newlon
HOUSING TRUST

Report and financial statements

2022/2023

Contents

Pictured on this spread: Monument Way, Tottenham Hale.

Executives and advisors for the Year ended 31 March 2023

The Board

Aman Dalvi	Chair
Jackie Ballard	(Resigned September 2022)
Mike Hinch	Appointed Executive
Edward Ihejirika	
Nicola Bastin	(Resigned December 2022)
Fred Angole	
John Cross	
Matt Campion	(Resigned December 2022)
Blossom Shakespeare	
Lloyd Gale-Ward	
Chris Cheshire	
Jane Everton	(Appointed September 2022)
Alison Muir	(Appointed January 2023)
Peter Cogan	(Appointed January 2023)

Executive Management Team

Mike Hinch	Group Chief Executive
Surjit Dhande	Group Finance and Resources Director
Sarah Shaw	Housing Services Director
Ezinne Ogbonna	Business Development Director
Nicky Boland	Outward Chief Executive
Symon Sentain	Property Services Director

Company Secretary

Cristina Jandic	(Resigned March 2023)
Tom O'Malley	(Appointed March 2023)

Registered office

Newlon House
4 Daneland Walk
Hale Village
London
N17 9FE

Group Audit and Risk Committee

Fred Angole	Chair
Edward Ihejirika	
Nicola Bastin	(Resigned December 2022)
Alan McNab	
Asari St Hill	
Peter Cogan	(Appointed March 2023)

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 LLP
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 2023

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

We are delighted to have had our G1 and V2 ratings reaffirmed during the year. Firstly as a result of an In-Depth Assessment carried out by our regulator and then in December as part of a routine stability check. This shows that we are well equipped to navigate the current challenges in the operating environment.

In anticipation of the introduction of new regulatory standards, we have strengthened housing management skills on our Board and reviewed committee responsibilities to ensure they are all effectively geared to delivering great outcomes for residents and other stakeholders.

I have been pleased to see signs of resident satisfaction improving alongside more effective complaint handling and the evolution of a more data driven approach to service delivery. The Board will continue to focus on driving improvement through the Trust Newlon transformation programme and ensure that we are proactive in our approach to identifying any issues with property condition, including damp and mould.

The operating environment for housing associations continues to be difficult. A very challenging mix of high inflation, rising interest rates and the Government rent cap, means our costs are rising faster than our income and the big challenge for Newlon this year is to make sure that we achieve the right balance between maintaining secure finances and meeting the expectations of residents.

Although there have been some difficult decisions to make, the Board feels confident that we have been able to agree a long-term plan that safeguards our finances whilst ensuring that we maintain our commitment to improving resident services, investing in existing homes and continuing to deliver high quality affordable homes through exciting projects like the Barnsbury Estate Transformation.

Aman Dalvi OBE
Chair

12 July 2023

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 2023 we had assets of £1.3 billion, reserves totalling £228m and an annual turnover of £116m. The Group turnover from our social housing and other activities for the year ended 31 March 2023 is shown below:

	Turnover 2023	Turnover 2022
	£'m	**£'m**
Social housing letting:		
General Needs housing for rent	44	41
Supported housing	**6**	6
Low cost home ownership	**12**	10
Key Worker housing	**9**	9
Other social housing activities:		
First tranche low cost home ownership sales:	**14**	8
Supporting people and care	**11**	12
Building safety funding	**9**	1
Defect settlement	**4**	-
Other activities	**2**	2
Other non-social housing activities:		
Outright sales	**5**	3
Total	**116**	92

Summary consolidated statement of comprehensive income

	2023	**2022**	**2021**	2020	2019
	£'m	**£'m**	£'m	£'m	£'m
Turnover	**116**	92	100	91	80
Cost of sales	**(17)**	(10)	(12)	(8)	(2)
Surplus on disposal of fixed assets	**5**	8	8	7	7
Operating costs	**(73)**	(59)	(61)	(54)	(52)
Operating surplus	**31**	31	35	36	33
Share of profit/(loss) from joint venture	**(1)**	-	3	-	-
Net interest payable	**(21)**	(18)	(18)	(18)	(14)
Other finance costs	**-**	-	-	-	-
Fair value movement	**-**	-	-	12	(2)
Surplus for the year	**9**	**13**	**20**	**30**	**17**

Summary consolidated balance sheet

	2023	2022	2021	2020	2019
	£'m	£'m	£'m	£'m	£'m
Tangible fixed assets – housing properties and others	1,236	1,184	1,138	1,115	1,090
Net current assets	42	46	65	69	39
Total assets less current liabilities	1,278	1,230	1,204	1,184	1,129
Long term liabilities and provisions	(1,051)	(1,011)	(999)	(999)	(973)
Net assets/reserves	228	219	205	185	156

Housing properties are held at historic cost and unamortised grant is held in long term creditors. The increased carrying cost of £1,236m of completed properties in 2022/23 includes a £45m investment in new homes and £19m spend on improvement and remedial work to the existing homes. As at 31 March 2023 we had £424m of social housing and capital grant to support our development programme.

Consolidated cash flow

	2023	2022
	£'m	£'m
Cash generated from operations	60	57
Cash used in investing activities	(79)	(67)
Cash from/(used in) financing activities	18	(1)
Net change in cash	(1)	(11)

At 31 March 2023 we had £41m cash and cash equivalent. In the year we:

- Received £60m from operating activities, including housing asset sales of £28m.
- Invested £78m in existing and new stock.
- Repaid £34m of loan balances.
- Paid interest of £25m.

Key financial indicators – Group

	2023	2022	2021	2020	2019
	£'m	£'m	£'m	£'m	£'m
Operating margin[1]	22%	25%	27%	32%	32%
EBITDA MRI [2]	60%	110%	132%	118%	132%
EBITDA MRI (Defects)[2]	24%	96%	108%	118%	132%
Bank interest cover [3]	175%	199%	193%	175%	199%
Bank gearing [4]	49%	48%	46%	49%	49%
Debt per unit	£75k	£70k	£71k	£73k	£69k
Average cost of capital	3.86%	3.50%	3.40%	3.47%	3.44%
Housing units owned/managed	8,384	8,360	8,119	7,974	7,768
Units developed as % of current stock	0.58%	3.1%	2.9%	2.9%	2.2%

1 Operating margin is defined as operating surplus less surplus on disposal of fixed assets 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 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

The Board believes that value for money (VFM) is inextricably linked with the delivery of our main business objectives. Our Value for Money Strategy is closely aligned with Newlon's corporate objectives, translating them into five VFM commitments with consideration of performance against the VFM metrics and the current challenges related to building safety, environmental efficiency, resident satisfaction and the wider economy.

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

We have produced regulatory metrics at both Group and Association level to be consistent with the financial statements as a whole. The section immediately following on page 8 addresses the metrics at Group level before we focus 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 performance taken from a group of eight similar groups at Group level and all London providers at Association level.
- Reference to budgets and other performance targets agreed as part of the Corporate Plan.
- 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 broad view of costs but do not recognise all income as noted in the commentary below. We worked with a benchmarking consultancy to select a small peer group with similar group structures and have used the median from that peer group to provide a comparison in the table below.

Group performance		2023	2022	Peer median 2022	Target 2023	Target 2024
Business health	Operating margin	**22.1%**	25.1%	18.3%	**24.1%**	25.9%
	Operating margin social housing lettings	**19.1%**	31.9%	24.0%	**19.7%**	16.6%
	EBITDA MRI interest cover	**59.6%**	110.0%	87.7%	**42.8%**	46.3%
Development	New supply social	**0.6%**	3.1%	1.6%	**0.7%**	1.8%
	New supply non-social	**0.0%**	0.0%	0.6%	**0.0%**	0.9%
Debt	Gearing	**48.1%**	46.9%	46.2%	**51.0%**	52.0%
Outcomes	Reinvestment	**5.81%**	5.9%	4.6%	**8.0%**	6.5%
Asset management	ROCE	**2.3%**	2.5%	1.6%	**2.7%**	2.3%
Cost per unit	Headline social housing cost	**£9,626**	£7,393	£6,537	**£9,263**	£10,415

Overall financial performance was impacted by inflationary pressures and the cost of ongoing safety improvements, resulting in lower than expected performance in relation to operating margins and headline social housing unit costs. It should be noted that headline social housing 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 11 provides a more accurate indication of the true cost of managing homes.

The cost of our building safety programme continues to impact EBITDA MRI which is set to remain low compared to peers for the next few years as the metric includes spending on safety programmes but does not recognise income from grants that we have secured to subsidise these works. Reinvestment was lower than target due to some delays in the delivery of large building safety projects. Meanwhile headline social housing costs increased slightly beyond expectations due to inflationary pressures.

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 2022/23 Outward attracted £11.3m in funding for care and support services, down £0.6m on 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 the Care Quality Commission (CQC) and the latest customer survey showed high levels of satisfaction amongst service users and stakeholders.

Is Outward financially independent and secure?

Despite the very challenging economic conditions and their commitment to paying the London Living Wage, Outward made a surplus of £103k. The Board are pleased to see Outward continues to be profitable in a difficult operating environment and takes additional comfort from the £5.6m Outward holds in cash reserves, which would provide some time and flexibility in the event of a serious downturn in financial performance or unexpected loss.

Is Outward efficient?

The Outward Board is seeking continuous improvement in relation to occupancy, financial performance and efficiency. In the year, there was particularly pleasing progress in relation to arrears with ambitious targets being met. Void losses, meanwhile, exceeded target due to issues with referrals from local authority clients. Though it has been a challenging time to reduce costs and deliver efficiency savings due to inflation, Outward have kept costs roughly in line with 2021/22 whilst maximising their capacity by securing 3,500 hours from community volunteers. Overall, Outward's financial performance remains stable.

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	2023	2022	Median 2022	Target 2023	Target 2024
Operating margin overall	**25.6%**	30.3%	18.1%	**26.4%**	30.5%
Operating margin social housing lettings	**18.0%**	31.5%	22.0%	**18.1%**	22.7%
EBITDA MRI interest cover	**59.7%**	111.7%	110.8%	**45.0%**	44.9%
Weighted average interest rate	**3.86%**	3.50%	-	**3.90%**	4.61%

Although we continue to demonstrate strong financial performance with our overall operating margin still comfortably above the sector average, profitability has been impacted by rises in inflation and interest costs.

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	2023	2022	Median 2022	Target 2023	Target 2024
New supply (total units)	**48**	261	76	**57**	75
New supply as a % of current stock	**0.6%**	3.1%	1.1%	**0.7%**	0.9%
Gearing	**49.0%**	48.1%	44.9%	**51%**	53%

Our aim is now to deliver an average of 150 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. Due to the phasing of our development programme we are delivering fewer new homes in the period between 2022 and 2024 but expect this number to increase again after that.

Asset management

Association performance	2023	2022	Median 2022	Target 2023	Target 2024
ROCE	**2.5%**	2.6%	2.5%	**2.7%**	2.5%
Occupancy %	**99.6%**	99.7%	99.2%	**99.7%**	99.5%
Ratio of responsive to planned repairs	**52%**	54%	50%	**50%**	57%
% of residents satisfied with property condition	**63%**[1]	60%	65%	**65%**	65%
Reinvestment %	**5.9%**	6.0%	8.0%	**8.0%**	6.5%

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 roughly in line with peers, though below target due to some tall building safety projects starting on site later than anticipated.

Outcomes

Association performance	2023	2022	Median 2022	Target 2023	Target 2024
Customer satisfaction with the service overall (Rented)	**59%**	58%	63%[2]	**65%**	65%
Customer satisfaction overall (Supported Housing)	**71%**	71%	-	**90%**	65%

The Board was pleased to see an increase in resident satisfaction this year particularly against a backdrop of declining satisfaction within the sector. Initial analysis of the Regulator's Tenant Satisfaction Metrics (TSMs) has shown Newlon to be close to the London median in most categories. The Board welcomes the introduction of a consistent methodology for the sector and is confident that the Trust Newlon service improvement initiative is beginning to deliver results for residents. The programme 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.

[1] Wording changed in the year in line with new TSM guidance but still closely comparable.
[2] London Median from Housemark March 2023 TSM report

Operating efficiency

Association performance	2023	2022	Median 2022	Target 2023	Target 2024
Rent collected %	**97.7%**	96.2%	94.6%[3]	**99.9%**	99.9%
Overheads as a % of adjusted turnover	**8.7%**	8.9%	13.9%	**10.0%**	9.6%

Despite the challenges residents are facing in relation to the cost of living, rent collection levels have improved since last year and exceed the sector median. Though we did not meet the ambitious rent collection target set at the start of the year, we did meet arrears targets both overall and for our social rented homes. Overheads continue to compare well with the sector median.

Cost per unit

Association performance	2023	2022	Median 2022	Target 2023	Target 2024
Headline social housing cost	**£7,417**	£5,427	£5,963	**£6,000**	£7,434
Management cost	**£1,148**	£1,020	£1,527	**£1,200**	£1,236
Maintenance	**£3,190**	£2,242	£1,615	**£2,500**	£3,026
Major repairs	**£1,307**	£651	£1,123	**£980**	£1,537
Service charge costs	**£1,744**	£1,269	£1,065	**£1,300**	£1,575
Other social housing costs	**£28**	£246	£266	**£20**	£60

Headline social housing costs ended the year considerably higher than budgeted due to a combination of factors. The increase in the overall cost per unit was primarily driven by higher than budgeted maintenance and major works costs. In addition to the Board's additional investment in stock condition and building safety, inflationary pressures impacted spending across both routine repairs services and planned projects with construction cost indexes consistently running even higher than CPI. Maintenance costs also include some unrecoverable costs associated with the remediation of building safety defects. It has also been a challenging year in terms of service costs with a particularly steep increase in insurance costs impacting residents.

Operational Value for Money targets

A key strand of our Value for Money Strategy is to drive efficiency through more effective delivery of services. The Board had 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 have been seeking 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. The Board are pleased to see signs that this approach is beginning to deliver results and an update on progress is included below:

[3] Housemark General Needs Social Rented only

Increase in satisfaction and reduction in overall avoidable contact.	Although we fell short of a target of 10% reduction in overall contact over the year contact was down 4.4% on the previous 12 months, a trend that was continuing in the early months of 2023/24. As noted in the commentary above, we have seen a recovery in resident satisfaction over the year with a small increase in overall satisfaction underpinned by a significant improvement in levels of satisfaction with the repairs service and with the percentage of residents saying Newlon is easy to deal with.
Significantly increase the number of residents accessing services online.	Over 2,700 households are now using our resident portal and use has increased by 90% this year. We have set a target of 3,500 for 2023/24.

Sustainability

As part of our most recent funding exercise in 2022, we developed a Sustainable Finance Framework. We selected key spend areas that are fundamental to our corporate strategy and identified tangible environmental and social 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 working towards the adoption of The Good Economy's Environmental, Social, and Governance (ESG) Standard for Social Housing and have been working with specialists to ensure that our ESG targets align with our overall Corporate Plan. We 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.

Capital Structure and Treasury Policy

Borrowings at the year-end were £629m after fair value adjustment. Undrawn facilities amounted to £214m, 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 2023, 87% of our debt portfolio was fully hedged and the remaining 13% was unhedged.

	Newlon		Access		Total	
	2023	**2022**	**2023**	2022	**2023**	**2022**
	£'m	**£'m**	**£'m**	£'m	**£'m**	**£'m**
Fixed	**490**	431	**-**	-	**490**	431
Fixed (cancellable option)	**-**	-	**-**	-	**-**	-
Index-linked hedge	**61**	61	**-**	-	**61**	61
Variable	**76**	100	**3**	3	**79**	103
Total drawn (after fair value adjustment)	**627**	592	**3**	3	**629**	595
Total facilities	**840**	689	**3**	3	**843**	692

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	6.1	6.0
1 - 2 years	4.6	4.5
2 - 5 years	70.6	70.2
5 - 10 years	178.0	176.7
10 - 20 years	210.8	210.1
20 - 30 years	159.1	159.1

Available funding ensures the Group's business plan is fully funded and sufficient level 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 2022/23 and expect to continue to be compliant.

Principal risks and uncertainties

Risk	Mitigation
Rising costs	Inflation continues to put pressure on costs and has, over the last year, resulted in significant increases to maintenance and service costs. We continue to work towards delivering our Value for Money Strategy (as outlined earlier in this report), and to subject our long-term plans to rigorous stress testing and seek savings where possible within the budgeting process.
Non-recovery of building safety costs	We are continuing to work through a programme of building safety works. 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.
Barnsbury project delivery	The scale of the regeneration project exposes Newlon to increased financial risk and has the potential to draw 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 local office on the estate. Newlon delivered an extensive programme of resident consultation by engaging with them from 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. They were appointed based on a strong track record on similar projects. With planning successfully negotiated, we were able to start on site during March 2023.

Risk	Mitigation
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 has the potential to impact operational effectiveness and leave us exposed to additional regulatory risk. Preparations have continued throughout 2022/23 with the recruitment of the Building Safety Team. An internal audit of readiness for the Building Safety Act in February 2023 resulted in a rating of 'Substantial Assurance'.
Stock condition	Resident satisfaction and operational effectiveness are 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. The introduction of a Complex Repairs Unit has improved case management and the team has also overseen a targeted, data driven approach to identifying and addressing property condition issues such as damp and mould.
Viability of new development	The Board is regularly assessing this risk and making sure we have the necessary resources in order to proceed with our plans. This risk is suitably embedded into our long-term financial plan and corporate plan. The business plan is regularly stress-tested and the Development Committee assess our plans based on market conditions and an in-depth horizon scanning. Commitments to improving stock condition and maintaining strong financial performance led to the Board temporarily scaling back development ambitions. However, the goal to deliver an average of 150 units a year is still ambitious compared to many peers.
Sales risk	Delays in sales and reduced values or falling sale prices result in reduced income that is a risk for Newlon. As a mitigation, we begin marketing campaigns 18–24 months ahead of handover and monitor monthly the market trends and triggers. Newlon's Golden Liquidity Rule is set up to require cash for 3 and 18 months. The Board regularly (at least annually) does stress-testing and reviews the Financial Business Plan.
Resident satisfaction	With the introduction of new consumer regulation on the horizon, we continue to challenge service standards and drive improvements to resident services. The Board is pleased to see initial results from the Trust Newlon improvement programme and will refresh the plan for 2023/24.
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 undertook a comprehensive review of our Asset Management Strategy, 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 processes 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 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. The Board recognises that the importance of responding to the housing crisis must be balanced with investment required into building remediation and safety, improving homes and reducing our carbon footprint.

We are very confident in our long-term plan and our ability to continue to deliver new homes alongside meeting rising standards in relation to safety and environmental performance.

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 programme of service improvement. 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 will be 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 National Housing Federation (NHF) Code of Governance 2020, except for the six year tenure rule for Board members; and NHF's Code of Conduct 2022. Compliance with both codes was self-assessed within the year. We also commissioned an external review of Board effectiveness in the year and have developed an action plan to support continuous improvement in governance.

We will gradually implement the six year tenure rule. The smooth transition towards the Code will ensure the stability of Group Governance whilst regularly refreshing the skills and perspectives of the Board. There were three resignations during the year and three appointments, which have helped us to move towards the implementation of the six year term as standard.

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 of 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.

The Executive Team

The Group Executive 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 48 and 49).

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 2023/24 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 note 3 (page 40) of the notes forming part of the financial statements..

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 2022.

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 register 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 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 June 2022 the Regulator of Social Housing confirmed the outcome of their In-Depth Assessment of Newlon's governance, which resulted in the Group retaining its rating of G1 for governance and V2 for viability. This grading was reaffirmed in December 2022 via a routine stability check. 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

Tom O'Malley
Company Secretary

12 July 2023

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 2023 and of the Group's and the Association's surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

We have audited the financial statements of Newlon Housing Trust ("the Association") and its subsidiaries ("the Group") for the year ended 31 March 2023 which comprise the consolidated and Association statement of comprehensive income, the consolidated and Association balance sheets, the consolidated and Association statement of changes in equity, the consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 **The Financial Reporting Standard applicable in the UK and Republic of Ireland** (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

Independence

We remain independent of the 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.

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 and of 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 or the Housing and Regeneration Act 2008 to report to you if, in our opinion:

- the information given in the Report of the Board for the financial year for which the financial statements are prepared is not consistent with the financial statements; or
- 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:

Non-compliance with laws and regulations

Based on:

- our understanding of the Group and the Association and the sector in which it operates;
- discussion with management and those charged with governance including the Group Audit and Risk Committee; and
- obtaining and understanding of the Group and the Association's policies and procedures regarding compliance with laws and regulations.

We considered the significant laws and regulations to be the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102), the Housing SORP, 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 2022.

The Association is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be the health and safety legislation, UK tax legislation, Employment Taxes and the Bribery Act 2010.

Our procedures in respect of the above included:

- review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- review of correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations; and
- review of financial statement disclosures and agreeing to supporting documentation.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- enquiry with management and those charged with governance including the Group Audit and Risk Committee regarding any known or suspected instances of fraud;
- obtaining an understanding of the Group and the Association's policies and procedures relating to:
  - detecting and responding to the risks of fraud; and
  - internal controls established to mitigate risks related to fraud;
- read minutes of meetings of those charged with governance, reviewed internal audit reports and reviewed correspondence with HMRC and the Regulator of Social Housing;
- discussion amongst the engagement team as to how and where fraud might occur in the financial statements; and
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

Based on our risk assessment, we considered the areas most susceptible to fraud to be improper revenue recognition and management override in relation to accounting estimates and journal posting.

Our procedures in respect of the above included:

- testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;
- assessing significant estimates made by management for bias, including the recoverable amount of property developed for sale, impairment of housing properties, rent arrears provision and defined benefit pension scheme assumptions;
- testing the application of cut off on revenue, notably property sales, for the evidence that it was recorded in the correct period;
- testing the existence and accuracy of supported people and care income; and
- testing for the improper recognition of surplus on disposal of housing properties.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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

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

Use of our report

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

DocuSigned by:
Laurence Elliott
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Laurence Elliott (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

Gatwick, West Sussex, United Kingdom.

Date: 25 September 2023

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 2023

	Note	Group 2023 £'000	Group 2022 £'000
Turnover	4	**116,480**	91,975
Cost of sales	4	**(17,794)**	(9,580)
Operating costs	4	**(72,914)**	(59,343)
Surplus on disposal of fixed assets: housing properties	11	**5,218**	7,659
Operating surplus	4,7	**30,990**	30,711
Share of (loss)/profit from joint venture	19	**(1,062)**	262
Surplus/(loss) on sales of other fixed assets	11	**-**	(2)
Other interest receivable and similar income	12	**1,466**	132
Interest and financing costs	13	**(22,652)**	(18,137)
Movement in fair value of investment properties	17	**150**	198
Surplus before taxation		**8,892**	13,164
Taxation on surplus	14	**-**	-
Surplus for the financial year		**8,892**	13,164
Movement in fair value of defined benefit pension schemes	30	**(134)**	178
Total comprehensive income for the financial year		**8,758**	13,342

The notes on pages 30 to 73 form part of these financial statements.

All activities relate to continuing operations.

Association statement of comprehensive income
for the year ended 31 March 2023

	Note	Association 2023 £'000	Association 2022 £'000
Turnover	4	**101,249**	77,117
Cost of sales	4	**(17,791)**	(9,580)
Operating costs	4	**(57,564)**	(44,120)
Surplus on disposal of fixed assets – housing properties	11	**5,168**	7,559
Operating surplus	4,7	**31,062**	30,976
Surplus/(loss) on sales of other fixed assets	11	**-**	(2)
Other interest receivable and similar income	12	**1,416**	142
Interest and financing costs	13	**(22,573)**	(18,112)
Surplus before taxation		**9,905**	13,004
Taxation on surplus	14	**-**	-
Surplus for the financial year		**9,905**	13,004
Total comprehensive income for the financial year		**9,905**	13,004

The notes on pages 30 to 73 form part of these financial statements.

All activities relate to continuing operations.

Consolidated and Association balance sheets
at 31 March 2023

	Note	Group 2023 £'000	Group 2022 £'000	Association 2023 £'000	Association 2022 £'000
Fixed assets					
Tangible fixed assets – housing	15	1,221,203	1,171,003	1,209,426	1,158,959
Tangible fixed assets – other	16	9,972	9,619	9,439	9,084
Investment properties	17	3,250	3,100	-	-
Investments	18	1,719	143	-	-
		1,236,144	1,183,865	1,218,865	1,168,043
Current assets					
Properties developed for sale	20	28,603	38,377	28,603	38,377
Debtors – receivable within one year	21	18,951	22,824	22,440	26,215
Debtors – receivable after one year	21	12,719	9,750	-	-
Current asset investments	22	30	30	30	30
Cash and cash equivalents		41,455	42,417	33,295	33,099
		101,758	113,398	84,368	97,721
Creditors: amounts falling due within one year	23	(59,433)	(67,141)	(48,777)	(58,989)
Net current assets		42,325	46,257	35,591	38,732
Total assets less current liabilities		1,278,469	1,230,122	1,254,456	1,206,775
Creditors: amounts falling due after more than one year	24	(1,050,755)	(1,011,166)	(1,039,522)	(1,001,746)
Provisions for liabilities and charges	29	(7)	(7)	(7)	(7)
Net assets		227,707	218,949	214,927	205,022
Capital and reserves					
Called up share capital	31	-	-	-	-
Designated reserve		2,385	2,385	-	-
Income and expenditure reserve		225,288	216,530	214,927	205,022
Restricted reserve		34	34	-	-
		227,707	218,949	214,927	205,022

The financial statements were approved by the Board of Directors and authorised for issue on 12 July 2023.

Aman Dalvi
Chair

Fred Angole
Director

Tom O'Malley
Company Secretary

The notes on pages 30 to 73 form part of these financial statements.

Consolidated statement of changes in equity
for the year ended 31 March 2023

Group	Cashflow hedge reserve	Designated reserve	Income and expenditure reserve (restated)	Restricted reserve	Total
	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2022	-	2,385	216,530	34	218,949
Surplus for the year	-	-	8,892	-	8,892
	-	2,385	225,422	34	227,841
Actuarial losses on defined benefit pension schemes	-	-	(134)	-	(134)
Other comprehensive loss for the year	-	-	(134)	-	(134)
Balance at 31 March 2023	**-**	**2,385**	**225,288**	**34**	**227,707**

Group	Cashflow hedge reserve	Designated reserve	Income and expenditure reserve (restated)	Restricted reserve	Total
	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2021	-	2,300	203,283	34	205,617
Surplus for the year	-	85	13,070	-	13,155
	-	2,385	216,353	34	218,772
Actuarial losses on defined benefit pension schemes	-	-	177	-	177
Other comprehensive income for the year	-	-	177	-	177
Balance at 31 March 2022	**-**	**2,385**	**216,530**	**34**	**218,949**

Association statement of changes in equity
for the year ended 31 March 2023

Association	Cash flow hedge reserve	Income and expenditure reserve	Total
	£'000	£'000	£'000
Balance at 1 April 2022	-	205,022	205,022
Surplus for the year	-	9,905	9,905
		214,927	214,927
Other comprehensive income for the year	-	-	-
Balance at 31 March 2023	**-**	**214,927**	**214,927**

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**

Consolidated statement of cash flows
for the year ended 31 March 2023

	Note	Group 2023 £'000	Group 2022 (restated) £'000
Cash flows from operating activities			
Surplus for the financial year		**8,892**	13,165
Adjustments for:			
Depreciation of fixed assets - housing properties	15	**8,240**	7,934
Depreciation of fixed assets - other	16	**492**	550
Decrease in stock	20	**9,774**	9,159
Amortised grant	5	**(12,813)**	(3,822)
Housing asset component write off	15	**1,417**	655
Interest payable	13	**22,652**	18,137
Interest received	12	**(1,466)**	(132)
Movement in fair value of investment properties	17	**(150)**	(198)
Taxation expense	14	**-**	-
Surplus on the sale of fixed assets - housing properties	11	**(6,631)**	(7,659)
Surplus on sales of other fixed asset	11	**-**	2
Increase in trade and other debtors		**(195)**	(16,468)
Proceeds from sales of fixed assets - housing properties	11	**9,168**	14,578
Proceeds from first tranche and outright sales		**18,651**	10,621
Provision for losses on accounts receivable	5	**(113)**	53
Increase in trade creditors		**1,717**	10,962
Increase\(decrease) in pension liability		**155**	(276)
Share of Joint Venture loss/(profit)	19	**1,062**	(262)
Increase in Provision	30	**-**	-
Transaction costs from sale of housing properties	11	**(83)**	(251)
Cash from operations		**60,769**	56,748
Taxation paid			
Net cash generated from operating activities		**60,769**	56,748
Cash flows from investing activities			
Proceeds from sales of fixed assets - other	11	**-**	17
Purchase of fixed assets - housing properties	15	**(78,470)**	(66,941)
Purchase of fixed assets - investment properties	17	**-**	-
Purchase of fixed assets - other	16	**(845)**	(768)
Interest received	12	**1,466**	132
Distributions received from joint venture	19	**150**	1,050
Purchase of investment in joint venture	19	**(1,576)**	(142)
Net cash used in investing activities		**(79,275)**	(66,652)
Cash flows from financing activities			
Interest paid		**(24,876)**	(20,253)
New loans - banks		**71,000**	19,000
Repayment of loans		**(33,690)**	(3,010)
Grants received during the year	25	**5,110**	3,590
Net cash from/(used in) financing activities		**17,544**	(673)
Net (decrease) in cash and cash equivalents		**(962)**	(10,577)
Cash and cash equivalents at beginning of year		**42,417**	52,994
Cash and cash equivalents at end of year		**41,455**	42,417

The cashflow for 2022 has been restated due to a summation error within net cash generated from operating activities. The notes on pages 30 to 73 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 2022.

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 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 2023/24 and the business plan 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.

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 '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 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 34).

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'.

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

Valuation techniques have been used to determine the value of financial instruments by estimating how financial instruments will be priced by market participants. In arriving at the valuations actual data is used (or best available information if data is not available).

As a result their measurement is determined by Section 12 of FRS 102. In determining the appropriate accounting treatment for these instruments we have assumed that the Regulations referred to in 12.8c, which are the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulations 2008, are applicable to Newlon Housing Trust.

Associates and joint ventures

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

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

Leased assets: Lessee

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

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

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

Leasehold sinking funds

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

Provision for liabilities

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

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

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

Onerous leases

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

Contingent liabilities

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

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

Reserves

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

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

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

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

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

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

- Whether there are indicators of impairment of the Group's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset, the viability and expected future performance of that unit. The members have considered the measurement basis to determine the recoverable amount of assets where there are indicators of impairment based on EUV-SH or depreciated replacement cost. The members have also considered impairment based on their assumptions to define cash generating units as a scheme. This was followed by establishing our net cash flows for each scheme over the estimated life of 100 years. Net cash flows consist of cash inflows which are solely from annual rent and cash outflows consisting of management costs, routine maintenance, service costs (for Affordable Rent units only) and planned and major works. A terminal value is also included in the net cash flow to account for business into the foreseeable future. This is based on the net cash flow for year 100. Annual rental income is assumed to increase by CPI plus 1%.
- The anticipated costs to complete a development scheme are 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.

Other key sources of estimation uncertainty

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

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

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

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

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

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

Other areas of estimation uncertainty may include:

- Project or scheme costs are capitalised on the basis that the scheme will be completed and the costs for each unit upon completion is apportioned on square feet or area of each unit.
- If a project or scheme becomes unfeasible then the costs will be written off to the income and expenditure as abortive costs.
- Revenue recognition around particular contracts – income is generated from a range of sources, in particular from rent and service charges to local authority income under a wide variety of contract types, durations and service specifications. Judgement is applied 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 2023 £'000	Cost of sales 2023 £'000	Operating costs 2023 £'000	Surplus on sale of fixed assets 2023 £'000	Operating surplus/ (deficit) 2023 £'000
Social housing lettings (note 5)	70,952	-	(57,433)	-	13,519
Other social housing activities					
First tranche low cost home ownership sales	13,724	(13,287)	(1,394)	-	(957)
Development services	859	(3)	(1,825)		(969)
Supporting people and care	11,319	-	(11,973)	-	(654)
Community regeneration	61		(74)	-	(13)
Surplus on sale of fixed assets	-	-	-	5,218	5,218
Building safety funding	9,009	-	-	-	9,009
Defect settlement income	3,772	-	-	-	3,772
Other activities	1,857	-	(215)	-	1,642
	40,601	(13,290)	(15,481)	5,218	17,048
Total social housing activities	**111,553**	**(13,290)**	**(72,914)**	**5,218**	**30,567**
Outright property sales	4,927	(4,504)	-	-	423
Total income from social and non-social activities	**116,480**	**(17,794)**	**(72,914)**	**5,218**	**30,990**

Group	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)	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
Building safety funding	1,448	-	-	-	1,448
Other activities	1,230	-	(176)	-	1,054
	23,767	(7,379)	(14,661)	7,659	9,386
Total social housing activities	**89,347**	**(7,379)**	**(59,343)**	**7,659**	**30,284**
Outright property sales	2,628	(2,201)	-	-	427
Total income from social and non-social activities	**91,975**	**(9,580)**	**(59,343)**	**7,659**	**30,711**

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

Association	Turnover 2023 £'000	Cost of sales 2023 £'000	Operating costs 2023 £'000	Surplus on sale of fixed assets 2023 £'000	Operating surplus/ (deficit) 2023 £'000
Social housing lettings (note 5)	66,056	-	(54,142)	-	11,914
Other social housing activities					
First tranche low cost home ownership sales	13,724	(13,287)	(1,394)	-	(957)
Development services	859		(1,825)	-	(966)
Surplus on sale of fixed assets	-	-	-	5,168	5,168
Building safety funding	9,009	-	-	-	9,009
Defect settlement income	3,772	-	-	-	3,772
Other activities	2,902	-	(203)	-	2,699
	30,266	(13,287)	(3,422)	5,168	18,725
Total social housing activities	**96,322**	**(13,287)**	**(57,564)**	**5,168**	**30,639**
Outright property sales	4,927	(4,504)	-	-	423
Total activities	**101,249**	**(17,791)**	**(57,564)**	**5,168**	**31,062**

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
Building safety funding	1,448				1,448
Other activities	3,095	-	(162)	-	2,933
	13,623	(7,379)	(2,405)	7,559	11,398
Total social housing activities	**74,489**	**(7,379)**	**(44,121)**	**7,559**	**30,548**
Outright property sales	2,628	(2,201)	-	-	427
Total activities	**77,117**	**(9,580)**	**(44,121)**	**7,559**	**30,975**

5. Income and expenditure from social housing lettings

Group	General Needs	Supported Housing	Low cost home ownership	Key Worker	**Total 2023**	Total 2022
	£'000	£'000	£'000	£'000	**£'000**	£'000
Income						
Rents net of identifiable service charges	35,206	3,310	6,755	8,766	**54,037**	51,588
Service charge income	4,708	2,861	5,153	121	**12,843**	9,714
Amortised government grants	3,778	-	26	-	**3,804**	3,822
Net rental income	**43,692**	**6,171**	**11,934**	**8,887**	**70,684**	65,124
Other Income	1	-	45	222	**268**	456
Turnover from social housing lettings	**43,693**	**6,171**	**11,979**	**9,109**	**70,952**	65,580
Expenditure						
Management	4,470	862	2,051	1,557	**8,940**	7,912
Service charge costs	6,240	2,603	3,754	3,093	**15,690**	11,790
Routine maintenance	8,879	(193)	1,463	1,817	**11,966**	8,805
Planned maintenance	8,543	187	(7)	950	**9,673**	7,318
Major repairs expenditure	609	16	855	140	**1,620**	215
Bad debts	(88)	(25)	-	-	**(113)**	53
Depreciation of housing properties:						
Annual charge	7,058	268	-	924	**8,250**	7,934
Accelerated on disposal of components	1,000	39	368	-	**1,407**	655
Operating expenditure on social housing lettings	**36,711**	**3,757**	**8,484**	**8,481**	**57,433**	44,682
Operating surplus on social housing lettings	**6,982**	**2,414**	**3,495**	**628**	**13,519**	20,898
Void losses	**198**	**467**	**-**	**275**	**940**	1,227

5. Income and expenditure from social housing lettings

Association	General Needs	Supported Housing	Low cost home ownership	Key Worker	**Total 2023**	Total 2022
	£'000	£'000	£'000	£'000	**£'000**	£'000
Income						
Rents net of identifiable service charges	34,958	2,388	6,431	8,766	**52,543**	50,020
Service charge income	4,686	-	4,701	121	**9,508**	6,870
Amortised government grants	3,749	-	-	-	**3,749**	3,763
Net rental income	**43,393**	**2,388**	**11,132**	**8,887**	**65,800**	60,653
Other income	1	-	33	222	**256**	213
Turnover from social housing lettings	**43,394**	**2,388**	**11,165**	**9,109**	**66,056**	60,866
Expenditure						
Management	4,412	405	2,051	1,557	**8,425**	7,472
Service charge costs	6,212	-	3,496	3,093	**12,801**	9,294
Routine maintenance	8,853	-	1,461	1,817	**12,131**	8,901
Planned maintenance	8,539	187	(10)	950	**9,666**	7,311
Major repairs expenditure	609	16	855	140	**1,620**	214
Bad debts	(88)	-	-	-	**(88)**	(12)
Depreciation of housing properties:						
Annual charge	6,988	268	-	924	**8,180**	7,881
Accelerated on disposal of components	1,000	39	368	-	**1,407**	655
Operating expenditure on social housing lettings	**36,525**	**915**	**8,221**	**8,481**	**54,142**	41,716
Operating surplus on social housing lettings	**6,869**	**1,473**	**2,944**	**628**	**11,914**	19,150
Void losses	**196**	**-**	**-**	**275**	**471**	726

6. Units of housing stock

Group	Restated Balance brought forward	Addition	Disposal	Transfers Completed developments	Transfers Final staircasings	Transfers Outright sales	Balance Carried forward
	No.	No.	No.	No.	No.	No.	No.
General Needs housing:							
- Social	3,955	-	(14)	-	-	-	3,941
- Affordable	347	-	-	-	-	-	347
Low cost home ownership	1,336	-	-	48	(19)	-	1,365
Supported housing	637	-	-	-	-	-	637
Intermediate Rent	1,146	-	-	-	-	-	1,146
Total social housing units	**7,421**	**-**	**(14)**	**48**	**(19)**	**-**	**7,436**
Leaseholder	835	-	-	-	19	9	863
Private sale (unsold)	12	-	-	-	-	(9)	3
Commercial properties	82	-	-	-	-	-	82
Total owned and/or managed	**8,350**	**-**	**(14)**	**48**	**-**	**-**	**8,384**
Units under construction	610	-	-	(48)	-	-	562

Association	Restated Balance brought forward	Addition	Disposal	Transfers Completed developments	Transfers Final staircasings	Transfers Outright sales	Balance Carried forward
	No.	No.	No.	No.	No.	No.	No.
General Needs housing:							
- Social	3,924	-	(14)	-	-	-	3,910
- Affordable	346	-	-	-	-	-	346
Low cost home ownership	1,279	-	-	48	(19)	-	1,308
Supported housing	637	-	-	-	-	-	637
Intermediate Rent	1,139	-	-	-	-	-	1,139
Total social housing units	**7,325**		**(14)**	**48**	**(19)**	**-**	**7,340**
Leaseholder	709	-	-	-	19	9	737
Private sale (unsold)	12	-	-	-	-	(9)	3
Commercial properties	82	-	-	-	-	-	82
Total owned and/or managed	**8,128**	**-**	**(14)**	**48**	**-**	**-**	**8,162**
Units under construction	610	-	-	(48)	-	-	562

7. Operating surplus

	Group 2023 £'000	Group 2022 £'000	Association 2023 £'000	Association 2022 £'000
The operating surplus is arrived at after charging:				
Depreciation of housing properties:				
- Annual charge	8,250	7,934	8,180	7,881
- Accelerated depreciation on replaced components	1,407	655	1,407	655
Depreciation of other tangible fixed assets	492	550	424	486
Operating lease charges				
- Other leases	4	4	4	4
Auditors' remuneration (excluding VAT):				
- Fees payable to the Group's auditor for the audit of the Group's annual accounts	32	27	32	27
- Fees for audit of accounts of associated entities	38	33	-	-
- Fees for tax advice	9	4	-	-
Defined contribution pension cost	941	820	691	602
Defined benefit pension cost (see note 30)	246	238	-	-

8. Employees

	Group 2023 £'000	Group 2022 £'000	Association 2023 £'000	Association 2022 £'000
Staff costs (including Executive Management Team) consist of:				
Wages and salaries	18,620	18,184	8,588	8,277
Social security costs	1,937	1,750	978	875
Cost of defined contribution scheme	941	820	691	602
Temporary agency workers	486	376	300	109
	21,984	21,130	10,557	9,863

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 £941,000 (2022: £820,000).

Contributions amounting to Nil (2022: 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 2023	Group 2022	**Association 2023**	Association 2022
	No.	No.	**No.**	No.
Administration	**76**	76	**56**	56
Development and sales	**19**	19	**19**	19
Support and care	**399**	483	**-**	-
Housing management	**133**	122	**115**	107
	627	700	**190**	182

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 2023	Group 2022	**Association 2023**	Association 2022
	£	£	**£**	£
Executive Directors' emoluments	**780,722**	773,154	**780,722**	773,154
Contributions to money purchase pension schemes	**57,529**	52,440	**57,529**	52,440
	838,251	825,594	**838,251**	825,594

The total amount payable to the Chief Executive, who was also the highest paid Director in respect of emoluments was £175,494 (2022: £169,974).

Pension contributions of £12,872 (2022: £12,277) 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 (2022: 6).

None of the Directors accrued benefits under the Group's defined benefit pension scheme during the year (2022: Nil).

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

	Group 2023 No.	Group 2022 No.	Association 2023 No.	Association 2022 No.
£60,000 - £69,999	7	6	7	6
£70,000 - £79,999	10	10	10	10
£80,000 - £89,999	7	6	7	6
£90,000 - £99,999	1	-	1	-
£100,000 - £109,999	1	2	1	2
£110,000 - £119,999	2	-	2	-
£120,000 - £129,999	1	1	1	1
£130,000 - £139,999	-	-	-	-
£140,000 - £149,999	1	-	1	-
£150,000 - £159,999	-	1	-	1
£160,000 - £169,999	-	2	-	2
£170,000 - £179,999	1	-	1	-

10. Board members

Board member	Remuneration	Member of:			
	£	Audit and Risk Committee	Development Committee	People and Governance Committee	Residents' Services Committee
Aman Dalvi - Chair	19,609		✓	✓	
Jane Everton	3,883			✓	
Fred Angole	7,766	✓			
John Cross	7,766		✓		
Lloyd Gale-Ward	7,766				✓
Blossom Shakespeare	7,766				✓
Ed Ihejirika	6,328	✓	✓		
Chris Cheshire	6,688		✓		✓
Peter Cogan	1,951				✓
Alison Muir	1,582				

11. Surplus on disposal of fixed assets

Group	Housing properties 2023 £'000	Other fixed assets 2023 £'000	**Total 2023 £'000**	Total 2022 £'000
Housing properties:				
Disposal proceeds	9,168	-	**9,168**	14,595
Cost of disposals	(3,718)	-	**(3,718)**	(6,321)
Selling costs	(83)	-	**(83)**	(251)
Grant recycled	(237)	-	**(237)**	(419)
Grant abated	88	-	**88**	53
Surplus on disposal of other tangible fixed assets	5,218	-	**5,218**	7,657

Association	Housing properties 2023 £'000	Other fixed assets 2023 £'000	**Total 2023 £'000**	Total 2022 £'000
Housing properties:				
Disposal proceeds	9,092	-	**9,092**	14,432
Cost of disposals	(3,693)	-	**(3,693)**	(6,268)
Selling costs	(82)	-	**(82)**	(250)
Grant recycled	(237)	-	**(237)**	(410)
Grant abated	88	-	**88**	53
Surplus on disposal of other tangible fixed assets	5,168	-	**5,168**	7,557

12. Interest receivable and income from investments

	Group 2023 £'000	Group 2022 £'000	**Association 2023 £'000**	Association 2022 £'000
Interest receivable and similar income	**1,466**	132	**1,416**	142

13. Interest payable and similar charges

	Group 2023 £'000	Group 2022 £'000	**Association 2023 £'000**	Association 2022 £'000
Bank loans and overdrafts	**24,876**	20,253	**24,801**	20,228
Recycled capital grant fund accrued interest	**267**	4	**263**	4
Disposal proceeds fund accrued interest	**-**	-	**-**	-
Interest capitalised on construction of housing properties	**(2,491)**	(2,120)	**(2,491)**	(2,120)
	22,652	18,137	**22,573**	18,112

14. Taxation on surplus on ordinary activities – Group only

	Group 2023 £'000	Group 2022 £'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 2023 £'000	Group 2022 £'000
Surplus on ordinary activities before tax	8,892	13,165
Surplus on ordinary activities at the standard rate of corporation tax in the UK of 19%	1,689	2,501
Effects of:		
- Income not taxable for tax purposes	-	-
- Expenses not deductible for tax purposes	-	-
- Charitable exemption	(1,689)	(2,501)
- Adjustments to tax charge in respect of previous period	-	-
	-	-

There was no tax charge for the year (2022: Nil) for the Association.

The aggregate current and deferred tax relating to items recognised in other comprehensive income is a charge of Nil (2022: 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 (restated)	General Needs under construction (restated)	Shared Ownership completed (restated)	Shared Ownership under construction (restated)	Total
	£'000	£'000	£'000	£'000	£'000
Cost or valuation:					
At 1 April 2022	981,498	53,596	215,657	32,435	**1,283,186**
Additions:					
Construction costs	-	30,324	-	14,968	**45,292**
Works to existing properties	9,830	-	-	-	**9,830**
Completed cladding works	2,660	-	4,397	-	**7,057**
Cladding works in progress	-	-	9,008	-	**9,008**
Completed schemes	-	-	21,417	(21,417)	**-**
Reclassifications from held for sale	-	-	(9,272)	1,685	**(7,587)**
Disposals:					
Property sales	(1,755)	-	-	-	**(1,755)**
Staircasing sales	-	-	(2,287)	-	**(2,287)**
Replaced cladding	(343)	-	(368)	-	**(711)**
Replaced components	(1,217)	-	-	-	**(1,217)**
At 31 March 2023	**990,673**	**83,920**	**238,552**	**27,671**	**1,340,816**
Depreciation:					
At 1 April 2022	(112,182)	-	-	-	**(112,182)**
Charge for the year	(8,240)	-	-	-	**(8,240)**
Eliminated on disposals:					
Disposal	298	-	-	-	**298**
Accelerated charge on components	511	-	-	-	**511**
At 31 March 2023	**(119,613)**	**-**	**-**	**-**	**(119,613)**
Net book value at 31 March 2023	**871,060**	**83,920**	**238,552**	**27,671**	**1,221,203**
Net book value at 31 March 2022	869,401	53,219	216,102	32,281	**1,171,003**

The opening balances have been restated due to an error in classification which has been amended.

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 2022	**974,527**	**53,596**	**209,624**	**32,435**	**1,270,182**
Additions:					
Construction costs	-	30,462	-	15,210	**45,672**
Works to existing properties	9,597	-	-	-	**9,597**
Cladding works in progress	-	-	9,008	-	**9,008**
Completed cladding works	2,660	-	4,397	-	**7,057**
Reclassifications from held for sale	-	-	(9,272)	1,685	**(7,587)**
Completed schemes	-	-	21,417	(21,417)	**-**
Disposals:					
Property sales	(1,755)	-	-	-	**(1,755)**
Staircasing sales	-	-	(2,236)	-	**(2,236)**
Replaced cladding	(343)	-	(368)	-	**(711)**
Replaced components	(1,159)	-	-	-	**(1,159)**
At 31 March 2023	**983,527**	**84,058**	**232,570**	**27,913**	**1,328,068**
Depreciation:					
At 1 April 2022	(111,223)	-	-	-	**(111,223)**
Charge for the year	(8,180)	-	-	-	**(8,180)**
Eliminated on disposals:					
Disposal	298	-	-	-	**298**
Accelerated charge on components	463	**-**	**-**	**-**	**463**
At 31 March 2023	(118,642)	-	-	-	**(118,642)**
Net book value at 31 March 2023	**864,885**	**84,058**	**232,570**	**27,913**	**1,209,426**
Net book value at 31 March 2022	863,304	53,596	209,624	32,435	**1,158,959**

15. Tangible fixed assets – housing properties (continued)

	Group 2023 £'000	Group 2022 £'000	Association 2023 £'000	Association 2022 £'000
The net book value of housing properties may be further analysed as:				
Freehold	**840,852**	809,025	**832,369**	800,326
Long leasehold	**379,910**	361,537	**376,616**	358,192
Short leasehold	**441**	441	**441**	441
	1,221,203	1,171,003	**1,209,426**	1,158,959
Interest capitalisation				
Interest capitalised in the year	**2,491**	2,120	**2,491**	2,120
Cumulative interest capitalised	**51,126**	49,006	**51,126**	49,006
	53,617	51,126	**53,617**	51,126
Rate used for capitalisation	**3.89%**	3.39%	**3.89%**	3.39%
Works to properties				
Improvements to existing properties capitalised	**9,830**	4,765	**9,597**	4,765
Major repairs expenditure to income and expenditure account	**1,620**	214	**1,620**	214
	11,450	4,979	**11,217**	4,979
Total Social Housing Grant received or receivable to date is as follows:				
Capital grant – housing properties	**423,983**	421,482	**417,887**	415,305
Recycled Capital Grant Fund	**13,552**	10,453	**13,328**	10,233
Revenue grant – I&E	**85,720**	82,153	**84,592**	80,843
	523,255	514,088	**515,807**	506,381

Properties held for security

The Association had property with a net book value of £805m pledged as security at 31 March 2023 (2022: £819m).

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 2022	8,408	6,374	88	1,915	16,785
Additions	259	499	-	87	845
Reclassification in the year	713	(1,712)	-	999	-
Revaluation in the year	-	-	-	-	-
Disposals	-	-	-	-	-
At 31 March 2023	**9,380**	**5,161**	**88**	**3,001**	**17,630**
Depreciation					
At 1 April 2022	(959)	(4,364)	(44)	(1,799)	(7,166)
Reclassification in the year	-	965	(1)	(964)	-
Revaluation in the year	-	-	-	-	-
Charge for year	(78)	(297)	(12)	(105)	(492)
Disposals	-	-	-	-	-
At 31 March 2023	**(1,037)**	**(3,696)**	**(57)**	**(2,868)**	**(7,658)**
Net book value					
At 31 March 2023	**8,343**	**1,465**	**31**	**133**	**9,972**
At 31 March 2022	7,449	2,010	44	116	9,619

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 2022	8,693	4,662	47	1,449	14,851
Additions	237	499	-	43	779
Disposals	-	-	-	-	-
At 31 March 2023	**8,930**	**5,161**	**47**	**1,492**	**15,630**
Depreciation					
At 1 April 2022	(914)	(3,399)	(31)	(1,423)	(5,767)
Charge for year	(72)	(297)	(5)	(50)	(424)
Disposals	-	-	-	-	-
At 31 March 2023	**(986)**	**(3,696)**	**(36)**	**(1,473)**	**(6,191)**
Net book value					
At 31 March 2023	**7,944**	**1,465**	**11**	**19**	**9,439**
At 31 March 2022	7,779	1,263	17	25	9,084

16. Other tangible fixed assets (continued)

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

	Group 2023 £'000	Group 2022 £'000	Association 2023 £'000	Association 2022 £'000
Freehold	**8,343**	7,449	**7,944**	7,779

17. Investment properties

Group	Commercial £'000	Total £'000
At 1 April 2022	3,100	3,100
Additions	-	-
Reclassification during the year	-	-
Revaluations	150	150
At 31 March 2023	**3,250**	**3,250**

All investment properties are held within Outward Housing. The freehold holiday accommodation, comprising Nutley Edge in East Sussex was valued as at 31 March 2023 at £2,200k, on an open market basis, as set out in a side letter dated 27 April 2023 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.

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 £150,000 (2022: Gain £197,600) 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	**(590)**	(575)
	1,292	1,307

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 Belmont Street JV LLP ("Belmont") with Vistry Partnerships Limited ("Vistry") in respect 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 2023 was £11.1m (2022: £9.8m)

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

Group	Joint ventures 2023	Joint ventures 2022
	£'000	£'000
Cost		
At 1 April	**353**	2,736
Additions	**1,520**	-
Share of (loss)/profit	**(1,062)**	262
Distributions received	**(150)**	(2,645)
At 31 March	**661**	353

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 Street 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 Street 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 2023	Outright market sales 2023	Total 2023	Total 2022
	£'000	£'000	£'000	£'000
Work in progress	11,945	378	**12,323**	14,008
Completed properties	15,545	735	**16,280**	24,369
	27,490	1,113	**28,603**	38,377

Properties developed for sale include capitalised interest of £1,320,241 (2022: £1,839,388).

21. Debtors

	Group 2023 £'000	Group 2022 £'000	Association 2023 £'000	Association 2022 £'000
Due within one year				
Rent and service charge arrears	**4,237**	3,958	**3,303**	2,458
Less: Provision for doubtful debts	**(1,168)**	(1,473)	**(1,054)**	(1,199)
	3,069	2,485	**2,249**	1,259
Amounts owed by Group undertakings	**-**	-	**6,792**	6,845
Amount due from joint venture	**-**	354	**-**	-
Other debtors	**12,049**	17,159	**9,811**	15,771
Prepayments and accrued income	**3,833**	2,826	**3,588**	2,340
Taxation	**-**	-	**-**	-
	18,951	22,824	**22,440**	26,215
Due after one year				
Other debtors	**12,719**	9,750	**-**	-
	31,670	32,574	**22,440**	26,215

22. Current asset investments

	Group 2023 £'000	Group 2022 £'000	Association 2023 £'000	Association 2022 £'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 2023 £'000	Group 2022 £'000	Association 2023 £'000	Association 2022 £'000
Loans and borrowings (note 27)	**6,132**	3,862	**6,000**	3,730
Trade creditors	**7,614**	5,659	**3,693**	3,741
Rent and service charges received in advance	**2,285**	2,375	**1,666**	1,766
Amounts owed to Group undertakings	**-**	-	**10**	846
Taxation and social security	**2**	1,340	**2**	1,340
Other creditors	**13,196**	22,308	**12,436**	20,964
Deferred capital grant (note 25)	**3,567**	3,822	**3,512**	3,763
Recycled Capital Grant Fund (note 26)	**1,143**	5,625	**956**	5,442
Accruals and deferred income	**18,299**	15,548	**13,307**	10,795
Accrued interest	**6,175**	5,881	**6,175**	5,881
Leasehold maintenance	**1,020**	721	**1,020**	721
	59,433	67,141	**48,777**	58,989

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

	Group 2023 £'000	Group 2022 £'000	Association 2023 £'000	Association 2022 £'000
Loans and borrowings (note 27)	**623,148**	588,108	**620,585**	585,413
Deferred capital grant (note 25)	**420,416**	417,660	**414,375**	411,542
Recycled Capital Grant Fund (note 26)	**4,599**	4,828	**4,562**	4,791
Pension scheme deficit liability	**585**	430	**-**	-
Service charge creditors	**272**	140	**-**	-
Other creditors	**1,735**	-	**-**	-
	1,050,755	1,011,166	**1,039,522**	1,001,746

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 1.03% and 8.63% per annum. The loans are repayable over their life as set out in note 27.

25. Deferred capital grant

	Group 2023 £'000	Group 2022 £'000	Association 2023 £'000	Association 2022 £'000
At 1 April	**421,482**	424,436	**415,305**	418,172
Grants received during the year	**5,110**	3,590	**5,110**	3,590
Grants recycled from the recycled capital grant fund/disposal proceeds fund	**2,681**	266	**2,681**	266
Grants recycled to the recycled capital grant fund/disposal proceeds fund	**(1,609)**	(2,935)	**(1,609)**	(2,907)
Released to income during the year	**(114)**	(53)	**(88)**	(53)
Grant amortised during the year	**(3,567)**	(3,822)	**(3,512)**	(3,763)
At 31 March	**423,983**	421,482	**417,887**	415,305

Deferred capital grant	Group 2023 £'000	Group 2022 £'000	Association 2023 £'000	Association 2022 £'000
Due within one year (note 23)	**3,567**	3,822	**3,512**	3,763
Due in more than one year (note 24)	**420,416**	417,660	**414,375**	411,542
At 31 March	**423,983**	421,482	**417,887**	415,305

26. Recycled Capital Grant Fund

Group	Homes England 2023	Homes England 2022
Funds pertaining to activities within areas covered by:	**£'000**	**£'000**
At 1 April	**10,453**	7,361
Inputs to fund:		
Grants recycled from surplus on disposal of fixed asset	**-**	-
Grants recycled from deferred capital grants	**1,609**	2,724
Grants paid back	**(3,905)**	630
Interest accrued	**266**	4
Recycling of grant:		
New build	**(2,681)**	(266)
At 31 March	**5,742**	10,453

Association	Homes England 2023	Homes England 2022
Funds pertaining to activities within areas covered by:	**£'000**	**£'000**
At 1 April	**10,233**	7,104
Inputs to fund:		
Grants recycled from surplus on disposal of fixed asset	**-**	-
Grants recycled from deferred capital grants	**1,609**	2,687
Grants paid back	**(3,905)**	630
Interest accrued	**262**	4
Transfers from other Group members	**-**	74
Recycling of grant:		
New build	**(2,681)**	(266)
At 31 March	**5,518**	10,233

Recycled capital grant fund	Group 2023	Group 2022	Association 2023	Association 2022
	£'000	£'000	**£'000**	£'000
Due within one year (note 23)	**1,143**	5,625	**956**	5,442
Due in more than one year (note 24)	**4,599**	4,828	**4,562**	4,791
At 31 March	**5,742**	10,453	**5,518**	10,233

27. Loans and borrowings

Maturity of debt:

Group	Bank loans 2023		Other loans 2023	Total 2023
	Bullet	Amortising	Bullet	
	£'000	£'000	£'000	£'000
In one year or less, or on demand	2,000	4,132	-	**6,132**
In more than one year but not more than two years	-	4,631	-	**4,631**
In more than two years but not more than five years	-	35,643	35,000	**70,643**
In five years or more	20,000	267,874	260,000	**547,874**
At 31 March	**22,000**	**312,280**	**295,000**	**629,280**

Group	Bank loans 2022		Other loans 2022	Total 2022
	Bullet	Amortising	Bullet	
	£'000	£'000	£'000	£'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**

Association	Bank loans 2023		Other loans 2023	Total 2023
	Bullet	Amortising	Bullet	
	£'000	£'000	£'000	£'000
In one year or less, or on demand	2,000	4,000	-	**6,000**
In more than one year but not more than two years	-	4,480	-	**4,480**
In more than two years but not more than five years	-	35,153	35,000	**70,153**
In five years or more	20,000	265,952	260,000	**545,952**
At 31 March	**22,000**	**309,585**	**295,000**	**626,585**

Association	Bank loans 2022		Other loans 2022	Total 2022
	Bullet	Amortising	Bullet	
	£'000	£'000	£'000	£'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**

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 1.03% and 8.63% per annum. At 31 March 2023 the Group had undrawn facilities of £214m (2022: £96m).

Total issue cost included in the loan books was £2,645k for 2023 (2022: £2,554k).

28. Financial instruments

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

	Group 2023 £'000	Group 2022 £'000	**Association 2023 £'000**	Association 2022 £'000
Financial assets				
Financial assets measured at fair value				
Investment properties	**3,250**	3,100	**-**	-
Financial assets measured at historical cost				
Rental debtors	**4,237**	3,958	**3,303**	2,458
Other receivables	**12,049**	17,159	**9,811**	15,771
Prepayments and accrued income	**3,833**	2,826	**3,588**	2,340
Taxation	**-**	-	**-**	-
Cash and cash equivalents	**41,455**	42,417	**33,295**	33,099
Total financial assets	**64,824**	69,460	**49,997**	53,668
Financial liabilities				
Financial liabilities held at fair value				
Loans payable	**-**	-	**-**	-
Financial liabilities held at amortised cost				
Loans payable	**629,280**	591,970	**626,585**	589,143
Financial liabilities held at historical cost				
Trade creditors	**7,614**	5,659	**3,693**	3,741
Other creditors	**46,719**	58,616	**40,134**	52,546
Deferred capital grant	**423,983**	421,482	**417,887**	415,305
Total financial liabilities	**1,107,596**	1,077,727	**1,088,299**	1,060,735

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 5.2% per annum. The Group also entered into inflation swaps embedded in certain loan agreements where interest rates are linked to RPI instead of Libor to match RPI related rental income to interest costs..

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 2022	7	-	7
Utilised in year	-	-	-
At 31 March 2023	**7**	**-**	**7**

As at 31 March 2023, 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 into 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 liability

	31 March 2023	31 March 2022
	£'000	£'000
Fair value of plan assets	2,552	3,713
Issued during the year	3,137	(4,263)
Deficit in plan	(585)	(550)
Unrecognised surplus		
Defined benefit liability to be recognised	(585)	(550)

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

	Period ended 31 March 2023	Period ended 31 March 2022
Defined benefit obligation at start of period	4,263	4,258
Current service cost	-	-
Expenses	6	6
Interest expense	118	92
Actuarial gains due to scheme experience	107	349
Actuarial gains due to changes in demographic assumptions	(7)	(64)
Actuarial gains due to changes in financial assumptions	(1,294)	(329)
Benefits paid and expenses	(56)	(49)
Defined benefit obligation at end of period	3,137	4,263

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

	Period ended 31 March 2023	Period ended 31 March 2022
	£'000	£'000
Fair value of plan assets at start of period	3,713	3,431
Interest income	104	76
Experience on plan assets (excluding amounts included in interest income) – (loss)/gain	(1,334)	128
Contributions by the employer	125	127
Benefits paid and expenses	(56)	(49)
Fair value of plan assets at end of period	2,552	3,713

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

	Period ended 31 March 2023	Period ended 31 March 2022
	£'000	£'000
Expenses	6	6
Net interest expense	14	16
Defined benefit costs recognised in the statement of comprehensive income (SOCI)	20	22

Defined benefit costs recognised in other comprehensive income

	Period ended 31 March 2023	Period ended 31 March 2022
	£'000	£'000
Experience on plan assets (excluding amounts included in interest income) - (loss)/gain	(1,334)	128
Experience gains and losses arising on the plan liabilities - (loss)	(107)	(349)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain	7	64
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain	1,294	329
Total actuarial losses and gains (before restriction due to some of the surplus not being recognisable) - (loss)/gain	(140)	172
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost) - gain	-	-
Total amount recognised in other comprehensive income - (loss)/gain	(140)	172

Assets

	31 March 2023	31 March 2022
	£'000	£'000
Global equity	48	713
Absolute return	28	149
Distressed opportunities	77	133
Credit relative value	96	123
Alternative risk premia	5	122
Fund of hedge funds	-	-
Emerging markets debt	14	108
Risk sharing	188	122
Insurance-linked securities	64	87
Property	110	100
Infrastructure	291	265
Private debt	114	95
Opportunistic Illiquid credit	109	125
High yield	9	32
Opportunistic credit	-	13
Cash	18	13
Corporate bond fund	-	248
Liquid credit	-	-
Long lease property	77	96
Secured income	117	138
Liability driven investment	1,175	1,036
Currency hedging	5	(15)
Net current assets	7	10
Total assets	2,552	3,713

Key assumptions

	31 March 2023	31 March 2022
	% per annum	% per annum
Discount rate	4.87	2.79
Inflation (RPI)	3.19	3.57
Inflation (CPI)	2.75	3.19
Salary growth	3.75	4.19
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2023 imply the following life expectancies:

	Life expectancy at age 65 (years)
	No.
Men retiring in 2023	21.0
Women retiring in 2023	23.4
Men retiring in 2043	22.2
Women retiring in 2043	24.9

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

	31 March 2023	31 March 2022 (restated)
	£'000	£'000
Change in fair value	(134)	178
Interest cost and expense	(20)	(22)
	(154)	156

Scottish Widows defined contribution scheme – Newlon Housing Trust

During the year employer pension contributions of £691k (2022: £602k) were charged to income and expenditure and at 31 March 2023 185 staff (2022: 185 staff) were in the scheme.

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

During the year employer pension contributions of £246k (2022: £238k) were charged to income and expenditure and at 31 March 2023 330 staff (2022: 328 staff) were in the scheme.

31. Share capital

	2023	2022 (restated)
	£	£
At 1 April	28	29
Issued during the year	4	(1)
As at 31 March	32	28

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 2023 £'000	Group 2022 £'000	**Association 2023 £'000**	Association 2022 £'000
Grant amortised	**85,853**	82,049	**84,592**	80,843

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 2023 £'000**	Group 2022 £'000	**Association 2023 £'000**	Association 2022 £'000
Not later than one year	**2**	8	**2**	8
Later than one year and not later than five years	**7**	9	**7**	9
Total	**9**	17	**9**	17

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 2023 £'000	Group 2022 £'000	**Association 2023 £'000**	Association 2022 £'000
Less than one year	**71,555**	63,421	**65,763**	58,614

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 2023	Group 2022 (restated)	**Association 2023**	Association 2022 (restated)
	£'000	£'000	**£'000**	£'000
Commitments contracted but not provided for:				
Construction	**117,671**	79,970	**118,766**	80,770
Commitments approved by the Board but not contracted for:				
Construction	**80,814**	111,871	**81,622**	112,835
	198,485	191,841	**200,388**	193,605

All capital commitments will be financed by Social Housing Grant, private loans and internally generated funds. Newlon currently has secured loan facilities of £840m in place. At 31 March 2023 Newlon had undrawn facilities totalling £214m. In addition the Association has £41m of cash resources. In May 2022, Newlon agreed new funding through a private placement of £160m. The first drawdown of £60m completed 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
	£	£
Blossom Shakespeare	6,248	7
Lloyd Gale-Ward	3,843	-

Intercompany sales between NewlonBuild and Newlon Housing Trust were £36m (2022: £20m).

The interest charges between Newlon Housing Trust and Newlon Build were £741k (2022: £126k) and between Belmont Street JV LLP and NewlonBuild were £680k (2022: £111k).

Transactions with non regulated entities

Payable to Association by subsidiaries:	Service level agreements		Other charges		Intercompany balance	
	2023	2022	2023	2022	2023	2022
	£'000	£'000	£'000	£'000	£'000	£'000
Outward Housing	523	530	2,388	2,386	53	154
Newlon Fusion	-	-	3	3	(10)	-
Access Homes	70	70	-	-	1,276	1,590
NewlonBuild Limited	89	50	(380)	(239)	(8,596)	(5,546)
NewlonInvest Limited	3	5	-	-	-	-
	685	655	2,011	2,150	(7,277)	(3,802)

Payable to Association by subsidiaries:	Donated services		Loans		Joint venture	
	2023	2022	2023	2022	2023	2022
	£'000	£'000	£'000	£'000	£'000	£'000
Newlon Fusion	2	2	-	-	-	-
NewlonBuild Limited	-	-	13,874	9,639	-	-
NewlonInvest Limited	-	-	-	-	-	-
DR4 – Joint Venture	-	-	-	-	(21)	89
Belmont Street JV LLP – Joint Venture		-	-	-	11,059	9,812
	2	2	13,874	9,639	11,038	9,901

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 £648k (2022: £1,550k) in gift aid from subsidiaries.

Payable to Association by subsidiaries	Gift Aid 2023 £'000	2022 £'000
Access Homes	**648**	1,079
NewlonBuild Limited	**-**	471
NewlonInvest Limited	**-**	-
	648	1,550

36. Capital and reserves

A total revaluation surplus of £150k was recognised on property investments across Nutley Edge Holiday Cottages and Cedar Court, valued at £3.25m, 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

Nicky Boland

Outward Chief Executive

Ezinne Ogbonna

Business Development 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

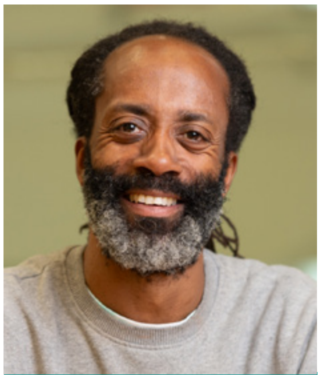
Chris Cheshire

Peter Cogan

John Cross

Jane Everton

Edward Ihejirika



Lloyd Gale-Ward

Alison Muir

Blossom Shakespeare

Newlon House – 4 Daneland Walk – Hale Village – London – N17 9FE
T: 020 7613 8000
E: customerservice@newlon.org.uk
www.newlon.org.uk

Newlon Housing Trust is a charitable housing association

Group Chief Executive: Mike Hinch   Chair: 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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