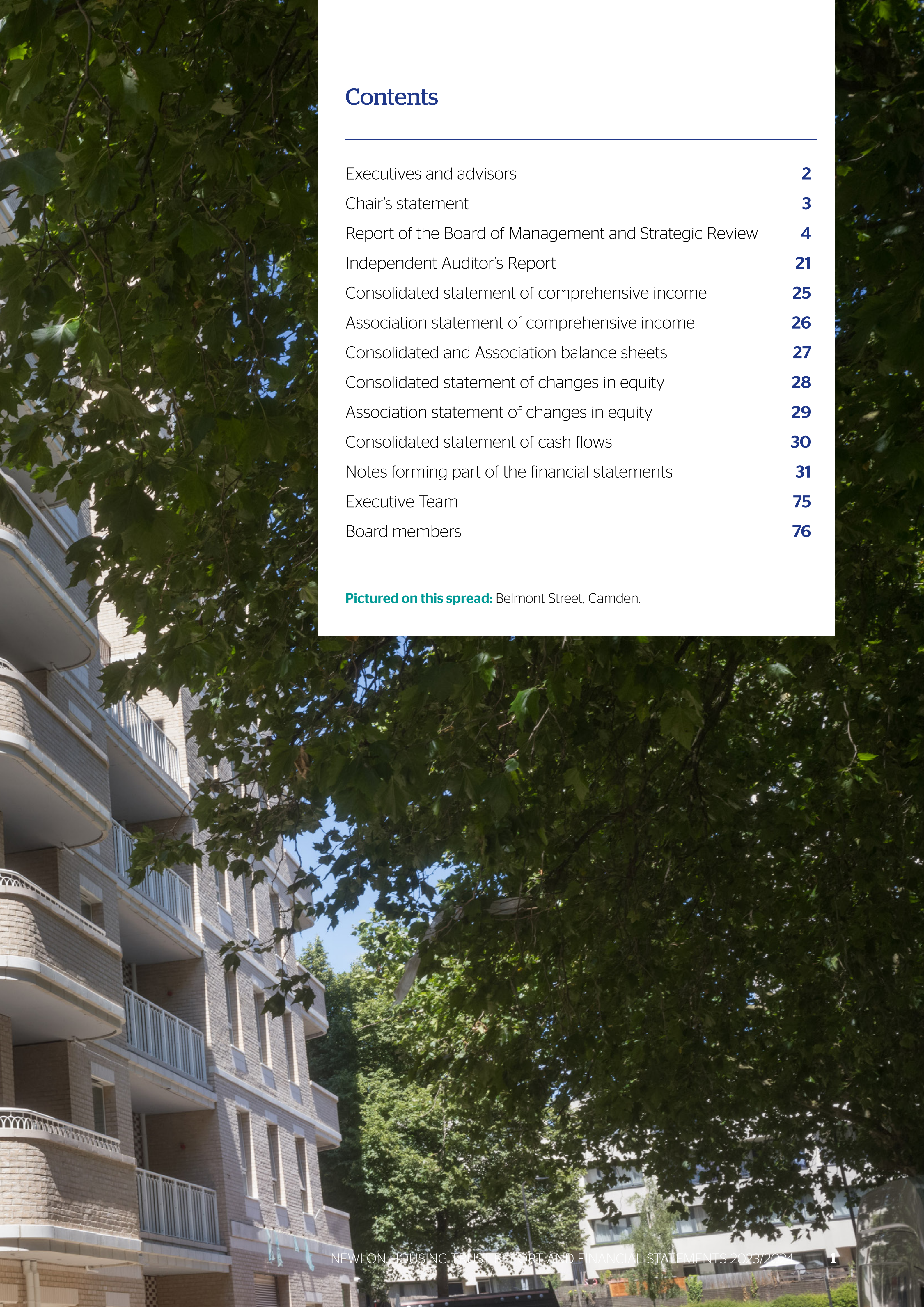
Report and financial statements

2023-2024



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Pictured on this spread: Belmont Street, Camden.

Executives and advisors for the Year ended 31 March 2024

The Board

Aman Dalvi, Chair

Mike Hinch, Appointed Executive

Edward Ihejirika

Fred Angole (resigned December 2023)

John Cross

Blossom Shakespeare

Lloyd Gale-Ward

Chris Cheshire

Jane Everton

Alison Muir

Peter Cogan

Keith McLeod (appointed December 2023)

Group Audit and Risk Committee

Fred Angole, Chair (resigned 13 December 2023)

Keith McLeod, Chair (appointed 13 December 2023)

Edward Ihejirika

Peter Cogan

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

Tom O'Malley

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N17 9FE

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2 City Place
Beehive Ring Road
Gatwick
West Sussex
RH6 0PA

Principal Solicitors

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Internal Auditors

Beever and Struthers LLP
150 Minories
London
EC3N 1LS

Chair's statement for the year ended 31 March 2024

The past year has been extremely challenging with Newlon and the wider social housing sector facing a series of issues which have impacted on our financial performance. These include above inflation increases in costs, high interest rates, contractors going out of business and the ongoing need to carry out remedial fire safety works and deliver a range of new regulatory requirements.

Of course we fully support the many initiatives designed to ensure residents can live safely in their homes. However, this has meant that we have needed to invest heavily in fire and building safety works, provide additional safety checks for residents' homes and in some cases maintain costly interim fire safety measures for extended periods. Combined with the overall cost pressures in the wider economy and the cost of living crisis this has impacted on our surplus for the year.

Nevertheless, we have remained safely within our key financial performance indicators during this difficult period while continuing to invest significantly in improving our existing stock and developing new homes. We have also continued to commit significant additional resources on day to day and responsive repairs, particularly in proactively tackling hazards such as damp and mould.

I am pleased to report that we have retained our G1 and V2 governance and viability ratings from our regulator following the annual stability check.

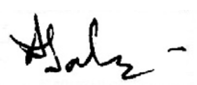
Some of our key programmes to develop new homes have been delayed by a combination of contractor failure and changes to building safety regulations. Specifically, the introduction of second staircases for developments over 18 metres in height has required us to revisit some of the plans for our flagship transformation project at the Barnsbury Estate, leading to a delay in works getting underway. We are confident that we can now adapt our programme to meet these new safety requirements and that we can start to move forward with providing the new high quality homes and improvements to housing that our residents need.

I am pleased to say that following last year's initial signs of progress we have continued to make improvements with residents' satisfaction as measured by the regulator's Tenant Satisfaction Measures.

Not all of these indicators have improved but most have increased and dissatisfaction has significantly gone down. Overall satisfaction for renters has once more improved slightly and we have shown really strong progress in areas such as residents feeling that we treat them with respect and appreciating the positive impact we make to their neighbourhoods and communities. Against a general backdrop of falling satisfaction across the sector I am pleased that we are showing steady improvement and believe that we will be able to continue to improve in the current year.

I would like to express my thanks to Newlon's staff and my Board colleagues for their hard work during the last year.

We face another tough year ahead, but I am confident that our financial position remains robust and will improve as we emerge from the current challenging period. Overall we are in a strong position to continue to improve services for our residents and deliver our key programmes in the current year.



Aman Dalvi OBE
Chair

10 July 2024

Business model

The Newlon Group comprises two registered housing providers, three registered charities, and two limited companies, led by Newlon Housing Trust, a charitable organisation established in 1968.

Newlon Housing Trust is a registered provider of social housing in north and east London, founded to deliver high-quality, affordable housing for local people.

The Group's primary activities are:

- **General Needs housing:** Social rented homes primarily for individuals and families unable to rent or buy at market rates.
- **Supported Housing and Care:** Services for older people, individuals with learning disabilities and people on the autism spectrum.
- **Low-cost home ownership:** Primarily Shared Ownership, allowing people to get on the housing ladder through purchasing a share of equity in their home.
- **Intermediate housing products:** Sub-market rent aimed at key workers and young professionals who are seeking secure, affordable housing.
- **Community services:** Programs aimed at promoting financial inclusion and offering employment and training initiatives.

Mission and objectives

Our simple mission is to provide high quality affordable homes in London. 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 commit to challenging ourselves and our partners to deliver quality services to our residents. Our approach will be supportive, ensuring responsiveness to the needs, circumstances, and preferences of our residents. We will be truthful, fair and easy to deal with, showing that we can be trusted to get the basics right and we take pride in finding solutions to complex problems.

Priority 2 – High quality homes

We will ensure our homes are secure, well-maintained, and that residents feel safe where they live. Through our Asset Management Strategy, we aim to optimise the use of our assets, maximising efficiency and social impact, while preparing for the future by investing to reduce environmental impact.

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 collaborate to improve performance. We will maintain and enhance our internal relationships and shared corporate culture. We prioritise high levels of staff commitment and wellbeing, and support new starters in building 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.

Our Values

We deliver our mission and objectives in line with our core values. These values guide our actions and decisions, ensuring we always work with the priorities of our residents at the forefront of our minds and strive to deliver high quality services to residents and foster a collaborative and supportive environment for staff. Our values are:

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

Results

At 31 March 2024 we had assets of £1.4 billion, reserves totalling £228m and an annual turnover of £113m. The Group turnover from our social housing and other activities for the year ended 31 March 2024 is shown below:

	Turnover 2024	Turnover 2023
	£'m	£'m
Social housing letting:		
General Needs housing for rent	**47**	44
Supported housing	**7**	6
Low cost home ownership	**14**	12
Key Worker housing	**12**	9
Other social housing activities:		
First tranche low cost home ownership sales:	**7**	14
Supporting people and care	**12**	11
Building safety funding	**7**	9
Building defect settlement	**3**	4
Other activities	**4**	2
Other non-social housing activities:		
Outright sales	**-**	5
Total	**113**	116

Summary consolidated statement of comprehensive income

	2024	2023	2022	2021	2020
	£'m	£'m	£'m	£'m	£'m
Turnover	**113**	116	92	100	91
Cost of sales	**(7)**	(17)	(10)	(12)	(8)
Surplus on disposal of fixed assets	**2**	5	8	8	7
Operating costs	**(82)**	(73)	(59)	(61)	(54)
Operating surplus	**26**	31	31	35	36
Share of (loss)/profit from joint venture	**(2)**	(1)	-	3	-
Net interest payable	**(23)**	(21)	(18)	(18)	(18)
Fair value movement	**-**	-	-	-	12
Surplus for the year	**1**	9	13	20	30

Summary consolidated balance sheet

	2024	2023	2022	2021	2020
	£'m	£'m	£'m	£'m	£'m
Tangible fixed assets – housing properties and others	**1,274**	1,236	1,184	1,138	1,115
Net current assets	**130**	42	46	65	69
Total assets less current liabilities	**1,404**	1,278	1,230	1,204	1,184
Long term liabilities and provisions	**(1,176)**	(1,051)	(1,011)	(999)	(999)
Net assets/reserves	**228**	228	219	205	185

Housing properties are held at historic cost and unamortised grant is held in long term creditors. The increased carrying cost of £1,274m of completed properties in 2023/24 includes a £26m investment in new homes and £25m spend on improvement and remedial work to the existing homes. As at 31 March 2024 we had £456m of social housing and capital grant to support our development programme.

Consolidated cash flow

	2024	2023
	£'m	£'m
Cash generated from operations	25	60
Cash used in investing activities	(47)	(79)
Cash from financing activities	101	18
Net change in cash	79	(1)

At 31 March 2024 we had £121m cash and cash equivalent. In the year we:

- Received £25m from operating activities, including housing asset sales of £13m.
- Invested £51m in existing and new stock.
- Received £100m of new debt funding and received £41m of additional government grant funding.
- Paid interest of £34m.

Key financial indicators – Group

	2024	2023	2022	2021	2020
Operating margin[1]	**21%**	22%	25%	27%	32%
EBITDA MRI [2]	**45%**	60%	110%	132%	118%
EBITDA MRI (Defects)[2]	**11%**	24%	96%	108%	118%
Bank interest cover [3]	**130%**	175%	199%	193%	175%
Bank gearing [4]	**48%**	49%	48%	46%	49%
Debt per unit	**£86k**	£75k	£70k	£71k	£73k
Average cost of capital	**4.50%**	3.86%	3.50%	3.40%	3.47%
Housing units owned/managed	**8,400**	8,384	8,360	8,119	7,974
Units developed as % of current stock	**0.25%**	0.58%	3.1%	2.9%	2.9%

1 Operating margin is defined as operating surplus excluding surplus on disposal of fixed assets as a proportion of turnover.
2 EBITDA MRI is defined as operating surplus excluding 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 building defect works expected to be recovered through a combination of Building Safety Fund, 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, service standards 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.

Our VFM performance

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 have compared our performance to 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		2024	2023	Peer median 2023	Target 2024	Target 2025
Business health	Operating margin	**20.8%**	22.1%	9.7%	**25.9%**	22.8%
	Operating margin social housing lettings	**16.2%**	19.1%	10.6%	**16.6%**	23.5%
	EBITDA MRI interest cover	**44.6%**	59.6%	27.0%	**46.3%**	69.2%
Development	New supply social	**0.3%**	0.6%	1.4%	**1.8%**	1.9%
	New supply non-social	**0.0%**	0.0%	0.1%	**0.9%**	0.0%
Debt	Gearing	**47.9%**	48.1%	47.9%	**52.0%**	54.0%
Outcomes	Reinvestment	**4.22%**	5.81%	3.7%	**6.5%**	5.85%
Asset management	ROCE	**1.7%**	2.3%	1.7%	**2.3%**	2.5%
Cost per unit	Headline social housing cost	**£11,110**	£9,626	£8,167	**£10,415**	£10,850

Despite facing acute inflationary pressures and continuing to invest significantly in building safety, our operating margin and overall results remain positive compared to similar groups. The fact that we have fallen short of targets for the year reflects these challenges, which have impacted operating margins and headline social housing unit costs in particular. It is important to highlight that the reported headline social housing cost per unit at Group level includes care and support costs from our subsidiary, Outward, which inflates this metric under the definition provided by the Regulator of Social Housing. For a more accurate representation of the true cost of managing homes, refer to the Trust's calculation on page 12, which excludes contractual income from care and support.

The cost of our building safety programme continues to impact EBITDA MRI. This metric is set to remain low for the next few years, especially because it 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 evaluating Group performance, the Board considers the impact of subsidiaries and their contribution to the overall value of the Group.

Four subsidiaries operate without dedicated staff, sharing services and/or back-office functions with Newlon Housing Trust. NewlonBuild and NewlonInvest support the development programme and optimise resource utilisation to deliver new homes. Additionally, Newlon Fusion, a charitable entity, engages in fundraising, and Access Homes channels profits from commercial activities through gift aid.

Regarding metrics defined by the Regulator of Social Housing, Outward is the sole subsidiary significantly bearing costs associated with non-housing activities.

Under an intra-group agreement, with oversight from the Group Audit and Risk Committee and shared services—particularly finance and landlord health and safety—the Board assesses the risk associated with Outward as substantially lower than engaging multiple third-party care and support providers in a challenging market.

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

In 2023/24 Outward attracted £12.4m in funding for care and support services, up £1.4m 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 95% which is above 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 £341k. The Board are pleased to see Outward continues to be profitable in a difficult operating environment and takes additional comfort from the £6.2m 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, Outward have maximised their capacity by securing 2,700 hours from community volunteers. Overall, Outward's financial performance remains stable.

Association metrics

We benchmark the Association's performance against a variety of indicators covering overall financial health, new home delivery, asset performance, quality of outcomes, efficiency and overall cost. The selection of indicators remains consistent with previous years. For comparison purposes, we have included most current London median data sourced from either the Regulator of Social Housing's published Global Accounts (2023), the social housing benchmarking service HouseMark (2023) or, in the case of customer satisfaction, benchmarking provided by our partners Acuity Research (2024).

Business health

Association performance	2024	2023	Median 2023	Target 2024	Target 2025
Operating margin overall	**24.6%**	25.6%	14.3%	**30.5%**	27.2%
Operating margin social housing lettings	**15.4%**	18.0%	18.0%	**22.7%**	26.3%
EBITDA MRI interest cover	**45.5%**	59.7%	76.7%	**44.9%**	40.3%
Weighted average interest rate	**4.50%**	3.86%	-	**4.61%**	4.52%

Despite a challenging economic environment, significant investments in existing properties and costs associated with our building safety programme, our performance continues to compare favourably with peers. Although we maintain strong financial performance, evidenced by an overall operating margin well above the sector median, profitability has been affected by inflation and rising interest costs.

As anticipated, our EBITDA MRI metric has declined due to increased spending on maintenance and improvement works. This metric is expected to remain relatively low over the next three years as we complete planned safety works on tall buildings.

Growth

Association performance	2024	2023	Median 2023	Target 2024	Target 2025
New supply (social units) as a percentage of current stock	**0.3%**	0.6%	0.8%	**0.9%**	1.9%
New supply (non-social units) as a percentage of current stock	**0.0%**	0.0%	0.0%	**0.0%**	0.0%
Gearing	**49.1%**	49.0%	46.7%	**53%**	54.6%

Given the challenging economic environment, we have temporarily scaled back our development ambitions to 100 new homes per year. Our focus remains on addressing housing needs across a range of tenures. The Board is committed to supporting the delivery of as much low-cost rental housing as possible, complemented by a programme of shared ownership, low-risk private sales and commercial joint ventures..

Due to the phasing of our development programme, the number of new homes delivered between 2022 and 2024 has decreased. However, we expect this number to increase in the following years, maintaining our strong track record of sustainable and balanced growth. .

Asset management

Association performance	2024	2023	Median 2023	Target 2024	Target 2025
ROCE	**1.9%**	2.5%	2.0%	**2.5%**	2.5%
Occupancy %	**99.9%**	99.6%	99.5%	**99.5%**	99.8%
Ratio of responsive to planned repairs	**51%**	52%	64%	**57%**	44%
% of residents satisfied with property condition	**61%**	63%	58%	**65%**	65%
Reinvestment %	**4.3%**	5.9%	4.2%	**6.5%**	5.9%

The Board has approved a comprehensive programme of disposal, development, and improvement to enhance the overall quality, safety, and economic performance of our housing stock. Our level of investment in new and existing properties is reflected in the reinvestment percentage, which, while roughly in line with peers, falls below target due to the delayed start of some tall building safety projects.

Our Return on Capital Employed (ROCE) stands at 1.9%, slightly below the median and our target, primarily due to increased investment costs and delayed project starts.

The ratio of responsiveness to planned repairs of 51% is better than the median, due to our commitment to investing in improvement works over reactive repairs, though we aim to improve further to reach our target.

Outcomes

Association performance	2024	2023	Median 2023	Target 2024	Target 2025
Customer satisfaction with the service overall (Rented)	**60%**	59%	59	**65%**	65%
Customer satisfaction overall (Supported Housing)	**85%**	71%	-	**65%**	90%

The Board is pleased to report an increase in resident satisfaction for the second consecutive year, countering the sector's overall trend of declining satisfaction. Newlon's performance, compared to similarly sized London associations, is more positive than it has been for many years, with results exceeding the median in most categories.

Although the Acuity peer group is relatively small, consisting of 14 housing associations, we can confidently rely on these comparisons due to the consistent methodology applied. Additionally, it is encouraging to note that far fewer residents (26%) expressed dissatisfaction with the overall service, reflecting an 8% decrease over the year. The Board views this as a strong indication that our Trust Newlon service improvement plan is beginning to have an impact.

Operating efficiency

Association performance	2024	2023	Median 2023	Target 2024	Target 2025
Rent collected %	**97.7%**	97.7%	93.1%	**99.9%**	99.9%
Overheads as a % of adjusted turnover	**10.5%**	8.7%	14.5%	**9.6%**	11.0%

The ongoing cost of living crisis is putting considerable pressure on household finances, making our residents particularly vulnerable to rising costs. In light of these challenges, we are disappointed not to meet our target for rent collection. However, we are pleased that rent arrears remained relatively low compared to the sector, reflecting our commitment to supporting residents through these difficult times and maintaining financial stability.

Overheads remain competitive, comparing favourably with the sector median. This demonstrates our effective cost management and commitment to supporting residents through financial difficulties, maintaining financial stability, and ensuring the sustainability of our operations.

Cost per unit

Association performance	2024	2023	Median 2023	Target 2024	Target 2025
Headline social housing cost	**£8,942**	£7,417	£6,903	**£7,434**	£8,553
Management cost	**£1,383**	£1,148	£1,678	**£1,236**	£1,332
Maintenance	**£3,657**	£3,190	£1,825	**£3,026**	£3,088
Major repairs	**£1,862**	£1,307	£185	**£1,537**	£2,137
Service charge costs	**£1,694**	£1,744	£1,261	**£1,575**	£1,658
Other social housing costs	**£346**	£28	-	**£60**	£338

Operational Value for Money targets

A key element of our Value for Money Strategy is enhancing efficiency through the more effective delivery of services. The Board has prioritised reducing failure demand, setting a target to significantly decrease overall telephone and email contact. We aim to achieve this by integrating systems more closely with our contractors, providing timely updates to residents, and enhancing the reliability of the repairs service. The Board is pleased to observe early signs that this approach is yielding results, and we have included an update on progress below:

Increase in satisfaction and reduction in avoidable contact

Over the past year, contact has decreased by 13.2% compared to the previous 12 months, building on the trend established last year with a 4.4% reduction. As noted earlier, we have seen a steady improvement in tenant satisfaction, with a slight increase in overall satisfaction and a significant decrease in the number of residents expressing dissatisfaction.

Significant increase in online service access

3,580 households accessed our services online, surpassing our target of 3,500. This represents a 30% increase in users over the year, driving a 28% rise in contacts via this channel.

Sustainability

As part of our most recent funding exercise, we developed a Sustainable Finance Framework.
We identified key spend areas fundamental to our corporate strategy and set tangible environmental and social targets. Our goal is to attract investors and partners who support our sustainability objectives and to embed environmental considerations within our project approval process.

This year, we have made significant progress in our commitment to sustainability. We are set to publish our first ESG report and a comprehensive assessment against the Sustainability Reporting Standard for Housing as a companion to these Financial Statements.

The objectives of the standard align closely with Newlon's values and the ESG framework provides a great opportunity for organisations like ours to showcase our strengths. Our report will demonstrate our contribution to local communities, active commitment to equality, diversity, and inclusion, and set out the positive steps we are taking to become a more sustainable business. Our dedication to sustainability is an integral part of our mission, and we are excited to share our progress and future goals with our stakeholders.

Capital Structure and Treasury Policy

Borrowings at the year-end were £723m after fair value adjustment. Undrawn facilities amounted to £111m, 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 2024, 90% of our debt portfolio was hedged, comprising of 81% fixed and 9% index-linked, and the remaining 10% was unhedged.

	Newlon		Access		Total	
	2024	2023	2024	2023	2024	2023
	£'m	£'m	£'m	£'m	£'m	£'m
Fixed	587	490	-	-	587	490
Index-linked hedge	61	61	-	-	61	61
Variable	73	76	3	3	76	79
Total drawn (after fair value adjustment)	721	627	3	3	724	630
Total facilities	832	840	3	3	835	843

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	4.6	6.0
1 - 2 years	5.2	4.5
2 - 5 years	80.6	70.2
5 - 10 years	208.7	176.7
10 - 20 years	165.1	210.1
20 - 30 years	259.1	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 2023/24 and expect to continue to be compliant.

Principal risks and uncertainties

Risk	Mitigation
Rising costs	Inflation continues to exert pressure on costs, leading to significant increases in maintenance and service expenses over the past year. We remain committed to our Value for Money Strategy, subjecting our long-term plans to rigorous stress testing and seeking savings wherever possible within the budgeting process.
Non-recovery of building safety costs	We are actively working through a programme of building safety improvements, which has resulted in increased costs. In the short term, this includes expenses for fire wardens, and in the medium term, for remediation works. We are prioritising the completion of these safety measures under the guidance of a dedicated team, while actively pursuing maximum funding from third parties and grant opportunities.
Barnsbury project delivery	The scale of the Barnsbury regeneration project exposes Newlon to increased financial risk and may divert resources from other business objectives. To manage this effectively, the Barnsbury Project benefits from a BEST Programme Board and a dedicated team based on the estate. We conducted an extensive resident consultation, engaging with residents early on and involving them in selecting Mount Anvil, an Islington-based developer, as our development partner. The project's viability was initially challenged by the Government's ruling on second staircases, but we have worked closely with partners and stakeholders to develop a revised plan.
Delivering to expectations	Delivering on expectations poses significant challenges amidst tighter resources and escalating demands driven by new consumer regulations and heightened building safety and maintenance standards. The potential introduction of Awaab's law adds further complexity to our operational landscape. As resources are stretched thinner than ever, Newlon must navigate these evolving requirements while ensuring continued high standards of service delivery. The Board recognises that careful planning, strategic allocation of resources and a robust data strategy are essential to mitigate risks and uphold our commitment to meeting regulatory standards and exceeding stakeholder expectations.
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.

Risk	Mitigation
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 to 100 units a year.
Sales risk	We have a strong track record in sales, even in adverse markets. With short-term profitability impacted by higher interest costs and building safety programmes, it is crucial to maintain a steady revenue stream from sales. For new-build properties, we initiate marketing campaigns 18-24 months before handover and have established triggers monitored by the Executive Team and Board to respond swiftly to changes in market conditions. Additionally, we have appointed a Decant Manager to ensure that properties, which are not cost-effective to maintain, transition smoothly through the auction process.
Resident satisfaction	With the introduction of new consumer regulation this year, we continue to challenge service standards and drive improvements to resident services. The Board is pleased to see positive results from the Trust Newlon Service Improvement programme.
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	Some of our partners in the construction and maintenance sectors continue to be vulnerable in the current economic conditions. 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 while balancing investment in new homes with the necessary investment in existing properties. The Board recognises that addressing the housing crisis must be balanced with essential investments in building remediation, safety improvements, and reducing our carbon footprint.

We are confident in our long-term plan and our ability to continue delivering new homes while meeting rising standards for safety and environmental performance. However, the decline in profitability this period—a trend we expect to continue into next year—demands that we are more cautious and has required the Board to make some difficult decisions, notably scaling back development activity.

We are, however, making positive progress with our building safety programme, which is the main factor impacting financial performance. As projects complete over the coming months and years, operating costs will reduce as temporary safety measures, such as our 24-hour warden service, are phased out.

Resident satisfaction remains our top priority and we have implemented a comprehensive programme of service improvements. The Housing Director and Property Services Director will continue to closely monitor progress and performance, ensuring residents find it easy to interact with us and that complaints, repairs, and local issues are addressed promptly and reliably.

However, while resident satisfaction shows a positive trajectory for tenants and we are confident this will continue, more work is needed to support our shared owners and leaseholders, many of whom face uniquely challenging circumstances. Rising service costs due to inflation and ongoing building safety works are causing some disruption and complicating mortgages and sales. The Board will continue to manage these costs rigorously, carefully considering the impact on service charges for residents.

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 was one resignation during the year and one appointment in the move towards the implementation of the six-year term as standard.

There are currently three members of the Board whose terms within the Board and Group committees exceed six years:

John Cross – John's term was extended after the adoption of the 2020 Code as part of a plan to smooth the transition to the six-year rule. The Board felt it was necessary to extend terms of some existing members because the alternative was to lose more than half the members within the first year of adoption.

Ed Ihejerika – Ed has served three years on the Board after developing his skills on the Development Committee. The Board took the view that his continued service would be beneficial given his knowledge of key development schemes such as the Barnsbury Estate Transformation and extended his term for two years.

Lloyd Gale-Ward – When we were implementing the Code, the Board took the decision to allow Lloyd to serve a full six-year term as a resident Board member despite prior service on a committee. The Board has taken the view that it can be appropriate for individuals to work on a committee to gain experience before applying for a Board position if this increases Board diversity or resident representation.

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 49 and 50).

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 2024/25 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 41) 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 collection of mandatory regulatory metrics in accordance with the RSH's TSM Standard.
- The completion of self-assessments against frameworks and codes issued by the RSH and Housing Ombudsman Service.
- 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 into the Group Anti-Fraud and Corruption Policy.
- There is a Fraud Response Plan which is aimed at ensuring the Group responds promptly to fraud or fraud allegations and is able to recover its assets where relevant.
- There is a Fraud & 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 2023 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

10 July 2024

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 2024 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 2024 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 and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

- the Society has not kept proper books of account;
- the Society has not maintained a satisfactory system of control over its transactions;
- the financial statements are not in agreement with the Society's books of account; or
- we have not received all the information and explanations we need 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;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing 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 completeness of revenue throughout the year;
- 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: 16 September 2024

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 2024

	Note	Group 2024 £'000	Group 2023 £'000
Turnover	4	**113,451**	116,480
Cost of sales	4	**(7,579)**	(17,794)
Operating costs	4	**(82,299)**	(72,914)
Surplus on disposal of fixed assets: housing properties	11	**2,336**	5,218
Operating surplus	4,7	**25,909**	30,990
Share of loss from joint venture	19	**(1,589)**	(1,062)
Other interest receivable and similar income	12	**7,116**	1,466
Interest and financing costs	13	**(30,779)**	(22,652)
Movement in fair value of investment properties	17	**122**	150
Surplus before taxation		**779**	8,892
Taxation on surplus	14	**-**	-
Surplus for the financial year		**779**	8,892
Movement in fair value of defined benefit pension schemes	30	**(117)**	(134)
Total comprehensive income for the financial year		**662**	8,758

The notes on pages 31 to 74 form part of these financial statements.

All activities relate to continuing operations.

Association statement of comprehensive income
for the year ended 31 March 2024

	Note	Association 2024 £'000	Association 2023 £'000
Turnover	4	**96,394**	101,249
Cost of sales	4	**(7,486)**	(17,791)
Operating costs	4	**(65,221)**	(57,564)
Surplus on disposal of fixed assets – housing properties	11	**2,170**	5,168
Operating surplus	4,7	**25,857**	31,062
Other interest receivable and similar income	12	**7,284**	1,416
Interest and financing costs	13	**(30,627)**	(22,573)
Surplus before taxation		**2,514**	9,905
Taxation on surplus	14	**-**	-
Surplus for the financial year		**2,514**	9,905
Total comprehensive income for the financial year		**2,514**	9,905

The notes on pages 31 to 74 form part of these financial statements.

All activities relate to continuing operations.

Consolidated and Association balance sheets
at 31 March 2024

	Note	Group 2024 £'000	Group 2023 £'000	Association 2024 £'000	Association 2023 £'000
Fixed assets					
Tangible fixed assets – housing	15	**1,258,028**	1,221,203	**1,246,661**	1,209,426
Tangible fixed assets – other	16	**9,932**	9,972	**9,330**	9,439
Investment properties	17	**3,362**	3,250	**-**	-
Investments	18	**1**	1,719	**-**	-
Investments in Joint Ventures	19	**2,587**	-	**-**	-
		1,273,910	1,236,144	**1,255,991**	1,218,865
Current assets					
Properties developed for sale	20	**22,874**	28,603	**22,874**	28,603
Debtors – receivable within one year	21	**17,902**	18,951	**34,656**	22,440
Debtors – receivable after one year	21	**16,562**	12,719	**-**	-
Current asset investments	22	**30**	30	**30**	30
Cash and cash equivalents		**120,630**	41,455	**113,351**	33,295
		177,998	101,758	**170,911**	84,368
Creditors: amounts falling due within one year	23	**(47,920)**	(59,433)	**(45,611)**	(48,777)
Net current assets		**130,078**	42,325	**125,300**	35,591
Total assets less current liabilities		**1,403,988**	1,278,469	**1,381,291**	1,254,456
Creditors: amounts falling due after more than one year	24	**(1,175,612)**	(1,050,755)	**(1,163,843)**	(1,039,522)
Provisions for liabilities and charges	29	**(7)**	(7)	**(7)**	(7)
Net assets		**228,369**	227,707	**217,441**	214,927
Capital and reserves					
Called up share capital	31	**-**	-	**-**	-
Designated reserve		**2,385**	2,385	**-**	-
Income and expenditure reserve		**225,950**	225,288	**217,441**	214,927
Restricted reserve		**34**	34	**-**	-
		228,369	227,707	**217,441**	214,927

The financial statements were approved by the Board of Directors and authorised for issue on 10 July 2024.

Aman Dalvi
Chair

Blossom Shakespeare
Director

Tom O'Malley
Company Secretary

The notes on pages 31 to 74 form part of these financial statements.

Consolidated statement of changes in equity
for the year ended 31 March 2024

Group	Cashflow hedge reserve	Designated reserve	Income and expenditure reserve (restated)	Restricted reserve	Total
	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2023	-	2,385	225,288	34	227,707
Surplus for the year	-	-	779	-	779
	-	2,385	226,067	34	228,486
Actuarial losses on defined benefit pension schemes	-	-	(117)	-	(117)
Other comprehensive loss for the year	-	-	(117)	-	(117)
Balance at 31 March 2024	**-**	**2,385**	**225,950**	**34**	**228,369**

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**

Association statement of changes in equity
for the year ended 31 March 2024

Association	Cash flow hedge reserve	Income and expenditure reserve	Total
	£'000	£'000	£'000
Balance at 1 April 2023	-	214,927	214,927
Surplus for the year	-	2,514	2,514
	-	217,441	217,441
Other comprehensive income for the year	-	-	-
Balance at 31 March 2024	**-**	**217,441**	**217,441**

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

Consolidated statement of cash flows
for the year ended 31 March 2024

	Note	Group 2024 £'000	Group 2023 £'000
Cash flows from operating activities			
Surplus for the financial year		779	8,892
Adjustments for:			
Depreciation of fixed assets - housing properties	15	10,841	8,240
Depreciation of fixed assets - other	16	755	492
(Increase)/decrease in stock	20	(700)	9,774
Amortised housing grant	5	(8,541)	(3,804)
Amortised building safety funding	4	(7,214)	(9,009)
Housing asset component write off	15	2,192	1,417
Interest payable	13	30,779	22,652
Interest received	12	(7,116)	(1,466)
Movement in fair value of investment properties	17	(112)	(150)
Taxation expense	14	-	-
Surplus on the sale of fixed assets - housing properties	11	(2,336)	(5,218)
Loss/(surplus) on first tranche sales	4	114	(1,413)
Increase in trade and other debtors		(3,107)	(195)
Proceeds from sales of fixed assets - housing properties	11	5,238	9,168
Proceeds from first tranche and outright sales		7,372	18,651
Provision for losses on accounts receivable	5	313	(113)
(Decrease)/increase in trade creditors		(6,179)	1,717
Increase in pension liability		18	155
Share of Joint Venture loss	19	1,589	1,062
Transaction costs from sale of housing properties	11	(166)	(83)
Cash from operations		24,519	60,769
Taxation paid		-	-
Net cash generated from operating activities		24,519	60,769
Cash flows from investing activities			
Purchase of fixed assets - housing properties	15	(50,670)	(78,470)
Purchase of fixed assets - other	16	(715)	(845)
Interest received	12	7,116	1,466
Distributions (paid to)/ received from joint venture	19	(91)	150
Purchase of investment in joint venture	19	(2,367)	(1,576)
Net cash used in investing activities		(46,727)	(79,275)
Cash flows from financing activities			
Interest paid		(34,006)	(24,876)
New loans - banks		100,000	71,000
Repayment of loans		(5,859)	(33,690)
Grants received during the year	25	41,248	5,110
Net cash from financing activities		101,383	17,544
Net increase/(decrease) in cash and cash equivalents		79,175	(962)
Cash and cash equivalents at beginning of year		41,455	42,417
Cash and cash equivalents at end of year		120,630	41,455

The notes on pages 31 to 74 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 currency used throughout these financial statements is pounds sterling rounded to two decimal places.

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 Association, 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 Association would be identical.
- No cash flow statement has been presented for the parent Association.
- Disclosures in respect of the parent Association'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 Association 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 2024/25 and the 30 year 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 that the mitigation plans are achievable and within Newlon's ability to control and the good level of liquidity, provides evidence in support of the going concern. For this reason Newlon Housing Trust 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.
- Works completed by developers in lieu of cash settlements for buildings impacted by defects.

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. Revenue arising from works completed by developers in lieu of cash settlements is recognised in line with the progress of the works.

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 receivable

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 recognised through income 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.

The difference between the fair value of the assets held and the scheme's liabilities measured on an actuarial basis using the projected unit method are recognised in the group's balance sheet as a pension asset or liability as appropriate. The carrying value of any resulting pension scheme asset is restricted to the extent that the group is able to recover the surplus either through reduced contributions in the future or through refunds from the scheme.

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

Where schemes are identified as subject to regeneration the useful economic lives for the components of the associated housing properties are reduced to match the anticipated date the scheme will become fully decanted and income flows cease.

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 35).

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.

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, joint ventures 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.

Provisions relating to the Building Safety Act 2022 will be recognised when there is a legal or constructive obligation to make a building safe. A legal obligation will be recognised as a provision when enforced through a first tier tribunal and where the cost to make the building safe can be reliably measured. A constructive obligation will be recognised as a provision when the obligation has been communicated to residents and that the communication confirms Newlon Housing Trust will fund the works.

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..
- The appropriate proportion of work completed by developers in lieu of cash settlements for buildings impacted by defects recognisable as income. This has been estimated by apportioning the value of work completed between units at affected schemes and recognising as income the proportion where Newon retains an economic interest in the underlying unit
- The appropriate allocation of costs for mixed tenure developments, and furthermore the allocation of costs relating to Shared Ownership between current and fixed assets.
- What constitutes a cash generating unit when indicators of impairment require there to be an impairment review. A housing scheme is considered to be a cash generating unit as this is the smallest group of assets which generates independent cash flows.
- The expected date schemes impacted by the planned regeneration of the Barnsbury Estate will be fully decanted and therefore the remaining useful economic lives of the components of housing properties within those schemes.

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	Cost of sales	Operating costs	Surplus on sale of fixed assets	Operating surplus/ (deficit)
	2024	2024	2024	2024	2024
	£'000	£'000	£'000	£'000	£'000
Social housing lettings (note 5)	79,565	-	(66,707)	-	12,858
Other social housing activities					
First tranche low cost home ownership sales	7,372	(7,486)	-	-	(114)
Development services	2,309	(93)	(2,463)	-	(247)
Supporting people and care	12,373	-	(12,928)	-	(555)
Community regeneration	58	-	(82)	-	(24)
Surplus on sale of fixed assets	-	-	-	2,336	2,336
Building safety funding	7,214	-	-	-	7,214
Defect settlement income	2,725	-	-	-	2,725
Other activities	1,835	-	(119)	-	1,716
	33,886	(7,579)	(15,592)	2,336	13,051
Total social housing activities	**113,451**	**(7,579)**	**(82,299)**	**2,336**	**25,909**
Outright property sales	-	-	-	-	-
Total income from social and non-social activities	**113,451**	**(7,579)**	**(82,299)**	**2,336**	**25,909**

Group	Turnover	Cost of sales	Operating costs	Surplus on sale of fixed assets	Operating surplus/ (deficit)
	2023	2023	2023	2023	2023
	£'000	£'000	£'000	£'000	£'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**

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

Association	Turnover 2024 £'000	Cost of sales 2024 £'000	Operating costs 2024 £'000	Surplus on sale of fixed assets 2024 £'000	Operating surplus/ (deficit) 2024 £'000
Social housing lettings (note 5)	74,041	-	(62,679)	-	11,362
Other social housing activities					
First tranche low cost home ownership sales	7,372	(7,486)	-	-	(114)
Development services	2,384	-	(2,427)	-	(43)
Surplus on sale of fixed assets	-	-	-	2,170	2,170
Building safety funding	7,214	-	-	-	7,214
Defect settlement income	2,725	-	-	-	2,725
Other activities	2,658	-	(115)	-	2,543
	22,353	(7,486)	(2,542)	2,170	14,495
Total social housing activities	**96,394**	**(7,486)**	**(65,221)**	**2,170**	**25,857**
Outright property sales	-	-	-	-	-
Total income from social and non-social activities	**96,394**	**(7,486)**	**(65,221)**	**2,170**	**25,857**

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 income from social and non-social activities	**101,249**	**(17,791)**	**(57,564)**	**5,168**	**31,062**

5. Income and expenditure from social housing lettings

Group	General Needs	Supported Housing	Low cost home ownership	Key Worker	**Total 2024**	Total 2023
	£'000	£'000	£'000	£'000	**£'000**	£'000
Income						
Rents net of identifiable service charges	35,340	3,724	7,672	11,271	**58,007**	54,037
Service charge income	3,448	3,289	5,849	134	**12,720**	12,843
Amortised government grants	7,701	128	392	320	**8,541**	3,804
Net rental income	46,489	7,141	13,913	11,725	**79,268**	70,684
Other Income	2	-	106	189	**297**	268
Turnover from social housing lettings	46,491	7,141	14,019	11,914	**79,565**	70,952
Expenditure						
Management	5,332	1,029	2,640	1,781	**10,782**	8,940
Service charge costs	5,602	3,001	4,442	2,751	**15,796**	15,690
Routine maintenance*	9,009	(47)	1,965	2,615	**13,542**	11,966
Planned maintenance	10,037	224	(7)	1,161	**11,415**	9,673
Major repairs expenditure	616	-	1,042	168	**1,826**	1,620
Bad debts	270	43	-	-	**313**	(113)
Depreciation of housing properties:						
Annual charge	9,652	251	-	938	**10,841**	8,250
Accelerated on disposal of components	2,009	75	-	108	**2,192**	1,407
Operating expenditure on social housing lettings	42,527	4,576	10,082	9,522	**66,707**	57,433
Operating surplus on social housing lettings	3,964	2,565	3,937	2,392	**12,858**	13,519
Void losses	241	467	-	198	**906**	940

* Includes fire warden costs of £3.2m (£3.3m 2023).

5. Income and expenditure from social housing lettings

Association	General Needs	Supported Housing	Low cost home ownership	Key Worker	**Total 2024**	Total 2023
	£'000	£'000	£'000	£'000	**£'000**	£'000
Income						
Rents net of identifiable service charges	35,076	2,555	7,332	11,271	**56,234**	52,543
Service charge income	3,422	-	5,546	134	**9,102**	9,508
Amortised government grants	7,668	128	366	320	**8,482**	3,749
Net rental income	46,166	2,683	13,244	11,725	**73,818**	65,800
Other income	2	-	32	189	**223**	256
Turnover from social housing lettings	46,168	2,683	13,276	11,914	**74,041**	66,056
Expenditure						
Management	5,253	484	2,638	1,781	**10,156**	8,425
Service charge costs	5,562	-	4,121	2,751	**12,434**	12,801
Routine maintenance*	9,003	37	1,963	2,615	**13,618**	12,131
Planned maintenance	10,030	224	(7)	1,161	**11,408**	9,666
Major repairs expenditure	616	-	1,042	168	**1,826**	1,620
Bad debts	269	-	-	-	**269**	(88)
Depreciation of housing properties:						
Annual charge	9,589	251	-	938	**10,778**	8,180
Accelerated on disposal of components	2,007	75	-	108	**2,190**	1,407
Operating expenditure on social housing lettings	42,329	1,071	9,757	9,522	**62,679**	54,142
Operating surplus on social housing lettings	3,839	1,612	3,519	2,392	**11,362**	11,914
Void losses	237	-	-	198	**435**	471

* Includes fire warden costs of £3.2m (£3.3m 2023).

6. Units of housing stock

Group	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	3,941	-	(5)	21	-	-	3,957
- Affordable	347	-	-	-	-	-	347
Low cost home ownership	1,365	-	-	-	(13)	-	1,352
Supported housing	637	-	-	-	-	-	637
Intermediate Rent	1,146	-	-	-	-	-	1,146
Total social housing units	**7,436**	**-**	**(5)**	**21**	**(13)**	**-**	**7,439**
Leaseholder	863	-	-	-	13	-	876
Private sale (unsold)	3	-	-	-	-	-	3
Commercial properties	82	-	-	-	-	-	82
Total owned and/or managed	**8,384**	**-**	**(5)**	**21**	**-**	**-**	**8,400**
Units under construction	562	-	-	(21)	-	-	541

Association	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	3,910	-	(5)	21	-	-	3,926
- Affordable	346	-	-	-	-	-	346
Low cost home ownership	1,308	-	-	-	(13)	-	1,295
Supported housing	637	-	-	-	-	-	637
Intermediate Rent	1,139	-	-	-	-	-	1,139
Total social housing units	**7,340**	**-**	**(5)**	**21**	**(13)**	**-**	**7,343**
Leaseholder	737	-	-	-	13	-	750
Private sale (unsold)	3	-	-	-	-	-	3
Commercial properties	82	-	-	-	-	-	82
Total owned and/or managed	**8,162**	**-**	**(5)**	**21**	**-**	**-**	**8,178**
Units under construction	**562**	**-**	**-**	**(21)**	**-**	**-**	**541**

7. Operating surplus

	Group 2024 £'000	Group 2023 £'000	Association 2024 £'000	Association 2023 £'000
The operating surplus is arrived at after charging:				
Depreciation of housing properties:				
- Annual charge	10,841	8,250	10,778	8,180
- Accelerated depreciation on replaced components	2,192	1,407	2,190	1,407
Depreciation of other tangible fixed assets	755	492	681	424
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	36	32	36	32
- Fees for audit of accounts of associated entities	43	38	-	-
- Fees for tax advice	11	9	-	-
Defined contribution pension cost	989	941	730	691
Defined benefit pension cost (see note 30)	247	246	-	-

8. Employees

	Group 2024 £'000	Group 2023 £'000	Association 2024 £'000	Association 2023 £'000
Staff costs (including Executive Management Team) consist of:				
Wages and salaries	19,727	18,620	9,496	8,588
Social security costs	1,966	1,937	1,057	978
Cost of defined contribution scheme	989	941	730	691
Temporary agency workers	437	486	258	300
	23,119	21,984	11,541	10,557

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 £989,000 (2023: £941,000).

Contributions amounting to Nil (2023: 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 2024 No.	Group 2023 No.	Association 2024 No.	Association 2023 No.
Administration	**75**	76	**50**	56
Development and sales	**22**	19	**22**	19
Support and care	**410**	399	**-**	-
Housing management	**143**	133	**123**	115
	650	627	**195**	190

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 2024 £	Group 2023 £	Association 2024 £	Association 2023 £
Executive Directors' emoluments	**833,462**	780,722	**833,462**	780,722
Contributions to money purchase pension schemes	**60,489**	57,529	**60,489**	57,529
	893,951	838,251	**893,951**	838,251

The total amount payable to the Chief Executive, who was also the highest paid Director in respect of emoluments was £179,488 (2023: £176,801). The total amount payable to the Chief Executive per social housing unit managed was £24 (2023: £24)

Pension contributions of £13,515 (2023: £12,872) 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 (2023: 6).

None of the Directors accrued benefits under the Group's defined benefit pension scheme during the year (2023: Nil).

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

	Group 2024	Group 2023 (Restated)	Association 2024	Association 2023
	No.	No.	No.	No.
£60,000 - £69,999	25	7	23	7
£70,000 - £79,999	4	12	4	10
£80,000 - £89,999	10	7	10	7
£90,000 - £99,999	3	1	3	1
£100,000 - £109,999	-	1	-	1
£110,000 - £119,999	1	2	1	2
£120,000 - £129,999	2	1	2	1
£130,000 - £139,999	1	-	1	-
£140,000 - £149,999	1	1	1	1
£150,000 - £159,999	-	-	-	-
£160,000 - £169,999	-	-	-	-
£170,000 - £179,999	1	1	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	20,457			✓	
Jane Everton	8,154			✓	
Fred Angole	6,115	✓			
Keith McLeod	2,446	✓			
John Cross	8,154		✓	✓	
Lloyd Gale-Ward	8,154				✓
Blossom Shakespeare	8,154				✓
Ed Ihejirika	6,645	✓	✓		
Chris Cheshire	8,154		✓		✓
Peter Cogan	8,154	✓			✓
Alison Muir	6,652				✓

11. Surplus on disposal of fixed assets

Group	Housing properties 2024 £'000	Other fixed assets 2023 £'000	**Total 2024 £'000**	Total 2023 £'000
Housing properties:				
Disposal proceeds	5,238	-	**5,238**	9,168
Cost of disposals	(2,677)	-	**(2,677)**	(3,718)
Selling costs	(166)	-	**(166)**	(83)
Grant recycled	(124)	-	**(124)**	(237)
Grant abated	65	-	**65**	88
Surplus on disposal of other tangible fixed assets	2,336	-	**2,336**	5,218

Association	Housing properties 2024 £'000	Other fixed assets 2024 £'000	**Total 2024 £'000**	**Total 2023 £'000**
Housing properties:				
Disposal proceeds	4,977	-	**4,977**	9,092
Cost of disposals	(2,536)	-	**(2,536)**	(3,693)
Selling costs	(165)	-	**(165)**	(82)
Grant recycled	(124)	-	**(124)**	(237)
Grant abated	18	-	**18**	88
Surplus on disposal of other tangible fixed assets	2,170	-	**2,170**	5,168

12. Interest receivable and income from investments

	Group 2024 £'000	Group 2023 £'000	**Association 2024 £'000**	Association 2023 £'000
Interest receivable and similar income	**7,116**	1,466	**7,284**	1,416

13. Interest payable and similar charges

	Group 2024 £'000	Group 2023 £'000	**Association 2024 £'000**	Association 2023 £'000
Bank loans and overdrafts	**33,396**	24,876	**33,251**	24,801
Recycled capital grant fund accrued interest	**305**	267	**298**	263
Interest capitalised on construction of housing properties	**(2,922)**	(2,491)	**(2,922)**	(2,491)
	30,779	22,652	**30,627**	22,573

14. Taxation on surplus on ordinary activities – Group only

	Group 2024 £'000	Group 2023 £'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 2024 £'000	Group 2023 £'000
Surplus on ordinary activities before tax	779	8,892
Surplus on ordinary activities at the standard rate of corporation tax in the UK of 19%	148	1,689
Effects of:		
- Income not taxable for tax purposes	-	-
- Expenses not deductible for tax purposes	-	-
- Charitable exemption	(148)	(1,689)
- Adjustments to tax charge in respect of previous period	-	-
	-	-

There was no tax charge for the year (2023: Nil) for the Association.

The aggregate current and deferred tax relating to items recognised in other comprehensive income is a charge of Nil (2023: Nil).

Factors that may affect future tax charges

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

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

15. Tangible fixed assets – housing properties

Group	General Needs completed	General Needs under construction	Shared Ownership completed	Shared Ownership under construction	Total
	£'000	£'000	£'000	£'000	£'000
Cost or valuation:					
At 1 April 2023	990,673	83,920	238,552	27,671	1,340,816
Additions:					
Construction costs	-	19,003	-	7,357	26,360
Works to existing properties	13,395	-	295	-	13,690
Completed cladding works	-	-	1,725	-	1,725
Cladding works in progress	1,070	-	10,241	-	11,311
Completed schemes	12,792	(11,977)	-	(815)	-
Reclassifications from/(to) held for sale	-	-	1,545	(2,245)	(700)
Disposals:					
Property sales	(786)	-	-	-	(786)
Staircasing sales	-	-	(1,891)	-	(1,891)
Replaced components	(3,955)	-	-	-	(3,955)
At 31 March 2024	**1,013,189**	**90,946**	**250,467**	**31,968**	**1,386,570**
Depreciation:					
At 1 April 2023	(119,612)	-	-	-	(119,612)
Charge for the year	(10,841)	-	-	-	(10,841)
Eliminated on disposals:					
Disposal	148	-	-	-	148
Accelerated charge on components	1,763	-	-	-	1,763
At 31 March 2024	**(128,542)**	**-**	**-**	**-**	**(128,542)**
Net book value at 31 March 2024	**884,647**	**90,946**	**250,467**	**31,968**	**1,258,028**
Net book value at 31 March 2023	871,060	83,920	238,552	27,671	1,221,203

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 2023	983,528	84,058	232,570	27,913	1,328,069
Additions:					
Construction costs	-	19,115	-	7,465	26,580
Works to existing properties	13,379	-	295	-	13,674
Completed cladding works	-	-	1,725	-	1,725
Cladding works in progress	1,070	-	10,241	-	11,311
Completed schemes	12,792	(11,977)	-	(815)	-
Reclassifications from/(to) held for sale	-	-	1,545	(2,245)	(700)
Disposals:					
Property sales	(786)	-	-	-	(786)
Staircasing sales	-	-	(1,750)	-	(1,750)
Replaced components	(3,940)	-	-	-	(3,940)
At 31 March 2024	**1,006,043**	**91,196**	**244,626**	**32,318**	**1,374,183**
Depreciation:					
At 1 April 2023	(118,642)	-	-	-	(118,642)
Charge for the year	(10,778)	-	-	-	(10,778)
Eliminated on disposals:					
Disposal	148	-	-	-	148
Accelerated charge on components	1,750	-	-	-	1,750
At 31 March 2024	**(127,522)**	**-**	**-**	**-**	**(127,522)**
Net book value at 31 March 2024	**878,521**	**91,196**	**244,626**	**32,318**	**1,246,661**
Net book value at 31 March 2023	864,886	84,058	232,570	27,913	1,209,427

15. Tangible fixed assets – housing properties (continued)

	Group 2024 £'000	Group 2023 £'000	Association 2024 £'000	Association 2023 £'000
The net book value of housing properties may be further analysed as:				
Freehold	**861,357**	840,852	**853,143**	832,369
Long leasehold	**396,230**	379,910	**393,077**	376,616
Short leasehold	**441**	441	**441**	441
	1,258,028	1,221,203	**1,246,661**	1,209,426
Interest capitalisation				
Interest capitalised in the year	**2,922**	2,491	**2,922**	2,491
Cumulative interest capitalised	**53,617**	51,126	**53,617**	51,126
	56,539	53,617	**56,539**	53,617
Rate used for capitalisation	**4.50%**	3.89%	**4.50%**	3.89%
Works to properties				
Improvements to existing properties capitalised	**25,001**	16,887	**24,985**	16,654
Major repairs expenditure to income and expenditure account	**1,826**	1,620	**1,826**	1,620
	26,827	18,507	**26,811**	18,274
Total Social Housing Grant received or receivable to date is as follows:				
Capital grant – housing properties	**455,695**	423,983	**449,704**	417,887
Recycled Capital Grant Fund	**5,961**	13,552	**5,915**	13,328
Revenue grant – I&E	**92,700**	85,720	**93,074**	84,592
	554,356	523,255	**548,693**	515,807

Properties held for security

The Association had property with a net book value of £790m pledged as security at 31 March 2024 (2023: £805m).

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 2023	9,380	5,161	88	3,001	17,630
Additions	32	501	54	123	710
Disposals	-	-	(7)	-	(7)
Revaluation in the year	6	-	-	-	6
At 31 March 2024	**9,418**	**5,662**	**135**	**3,124**	**18,339**
Depreciation					
At 1 April 2023	(1,037)	(3,697)	(56)	(2,869)	(7,659)
Disposals	-	-	7	-	7
Charge for year	(71)	(547)	(24)	(113)	(755)
At 31 March 2024	**(1,108)**	**(4,244)**	**(73)**	**(2,982)**	**(8,407)**
Net book value					
At 31 March 2024	**8,310**	**1,418**	**62**	**142**	**9,932**
At 31 March 2023	8,343	1,464	32	132	9,971

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 2023	8,930	5,161	47	1,492	15,630
Additions	32	501	-	40	573
Disposals					
At 31 March 2024	**8,962**	**5,662**	**47**	**1,532**	**16,203**
Depreciation					
At 1 April 2023	(986)	(3,697)	(36)	(1,473)	(6,192)
Charge for year	(71)	(547)	(6)	(57)	(681)
Disposals	-	-	-	-	-
At 31 March 2024	**(1,057)**	**(4,244)**	**(42)**	**(1,530)**	**(6,873)**
Net book value					
At 31 March 2024	**7,905**	**1,418**	**5**	**2**	**9,330**
At 31 March 2023	7,944	1,464	11	19	9,438

16. Other tangible fixed assets (continued)

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

	Group 2024 £'000	Group 2023 £'000	Association 2024 £'000	Association 2023 £'000
Freehold	**8,310**	8,343	**7,905**	7,944

17. Investment properties

Group	Commercial £'000	Total £'000
At 1 April 2023	3,250	3,250
Additions	3	3
Reclassification during the year	-	-
Revaluations	109	109
At 31 March 2024	**3,362**	**3,362**

All investment properties are held within Outward Housing. The freehold holiday accommodation, comprising Nutley Edge in East Sussex was valued as at 31 March 2024 at £2,325k, on an open market basis, as set out in a side letter dated 19 April 2024 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 £109,000 (2023: Gain £150,000) has been credited to the statement of comprehensive income for the year.

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

	Group 2024 £'000	Group 2023 £'000
Historic cost	**1,885**	1,882
Accumulated depreciation	**(605)**	(590)
	1,280	1,292

18. Investments

Details of subsidiary undertakings and associated undertakings

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

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

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

19 Joint ventures

The Newlon Group entered into a joint venture DR4 Developments LLP ("DR4") with Galliford Try in respect of the development of a site at Devon's Road, Bow. The development consist of 6 shared ownership units and 124 for open market sale. Newlon Group subsidiary, NewlonBuild Limited, is the joint venture partner in DR4.

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 debt funding at 31 March 2024 was £12.3m (2023: £11.1m)

The Newlon Group has also entered into an additional three joint ventures; Barnsbury 1 LLP, Barnsbury 2 LLP & Barnsbury 3 LLP, with Mount Anvil (Barnsbury 1) Limited, Mount Anvil (Barnsbury 2) Limited and Mount Anvil (Barnsbury 3) Limited respectively in respect of the re-development of the Barnsbury Estate in Islington. The re-development comprises affordable and outright sales units. Newlon Group subsidiary, NewlonBuild Limited, is the joint venture partner in all three joint ventures and Newlon's funding is through NewlonBuild Limited. The equity funding at 31 March 2024 was £4.9m (2023: £1.5m).

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

Group	Joint ventures	
	2024	2023
	£'000	£'000
Cost		
At 1 April	**661**	353
Additions	**3,423**	1,520
Share of (loss)	**(1,589)**	(1,062)
Distributions repaid / (received)	**91**	(150)
At 31 March	**2,586**	661

The joint venture balance of £661K for 2023 does not match the amount quoted on the balance sheet due to an immaterial error in the consolidation of the group accounts in 2023, which has been corrected in 2024.

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
Barnsbury 1 LLP	England	50%	Development company	Limited Liability Partnership
Barnsbury 2 LLP	England	50%	Development company	Limited Liability Partnership
Barnsbury 3 LLP	England	50%	Development company	Limited Liability Partnership

DR4 Developments LLP, Belmont Street JV LLP, Barnsbury 1 LLP, Barnsbury 2 LLP and Barnsbury 3 LLP are joint ventures held by NewlonBuild Ltd, a subsidiary of Newlon Housing Trust.

20. Properties for sale

Group and Association	First tranche Shared Ownership properties	Outright market sales	Total	Total
	2024	2024	2024	2023
	£'000	£'000	£'000	£'000
Work in progress	13,751	817	**14,568**	12,323
Completed properties	8,306	-	**8,306**	16,280
	22,057	817	**22,874**	28,603

Properties developed for sale include capitalised interest of £1,136K (2023: £1,320K).

21. Debtors

	Group 2024 £'000	Group 2023 £'000	Association 2024 £'000	Association 2023 £'000
Due within one year				
Rent and service charge arrears	**3,513**	4,237	**2,584**	3,303
Less: Provision for doubtful debts	**(1,330)**	(1,168)	**(1,250)**	(1,054)
	2,183	3,069	**1,334**	2,249
Amounts owed by Group undertakings	**-**	-	**20,266**	6,792
Other debtors	**11,832**	12,049	**9,349**	9,811
Prepayments and accrued income	**3,887**	3,833	**3,707**	3,588
	17,902	18,951	**34,656**	22,440
Due after one year				
Other debtors	**16,562**	12,719	**-**	-
	34,464	31,670	**34,656**	22,440

22. Current asset investments

	Group 2024 £'000	Group 2023 £'000	Association 2024 £'000	Association 2023 £'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 2024 £'000	Group 2023 £'000	Association 2023 £'000	Association 2023 £'000
Loans and borrowings (note 27)	**4,631**	6,132	**4,480**	6,000
Trade creditors	**5,819**	7,614	**5,399**	3,693
Rent and service charges received in advance	**561**	2,285	**-**	1,666
Amounts owed to Group undertakings	**-**	-	**4,068**	10
Taxation and social security	**561**	2	**338**	2
Other creditors	**5,520**	13,196	**4,988**	12,436
Deferred capital grant (note 25)	**6,980**	3,567	**6,922**	3,512
Recycled Capital Grant Fund (note 26)	**1,275**	1,143	**1,229**	956
Accruals and deferred income	**13,478**	18,299	**9,092**	13,307
Accrued interest	**7,676**	6,175	**7,676**	6,175
Leasehold maintenance	**1,419**	1,020	**1,419**	1,020
	47,920	59,433	**45,611**	48,777

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

	Group 2024 £'000	Group 2023 £'000	Association 2024 £'000	Association 2023 £'000
Loans and borrowings (note 27)	**718,790**	623,148	**716,375**	620,585
Deferred capital grant (note 25)	**448,715**	420,416	**442,782**	414,375
Recycled Capital Grant Fund (note 26)	**4,686**	4,599	**4,686**	4,562
Pension scheme deficit liability	**603**	585	**-**	-
Service charge creditors	**272**	272	**-**	-
Other creditors	**2,546**	1,735	**-**	-
	1,175,612	1,050,755	**1,163,843**	1,039,522

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 1.37% and 14.89% per annum. The loans are repayable over their life as set out in note 27.

25. Deferred capital grant

	Group 2024 £'000	Group 2023 £'000	Association 2024 £'000	Association 2023 £'000
At 1 April	**423,983**	421,482	**417,887**	415,305
Grants received during the year	**41,248**	5,110	**41,248**	5,110
Grants recycled from the recycled capital grant fund/disposal proceeds fund	**-**	2,681	**-**	2,681
Grants recycled to the recycled capital grant fund/disposal proceeds fund	**(931)**	(1,609)	**(931)**	(1,609)
Released to income during the year	**(65)**	(114)	**(18)**	(88)
Grant amortised during the year	**(8,540)**	(3,567)	**(8,482)**	(3,512)
At 31 March	**455,695**	423,983	**449,704**	417,887

Deferred capital grant	Group 2024 £'000	Group 2023 £'000	Association 2024 £'000	Association 2023 £'000
Due within one year (note 23)	**6,980**	3,567	**6,922**	3,512
Due in more than one year (note 24)	**448,715**	420,416	**442,782**	414,375
At 31 March	**455,695**	423,983	**449,704**	417,887

26. Recycled Capital Grant Fund

Group	Homes England 2024	Homes England 2023
Funds pertaining to activities within areas covered by:	**£'000**	£'000
At 1 April	**5,742**	10,453
Inputs to fund:		
Grants recycled from surplus on disposal of fixed asset	**124**	-
Grants recycled from deferred capital grants	**931**	1,609
Grants paid back	**(1,141)**	(3,905)
Interest accrued	**305**	266
Recycling of grant:		
New build	**-**	(2,681)
At 31 March	**5,961**	5,742

Association	Homes England 2024	Homes England 2023
Funds pertaining to activities within areas covered by:	**£'000**	£'000
At 1 April	**5,518**	10,233
Inputs to fund:		
Grants recycled from surplus on disposal of fixed asset	**124**	-
Grants recycled from deferred capital grants	**931**	1,609
Grants paid back	**(956)**	(3,905)
Interest accrued	**298**	262
Transfers from other Group members	**-**	-
Recycling of grant:		
New build	**-**	(2,681)
At 31 March	**5,915**	5,518

Recycled capital grant fund	Group 2024	Group 2023	Association 2024	Association 2023
	£'000	£'000	**£'000**	£'000
Due within one year (note 23)	**1,275**	1,143	**1,229**	956
Due in more than one year (note 24)	**4,686**	4,599	**4,686**	4,562
At 31 March	**5,961**	5,742	**5,915**	5,518

27. Loans and borrowings

Maturity of debt:

Group	Bank loans 2024 Bullet	Bank loans 2024 Amortising	Other loans 2024 Bullet	Total 2024
	£'000	£'000	£'000	£'000
In one year or less, or on demand	-	4,631	-	**4,631**
In more than one year but not more than two years	-	5,231	-	**5,231**
In more than two years but not more than five years	-	45,609	35,000	**80,609**
In five years or more	20,000	252,950	360,000	**632,950**
At 31 March	**20,000**	**308,421**	**395,000**	**723,421**

Group	Bank loans 2023 Bullet	Bank loans 2023 Amortising	Other loans 2023 Bullet	Total 2023
	£'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**

Association	Bank loans 2024 Bullet	Bank loans 2024 Amortising	Other loans 2024 Bullet	Total 2024
	£'000	£'000	£'000	£'000
In one year or less, or on demand	-	4,480	-	**4,480**
In more than one year but not more than two years	-	5,080	-	**5,080**
In more than two years but not more than five years	-	45,081	35,000	**80,081**
In five years or more	20,000	251,214	360,000	**631,214**
At 31 March	**20,000**	**305,855**	**395,000**	**720,855**

Association	Bank loans 2023 Bullet	Bank loans 2023 Amortising	Other loans 2023 Bullet	Total 2023
	£'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**

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 1.37% and 14.89% per annum. At 31 March 2024 the Group had undrawn facilities of £111m (2023: £214m).

Total issue cost included in the loan books was £2,701k for 2024 (2023: £2,645k).

28. Financial instruments

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

	Group 2024 £'000	Group 2023 £'000	**Association 2024 £'000**	Association 2023 £'000
Financial assets				
Financial assets measured at fair value				
Investment properties	**3,362**	3,250	**-**	-
Financial assets measured at historical cost				
Rental debtors	**3,513**	4,237	**2,584**	3,303
Other receivables	**11,831**	12,049	**9,349**	9,811
Prepayments and accrued income	**3,887**	3,833	**3,707**	3,588
Taxation	**-**	-	**-**	-
Cash and cash equivalents	**120,630**	41,455	**113,351**	33,295
Total financial assets	**143,223**	64,824	**128,991**	49,997
Financial liabilities				
Financial liabilities held at fair value				
Loans payable	**-**	-	**-**	-
Financial liabilities held at amortised cost				
Loans payable	**723,421**	629,280	**720,855**	626,585
Financial liabilities held at historical cost				
Trade creditors	**5,819**	7,614	**5,399**	3,693
Other creditors	**35,176**	46,719	**33,496**	40,134
Deferred capital grant	**455,695**	423,983	**449,704**	417,887
Total financial liabilities	**1,220,111**	1,107,596	**1,209,454**	1,088,299

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 3.9% 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 2026 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 2023	7	-	7
Utilised in year	-	-	-
At 31 March 2024	**7**	**-**	**7**

As at 31 March 2024, 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 2024	31 March 2023
	£'000	£'000
Fair value of plan assets	2,572	2,552
Issued during the year	3,175	3,137
Deficit in plan	(603)	(585)
Unrecognised surplus	-	-
Defined benefit liability to be recognised	(603)	(585)

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

	Period ended 31 March 2024	Period ended 31 March 2023
Defined benefit obligation at start of period	3,137	4,263
Current service cost	-	-
Expenses	6	6
Interest expense	152	118
Actuarial (losses)/gains due to scheme experience	(22)	107
Actuarial gains due to changes in demographic assumptions	(32)	(7)
Actuarial gains due to changes in financial assumptions	(9)	(1,294)
Benefits paid and expenses	(57)	(56)
Defined benefit obligation at end of period	3,175	3,137

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

	Period ended 31 March 2024	Period ended 31 March 2023
	£'000	£'000
Fair value of plan assets at start of period	2,552	3,713
Interest income	126	104
Experience on plan assets (excluding amounts included in interest income) – (loss)/gain	(180)	(1,334)
Contributions by the employer	131	125
Benefits paid and expenses	(57)	(56)
Fair value of plan assets at end of period	2,572	2,552

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

	Period ended 31 March 2024	Period ended 31 March 2023
	£'000	£'000
Expenses	6	6
Net interest expense	26	14
Defined benefit costs recognised in the statement of comprehensive income (SOCI)	32	20

Defined benefit costs recognised in other comprehensive income

	Period ended 31 March 2024	Period ended 31 March 2023
	£'000	£'000
Experience on plan assets (excluding amounts included in interest income) – loss	(180)	(1,334)
Experience gains and losses arising on the plan liabilities – gain/(loss)	22	(107)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – gain	32	7
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – gain	9	1,294
Total actuarial losses and gains (before restriction due to some of the surplus not being recognisable) – loss	(117)	(140)
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	(117)	(140)

Assets

	31 March 2024	31 March 2023
	£'000	£'000
Global equity	256	48
Absolute return	100	28
Distressed opportunities	91	77
Credit relative value	84	96
Alternative risk premia	82	5
Emerging markets debt	33	14
Risk sharing	151	188
Insurance-linked securities	13	64
Property	103	110
Infrastructure	260	291
Private equity	2	-
Private debt	101	114
Opportunistic Illiquid credit	101	109
High yield	-	9
Opportunistic credit	-	-
Cash	51	18
Corporate bond fund	-	-
Liquid credit	-	-
Long lease property	17	77
Secured income	77	117
Liability driven investment	1,047	1,175
Currency hedging	(1)	5
Net current assets	4	7
Total assets	2,572	2,552

Key assumptions

	31 March 2024	31 March 2023
	% per annum	% per annum
Discount rate	4.90	4.87
Inflation (RPI)	3.15	3.19
Inflation (CPI)	2.78	2.75
Salary growth	3.78	3.75
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2024 imply the following life expectancies:

	Life expectancy at age 65 (years)
	No.
Men retiring in 2024	20.5
Women retiring in 2024	23.0
Men retiring in 2044	21.8
Women retiring in 2044	24.4

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

	31 March 2024	31 March 2023
	£'000	£'000
Change in fair value	**(117)**	(134)
Interest cost and expense	**(32)**	(20)
	(149)	(154)

Scottish Widows defined contribution scheme – Newlon Housing Trust

During the year employer pension contributions of £730k (2023: £691k) were charged to income and expenditure and at 31 March 2024 211 staff (2023: 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 (2023: £246k) were charged to income and expenditure and at 31 March 2024 346 staff (2023: 330 staff) were in the scheme.

31. Share capital

	2024	2023
	£	£
At 1 April	32	28
Issued during the year	-	4
As at 31 March	32	32

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.

The Building Safety Act 2022 creates a legal obligation for building owners and landlords to contribute to the costs of remediating buildings with safety deficiencies over 18m tall with at least 2 residential units. No provision associated with the Building Safety Act 2022 has been recognised in these financial statements as the costs cannot be reliably estimated.

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 2024 £'000	Group 2023 £'000	**Association 2024 £'000**	Association 2023 £'000
Grant amortised	90,590	85,853	89,325	84,592

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 2024 £'000**	Group 2023 £'000	**Association 2024 £'000**	Association 2023 £'000
Not later than one year	**2**	2	**2**	2
Later than one year and not later than five years	**5**	7	**5**	7
Total	**7**	9	**7**	9

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 2024 £'000	Group 2023 £'000	**Association 2024 £'000**	Association 2023 £'000
Less than one year	**77,338**	71,555	**71,603**	65,763

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 2024 £'000	Group 2023 £'000	**Association 2024 £'000**	Association 2023 £'000
Commitments contracted but not provided for:				
Construction	**114,735**	117,671	**115,708**	118,766
Commitments approved by the Board but not contracted for:				
Construction	**94,810**	80,814	**95,758**	81,622
	209,545	198,485	**211,466**	200,388

All capital commitments will be financed by Social Housing Grant, private loans and internally generated funds. Newlon currently has secured loan facilities of £834m in place. At 31 March 2024 Newlon had undrawn facilities totalling £111m. In addition, the Association has £121m of cash resources. 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 Credit £
Blossom Shakespeare	6,653	(55)
Lloyd Gale-Ward	4,112	-

Intercompany sales between NewlonBuild and Newlon Housing Trust were £19m (2023: £36m).

The interest charges between Newlon Housing Trust and Newlon Build were £1,679k (2023: £741k) and between Belmont Street JV LLP and NewlonBuild were £1,283k (2023: £680k).

Transactions with non regulated entities

Payable to Association by subsidiaries:	Service level agreements		Other charges		Intercompany balance	
	2024	2023	**2024**	2023	**2024**	2023
	£'000	£'000	**£'000**	£'000	**£'000**	£'000
Outward Housing	**556**	523	**2,555**	2,388	**(15)**	53
Newlon Fusion	**-**	-	**-**	3	**-**	(10)
Access Homes	**72**	70	**-**	-	**628**	1,276
NewlonBuild Limited	**48**	89	**(220)**	(380)	**(4,053)**	(8,596)
NewlonInvest Limited	**1**	3	**-**	-	**-**	-
	677	685	**2,335**	2,011	**(3,440)**	(7,277)

Payable to Association by subsidiaries:	Donated services		Loans		Joint venture	
	2024	2023	**2024**	2023	**2024**	2023
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Newlon Fusion	**2**	2	**-**	-	**-**	-
NewlonBuild Limited	**-**	-	**19,432**	13,874	**-**	-
DR4 – Joint Venture	**-**	-	**-**	-	**(154)**	(21)
Belmont Street JV LLP – Joint Venture	**-**	-	**-**	-	**12,331**	11,059
Barnsbury 1 LLP – Joint Venture	**-**	-	**-**	-	**(41)**	-
	2	2	**19,432**	13,874	**12,136**	11,038

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 £517k (2023: £648k) in gift aid from subsidiaries.

Payable to Association by subsidiaries	Gift Aid	
	2024	2023
	£'000	£'000
Access Homes	**436**	648
NewlonBuild Limited	**81**	-
NewlonInvest Limited	**-**	-
	517	648

36. Capital and reserves

A total revaluation surplus of £109k was recognised on property investments across Nutley Edge Holiday Cottages and Cedar Court, valued at £3.36m, on an open market basis by an independent third party valuer.

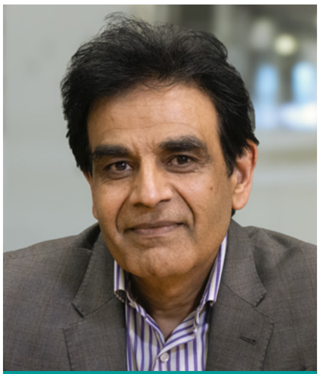
37. Post balance sheet event

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

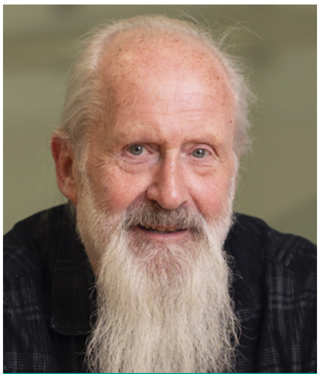

Aman Dalvi
Chair


Mike Hinch


Fred Angole

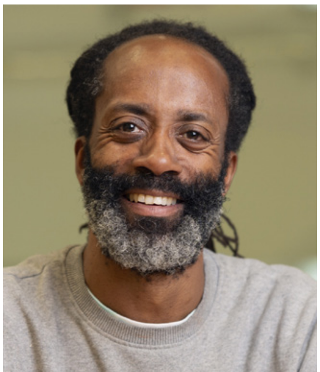

Chris Cheshire


Peter Cogan


John Cross


Jane Everton


Edward Ihejirika


Lloyd Gale-Ward


Keith McLeod


Alison Muir


Blossom Shakespeare

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