the best use of our assets, ensuring that properties make a positive financial contribution and social impact. We can be trusted to be fair to future generations by investing now in measures that limit the environmental impact of our homes.

Priority 3 – Growth

We will continue to support the need for new homes, working within our financial capacity to maximise opportunities to develop good quality homes across a range of tenures.

Priority 4 – A dynamic workplace

We will continue to meet service standards for residents and work together to improve performance. We will maintain and enhance our internal relationships and shared corporate culture. We maintain high levels of staff commitment and wellbeing. We support new starters to build the connections, knowledge and skills they need.

Priority 5 – Efficiency and effectiveness

We are an organisation for the long-term and will ensure there are strong foundations even in uncertain times. We will maintain low management costs by streamlining processes and integrating systems with partners.

Results

At 31 March 2022 we had assets of £1.2 billion, reserves totalling £219m and an annual turnover of £92m. The Group turnover from our social housing and other activities for the year ended 31 March 2022 is shown below:

	Turnover 2022	Turnover 2021
	£'m	£'m
Social housing letting:		
General Needs housing for rent	**41**	45
Supported Housing	**6**	6
Low cost home ownership	**10**	6
Key Worker housing	**9**	8
Other social housing activities:		
First tranche low cost home ownership sales:	**8**	13
Supporting people and care	**12**	12
Other activities	**3**	6
Other non-social housing activities:		
Other activities	**3**	4
Total	**92**	100

Summary consolidated statement of comprehensive income

	2022	**2021**	2020	2019	2018
	£'m	**£'m**	£'m	£'m	£'m
Turnover	**92**	100	91	80	76
Cost of sales	**(10)**	(12)	(8)	(2)	(2)
Surplus on disposal of fixed assets	**8**	8	7	7	7
Operating costs	**(59)**	(61)	(54)	(52)	(50)
Operating surplus	**31**	35	36	33	31
Share of profit from Joint Venture	**-**	3	-	-	**-**
Net interest payable	**(18)**	(18)	(18)	(14)	(13)
Other finance costs	**-**	-	-	-	-
Fair value movement	**-**	-	12	(2)	2
Surplus for the year	**13**	20	30	17	20

Summary consolidated balance sheet

	2022	2021	2020	2019	2018
	£'m	£'m	£'m	£'m	£'m
Tangible fixed assets – housing properties and others	1,184	1,138	1,115	1,090	1,033
Net current assets	46	65	69	39	28
Total assets less current liabilities	1,230	1,204	1,184	1,129	1,061
Long term liabilities and provisions	(1,011)	(999)	(999)	(973)	(922)
Net assets/reserves	219	205	185	156	139

Housing properties are held at historic cost and unamortised grant is held in long term creditors. The increased carrying cost of £46m of completed properties in 2021/22 includes a £41m investment in new homes and £5m spend on improvement and remedial work to the existing homes. As at 31 March 2022 we had £421m of social housing and capital grant to support our development programme.

Consolidated cash flow

	2022	2021
	£'m	£'m
Cash generated from operations	57	66
Cash used in investing activities	(67)	(40)
Cash from financing activities	(1)	(16)
Net change in cash	(11)	10

At 31 March 2022 we had £42m cash and cash equivalent. In the year we:

- Received £57m from operating activities, including housing asset sales of £15m.
- Invested £67m in existing and new stock.
- Repaid £3m of loan balances.
- Paid interest of £20m.

Key financial indicators – Group

	2022	2021	2020	2019	2018
	£'m	£'m	£'m	£'m	£'m
Operating margin[1]	25%	27%	40%	41%	41%
EBITDA MRI [2]	110%	132%	118%	132%	126%
EBITDA MRI (Defects)[2]	96%	108%	118%	132%	126%
Bank interest cover [3]	199%	193%	175%	199%	214%
Bank gearing [4]	48%	46%	49%	49%	50%
Debt per unit	£70k	£71k	£73k	£69k	£71k
Average cost of capital	3.50%	3.40%	3.47%	3.44%	3.26%
Housing units owned/managed	8,360	8,119	7,974	7,768	7,847
Units developed as % of current stock	3.1%	2.9%	2.9%	2.2%	0.8%

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. EBITDA MRI is presented both including and excluding the costs of defect works expected to be recovered through a combination of Building Safety Fund Grants, insurance and legal claims against developers.

3 Bank 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 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 main business objectives. The Board last reviewed our Value for Money Strategy in December 2021 with consideration of performance against the VFM metrics and the current challenges related to building safety, environmental efficiency, resident satisfaction and the wider economy.

Newlon's approach to VFM

The VFM Strategy is closely aligned with Newlon's corporate objectives, translating them into five VFM commitments.

1) Excellent services

We will deliver effective services that residents can access easily and that meet their needs. We will challenge ourselves and our contractors to deliver the best value possible on behalf of our residents.

2) High quality homes

We will ensure that homes are safe and decent whilst working towards making our overall stock more environmentally and economically efficient.

3) Growth

We will deliver a steady supply of new homes that meet the needs of future residents.

4) An efficient and effective business

We are an organisation for the long-term and will ensure there are strong foundations even in uncertain times. We will make careful decisions about our use of resources and, where costs are passed on to residents, work on their behalf to ensure these are good value for money.

5) A dynamic workplace

We will drive a culture of VFM and 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.

Responsibility and reporting

The overall responsibility for delivering VFM lies with the Board with the Chairs of the Resident Services Committee, the Group Audit and Risk Committee, the People and Governance Committee and the Development Committee responsible for ensuring that VFM is considered as part of the decision-making process.

We have produced regulatory metrics 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 the Regulator of Social Housing ("RSH") metrics and the Board's chosen VFM indicators.

The Board has set the targets at both Group and Association level. These were set taking account of:

- The principles and priorities set out in the VFM Strategy.
- 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, especially our commitments to invest in health and safety works.
- The overall ethos of continuous improvement encouraged by the Board when setting service performance targets.

Group VFM metrics

Registered providers are required by the Regulator of Social Housing to publish their performance against the indicators below. 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. We worked with a benchmarking consultancy to select a small peer group with similar group structures. We have used the median from that peer group to provide a comparison in the table below.

Group performance		**2022**	2021	Peer median 2021	**Target 2022**	Target 2023
Business health	Operating margin	**25.1%**	27.0%	18.3%	**24%**	30.1%
	Operating margin social housing lettings	**31.9%**	30.5%	24.0%	**30%**	23.6%
	EBITDA MRI interest cover	**110.0%**	132.7%	87.7%	**115%**	42.8%
Development	New supply social	**3.1%**	2.0%	1.6%	**3.6%**	0.7%
	New supply non-social	**0.0%**	0.0%	0.6%	**0.0%**	0.0%
Debt	Gearing	**46.9%**	46.6%	46.2%	**46.4%**	51%
Outcomes	Reinvestment	**5.9%**	3.8%	4 .6%	**7.3%**	8%
Asset management	ROCE	**2.5%**	2.9%	1.6%	**2.5%**	2.7%
Cost per unit	Headline social housing cost	**£7,393**	£7,673	£6,537	**£7,345**	£9,263

At Group level we met our targets for overall operating margin and operating margin social housing lettings despite another year of increased spending on building safety works and fire warden costs impacting on profitability. Unit costs ended the year slightly above target due to the delayed handover of some new homes that we had expected to complete this year. The cost per unit reported at Group level is inflated by care and support costs within our subsidiary, Outward. This metric is calculated according to a definition provided by the Regulator of Social Housing that does not take into account contractual income from care and support. The Trust calculation on page 13 provides a more accurate indication of the true cost of managing homes.

We achieved targets in relation to ROCE but the cost of safety improvements has continued to impact EBITDA MRI which ended the year below target and is likely to remain at this lower level for the next few years as the metric includes spending on safety programmes but does not recognise income from grants and other settlements related to these works.

Although we did not achieve our target for the delivery of new homes due to some delayed handovers, our rate of development still compares well to peers.

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.

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.

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

In 2021/22 Outward generated £11.69m in funding for care and support services, closely in line with the previous year. Newlon residents are beneficiaries of many of those services that have been especially vital over the past year. Occupancy was maintained at a level of 92% which is below Outward's target of 94%.

Does Outward provide high quality services?

Outward has maintained 100% good ratings from CQC and latest surveys showed high levels of satisfaction amongst service users and stakeholders.

Is Outward financially independent and secure?

The Outward made a surplus of £600k, which is down over £215k on the previous year. It has obviously been a very challenging year in care and support with COVID-19 and inflationary pressures making staffing in particular very difficult. However, Outward continues to be profitable and holds more than £6.27m in cash reserves, which would provide time and flexibility in the event of a serious downturn in financial performance. Stress-testing suggests, even in the worst case, that Outward would not be exposed to a cash outage for at least four and a half years.

Is Outward efficient?

Outward Board is seeking continuous improvement in relation to occupancy, financial performance and efficiency. Voids and arrears targets were not met due to the pandemic and a cyber attack on a client borough's computer systems, which has disrupted payments for over 18 months. It remains a challenging time to reduce overheads and deliver efficiency savings due to rising inflation, however, Outward's financial performance remains stable and during the last year the Executive Team has been reduced by one director post and central costs have been reduced by £66k or 17%. Wherever possible Outward adds its purchasing power to Newlon's in-procurement exercises such as cleaning, gardening, lift maintenance.

Association metrics

We benchmark the Association's 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. In order to ensure a consistency of approach and access to a wide peer group, the Board adopted the Sector Scorecard as the foundation of this reporting and added a number of additional indicators that reflected Newlon's specific priorities. Peer group selection is consistent with reporting in previous years, using the latest available London median obtained from either the Regulator of Social Housing's published Global Accounts or the social housing benchmarking service HouseMark.

Business health

Association performance	2022	2021	Median 2021	Target 2022	Target 2023
Operating margin overall	**30.3%**	33.5%	22.7%	**27.7%**	32.1%
Operating margin social housing lettings	**31.5%**	29.2%	25.7%	**26.5%**	28.1%
EBITDA MRI interest cover	**111.7%**	141.8%	118.1%	**119%**	45.0%
Weighted average interest rate	**3.50%**	3.40%	-	**3.45%**	3.90%

We continue to demonstrate strong financial performance with margins well above the sector average. Despite considerable investment in safety works and the ongoing burden of other costs associated with fire safety, we exceeded targets for operating margin, although this is partially due to an underspend on planned works.

As expected, there has been a decline in the EBITDA MRI metric due to the increased investment in buildings and this is below target. We expect this to remain relatively low over the next three years whilst we deliver planned safety works to tall buildings and fire warden expenses begin to decline.

Rising interest rates did result in a higher than expected increase in our average interest rate, however, with most of the loan portfolio fixed this has not had a significant impact and the rate still compares well with others in the sector.

Growth

Association performance	**2022**	2021	Median 2021	**Target 2022**	Target 2023
New supply (total units)	**261**	165	65	**300**	57%
New supply as a % of current stock	**3.1%**	2.0%	0.9%	**3.6%**	0.7%
Gearing	**48.1%**	47.8%	45.3%	**47.6%**	51%

Our aim is now to deliver an average of 200 new homes a year to address housing need across a range of tenures. The Board's aim is to support the delivery of as much low-cost rental housing as possible and this has been supported by a programme of low-cost home ownership, low-risk private sale as part of mixed tenure schemes or through joint ventures with our development partners.

This year we fell slightly short of our overall target due to some project delays resulting from COVID-19, however, despite a very challenging backdrop for the construction industry, we still delivered over 200 new homes, the equivalent of 3.1% of our existing stock.

Gearing ended the year slightly higher than expected due to increased costs associated with borrowing and some delayed handovers.

Asset management

Association performance	**2022**	2021	Median 2021	**Target 2022**	Target 2023
ROCE	**2.6%**	3.1%	2.3%	**2.5%**	2.7%
Occupancy %	**99.7%**	98.4%	99%	**99.5%**	99.7%
Ratio of responsive to planned repairs	**54%**	48%	60%	**50%**	50%
% of residents satisfied with property condition	**60%**	69%	-	**65%**	65%
Reinvestment %	**6.0%**	3.8%	3 .8%	**7.3%**	8.0%

The Board has approved a programme of disposal, development and improvement that is designed to improve the overall quality, safety and economic performance of our stock. The level of investment in new and existing properties is reflected in the reinvestment percentage, which is high compared to peers.

In response to a fall in the percentage of residents satisfied with property condition, we have established a new Complex Repairs Unit. As well as responding to new reports of complex repairs, this team delivers targeted programmes to ensure issues relating to property condition, such as damp and leaks, are addressed swiftly with lasting solutions. This approach should also help to further shift the balance of routine repairs back towards more planned repairs.

Outcomes

Association performance	2022	2021	Median 2021	Target 2022	Target 2023
Customer satisfaction with the service overall (Rented)	**58%**	71%	74.5%	**71%**	65%
Customer satisfaction overall (Supported Housing)	**71%**	94%	-	**94%**	90%
Income per £ invested in community services	**£1.00**	£1.38	-	**£1.40**	£1.40
Net social value of community services (HACT)	**£4.2m**	£3.0m	-	**£3.5m**	£4.0m

The Board was disappointed with the fall in customer satisfaction reported in the year, this is the second year running that satisfaction has declined. Although this seems to be a sectorwide trend, the Board is concerned by the trend and has established a task group of Board Members to work with the Executive Team to develop an action plan to improve resident satisfaction. This focuses on improving the reliability of the repairs service as well as making improvements to the way we communicate with residents and resolving complaints more quickly.

There was an apparent fall in satisfaction amongst supported housing residents. However, this data was collected as part of a survey about repairs. Outward will be carrying out a more comprehensive and statistically representative survey in 2022.

Operating efficiency

Association performance	2022	2021	Median 2021	Target 2022	Target 2023
Rent collected %	**96.2%**	95.5%	99.7%	**99.9%**	99.9%
Overheads as a % of adjusted turnover	**8.9%**	7.0%	12.1%	**9.0%**	10.0%

Rent collection levels were again impacted by the challenging operating environment. The impact of the pandemic on residents, difficulties progressing legal cases and a cyber attack that affected the Housing Benefit department of one of our main client boroughs all contributed to a lower than expected rent collection rate.

We met our target for overheads as a % of turnover and this metric remains low in comparison to peers.

Cost per unit

Association performance	2022	2021	Median 2021	Target 2022	Target 2023
Headline social housing cost	**£5,427**	£5,688	£5,688	**£5,197**	£6,000
Management cost	**£1,020**	£936	£1,037	**£999**	£1,200
Maintenance	**£2,242**	£2,301	£1,524	**£2,130**	£2,500
Major repairs	**£651**	£814	£928	**£918**	£980
Service charge costs	**£1,269**	£1,275	£846	**£1,130**	£1,300
Other social housing costs	**£246**	£27	£367	**£20**	£20

Although we fell slightly short of our target on headline social housing costs, we achieved a reduction on last year's results due largely to the addition of new stock.

We narrowly missed our target for management costs but we are pleased that these stayed below the peer group median. The Board is concerned about the impact of the cost of living crisis on residents and note that, despite a reduction against last year, we have not achieved the target due to the rising cost of some services and insurance premiums. We will continue to target savings from procurement but recognise that it may be difficult to deliver savings in the current environemnt.

Operational VFM targets

The delivery of operational VFM targets for last year was disrupted by the COVID-19 pandemic with the organisation placing an emphasis on effectiveness and maintaining services to residents. An update on progress against the specific projects that we identified is included below.

Implement a supplier portal to improve information exchange between Newlon and contractors.	Although the solution has been developed and a trial is underway with two providers, it has not yet gone live. We expect this to come on line in summer 2022 and start delivering efficiencies by the end of 2022/23.
Significantly increase the number of residents accessing services online.	Over 1,700 households are now using our resident portal, this is short of the target of 2,500 but a significant increase. We expect this number to grow now we have integrated the solution with our repairs contractor to allow direct appointment booking.
Review remote working arrangements with a view to reducing costs and improving efficiency.	We successfully completed the move to 'hybrid' working arrangements this year following our review of working during the pandemic. This contributed to savings in the 2021/22 year and has enabled us to keep management costs relatively low despite inflationary pressures..

A key strand of our Value for Money Strategy is to drive efficiency through more effective delivery of services. The Board have identified a reduction in failure demand as a priority, setting a target to reduce overall telephone and email contact by 10% over the course of 2022/23. We plan to achieve this through having more closely integrated systems with our contractors, providing better, more timely updates for residents and improving the overall reliability of the repairs service. We also expect these changes to have a positive impact on resident satisfaction.

Sustainability

In preparation for our recent funding exercise, we developed our own Sustainable Finance Framework, aligning our goals with our funding requirements. As part of this, we selected key spend areas that are fundamental to our corporate strategy and identified tangible environmental and societal targets. Our aim is both to attract investors and partners who are supportive of our sustainability goals and to embed consideration of environmental impact within our project approval process.

We are also working towards the adoption of The Good Economy's ESG Standard for Social Housing. This year we have carried out a gap analysis against the standard, evaluated our performance across the full range of metrics, and begun to consider future targets. We plan to publish our first ESG report in autumn 2022 and will further develop our reporting over the coming years until we have established a comprehensive framework to demonstrate our contribution to local communities, show our commitment to equality and diversity, and outline positive steps we have taken to mitigate the environmental impact of our homes and business activities.

Organisational resilience

2021/22 was another year of disruption due to the COVID-19 public health crisis with some aspects of performance affected by lockdown restrictions and continued homeworking during periods of high transmission. Since the beginning of the pandemic though, we have managed to keep essential services running at all times and continued to deliver statutory and health and safety compliance services throughout.

We have now lifted restrictions in our offices and implemented hybrid working arrangements. The pandemic has made us more conscious of potential business disruptions and we have invested in making our business more flexible and resilient. In addition to improvements to IT systems, we have adapted working practices to allow staff to work more flexibly whilst maintaining performance levels. Over the past 18 months we have had internal audits undertaken on our remote working arrangements and our business continuity arrangements to ensure that suitable controls and plans are in place in the event of further business disruption. We continue to subject our financial plans to rigorous stress-testing in order to ensure that we are resilient to a range of adverse scenarios, including the potential impacts of a future health crisis and the conflict in Ukraine.

Capital Structure and Treasury Policy

Borrowings at the year-end were £592m after fair value adjustment. Undrawn facilities amounted to £97m, 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.

Interest rate risk is managed through the use of hedges. As at 31 March 2022, 83% of our debt portfolio was fully hedged and the remaining 17% was unhedged.

	Newlon		Access		Total	
	2022	2021	**2022**	2021	**2022**	2021
	£'m	£'m	**£'m**	£'m	**£'m**	£'m
Fixed	**431**	431	**-**	-	**431**	431
Fixed (cancellable option)	**-**	-	**-**	-	**-**	-
Index – linked hedge	**61**	61	**-**	-	**61**	61
Variable	**100**	81	**3**	3	**103**	84
Total drawn (after fair value adjustment)	**592**	573	**3**	3	**595**	576
Total facilities	**689**	691	**3**	3	**692**	694

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**	3.7
1 – 2 years	**6.5**	6.4
2 – 5 years	**34.9**	34.4
5 – 10 years	**134.0**	132.9
10 – 20 years	**313.2**	312.2
20 – 30 years	**99.5**	99.5

Available funding ensures the Group's business plan is fully funded and sufficient liquidity is maintained.

Compliance with the loan covenants is monitored by the management team monthly and by the Development Committee and the Board quarterly. We fully complied with our financial covenants in 2021/22 and expect to continue to be compliant.

Principal risks and uncertainties

Risk	Mitigation
Non-recovery of building safety costs	Failure to recover costs relating to the remediation of defective buildings may impact on the medium/long-term viability of the business plan. We have identified a number of tall buildings that require additional fire safety works and this has meant increased cost, both in the short-term on fire wardens, and in the medium term in remediation works. We are prioritising the completion of building safety works under the supervision of a dedicated team whilst ensuring that we pursue maximum funding from third parties and grant opportunities. A phased programme has been agreed to minimise impact on development capacity and Section 20 consultation has been carried out on works to allow for potential recovery from leaseholders as a fall back option. Our recovery rate has been good so far with £19m secured in 2021/22 through applications to the Building Safety Fund.
Barnsbury project delivery	The scale of the regeneration project exposes Newlon to increased financial risk and draws resources away from the delivery of other business objectives. In response to this and to ensure that the development is managed effectively, the Barnsbury Project benefits from a BEST Programme Board, assisted by a dedicated team in a local office on the estate. Newlon demonstrated an extensive programme of resident consultation by engaging with them at an early stage and created a specific online platform for Barnsbury development, where residents can get in touch and raise their concerns. Mount Anvil, an Islington based developer, has been selected as the development partner to take the project forward. Mount Anvil is a successful JV partner with a successful track record.
Implementation of the Building Safety Act	The scope, cost and complexity of the implementation of the new systems to meet the requirements of the Building Safety Act impacts on operational effectiveness and would leave us exposed to additional regulatory risk. Therefore, Newlon ensured fire safety qualification training for relevant staff, ongoing recruitment of new Building Safety Team and developed a Building Safety Action Plan in order to mitigate this risk.
Stock condition	Resident satisfaction and operational effectiveness is impacted by the rise in disrepair cases, complaints and more complex maintenance issues such as leaks. Newlon established an Asset Appraisal model integrated into the new Asset Management Strategy approved by the Board that is aimed at effectively managing our stock. Resident satisfaction is a priority for us and we monitor it on a regular basis, by analysing the repair trends data. Our new Complex Repairs Unit assesses the stock condition and takes action in accordance with the Stock Improvements and Cyclical Programmes.
Viability of new development	Changes to legislation and the grant funding regime together with rising development costs have the potential to impact the viability of our development plans. The Board is regularly assessing this risk and making sure we have the resources needed in order to proceed with our plans. This risk is suitable embedded into our long-term Financial Plan and Corporate Plan. The risk is regularly stress-tested and the Development Committee assesses the Group Growth Strategy based on the latest developments and in-depth horizon scanning.

Risk	Mitigation
Sales risk	Delays in sale and reduced values or falling sale prices result in reduced income that is a risk for Newlon. As a mitigation, we begin marketing campaigns 18 to 24 months ahead of handover and monitor the market trends and triggers on a monthly basis. Newlon's Golden Liquidity Rule is set up to require cash on-hand for three months and funding for 18 months. The Board regularly (at least annually) does stress-testing and reviews the Financial Business Plan.
Resident satisfaction	With new consumer regulation on the horizon, we are aware of the need to challenge service standards and deliver improvements to resident services. The Board has agreed an Action Plan in response to a decline in satisfaction and will monitor the effectiveness of this closely during 2022/23.
Asset investment	Building standards are rising due to new building safety legislation and the push towards zero carbon, this will make it more expensive to maintain existing stock. In response to these changes, we plan to undertake a comprehensive review of our Asset Management Strategy this year, factoring in new safety and decency standards as well as the need to make our homes more energy efficient.
Contractor failure	With the UK facing a period of profound and sustained economic disruption, many businesses are vulnerable including businesses in the construction and maintenance sectors. Some of our usual controls such as periodic financial monitoring may not pick up some of the difficulties that could arise as a result of a sudden economic shock of this kind. We are actively monitoring risks on all construction projects and large supplier contracts with project and contract managers, closely engaging with our partners and feeding any concerns back through the Executive Team.

Anti-slavery statement

We fully comply with the provisions of the Modern Slavery Act 2015 by being vigilant and ensuring that our values and best practices are reflected by all our external suppliers. Our procurement policies are reviewed regularly by the Group Audit and Risk Committee to ensure oversight over our supply chain. Newlon Housing Trust benefits from clear employment procedures that ensure that our employees have a right to work in the UK and are paid a fair and legal wage. Newlon has zero tolerance to slavery and human trafficking, therefore we confirm that we had no acts of modern slavery within our organisation.

Future prospects

The current financial year continued to be a challenging one for the business. Although the economy started to revive from several lockdowns, the growth rate was very slow and inflation spiked. These factors, in addition to supply chain issues and reduced availability of skilled labour impacted Newlon's activity and resident satisfaction overall. Besides socio-economic factors, the UK and world overall are affected by the war in Ukraine that will result in a rise of gas costs and moreover Europe's energy security.

All these circumstances are carefully assessed by the Newlon Board in order to adapt our Growth Strategy and Financial Plans. the Newlon Board remains committed to meeting housing needs through sustainable growth, but will balance investment in new homes with the need to invest in existing homes. However, the importance of responding to the housing crisis has been balanced with investment required into building remediation and safety, improving homes and reducing our carbon footprint.

We are very mindful of the difficulties residents are experiencing in terms of cost of living increases. Inflation and rising building safety standards are putting upward pressure on service charges and this means that homeowners are likely to see increases too. The Board will continue to manage costs through a rigorous annual budget setting process and consider the impact on service costs for residents.

The satisfaction of our residents remains our top priority, therefore we have agreed a Resident Satisfaction Improvement Plan. The Housing Director and Property Services Director will monitor progress and performance closely, ensuring that it is easy for residents to deal with us and that complaints, repairs and local issues are dealt with quickly and reliably.

Newlon is prepared to adapt to new legislative changes that have been brought with the Social Housing White Paper and the Building Safety Act.

Governance

Newlon Housing Trust follows the best governance practices by complying with the NHF's Code of Governance 2020, except for the six year tenure rule for Board members; and NHF's Code of Conduct 2012.

We will gradually implement the six year tenure rule. The smooth transition towards the Code will ensure stability of Group Governance whilst regularly refreshing the skills and perspectives of the Board.

The Board

The Group Board, which is also the Association's Board, consists of ten non-executives including two residents, and the Group Chief Executive. The Group's subsidiaries have their own boards of directors. The present Board members and Executive Directors of the Group are set out on page 2.

The Board delegates authority to four main functional committees, enumerated below and the Urgency Committee, which deals with any urgent commercial and strategic decisions.

Group Audit and Risk Committee

The Group 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 meets four times per year and gains external assurance that the Group has appropriate systems of internal control. The Group Audit and Risk Committee reviews the Risk Registers of the Group, reviews the audited financial statements for all parts of the Group and recommends them to the relevant Boards.

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 meets five times per year and considers all aspects around the Group's best governance practices, remuneration of Board and Committee members, and remuneration of the Executive Team.

The Committee rigorously follows the performance of Executive Team members and appraises the Chair and the Chief Executive. The Committee is responsible for Board member appointments and significant human resource matters around the Group structure.

Urgency Committee

The Urgency Committee is a special Group structure aimed at taking significant decisions which fall outside delegated authority to staff and are time critical.

The Executive Team

The Group Executive Team welcomed three new members in 2021, the Housing Director, the Property Services Director and the Outward Chief Executive. The team acts within the authority delegated by the Board and holds no interest in the Association's shares, in accordance with the Articles of Association.

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 47 and 48).

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

The Board confirms that the Group has complied with the Regulator of Social Housing's Governance and Financial Viability Standard. An in-depth report has been prepared in accordance with applicable standards and legislation.

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 2022/23 and the business plans have also been issued and approved by the Board. The budget and the business plan were subjected to various adverse scenarios. This work, along with the consideration of the mitigation plans and good level of liquidity, provides evidence in support of the going concern. For this reason Newlon continues to adopt the going concern basis in preparation of 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 39).

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;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice (SORP) Accounting by Registered Housing Providers 2018 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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 2019.

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 2018.

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 control 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 Group Audit and Risk Committee and 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 on-going process for identifying, evaluating and managing the significant risks faced by the Group and a 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 as part of the decision-making process.
- The adoption of a business plan with a financial plan and the modelling and evaluation of long-term financial scenarios.

- The review and approval of detailed Standing Orders and Financial Regulations and documentation of policies and procedures for all key operational areas.
- The operation of an outsourced internal audit function, reporting directly to the Group Audit and Risk Committee, which follows a needs and risk based plan. The implementation of recommendations is monitored by the Group 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.
- 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 and Procedure 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 in to 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 & 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 Trust's compliance with the RSH's Governance and Financial Viability Standard during the year in a Stability Check and reaffirmed Newlon's G1 rating for governance and a compliant V2 rating for viability. In March 2022 the Regular of Social Housing started an In Depth Assessment ("IDA"), the results of which will be presented in next year's financial report. The Board is confident that there are no issues of concern to the Regulator that will impact Newlon's rating.

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

Auditors

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 Trust's auditors in connection with preparing their report of which the Trust'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 Trust's auditors in connection with preparing their report and to establish that the Trust's auditors are aware of that information.

By order of the Board

Cristina Jandic
Company Secretary

13 July 2022

Opinion on the financial statements

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 2022 and of the Group's and the Association's income and expenditure 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 and the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969.

We have audited the financial statements of Newlon Housing Trust ("the Association") and its subsidiaries ("the Group") for the year ended 31 March 2022 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).

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

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

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

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

Other information

The Board are responsible for the other information. The other information comprises the information included in the 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. Our responsibility is to read the other information including the Chair's Statement and the Report of the Board of Management and Strategic Review, 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 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 pages 17 and 18, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board are responsible for assessing the 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 intend to liquidate the Group or the Association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

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

The audit procedures to address the risks identified included:

- Challenging assumptions made by management in their significant accounting estimates and judgements in relation to the net realisable value of properties, defined benefit pension scheme, management judgement relating to income recognition.
- Identifying and testing journal entries, in particular any journal entries posted from staff members with privilege access rights, journals posted by key management, journals posted and journals posted after the year end.
- Reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC and the Regulator of Social Housing.

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

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

Use of our report

This report is made solely to the members of the Association, as a body, in accordance with the 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 for our audit work, for this report, or for the opinions we have formed.

Philip Cliftlands

Phil Cliftlands (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

Gatwick, West Sussex, United Kingdom.

Date: 20 September 2022

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 2022

	Note	Group 2022 £'000	Group 2021 £'000
Turnover	4	**91,975**	100,039
Cost of sales	4	**(9,580)**	(12,359)
Operating costs	4	**(59,342)**	(60,643)
Surplus on disposal of fixed assets: housing properties	11	**7,659**	8,001
Operating surplus	4,7	**30,712**	35,038
Share of profit from joint venture	19	**262**	2,736
Surplus on sales of other fixed assets	11	**(2)**	9
Other interest receivable and similar income	12	**132**	370
Interest and financing costs	13	**(18,137)**	(18,144)
Movement in fair value of investment properties	17	**198**	507
Surplus before taxation		**13,165**	20,516
Taxation on surplus	14	**-**	-
Surplus for the financial year		**13,165**	20,516
Movement in fair value of defined benefit pension schemes	31	**177**	(495)
Total comprehensive income for the financial year		**13,342**	20,021

The notes on pages 29 to 72 form part of these financial statements.

All activities relate to continuing operations.

Association statement of comprehensive income
for the year ended 31 March 2022

	Note	Association 2022 £'000	Association 2021 £'000
Turnover	4	77,117	86,627
Cost of sales	4	(9,580)	(12,036)
Operating costs	4	(44,120)	(45,602)
Surplus on disposal of fixed assets: housing properties	11	7,559	8,001
Operating surplus	4,7	30,976	36,990
(Loss)/surplus on sales of other fixed assets	11	(2)	9
Other interest receivable and similar income	12	142	344
Interest and financing costs	13	(18,112)	(18,126)
Surplus before taxation		13,004	19,217
Taxation on surplus	14	-	-
Surplus for the financial year		13,004	19,217
Other comprehensive income		-	-
Total comprehensive income for the financial year		13,004	19,217

The notes on pages 29 to 72 form part of these financial statements.

All activities relate to continuing operations.

Consolidated and Association balance sheets
at 31 March 2022

	Note	Group 2022 £'000	Group 2021 (restated) £'000	Association 2022 £'000	Association 2021 (restated) £'000
Fixed assets					
Tangible fixed assets – housing	15	**1,171,003**	1,126,067	**1,158,959**	1,113,892
Tangible fixed assets – other	16	**9,619**	9,417	**9,084**	8,961
Investment properties	17	**3,100**	2,902	**-**	-
Investments	18	**143**	1	**-**	-
		1,183,865	1,138,391	**1,168,043**	1,122,853
Current assets					
Properties developed for sale	20	**38,377**	38,045	**38,377**	38,045
Debtors – receivable within one year	21	**22,824**	17,156	**26,215**	14,551
Debtors – receivable after one year	21	**9,750**	-	**-**	-
Current asset investments	22	**30**	30	**30**	30
Cash and cash equivalents		**42,417**	52,994	**33,099**	42,424
		113,398	108,225	**97,721**	95,050
Creditors: amounts falling due within one year	23	**(67,131)**	(42,807)	**(58,989)**	(37,820)
Net current assets		**46,267**	65,418	**38,732**	57,230
Total assets less current liabilities		**1,230,132**	1,203,809	**1,206,775**	1,180,083
Creditors: amounts falling due after more than one year	24	**(1,011,166)**	(998,185)	**(1,001,746)**	(988,059)
Provisions for liabilities and charges	30	**(7)**	(7)	**(7)**	(7)
Net assets		**218,959**	205,617	**205,022**	192,017
Capital and reserves					
Called up share capital	32	**-**	-	**-**	-
Designated reserve		**2,385**	2,300	**-**	-
Income and expenditure reserve		**216,540**	203,283	**205,022**	192,017
Restricted reserve		**34**	34	**-**	-
		218,959	205,617	**205,022**	192,017

The financial statements were approved by the Board of Directors and authorised for issue on 13 July 2022.

Aman Dalvi
Chair

Jackie Ballard
Vice Chair

Cristina Jandic
Company Secretary

The notes on pages 29 to 72 form part of these financial statements.

Consolidated statement of changes in equity
for the year ended 31 March 2022

Group	Cashflow hedge reserve	Designated reserve	Income and expenditure reserve (restated)	Restricted reserve	Total
	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2021	-	2,300	203,283	34	205,617
Surplus for the year	-	85	13,080	-	13,165
	-	2,385	216,363	34	218,782
Actuarial losses on defined benefit pension schemes	-	-	177	-	177
Other comprehensive income for the year	-	-	177	-	177
Balance at 31 March 2022	**-**	**2,385**	**216,540**	**34**	**218,959**

Group	Cashflow hedge reserve	Designated reserve	Income and expenditure reserve (restated)	Restricted reserve	Total
	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2020	-	1,752	183,262	34	185,048
Surplus for the year	-	548	20,516	-	21,064
		2,300	203,778	34	206,112
Actuarial losses on defined benefit pension schemes	-	-	(495)	-	(495)
Other comprehensive income for the year	--	-	(495)	-	(495)
Balance at 31 March 2021	-	2,300	203,283	34	205,617

Association statement of changes in equity
for the year ended 31 March 2022

Association	Cash flow hedge reserve	Income and expenditure reserve	Total
	£'000	£'000	£'000
Balance at 1 April 2021	-	192,018	192,018
Surplus for the year	-	13,004	13,004
		205,022	205,022
Other comprehensive income for the year	-	-	-
Balance at 31 March 2022	-	205,022	205,022

Association	Cash flow hedge reserve	Income and expenditure reserve	Total
	£'000	£'000	£'000
Balance at 1 April 2020	-	172,801	172,801
Surplus for the year	-	19,217	19,217
Other comprehensive income for the year	-	-	-
Balance at 31 March 2021	-	192,018	192,018

Consolidated statement of cash flows
for the year ended 31 March 2022

	Note	Group 2022 £'000	Group 2021 £'000
Cash flows from operating activities			
Surplus for the financial year		13,165	20,516
Adjustments for:			
Depreciation of fixed assets - housing properties	15	7,934	7,765
Depreciation of fixed assets - other	16	550	563
Decrease in stock	20	9,159	5,137
Amortised grant	5	(3,822)	(3,781)
Housing asset component write off	15	655	1,020
Interest payable	13	18,137	18,144
Interest received	12	(132)	(369)
Movement in fair value of investment properties	17	(198)	(438)
Taxation expense	14	-	-
Surplus on the sale of fixed assets - housing properties	11	(7,659)	(8,001)
Surplus on sales of fixed asset - other	11	2	(9)
Increase/(decrease) in trade and other debtors		(16,468)	11,761
Proceeds from sales of fixed assets - housing properties	11	14,578	12,884
Provision for losses on accounts receivable	5	53	-
Decrease in trade creditors		21,583	3,366
Decrease in Pension Liability		(276)	(106)
Share of Joint Venture (profit)/loss	19	(262)	(2,736)
Decrease in provision	30	-	(1)
Transaction costs from sale of housing properties	11	(251)	(79)
Cash from operations		56,748	65,556
Taxation paid		-	-
Net cash generated from operating activities		86,602	65,556
Cash flows from investing activities			
Proceeds from sales of fixed assets - other	11	17	15
Purchase of fixed assets - housing properties	15	(66,941)	(39,824)
Purchase of fixed assets - investment properties	17	-	-
Purchase of fixed assets - other	16	(768)	(624)
Interest received	12	132	369
Distributions received from joint venture	19	1,050	1,595
Purchase of investment in joint venture	19	(142)	-
Net cash used in investing activities		(66,652)	(39,979)
Cash flows from financing activities			
Interest paid		(20,253)	(20,703)
New loans - banks		19,000	-
Repayment of loans		(3,010)	(2,400)
Grants received during year	25	3,590	7,625
Net cash used in financing activities		(673)	(15,478)
Net (decrease)/increase in cash and cash equivalents		(10,577)	11,694
Cash and cash equivalents at beginning of year		52,994	41,300
Cash and cash equivalents at end of year		42,417	52,994

The notes on pages 29 to 72 form part of these financial statements.

Index of notes

1. Legal status

The Association is registered with the Financial Conduct Authority under the Co-operative and Community Benefits Societies Act 2014 and 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" 2018, the Accounting Direction for Private Registered Providers of Social Housing 2019.

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 preparation

The financial statements have been prepared with strong consideration of the impact of COVID-19 on the Group and its subsidiaries. The nature of the Group's activities and financial position has meant COVID has had an immaterial impact on the Group to date. The budget and the business plan were re-done under the COVID-19 conditions and subjected to various adverse scenarios. This work, along with the consideration of the mitigation plans and good level of liquidity, provides evidence in support of the Group and subsidiaries going concern. For this reason the Group continues to adopt the going concern basis in preparation of the financial statements.

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.

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, a multi-employer defined benefit scheme, the details of which are shown in note 30. 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 of 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 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 2018. 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 2018 the useful economic life of the housing property structure has been selected (see table on page 33).

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 the 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 properties of 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

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 had 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 increase by CPI plus 1%.
- 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 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 to service charges to local authority income under a wide variety of contract types, durations and service specifications. Judgement is applied as 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 2022	Cost of sales 2022	Operating costs 2022	Surplus on sale of fixed assets 2022	Operating surplus/ (deficit) 2022
	£'000	£'000	£'000	£'000	£'000
Social housing lettings (note 5)	65,580	-	(44,682)	-	20,898
Other social housing activities					
First tranche low cost home ownership sales	7,993	(7,379)	(609)	-	5
Development services	1,130	-	(1,634)	-	(504)
Supporting people and care	11,907	-	(12,166)	-	(259)
Community regeneration	59	-	(76)	-	(17)
Surplus on sale of fixed assets	-	-	-	7,659	7,659
Other activities	2,678	-	(176)	-	2,502
Total social housing activities	89,347	(7,379)	(59,343)	7,659	30,284
Other non-social activities	2,628	(2,201)	-	-	427
Total activities	91,975	(9,580)	(59,343)	7,659	30,711

Group	Turnover 2021	Cost of sales 2021	Operating costs 2021	Surplus on sale of fixed assets 2021	Operating surplus/ (deficit) 2021
	£'000	£'000	£'000	£'000	£'000
Social housing lettings (note 5)	65,157	-	(45,256)	-	19,901
Other social housing activities					
First tranche low cost home ownership sales	13,060	(9,029)	(468)	-	3,563
Development services	1,142	-	(1,859)	-	(717)
Supporting people and care	12,393	-	(12,777)	-	(384)
Community regeneration	47	-	(59)	-	(12)
Surplus on sale of fixed assets	-	-	-	8,001	8,001
Other activities	4,618	(323)	(224)	-	4,071
Total social housing activities	96,417	(9,352)	(60,643)	8,001	34,423
Other non-social activities	3,622	(3,007)	-	-	615
Total activities	100,039	(12,359)	(60,643)	8,001	35,038

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

Association	Turnover 2022 £'000	Cost of sales 2022 £'000	Operating costs 2022 £'000	Surplus on sale of fixed assets 2022 £'000	Operating surplus/ (deficit) 2022 £'000
Social housing lettings (note 5)	60,866	-	(41,716)	-	19,150
Other social housing activities					
First tranche low cost home ownership sales	7,993	(7,379)	(609)	-	5
Development services	1,087	-	(1,634)		(547)
Surplus on sale of fixed assets				7,559	7,559
Other activities	4,543	-	(162)		4,381
	13,623	(7,379)	(2,405)	7,559	11,398
Total social housing activities	74,489	(7,379)	(44,121)	7,559	30,548
Activities other than social housing	2,628	(2,201)	-	-	427
Total activities	77,117	(9,580)	(44,121)	7,559	30,975

Association	Turnover 2021 £'000	Cost of sales 2021 £'000	Operating costs 2021 £'000	Surplus on sale of fixed assets 2021 £'000	Operating surplus/ (deficit) 2021 £'000
Social housing lettings (note 5)	60,847	-	(43,081)	-	17,766
Other social housing activities					
First tranche low cost home ownership sales	13,060	(9,029)	(468)	-	3,563
Development services	1,142	-	(1,859)	-	(717)
Surplus on sale of fixed assets	-	-	-	8,001	8,001
Other activities	7,956	-	(194)	-	7,762
	22,158	(9,029)	(2,521)	8,001	18,609
Total social housing activities	83,005	(9,029)	(45,602)	8,001	36,375
Activities other than social housing	3,622	(3,007)	-	-	615
Total activities	86,627	(12,036)	(45,602)	8,001	36,990

5. Income and expenditure from social housing lettings

Group	General Needs	Supported Housing	Low cost home ownership	Key Worker	**Total 2022**	Total 2021
	£'000	£'000	£'000	£'000	**£'000**	£'000
Income						
Rents net of identifiable service charges	34,007	3,403	5,981	8,197	**51,588**	50,410
Service charge income	3,246	2,283	4,005	180	**9,714**	10,626
Amortised government grants	3,796	-	26	-	**3,822**	3,781
Net rental income	41,049	5,686	10,012	8,377	65,124	64,817
Other Income	3	-	269	184	**456**	340
Turnover from social housing lettings	41,052	5,686	10,281	8,561	65,580	65,157
Expenditure						
Management	3,926	741	1,836	1,408	**7,912**	6,751
Service charge costs	4,870	2,233	2,410	2,277	**11,790**	11,206
Routine maintenance	6,028	(125)	1,217	1,686	**8,805**	8,304
Planned maintenance	6,165	164	6	982	**7,318**	8,667
Major repairs expenditure	215	-	-	-	**215**	591
Bad debts	(13)	66	-	-	**53**	504
Depreciation of housing properties:						
Annual charge	6,753	227	-	954	**7,934**	8,213
Accelerated on disposal of components	655	-	-	-	**655**	1,020
Operating expenditure on social housing lettings	28,599	3,306	5,469	7,307	44,682	45,256
Operating surplus on social housing lettings	12,453	2,380	4,812	1,254	20,898	19,901
Void losses	264	499	-	464	1,227	1,205

5. Income and expenditure from social housing lettings

Association	General Needs	Supported Housing	Low cost home ownership	Key Worker	**Total 2022**	Total 2021
	£'000	£'000	£'000	£'000	**£'000**	£'000
Income						
Rents net of identifiable service charges	33,765	2,386	5,672	8,197	**50,020**	48,837
Service charge income	3,227	-	3,463	180	**6,870**	8,099
Amortised government grants	3,763	-	-	-	**3,763**	3,721
Net rental income	**40,755**	**2,386**	**9,135**	**8,377**	**60,653**	60,657
Other income	1	-	28	184	**213**	190
Turnover from social housing lettings	**40,756**	**2,386**	**9,163**	**8,561**	**60,866**	60,847
Expenditure						
Management	3,872	355	1,836	1,408	**7,472**	6,834
Service charge costs	4,839	-	2,178	2,277	**9,294**	9,314
Routine maintenance	6,004	-	1,212	1,686	**8,901**	8,145
Planned maintenance	6,160	164	4	982	**7,311**	8,665
Major repairs expenditure	214	-	-	-	**214**	591
Bad debts	(12)	-	-	-	**(12)**	352
Depreciation of housing properties:						
Annual charge	6,700	227	-	954	**7,881**	8,160
Accelerated on disposal of components	655	-	-	-	**655**	1,020
Operating expenditure on social housing lettings	**28,432**	**746**	**5,230**	**7,307**	**41,716**	**43,081**
Operating surplus on social housing lettings	**12,324**	**1,640**	**3,933**	**1,254**	**19,150**	**17,766**
Void losses	**262**	**-**	**-**	**464**	**726**	**638**

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	3,959	16	(20)	-	3,955
- Affordable	347	-	-	-	347
Low cost home ownership	1,158	1	-	177	1,336
Supported Housing	637	-	-	-	637
Intermediate Rent	1,140	6	-	-	1,146
Total social housing units	7,241	23	(20)	177	7,421
Leaseholder	794	-	-	41	835
Private sale (unsold)	4	-	-	8	12
Commercial properties	81	1	-	-	82
Total owned and/or managed	8,120	24	(20)	226	8,350
Units under construction	466	379	(9)	(226)	610

Association	Restated balance brought forward	Addition	Disposal	Transfers	Balance carried forward
	No.	No.	No.	No.	No.
General Needs Housing:					
- Social	3,928	16	(20)	-	3,924
- Affordable	346	-	-	-	346
Low cost home ownership	1,100	1	-	178	1,279
Supported Housing	637	-	-	-	637
Intermediate Rent	1,133	6	-	-	1,139
Total social housing units	7,144	23	(20)	178	7,325
Leaseholder	669	-	-	40	709
Private sale (unsold)	4	-	-	8	12
Commercial properties	81	1	-	-	82
Total owned and/or managed	7,898	24	(20)	226	8,128
Units under construction	466	379	(9)	(226)	610

7. Operating surplus

	Group 2022 £'000	Group 2021 £'000	**Association 2022 £'000**	Association 2021 £'000
The operating surplus is arrived at after charging:				
Depreciation of housing properties:				
- Annual charge	**7,934**	8,213	**7,881**	8,160
- Accelerated depreciation on replaced components	**655**	1,020	**655**	1,020
Depreciation of other tangible fixed assets	**550**	563	**486**	500
Operating lease charges				
- Other leases	**4**	14	**4**	14
Auditors' remuneration (excluding VAT):				
- Fees payable to the Group's auditor for the audit of the Group's annual accounts	**27**	24	**27**	24
- Fees for audit of accounts of associated entities	**33**	33	**-**	-
- Fees for tax advice	**4**	4	**-**	-
Defined contribution pension cost	**820**	801	**602**	561
Defined benefit pension cost (see note 30)	**218**	240	**-**	-

8. Employees

	Group 2022 £'000	Group 2021 £'000	**Association 2022 £'000**	Association 2021 £'000
Staff costs (including Executive Management Team) consist of:				
Wages and salaries	**18,184**	18,052	**8,277**	7,717
Social security costs	**1,750**	1,693	**875**	804
Cost of defined contribution scheme	**820**	801	**602**	561
Temporary agency workers	**376**	495	**109**	372
	21,130	21,041	**9,863**	9,454

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 £820,000 (2021: £801,000)

Contributions amounting to Nil (2021: Nil) 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 2022 No.	Group 2021 No.	Association 2022 No.	Association 2021 No.
Administration	**76**	77	**56**	56
Development and sales	**19**	18	**19**	18
Support and care	**483**	459	**-**	-
Housing management	**122**	120	**107**	103
	700	674	**182**	177

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 2022 £	Group 2021 £	Association 2022 £	Association 2021 £
Executive Directors' emoluments	**773,154**	700,274	**773,154**	700,274
Contributions to money purchase pension schemes	**52,440**	52,057	**52,440**	52,057
	825,594	752,331	**825,594**	752,331

The total amount payable to the Chief Executive, who was also the highest paid Director in respect of emoluments was £167,121 (2021: £164,856).

Pension contributions of £12,277 (2021: £11,950) 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 (2021: 6).

None of the Directors accrued benefits under the Group's defined benefit pension scheme during the year (2021: Nil).

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

	Group 2022	Group 2021	**Association 2022**	Association 2021
	No.	No.	**No.**	No.
£60,000 - £69,999	6	7	6	7
£70,000 - £79,999	10	9	10	9
£80,000 - £89,999	6	4	6	4
£90,000 - £99,999	-	1	-	1
£100,000 - £109,999	2	2	2	2
£110,000 - £119,999	-	1	-	1
£120,000 - £129,999	1	1	1	1
£130,000 - £139,999	-	-	-	-
£140,000 - £149,999	-	-	-	-
£150,000 - £159,999	1	-	1	-
£160,000 - £169,999	1	1	1	1

10. Board members

Board member	Remuneration	Member of:			
	£	Audit and Risk Committee	Development Committee	People and Governance Committee	Resident Services Committee
Aman Dalvi - Chair	18,905		✓	✓	
Jackie Ballard - Vice Chair	11,367			✓	
Nicola Bastin	7,532	✓		✓	
Fred Angole	7,532	✓			
John Cross	7,532		✓		
Matt Campion	7,532				✓
Lloyd Gale-Ward	7,532				✓
Blossom Shakespeare	7,532				✓
Ed Ihejirika	6,638	✓	✓		
Chris Cheshire	4,092		✓		✓

11. Surplus on disposal of fixed assets

Group	Housing properties 2022 £'000	Other fixed assets 2022 £'000	**Total 2022 £'000**	Total 2021 £'000
Housing properties:				
Disposal proceeds	14,578	17	**14,595**	12,899
Cost of disposals	(6,302)	(19)	**(6,321)**	(4,637)
Selling costs	(251)	-	**(251)**	(79)
Grant recycled	(419)	-	**(419)**	(386)
Grant abated	53	-	**53**	213
Surplus on disposal of other tangible fixed assets	7,659	(2)	7,657	8,010

Association	Housing properties 2022 £'000	Other fixed assets 2022 £'000	**Total 2022 £'000**	Total 2021 £'000
Housing properties:				
Disposal proceeds	14,415	17	**14,432**	12,899
Cost of disposals	(6,249)	(19)	**(6,268)**	(4,637)
Selling costs	(250)	-	**(250)**	(79)
Grant recycled	(410)	-	**(410)**	(386)
Grant abated	53	-	**53**	213
Surplus on disposal of other tangible fixed assets	7,559	(2)	7,557	8,010

12. Interest receivable and income from investments

	Group 2022 £'000	Group 2021 £'000	**Association 2022 £'000**	Association 2021 £'000
Interest receivable and similar income	**132**	370	**142**	344

13. Interest payable and similar charges

	Group 2022 £'000	Group 2021 £'000	**Association 2022 £'000**	Association 2021 £'000
Bank loans and overdrafts	**20,253**	20,703	**20,228**	20,685
Recycled capital grant fund accrued interest	**4**	-	**4**	-
Disposal proceeds fund accrued interest	**-**	-	**-**	-
Interest capitalised on construction of housing properties	**(2,120)**	(2,559)	**(2,120)**	(2,559)
	18,137	18,144	**18,112**	18,126

14. Taxation on surplus on ordinary activities – Group only

	Group 2022 £'000	Group 2021 £'000
UK corporation tax		
Current tax on surplus for the year	-	-
Adjustment in respect of prior period	-	-
Total current tax	-	-
Taxation on surplus on ordinary activities	-	-

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 2022 £'000	Group 2021 £'000
Surplus on ordinary activities before tax	13,165	20,514
Surplus on ordinary activities at the standard rate of corporation tax in the UK of 19%	2,501	3,898
Effects of:		
- Income not taxable for tax purposes	-	-
- Expenses not deductible for tax purposes	-	-
- Charitable exemption	(2,501)	(3,898)
- Adjustments to tax charge in respect of previous period	-	-
	-	-

There was no tax charge for the year (2021: Nil) for the Association.

The aggregate current and deferred tax relating to items recognised in other comprehensive income is a charge of Nil (2021: Nil).

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 were 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 2021	978,237	19,041	165,436	68,914	**1,231,628**
Additions:					
Construction costs	-	35,389	-	27,947	**63,336**
Works to existing properties	4,722	-	-	-	**4,722**
Reclassification of properties	(35)	-	35	-	-
Completed schemes	2,214	(2,214)	84,999	(84,999)	-
Transfers to held for sale	-	-	(20,751)	20,419	**(332)**
Lease buyback	-	1,003	-	-	**1,003**
Disposals:					
Property sales	(2,142)	-	-	-	**(2,142)**
Staircasing sales	-	-	(13,617)		**(13,617)**
Replaced components	(1,413)	-	-	-	**(1,413)**
At 31 March 2022	**981,583**	**53,219**	**216,102**	**32,281**	**1,283,185**
Depreciation:					
At 1 April 2021	(105,557)	-	-	-	**(105,557)**
Charge for the year	(7,934)	-	-	-	**(7,934)**
Eliminated on disposals:					
Disposal	332	-	-	-	**332**
Reclassification of properties	8	-	-	-	**8**
Housing property components	1,624	-	-	-	**1,624**
Accelerated charge on components	(655)	-	-	-	**(655)**
At 31 March 2022	**(112,182)**	**-**	**-**	**-**	**(112,182)**
Net book value at 31 March 2022	**869,401**	**53,219**	**216,102**	**32,281**	**1,171,003**
Net book value at 31 March 2021	872,680	19,041	165,436	68,914	**1,126,071**

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 2021	971,392	19,333	158,904	68,914	1,218,543
Additions:					
Construction costs	-	35,475	-	28,101	63,576
Works to existing properties	4,722	-	-	-	4,722
Reclassification of properties	(35)	-	35	-	-
Transfers to held for sale	-	-	(20,751)	20,419	(332)
Completed schemes	2,214	(2,214)	84,999	(84,999)	-
Lease buyback	-	1,003	-	-	1,003
Disposals:					
Property sales	(2,142)	-	-	-	(2,142)
Staircasing sales	-	-	(13,564)	-	(13,564)
Replaced components	(1,624)	-	-	-	(1,624)
At 31 March 2022	974,527	53,597	209,623	32,435	1,270,182
Depreciation:					
At 1 April 2021	(104,651)	-	-	-	(104,651)
Charge for the year	(7,881)	-	-	-	(7,881)
Eliminated on disposals:					
Disposal	332	-	-	-	332
Reclassification of property	8	-	-	-	8
Housing property components	1,624				1,624
Accelerated charge on components	(655)	-	-	-	(655)
At 31 March 2022	(111,223)	-	-	-	(111,223)
Net book value at 31 March 2022	863,304	53,597	209,623	32,435	1,158,959
Net book value at 31 March 2021	866,741	19,333	158,904	68,914	1,113,892

15. Tangible fixed assets – housing properties (continued)

	Group 2022 £'000	Group 2021 £'000	Association 2022 £'000	Association 2021 £'000
The net book value of housing properties may be further analysed as:				
Freehold	809,025	778,281	800,326	769,499
Long leasehold	361,537	347,349	358,192	343,952
Short leasehold	441	441	441	441
	1,171,003	1,126,071	1,158,959	1,113,892
Interest capitalisation				
Interest capitalised in the year	2,120	2,559	2,120	2,559
Cumulative interest capitalised	49,006	46,447	49,006	46,447
	51,126	49,006	51,126	49,006
Rate used for capitalisation	3.39%	3.40%	3.39%	3.40%
Works to properties				
Improvements to existing properties capitalised	4,765	6,033	4,765	5,949
Major repairs expenditure to income and expenditure account	214	591	214	591
	4,979	6,624	4,979	6,540
Total Social Housing Grant received or receivable to date is as follows:				
Capital grant – housing properties	421,482	424,437	415,305	418,172
Recycled Capital Grant Fund	10,453	7,361	10,233	7,104
Disposals Proceeds Fund	-	-	-	-
Revenue grant – I&E	82,153	78,331	80,843	77,080
	514,088	510,129	506,381	502,356

Properties held for security

The Association had property with a net book value of £819m pledged as security at 31 March 2022 (2021 restated: £831m).

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 2021	8,387	5,827	123	1,771	16,108
Additions	21	547	56	144	768
Reclassification in the year	-	-	-	-	-
Revaluation in the year	-	-	-	-	-
Disposals	-	-	(91)	-	(91)
At 31 March 2022	**8,408**	**6,374**	**88**	**1,915**	**16,785**
Depreciation					
At 1 April 2021	(885)	(4,024)	(104)	(1,675)	(6,688)
Reclassification in the year	-	-	-	-	-
Revaluation in the year	-	-	-	-	-
Charge for year	(74)	(340)	(12)	(124)	(550)
Disposals	-	-	72	-	72
At 31 March 2022	**(959)**	**(4,364)**	**(44)**	**(1,799)**	**(7,166)**
Net book value					
At 31 March 2022	7,449	2,010	44	116	9,619
At 31 March 2021	7,502	1,803	19	96	9,420

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 2021	8,693	4,115	50	1,390	14,249
Additions	-	547	22	59	628
Disposals	-	-	(25)	-	(25)
At 31 March 2022	**8,693**	**4,662**	**47**	**1,449**	**14,851**
Depreciation					
At 1 April 2021	(845)	(3,059)	(31)	(1,352)	(5,287)
Charge for year	(69)	(340)	(5)	(72)	(486)
Disposals	-	-	6	-	6
At 31 March 2022	**(914)**	**(3,399)**	**(30)**	**(1,424)**	**(5,767)**
Net book value					
At 31 March 2022	**7,779**	**1,263**	**17**	**25**	**9,084**
At 31 March 2021	7,848	1,056	19	38	8,961

16. Other tangible fixed assets (continued)

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

	Group 2022 £'000	Group 2021 £'000	Association 2022 £'000	Association 22021 £'000
Freehold	**7,449**	7,502	**7,779**	7,848

17. Investment properties

Group	Commercial £'000	Total £'000
At 1 April 2021	2,902	2,902
Additions	-	-
Reclassification during the year	-	-
Revaluations	198	198
At 31 March 2022	3,100	3,100

All investment properties are held within Outward Housing. The freehold holiday accommodation, comprising Nutley Edge in East Sussex was valued as at 31 March 2022 at £2,050k, on an open market basis, as set out in a side letter dated 5 May 2022 by an external firm Avison Young (UK) Ltd, Leisure Division. Avison Young are RICS accredited valuers and undertook the valuation in accordance with the RICS Global Standards – January 2022. The services of Avison Young were procured in accordance with the Charity's procurement procedures and the Trustees are satisfied of the independence of Avison Young.

The property was valued as a specialised property used for leisure purposes and method of valuation gave weighting to stabilised earnings, based on historic turnover and potential future turnover, at a capitalisation rate of 9% and to comparable local sales and properties offered for sale, in particular holiday complexes. Consideration was given to the COVID-19 pandemic and resultant 'lockdown' of UK businesses which is affecting the property market.

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 £197,600 (2021: Gain £507,000) 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 2022 £'000	Group 2021 £'000
Historic cost	**1,882**	1,882
Accumulated depreciation	**(575)**	(560)
	1,307	1,322

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 Limited	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 Vistry Partnerships Limited, formerly Galliford Try ("GT") in June 2017 in respect of the development of a site at Devon's Road, Bow. The development consists of new residential units (6 for shared ownership and 124 for open market sale) and commercial/retail units. Newlon Group subsidiary, NewlonBuild Limited, is the joint venture partner in DR4 and Newlon's funding is through NewlonInvest Limited. The funding at 31 March 2022 was Nil (2020/21: Nil) as the project was largely completed during the previous financial year and the final three units were sold during the current financial year.

The Newlon Group entered into a second joint venture Belmont St JV LLP ("Belmont") with Vistry Partnerships Limited ("Vistry") in repect of the development of a site at Belmont Street. The development consists of new residential units (26 for affordable rent and 89 for open market sale). Newlon Group subsidiary, NewlonBuild Limited, is the joint venture partner in Belmont and Newlon's funding is through NewlonBuild Limited. The funding at 31 March 2022 was £9.8m (2020/21: Nil)

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

Group	Joint ventures	
	2022	2021
	£'000	£'000
Cost		
At 1 April	2,736	-
Additions	-	-
Share of Profit	262	2,736
Distributions received	(2,645)	-
At 31 March	353	2,736

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
Belmont St JV LLP**	England	50%	Development company	Limited Liability Partnership

* DR4 is a joint venture held by NewlonBuild Ltd, a subsidiary of Newlon Housing Trust.

** Belmont St JV LLP is a joint venture held by NewlonBuild Ltd, a subsidiary of Newlon Housing Trust.

20. Properties for sale

Group and Association	First tranche Shared Ownership properties	Outright market sales	Total	Total
	2022	2022	2022	2021
	£'000	£'000	£'000	£'000
Work in progress	13,873	135	14,008	34,427
Completed properties	19,683	4,686	24,369	3,618
	33,556	4,821	38,377	38,045

Properties developed for sale include capitalised interest of £1,839,388 (2021: £1,485,477).

21. Debtors

	Group 2022 £'000	Group 2021 £'000	Association 2022 £'000	Association 2021 £'000
Due within one year				
Rent and service charge arrears	3,958	2,055	2,458	1,407
Less: Provision for doubtful debts	(1,473)	(1,249)	(1,199)	(1,126)
	2,485	806	1,259	281
Amounts owed by Group undertakings	-	-	6,845	841
Amount due from Joint Venture	354	1,141	-	-
Other debtors	17,159	13,158	15,771	12,310
Prepayments and accrued income	2,826	2,051	2,340	1,549
Taxation	-	-	-	-
	22,824	17,156	26,215	14,981
Due after one year				
Other debtors	9,750	-	-	-
	32,574	17,156	26,215	14,981

22. Current asset investments

	Group 2022 £'000	Group 2021 £'000	Association 2022 £'000	Association 2021 £'000
Opening fair value	30	30	30	30
Purchases	-	-	-	-
Sales	-	-	-	-
Fair value	30	30	30	30

All current asset investments relate to equity investments in MORhomes, a social housing sector borrowing vehicle.

23. Creditors: amounts falling due within one year

	Group 2022 £'000	Group 2021 £'000	Association 2022 £'000	Association 2021 £'000
Loans and borrowings (note 27)	**3,862**	3,123	**3,730**	3,010
Trade creditors	**5,659**	4,226	**3,741**	2,864
Rent and service charges received in advance	**2,375**	1,693	**1,766**	1,267
Amounts owed to Group undertakings	**-**	-	**846**	2,316
Taxation and social security	**1,340**	60	**1,340**	60
Other creditors	**22,298**	4,819	**20,964**	4,358
Deferred capital grant (note 25)	**3,822**	3,780	**3,763**	3,721
Recycled Capital Grant Fund (note 26)	**5,625**	3,510	**5,442**	3,437
Accruals and deferred income	**15,548**	14,246	**10,795**	9,437
Accrued interest	**5,881**	5,819	**5,881**	5,819
Leasehold maintenance	**721**	1,531	**721**	1,531
	67,131	42,807	**58,989**	37,820

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

	Group 2022 £'000	Group 2021 £'000	Association 2022 £'000	Association 2021 £'000
Loans and borrowings (note 27)	**588,108**	572,765	**585,413**	569,941
Deferred capital grant (note 25)	**417,660**	420,656	**411,542**	414,451
Recycled Capital Grant Fund (note 26)	**4,828**	3,850	**4,791**	3,667
Pension scheme deficit liability	**430**	706	**-**	-
Service charge creditors	**140**	208	**-**	-
	1,011,166	998,185	**1,001,746**	988,059

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 0.70% and 10.7% per annum. The loans are repayable over their life as set out in note 27.

25. Deferred capital grant

	Group 2022 £'000	Group 2021 £'000	Association 2022 £'000	Association 2021 £'000
At 1 April	424,436	420,660	418,172	414,337
Grants received during the year	3,590	7,625	3,590	7,625
Grants recycled from the recycled capital grant fund/disposal proceeds fund	266	1,858	266	1,858
Grants recycled to the recycled capital grant fund/disposal proceeds fund	(2,935)	(1,714)	(2,907)	(1,714)
Released to income during the year	(53)	(213)	(53)	(213)
Grant amortised during the year	(3,822)	(3,780)	(3,763)	(3,721)
At 31 March	421,482	424,436	415,305	418,172

Deferred capital grant	Group 2022 £'000	Group 2021 £'000	Association 2022 £'000	Association 2021 £'000
Due within one year (note 23)	3,822	3,780	3,763	3,721
Due in more than one year (note 24)	417,660	420,656	411,542	414,451
At 31 March	421,482	424,436	415,305	418,172

26. Recycled Capital Grant Fund

Group	**Homes England 2022**	Homes England 2021
Funds pertaining to activities within areas covered by:	**£'000**	£'000
At 1 April	7,361	7,118
Inputs to fund:		
Grants recycled from surplus on disposal of fixed asset	-	-
Grants recycled from deferred capital grants	2,724	2,101
Grants paid back	630	-
Interest accrued	4	-
Recycling of grant:		
New build	(266)	(1,858)
At 31 March	10,453	7,361

Association	**Homes England 2022**	Homes England 2021
Funds pertaining to activities within areas covered by:	**£'000**	£'000
At 1 April	7,104	6,784
Inputs to fund:		
Grants recycled from surplus on disposal of fixed asset	-	-
Grants recycled from deferred capital grants	2,687	2,101
Grants paid back	630	-
Interest accrued	4	-
Transfers from other Group members	74	77
Recycling of grant:		
New build	(266)	(1,858)
At 31 March	10,233	7,104

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 2022**	Group 2021	**Association 2022**	Association 2021
	£'000	£'000	**£'000**	£'000
Due within one year (note 23)	5,625	3,511	5,442	3,437
Due in more than one year (note 24)	4,828	3,850	4,791	3,667
At 31 March	10,453	7,361	10,233	7,104

27. Loans and borrowings

Maturity of debt:

Group	Bank loans 2022 Bullet £'000	Bank loans 2022 Amortising £'000	Other loans 2022 Bullet £'000	Total 2022 £'000
In one year or less, or on demand	-	3,862	-	3,862
In more than one year but not more than two years	2,000	4,532	-	6,532
In more than two years but not more than five years	-	34,859	-	34,859
In five years or more	20,000	291,717	235,000	546,717
At 31 March	22,000	334,970	235,000	591,970

Group	Bank loans 2021 Bullet £'000	Bank loans 2021 Amortising £'000	Other loans 2021 Bullet £'000	Total 2021 £'000
In one year or less, or on demand	-	3,123	-	3,123
In more than one year but not more than two years	-	3,562	-	3,562
In more than two years but not more than five years	2,000	13,993	-	15,993
In five years or more	20,000	298,210	235,000	553,210
At 31 March	22,000	318,888	235,000	575,888

Association	Bank loans 2022 Bullet £'000	Bank loans 2022 Amortising £'000	Other loans 2022 Bullet £'000	Total 2022 £'000
In one year or less, or on demand	-	3,730	-	3,730
In more than one year but not more than two years	2,000	4,400	-	6,400
In more than two years but not more than five years	-	34,407	-	34,407
In five years or more	20,000	289,606	235,000	544,606
At 31 March	22,000	332,143	235,000	589,143

Association	Bank loans 2021 Bullet £'000	Bank loans 2021 Amortising £'000	Other loans 2021 Bullet £'000	Total 2021 £'000
In one year or less, or on demand	-	3,010	-	3,010
In more than one year but not more than two years	-	3,430	-	3,430
In more than two years but not more than five years	2,000	13,560	-	15,560
In five years or more	20,000	295,951	235,000	550,951
At 31 March	22,000	315,951	235,000	572,951

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

The loans are at different fixed and variable rates of interest between 0.70% and 10.70% per annum. At 31 March 2022 the Group had undrawn facilities of £96m (2021: £117m).

Total issue cost included in the loan books was £2,554k for 2022 (2021: £2,758k).

28. Financial instruments

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

	Group 2022	Group 2021	**Association 2022**	Association 2021 (restated)
	£'000	£'000	**£'000**	£'000
Financial assets				
Financial assets measured at fair value				
Investment properties	**3,100**	2,902	**-**	-
Financial assets measured at historical cost				
Rental debtors	**3,958**	2,055	**2,458**	1,407
Other receivables	**17,159**	14,482	**15,771**	12,310
Prepayments and accrued income	**2,826**	2,051	**2,340**	1,549
Taxation	**-**	-	**-**	-
Cash and cash equivalents	**42,417**	52,994	**33,099**	42,424
Total financial assets	**69,460**	74,484	**53,668**	57,690
Financial liabilities				
Financial liabilities held at fair value	**-**	-	**-**	-
Financial liabilities held at amortised cost				
Loans payable	**591,970**	575,888	**589,143**	572,951
Financial liabilities held at historical cost				
Trade creditors	**5,659**	4,105	**3,741**	2,500
Other creditors	**58,616**	35,632	**52,546**	29,060
Deferred capital grant	**421,482**	424,437	**415,305**	408,317
Total financial liabilities	**1,077,727**	1,040,062	**1,060,735**	1,012,828

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

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 1.5% and 5.1% per annum. These swaps are embedded within the host loans and are accounted for at amortised cost along with the underlying loan. Newlon has not entered into any standalone swaps. 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.

The cash flows arising from the interest rate swaps will continue until their various maturities' dates between 2024 and 2037 which do not extend beyond the maturity dates of the underlying loans.

29. Provisions for liabilities

Group and Association	Dilapidations	Major repairs on stock transfer	Total
	£'000	£'000	£'000
At 1 April 2021	7	-	7
Utilised in year	-	-	-
At 31 March 2022	**7**	**-**	**7**

As at 31 March 2022, 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.

30. 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 2020. This valuation revealed a deficit of £1.560m. A Recovery Plan has been put in place with the aim of removing this deficit by 31 March 2028.

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.

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

	31 March 2022	31 March 2021
	£'000	£'000
Fair value of plan assets	3,713	3,431
Issued during the year	(4,263)	(4,258)
Surplus (deficit) in plan	(550)	(827)
Unrecognised surplus	-	-
Defined benefit (liability)/asset to be recognised	(550)	(827)

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

	Period ended 31 March 2022	Period ended 31 March 2021
Defined benefit obligation at start of period	4,258	4,037
Current service cost	-	-
Expenses	6	6
Interest expense	92	95
Actuarial gains/(losses) due to scheme experience	349	(584)
Actuarial (losses)/gains due to changes in demographic assumptions	(64)	15
Actuarial (losses)/gains due to changes in financial assumptions	(329)	765
Benefits paid and expenses	(49)	(76)
Defined benefit obligation at end of period	4,263	4,258

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

	Period ended 31 March 2022	Period ended 31 March 2021
	£'000	£'000
Fair value of plan assets at start of period	3,431	3,601
Interest income	76	86
Experience on plan assets (excluding amounts included in interest income) - gain/(loss)	128	(304)
Contributions by the employer	127	124
Benefits paid and expenses	(49)	(76)
Fair value of plan assets at end of period	3,713	3,431

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

	Period ended 31 March 2022	Period ended 31 March 2021
	£'000	£'000
Expenses	6	6
Net interest expense	16	9
Defined benefit costs recognised in the statement of comprehensive income (SOCI)	22	15

Defined benefit costs recognised in other comprehensive income

	Period ended 31 March 2022	Period ended 31 March 2021
	£'000	£'000
Experience on plan assets (excluding amounts included in interest income) – gain/(loss)	128	(304)
Experience gains and losses arising on the plan liabilities – (loss)/gain	(349)	584
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – gain/(loss)	64	(15)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – gain/(loss)	329	(765)
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) – gain/(loss)	172	(500)
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)	172	(500)

Assets

	31 March 2022	31 March 2021
	£'000	£'000
Global equity	713	547
Absolute return	149	189
Distressed opportunities	133	99
Credit relative value	123	108
Alternative risk premia	122	129
Fund of hedge funds	-	-
Emerging markets debt	108	139
Risk sharing	122	125
Insurance-linked securities	87	82
Property	100	71
Infrastructure	265	229
Private debt	95	82
Opportunistic Illiquid Credit	125	87
High yield	32	103
Opportunistic Credit	13	94
Cash	13	-
Corporate bond fund	248	203
Liquid Credit	-	41
Long lease property	96	67
Secured income	138	143
Liability driven investment	1,036	872
Currency Hedging	(15)	-
Net current assets	10	21
Total assets	3,713	3,431

Key assumptions

	31 March 2022	31 March 2021
	% per annum	% per annum
Discount rate	2.79	2.18
Inflation (RPI)	3.57	3.27
Inflation (CPI)	3.19	2.87
Salary growth	4.19	3.87
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2022 imply the following life expectancies:

	Life expectancy at age 65 (years)
	No.
Men retiring in 2022	21.1
Women retiring in 2022	23.7
Men retiring in 2042	22.4
Women retiring in 2042	25.2

Change in fair value of defined benefit pension schemes charged to the statement of comprehensive income.

	31 March 2022	31 March 2021 (restated)
	£'000	£'000
Change in fair value	178	(495)
Interest cost and expense	(22)	(15)
At 31 March	156	510

Scottish Widows defined contribution scheme – Newlon Housing Trust

During the year employer pension contributions of £602k (2021: £561k) were charged to income and expenditure and at 31 March 2022 185 staff (2021: 177 staff) were in the scheme.

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

During the year employer pension contributions of £238k (2021: £243k) were charged to income and expenditure and at 31 March 2022 328 staff (2021: 380 staff) were in the scheme.

Local government and other schemes – Outward Housing only

During the year employer pension contributions of £Nil (2021: £11,233) were charged to income and expenditure and at 31 March 2022 no members of staff (2021: 1 staff) were in the scheme.

31. Share capital

	2022	2021 (restated)
	£	£
At 1 April	29	30
Issued during the year	(1)	(1)
As at 31 March	28	29

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.

32. 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 2022 £'000	Group 2021 £'000	**Association 2022 £'000**	Association 2021 £'000
Grant amortised	**82,049**	78,252	**80,843**	77,080

33. Operating leases

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

Amounts payable as lessee	**Group 2022 £'000**	Group 2021 £'000	**Association 2022 £'000**	Association 2021 £'000
Not later than one year	8	2	8	2
Later than one year and not later than five years	9	2	9	2
Total	17	4	17	4

The operating leases above are for photocopiers, franking machines and water coolers. 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 2022 £'000	Group 2021 £'000	**Association 2022 £'000**	Association 2021 £'000
Less than one year	**63,421**	62,681	**58,614**	58,436

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

34. Capital commitments

	Group 2022 £'000	Group 2021 £'000	Association 2022 £'000	Association 2021 £'000
Commitments contracted but not provided for:				
Construction	**95,508**	56,860	**96,308**	56,566
Commitments approved by the Board but not contracted for:				
Construction	**202,999**	123,790	**203,963**	125,028
	298,507	180,650	**300,270**	181,594

All capital commitments will be financed by Social Housing Grant, private loans and internally generated funds. Newlon currently has secured loan facilities of £689m in place. At 31 March 2022 Newlon had undrawn facilities totaling £97m. In addition the Association has £42m of cash resources. In May 2022, Newlon agreed new funding through a private placement of £160m. The first drawdown of £60m is expected in August 2022, with the remaining £100m to be drawn in May 2023. Therefore sufficient funds are available to finance the contracted commitments stated above.

35. 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 two Resident Board members – Blossom Shakespeare and Lloyd Gale-Ward. The total rent charged during the year and balance on their accounts at year end are as follows:

Board Member	Total rent charged £	Account balance at year end Debit/(credit) £
Blossom Shakespeare	6,097	28
Lloyd Gale-Ward	3,549	-

Intercompany sales between NewlonBuild and Newlon Housing Trust were £20m (2021: £37m).

The interest charges between Newlon Housing Trust and NewlonInvest were Nil (2021: £323k) and between DR4 and NewlonInvest were Nil (2021: Nil).

The interest charges between Newlon Housing Trust and Newlon Build were £126k (2021: Nil) and between Belmont St JV LLP and NewlonBuild were £111k (2021:Nil).

Transactions with non regulated entities

Payable to Association by subsidiaries:	Service level agreements		Other charges		Intercompany balance	
	2022	2021 (restated)	**2022**	2021 (restated)	**2022**	2021
	£'000	£'000	**£'000**	£'000	**£'000**	£'000
Outward Housing	**530**	535	**2,386**	4,631	**154**	40
Newlon Fusion	**-**	-	**3**	4	**-**	-
Access Homes	**70**	135	**-**	-	**1,590**	-
NewlonBuild Limited	**50**	188	**(239)**	19	**(5,546)**	2,316
NewlonInvest Limited	**5**	26	**-**	-	**-**	23
	655	884	**2,150**	4,654	**(3,802)**	2,379

Payable to Association by subsidiaries:	Donated services		Loans		Joint venture	
	2022	2021	**2022**	2021	**2022**	2021 (restated)
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Newlon Fusion	**2**	2	**-**	-	**-**	-
NewlonBuild Limited	**-**	-	**9,639**	-	**-**	-
NewlonInvest Limited	**-**	-	**-**	-	**-**	-
DR4 - Joint venture	**-**	-		-	**89**	3,577
Belmont St JV LLP - Joint Venture	**-**	-	**-**	-	**9,812**	
	2	2	**9,639**	-	**9,901**	3,577

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

The Association received a total of £1,550k (2021: £3,505k) in gift aid from subsidiaries.

Payable to Association by subsidiaries	Gift Aid 2022	2021
	£'000	£'000
Access Homes	1,079	586
NewlonBuild Limited	471	2,896
NewlonInvest Limited	-	23
	1,550	3,505

36. Capital and reserves

Total revaluation Surplus of £198k were recognised on property investments across Nutley Edge Holiday Cottages and Cedar Court, valued at £3.1m, on an open market basis by an independent third party valuer.

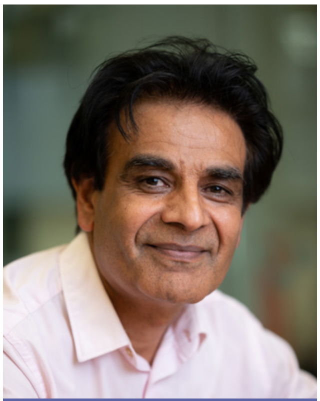
37. Post balance sheet event

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

Peter Little

Outward Chief Executive

Nicky Boland

Outward Chief Executive

Ezinne Ogbonna

Business Development Director

William Henderson

Housing Services Director

Sarah Shaw

Housing Services Director

Symon Sentain

Property Services Director

Board members serving during the year


Aman Dalvi
Chair


Jackie Ballard
Vice Chair

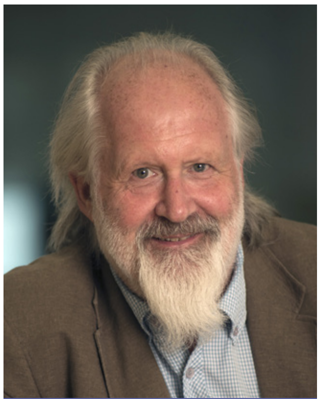

Mike Hinch


Fred Angole


Nicola Bastin


Matt Campion


Chris Cheshire


John Cross


Edward Ihejirika


Lloyd Gale-Ward


Blossom Shakespeare

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Newlon Housing Trust is a charitable housing association

Group Chief Executive: Mike Hinch   Chair: Aman Dalvi OBE

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 Ltd is a private limited company no. 09492006.

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