Annual report and financial statements 2021 - 2022

At a glance

G1/V2
Regulatory rating

A- (stable)
S&P rating

A (stable)
Fitch rating

£112.9m
Surplus before tax

£1,041.2m
Available liquidity

1,643
FTE staff

67,691
Properties owned or managed

17,889
Unencumbered properties

£21.7bn
Value of properties

1,346
Homes completed

1,385
Starts on site

886
Plots acquired

64.8%
Households registered for self-service

4,255
Residents engaged by resident involvement

73.9%
Resident satisfaction

84.7%
Repair satisfaction

Board

Ian Ellis
(Chair)
Fred Angole
Stephen Bitti
Elaine Bucknor
Kate Davies CBE
(Chief executive)
Arike Oke
Abayomi Okunola
(Chief financial officer – appointed 29/09/21)
Ingrid Osborne
(appointed 20/09/21)
Alex Phillips
(Senior independent director)
Richard Powell
Claire Kober OBE
(appointed 20/09/21)
Linde Carr
(resigned 20/09/21)
Jane Hollinshead
(resigned 20/09/21)
Bruce Mew
(resigned 20/09/21)
Paul Phillips
(Chief financial officer – resigned 29/08/21)

Executive board

Kate Davies CBE
Katie Bond
Elly Hoult
John Hughes
Abayomi Okunola
(joined 31/08/21)
Rajiv Peter
(appointed 01/04/22)
Vipul Thacker
Andy Belton
(resigned 31/03/22)
Carl Byrne
(resigned 17/08/22)
Paul Phillips
(resigned 21/08/21)
Mark Vaughan
(resigned 17/08/22)

Company secretary

Andrew Nankivell

Registered office and head office

Bruce Kenrick House
2 Killick Street
London N1 9FL

Registrations

Registered Society Number: 7746
Registered Provider Number: 4880
A charity exempt from registration.
Regulated by the Regulator of Social Housing.

Independent auditors

BDO LLP
Statutory Auditors
55 Baker Street
London, W1U 7EU

Principal solicitors

Devonshires Solicitors LLP
30 Finsbury Circus
London, EC2M 7DT

Principal bankers

Barclays Bank PLC
Business Banking
Floor 28
1 Churchill Place
London, E14 5HP

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Strategic report

Welcome from the chair

The financial year 2021/22 has been another in which we have had to carefully adapt our approach as we moved in and out of pandemic-related restrictions. But it was considerably less reactive than the previous year, which meant we had more time to focus on core activities and, crucially, on future priorities.

The gradual return to normality is starting to be reflected in our operational performance, which began to improve towards the end of the year. We have more to do, but it is good to see higher occupancy rates and lower tenant arrears as we move into 2022/23, alongside good compliance with core safety measures.

Financially, we have performed well, ending the year with an overall net surplus of £102.3m, £19.6m above the budget we set at the start of the year. Having strong financial foundations is crucial if we are to realise our ambitions for improving our existing homes and the services we provide to residents. It is also important if we are to continue to provide much-needed new housing, an aspect of our work that got back on track during 2021/22 with the handover of 1,346 new homes. We also acquired 886 new plots, significantly higher than our target of 386, and started work on 1,385 new homes. All of our new homes are built to meet the quality and sustainability requirements of modern living.

The foundations of our strong financial performance were built by our former chief financial officer Paul Phillips, who stood down in August 2021. Paul is replaced by Abayomi Okunola, who joined us in August 2021 and has continued that good work.

There have been several other changes at executive board and non-executive director level over the course of the year. The new appointments support a renewed focus on our residents and ensure greater diversity at the highest levels of our organisation.

Our long-serving chief operating officer and deputy chief executive Andy Belton stood down at the end of the year. Group director of development John Hughes has taken on Andy's deputy chief executive duties, while Rajiv Peter was appointed to a new chief information officer role at executive board level. The new role reflects the critical importance of digital, data and new technologies in improving resident services and making us easier to do business with. We also appointed Elly Hoult as our group director of assets and sustainability to recognise the increasing importance of the green agenda as we seek to play our part in addressing the climate and energy cost crisis.

More recently, we have appointed Katie Bond as our chief operating officer. In this role, Katie will act as a single point of accountability and ensure one high standard of services, including repairs, for all residents regardless of tenure.

On the group board, we have been joined by new non-executive directors Ingrid Osborne and Claire Kober. Together, they bring extensive experience of housing management, development and local government and are adding valuable insights to the board. They replace Jane Hollinshead and Bruce Mew who left us this year, along with Linde Carr, one of our resident board members. I am grateful for their many years of hard work and dedication to our organisation and wish them well in their future pursuits.

Most significantly, our chief executive Kate Davies recently announced her decision to step down after 18 years at the helm of Notting Hill Genesis and, before that, Notting Hill Housing.

Following a recruitment process in early autumn 2022, Patrick Franco will join as our new chief executive from January 2023.

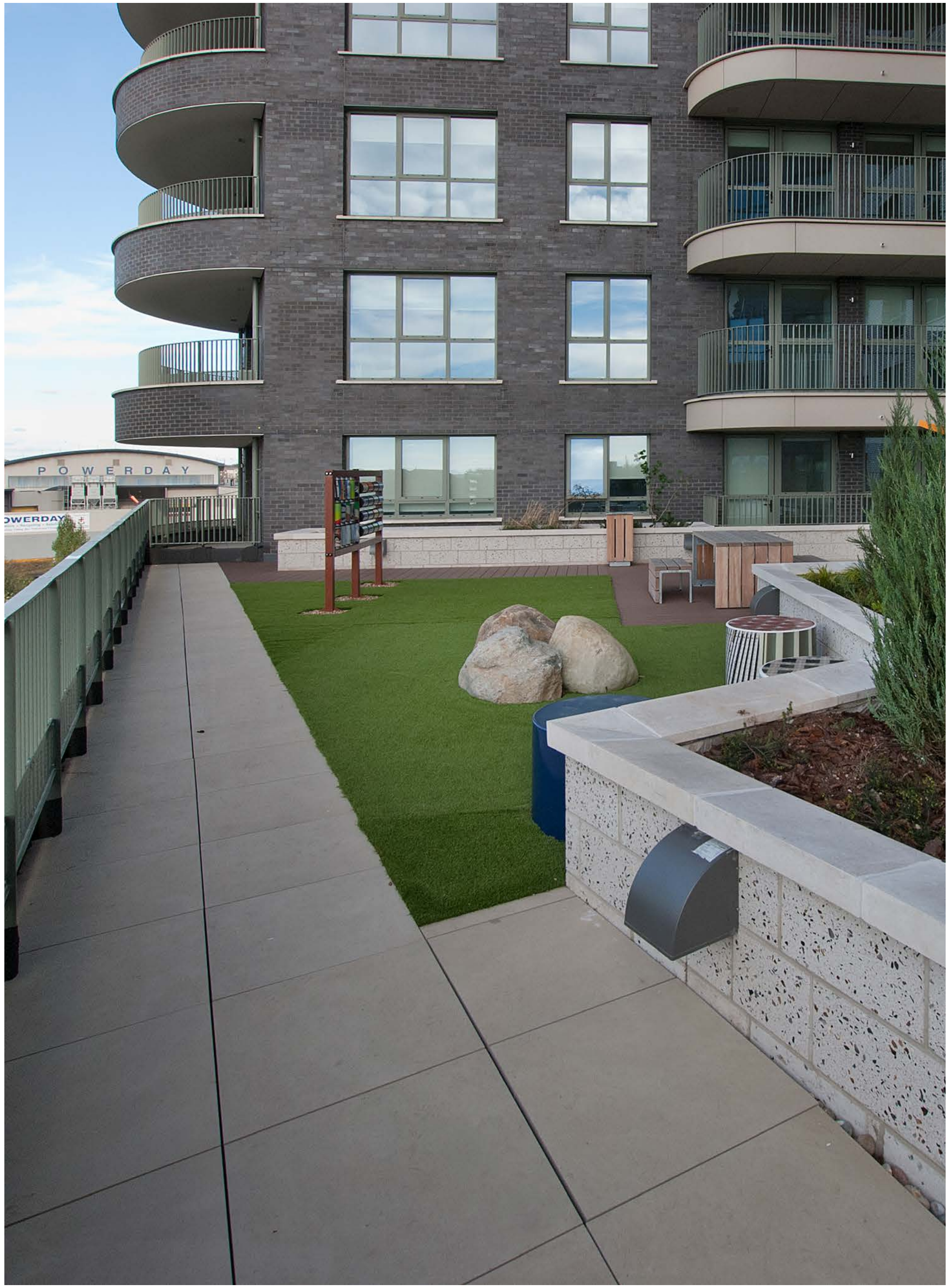
Even before joining as chair in 2019 I was aware of what a steady and calming influence Kate had been for the organisation for so long, and working with her has reinforced my admiration of her leadership skills.

Notting Hill Genesis has a great vision for improving residents' homes, our estates and the services we provide. Thanks to Kate, the executive board and our amazing staff, we are in a great position to turn that vision into a reality, and I know that Patrick is excited to be joining us at this time.

My role as chair of Notting Hill Genesis means that I come into contact with many supportive individuals and groups, including investors, our shareholders and residents, my thanks to all of you. But our organisation would be nothing without the hard work and dedication of our people. The difficult external environment means the work you do day-in, day-out to support our residents is more important now than ever, and I am grateful to you all.

Ian Ellis

Ian Ellis
Chair



Chief executive's introduction

After almost two years of pandemic-related uncertainty, it's been great to be able to get back more on the front foot in recent months. Moving forward has been especially important for us as the pandemic struck just as we had introduced a new operational model to our residents following two years of bringing together our teams and systems to create our new organisation post-merger.

Now, as we emerge from the pandemic, we have the chance to finish the work we started in 2020, to provide a modern, digitally enabled housing service that makes residents happy and keeps them safe.

Following consultation with our board, managers, staff and residents we know that we must focus more sharply on the needs and expectations of our residents, our most important customers. Towards the end of the year, we articulated that need in a new plan, known internally as Better Together. The plan has three discrete but interconnected themes: one excellent level of customer service regardless of tenure; one quality standard of housing; and a safe, green local environment for all.

Our corporate strategy, published in January 2021, provides the framework we need as we start on the latest chapter of our story. It sets out a clear vision and mission, alongside core values to inform how we should all behave. It also includes five strategic priorities and five enabling themes that cut across all areas of our work. You will find examples of progress against the strategy throughout this strategic report, with further financial information in the chief financial officer's report.

As usual, I have been impressed by how colleagues from across the organisation have risen to a variety of challenges. Alongside dealing with the frequently changing national response to the pandemic, they have continued to support our residents, many of whom find themselves in increasingly difficult circumstances as the cost of living rises. Several amazing teams worked together to deal with the dramatic summer storms that damaged hundreds of homes and others are also working collaboratively to address issues on some of our more complex estates.

It was also great to receive a special award for our work around equality, diversity and inclusion at the G15's inaugural Ethnicity in Housing awards.

Improving diversity and making sure our senior management is more reflective of our staff and residents has been a key focus for us in recent years and I am proud the progress we have made is widely recognised.

On a personal note, I recently announced my intention to stand down as chief executive. I am proud to have led Notting Hill Genesis (and Notting Hill Housing before that) for so many years and am confident that I will be leaving the organisation in a strong position to continue to thrive.

My focus has always been on providing great services for our customers and giving them a home to be proud of. While we do not always get things right, I know the culture we have here will ensure we get better and better.

Kate Davies

Kate Davies CBE
Chief executive

Strategic context

Our work during 2021/22 has concentrated on delivery against five priorities and five cross-cutting enabling themes set out in our corporate strategy, which was published in January 2021.

Our residents

64.8% households registered for self-service

73.9% resident satisfaction

4,255 residents engaged by resident involvement

84.7% repair satisfaction

Operational model

Based in our communities, we have a unique service offer that allows us to get close to our residents, understand their needs and provide access to our services through the channel of their choice. Our local officers remain the focal point of our relationship with residents, supported by our digital My Account platform which allows customers to self-serve for a range of day-to-day issues.

We launched a new hybrid working model in August 2021, with a strong focus on reconnecting with residents by working directly with them in their communities as covid-19 restrictions were relaxed. We continue to reinforce the importance of community-based working as we emerge more fully from the pandemic.

Around 11,973 additional residents signed up to My Account during 2021/22, almost 3,500 of them thanks to a dedicated campaign over the summer of 2021. The campaign culminated in a digital week in September during which local officers made a concerted effort to get out into our communities both to reconnect with their residents and to help them register for My Account.

Several new features have been added to My Account over the last year, allowing residents to make complaints or log compliments, and alerting them to any staff comments on their records so they have a chance to respond. In June 2021, we reached a significant milestone when we raised our millionth case via the platform.

Support for cost-of-living pressures

We are acutely aware of the financial difficulties faced by many of our residents given current cost-of-living pressures. We have worked to keep residents informed of various changes that could affect their household income over recent months, such as the end of the pandemic-related Universal Credit uplift in October 2021. More recently, residents have been signposted to the wide range of resources we offer through our resident support database at the same time as we wrote to them about rent and service charge increases, driven by rising operational costs due to external pressures.

Our support database lists more than 250 partner agencies and online resources to help with debt, money management and employability skills. Residents can also sign up to a dedicated newsletter offering frequent updates about volunteer and employment opportunities via Notting Hill Genesis.

Measuring satisfaction

We use the customer service index (CSI) to understand how all our residents view us. This is a perception measure and includes the views of residents who have not had any recent contact with us. For our baseline survey in 2018 our CSI score was 65.2%. The score for 2021 was 67.5%.

We also carry out regular transactional surveys with our residents which gives us feedback on their experience of our services, including responsive repairs and calls to local officers or our customer service centre. These surveys mean that we can track how we are doing each month, and make changes to our services from the feedback received. They also allow us to compare ourselves to others.

Resident involvement

Residents continue to be represented on all board sub-committees following a change to governance structures during 2020/21. This puts residents and their experiences at the heart of our decisions, and is supported by our Resident Voices group. That group, which brings together resident board and committee members with chairs of groups in our resident involvement network, published its first annual report in February 2022. The report highlights the benefits of collaborative working between residents and staff, showing us that we can improve services and homes most successfully when we work together.

In June and July 2021, we carried out a series of forums to update residents about key developments and activities in their area. The forums, one for each of the four regions in which we have homes, were also an opportunity to ask local housing staff about any aspect of our services. Following the events, we published the questions raised along with our answers, and shared videos for those unable to attend.

We have 11 residents who volunteer as reviewers of our stage two complaints. When a resident who has complained remains dissatisfied with our response at stage one of the process, they can ask for the complaint to be escalated and reviewed. Then, the case will be looked at by an independent manager. The complainant can also ask for a resident to review their complaint and our response.

In January 2022, we launched a new charter to help foster and maintain good working relationships between staff and residents. Developed through several focus groups, the charter aims to create a shared responsibility through a series of separate 'we will' statements for colleagues and their customers.

Homes

153,035 repairs raised

294 new kitchens

157 new bathrooms

298 roof replacements

428 visual/intrusive surveys

256 EWS1 forms published

Building safety

Our dedicated building safety directorate continues work to complete a comprehensive programme to ensure all our buildings are safe. The team was strengthened during the year by the addition of two new 'head of' posts and two project managers to focus more fully on this crucial aspect of our work.

We also appointed a senior building safety manager in response to new legislation requiring building safety managers for specific developments. The senior postholder is defining the role and structure of the new posts and how they will interact with the business at large.

We work hard to ensure that residents in buildings affected by the programme are updated on progress and given realistic timescales for any works both through direct contact and a dedicated section on our website. That website section was enhanced during 2021/22 with a new portal enabling residents to download External Wall Systems Fire Review Certificate (EWS1) forms for their building free of charge as they become available.

In blocks where we have installed temporary safety measures such as 24-hour patrols, we are covering the costs. For longer-term costs, we are working with the original developer and contractors and applying to the government's building safety fund for eligible buildings.

Our repairs offer

All responsive repairs are carried out by specialist organisations to ensure a more consistently high level of service to residents. Residents can raise repairs either through our online My Account service (known internally as WorkWise) or by contacting their local officer. Where they use the online system, they are able to track the status of their repair and offer feedback.

During 2021/22, we moved the process for housing teams who identify situations that require intervention from our repairs or assets teams to WorkWise. Replacing the previous email and manual update process provides better visibility of referrals, unifies steps across the organisation, and improves performance. We also upgraded the system we use to manage repairs with Wates,

Investment in cyclical repairs

In May 2021, as part of our cyclical works programme, we completed major refurbishment work at period properties in Newton Road in Westminster, comprising 67 one and two-bedroom homes. Due to the age of the buildings, the properties had fallen into quite severe disrepair, leading to resident complaints and general dissatisfaction.

Among the work carried out was a complete roof replacement, installation of timber double-glazed windows and new front doors, external repairs and decoration, internal communal decoration and new flooring, installation of a moisture monitoring system to improve ventilation, new intercom and central TV aerial and the re-asphalting of the front entrance area.

one of our main contractors, which allows sub-contractors to directly upload photos, documents and reports so that our local officers can access them immediately via WorkWise.

For several developments with problematic heating and hot water networks, we are in the process of switching to contractors with greater expertise so that issues are resolved more swiftly and effectively than has been possible previously. We have additionally secured funding from the Department for Business, Energy and Industrial Strategy (BEIS) in relation to heating and hot water networks, an issue across the housing sector, at some of our developments. Remedial work supported by that funding is underway at four developments, and optimisation studies are planned for a further six.

We also have a comprehensive cyclical repairs programme, for which we have identified £142m to invest in improving our existing homes between now and 2030. As part of that work, we started stock condition surveys in spring 2022 for general needs and care and support homes where we have no or very old data to help us make better informed decisions when we plan programmes of work and to gauge what level of investment is needed in future.

Developing a sustainability strategy

As part of our stock condition surveys, we are also capturing energy-related data to help us establish how best to achieve our objective of all our properties having an Energy Performance Certificate (EPC) rating of at least C by 2030.

Energy efficiency is part of wider work to develop a sustainability strategy. In its first phase, this involves building an evidence base and agreeing what to focus on. Staff and resident engagement is key to this, and more than 1,700 residents participated in a survey in early 2022, with around 50 attending two workshops to help us develop our plan further.

We are a founder member of the Future Homes Consortium, launched in June 2021. The consortium comprises 12 developers and housing associations who aim to work together to share ideas and find ways to tackle sustainability and deliver homes that meet modern criteria. The focus will be on sharing practical ideas and initiatives on sustainability and building safety in new homes and in retrofitting old stock. As part of that, the consortium will consider best practice in the UK and further afield as well as how best to combine resources and make the most of collective networks to better address the sustainability agenda.

New homes

886 plots acquired

1,385 starts on site

1,346 homes completed

Building new homes

Despite a difficult external climate and delays due to the pandemic, we generally performed well against targets for new homes, with completions at year-end well above target at 1,346 units. Those completions included a transfer of 50 units at social rent in Islington from Places for People, an important addition to our central London portfolio.

Milestones reached during 2021/22 included the topping out of Gallion's Place, the latest phase of our landmark Royal Albert Wharf regeneration in London's Docklands. A joint venture with Vistry Partnerships London, Gallion's Place will provide 47 homes for affordable and social rents, 48 for shared ownership and 146 for private sale as well as 1,500 sqm of mixed-use space that will become a community hub for residents and the wider development.

In Hounslow on the other side of London, we broke ground on the second phase of our 10-year Lampton Road scheme. Lampton Parkside will deliver 780 new homes, including 217 affordable homes, complementing the 160 affordable homes provided in the first phase alongside a new, carbon-neutral civic centre.

At our Kidbrooke development in south London, a joint venture with Transport for London (TfL), we secured a £12.7m green development loan from HSBC UK. The funding, which is aligned to the Loan Market Association's green loan principles, will be used for the construction of phase one of the project, due to complete in 2023. This part of the scheme comprises 413 London Affordable Rent, shared ownership and private sale apartments. In total, 619 homes will be built as part of the scheme, with half for affordable housing.

Also in the south, we secured planning permission to create a sustainable new neighbourhood and transform the Grade II-listed former covered market in Woolwich. The Woolwich Exchange regeneration scheme will deliver 801 high-quality homes, designed for flexible living, with space to live and work at home. Of the new homes, 158 will be offered as affordable tenures, including 56 family-sized homes. The scheme will also provide new facilities for the community to use, including a nursery, children's play areas and workspaces.

A new community for Hackney Wick

In early 2021, we were selected by the London Legacy Development Corporation to create a high-quality, mixed-tenure, mixed-use development across three key sites in Hackney Wick.

Our proposals include 190 homes, around half of which will be affordable and 5% larger than national standards. There will also be around 4,500m^2 of non-residential space, including retail, commercial, community facilities and low-cost workspace, as well as a public square in front of the station and a north-south route for pedestrians and cyclists to improve station access.

We subsequently submitted a reserved matters application in February 2022 and hope to start work towards the end of the year, pending full planning approval.

Regeneration

Work continues on our major regeneration schemes in partnership with local boroughs at Grahame Park in Barnet and Woodberry Down in Hackney. Alongside creating better homes, we also manage extensive socio-economic programmes at each of these sites, improving local people's lives with practical help to find jobs, volunteering opportunities or to set up their own businesses, as well as community activities to bring neighbourhoods together.

At Grahame Park, we broke ground in March 2022 on the construction of 209 new homes for the next stage of the regeneration, which will provide 60 social rented homes, as well as 149 homes for shared ownership, alongside communal green spaces and a new small supermarket for local residents. We also celebrated the opening of the refurbished Old Library on the estate as an enterprise and community hub managed by Colindale Communities Trust. Programmes being offered at the library include volunteering, youth clubs, health and wellbeing activities, training, pre-employment support and help for business startups.

On the Aylesbury estate in Southwark, we submitted a planning application for the next phase of the regeneration in spring 2022. Ahead of that, we ran a series of workshops for local residents, businesses and stakeholders to offer their views on proposals for that phase, which have been revised in response to consultation in 2021.

Our people

286
new staff

620
training sessions delivered

5,240
training attendances

The results of our annual staff survey, published in October 2021, were overwhelmingly positive. Seven out of 10 colleagues completed the survey, providing us with confidence that the results are a genuine reflection of how staff feel about working for Notting Hill Genesis. Of those who responded, more than nine out of 10 agreed that overall, we are a good employer.

Support through change

We worked hard throughout 2021/22 to continue to support our people through frequent changes around covid-19 restrictions and the associated uncertainty that many felt as the pandemic persisted. In August 2021, we introduced a new hybrid working model, building on what we had learned while many of us had to work largely from home, with a strong focus on the needs of residents and other customers, including colleagues internally.

Under the new model, people spend time variously in our communities, at an office or working from home depending on the nature of their work and the needs of their customers. Following a review in November 2021, the model has been tweaked slightly to encourage more frequent in-person working to ensure a stronger focus on customer need, rather than individual preference. We will keep our arrangements under review as we embed the new model and will adapt as required if there is evidence of a negative impact in terms of customer satisfaction and/or recruitment and retention.

Staff wellbeing

We continue to provide a wide range of resources to support our people's wellbeing and mental health, especially important at times of uncertainty and change. In February 2022, we started work towards gaining an Investors in People (IIP) wellbeing award, an accreditation awarded to businesses who put people first and ensure their employees are supported in three areas of wellbeing: social, physical and psychological.

We now have 100 mental health first aiders, colleagues who are trained to spot the signs and symptoms of mental ill health and assist in a similar way to how physical first aid is applied when someone is injured or has an accident. As well as one-to-one sessions, our mental health first aiders also hold regular 'time to talk' events focusing on specific topics.

Learning and development

We continue to offer many varied learning and development opportunities. Our corporate programmes, such as leadership and mentoring, are complemented by a range of online resources and facilitator-led sessions across the corporate skill base. We also offer schemes for more structured and formal learning, through which colleagues can apply for part-sponsorship for formal learning as well as apprenticeships.

To develop our leaders of tomorrow and help support our diversity initiatives, we support and encourage colleagues to take part in external development programmes such as Leadership 2025, Future London Leaders and the G15 Accelerate programme.

During 2021/22, we introduced two new in-house development programmes, one for women, the other for ethnically diverse men, offering these two groups opportunities to make a career change and/or develop as future leaders within the short to medium term. For both programmes, the aim is to identify talent, understand the individual and learning needs of the successful candidates and tailor our offer accordingly.

Technical and digital transformation

We introduced several new or upgraded systems during 2021/22 to support people to do their work more smoothly and effectively. New platforms to manage learning and performance are supporting everyone to self-serve for learning and performance management, and providing real-time reporting for managers.

Diversity and inclusion

Diversity and inclusion have been a strong focus throughout 2021/22, as we have embedded initiatives prompted by the murder of George Floyd and the subsequent Black Lives Matter campaign during the summer of 2020.

In July 2021, we published our first equality, diversity and inclusion report, pulling together achievements in recent months and providing key data to demonstrate both progress and areas of concern. The report is supported by an action plan, which sets out five commitments to ensure we continue to live our corporate value of inclusion, and make further progress towards our goal of making our organisation a more equal and inclusive place to work – a place where people from all backgrounds and walks of life are supported to achieve their full potential and are celebrated as they do so.

Our 12-month Race at Work action plan, which formally closed in December 2021, saw significant progress on several fronts. We achieved our goal of having 40% ethnic minority representation on our executive board and are close to reaching that percentage at board level too. We held a series of lunch and learn sessions hosted by group board members to encourage greater board engagement with colleagues, and trained 50 colleagues as race allies. This means we have a cohort of people who are equipped to provide a safe space for conversations regarding race and ethnicity, actively promote diversity, challenge barriers to progression for ethnic minority staff and facilitate thought-provoking conversations.

We also developed new training to ensure managers understand how to apply policies fairly and consistently, and made a commitment to offer recruitment panel training to diversify the number of staff equipped to participate in the recruitment process and avoid all-white, all-male panels in future. That goal has already been achieved at group and executive board level.

In addition, we updated our learning management system with a range of race-related resources and ran monthly listening circle events to develop a deeper understanding of people's experiences and the value of active listening. A review of critical policies showed no inherent bias but scope for policies to be misapplied, which is being addressed through a new training module for managers to reinforce policy application.

Our efforts have been recognised externally. We were shortlisted for a national Chartered Governance Institute award in October 2021 along with recognition from the G15. In February 2022, we were given bronze in the 2022 Workplace Equality Index awards from Stonewall.

Our new recruitment system gives people managers greater control over progress and speed of the process, including introducing online authorisation, shortlisting and scheduling of interviews. Candidates will be able to better track the progress of their application and, once offered a role, complete most of their onboarding process online.

In April 2021, we launched a modernised IT service portal, featuring many improvements to make it more user friendly. The portal is complemented by a new mobile app, helping colleagues to keep track of their IT requests when they are out and about in our communities with residents.

By the end of the financial year, we had successfully moved all our major systems and applications into the cloud, reducing our reliance on costly data centres and ageing computer hardware as well as providing agility. This enables us to respond quickly to new infrastructure capability and implement new applications or cloud services, which in turn supports our drive to automate services, use data and business intelligence for better business decision-making, and improve digital services to colleagues and residents.

Future prospects

At our staff conference in March 2022 – our first in person since spring 2019 – we outlined a new plan to support our drive to become a truly customer-centric organisation. The plan builds on our existing strategy, but focuses more sharply on three objectives to address our most pressing challenges.

One level of customer service

We have had almost two years of not being able to visit our residents in their own homes and communities as much as we would like. Overall resident satisfaction remains relatively low, although that varies between tenures. At the same time, living conditions for the poorest in society are rightly more of a focus for politicians, the general public and, by extension, the media following the Grenfell tragedy. We need to respond.

To reconnect more fully with our residents post-pandemic and address their legitimate concerns, we need to get closer to them. We need to listen actively and empathetically to their lived experiences and see our services from their point of view so that we can build trust and put residents at the forefront of everything we do.

We have competent and committed colleagues at all levels across our operational teams and are making steady progress towards getting greater numbers of residents online for day-to-day issues. That is important if we are to enable our operational teams to focus on the more complex and sensitive issues our customers face. But our current tenure-specific structure means that service levels and resident satisfaction vary and we sometimes miss opportunities to make improvements across the piece. This is a good opportunity to assess what is working well and what is not based both on colleague and resident perspectives.

One standard of housing

Our stock ranges from Victorian street properties more than 120 years old to new developments built in the 21st century. Every type of accommodation presents different problems, whether in terms of maintenance, safety or retrofit.

We need to make improvements of one sort or another to nearly all our homes. For some, we need to improve thermal efficiency to support the drive to net carbon zero. Others need work to meet new safety requirements following the Grenfell tragedy. A third group require attention to fulfil the expectations of the national decent homes standard.

Making those improvements is about far more than simply meeting targets or conforming with legislation. It is about supporting our residents to feel warm, safe and comfortable in their homes. It is the right thing to do.

A high quality local environment for all

About half of all our homes are on an estate, and we have around 600 estates of various sizes in total. Alongside the quality of their own home and the standard of service they receive from us, a sense of community plays a crucial role in our residents' overall experience.

Being able to access open spaces and amenities, join in with local activities, and feel connected with neighbours all contribute to better communities. In turn, that can help improve wellbeing and mental health and support a reduction in things we know make our residents' lives unpleasant, such as anti-social behaviour.

Sometimes the areas around homes on our estates do not work well. They can look and feel neglected, with empty commercial units or unloved open spaces. Our tenure-specific management model can be unhelpful, with responsibility for communal facilities falling between the gaps.

Identifying these themes is a first step only, but work is underway to develop each programme more fully to ensure progress as we move beyond the pandemic and into the new financial year.

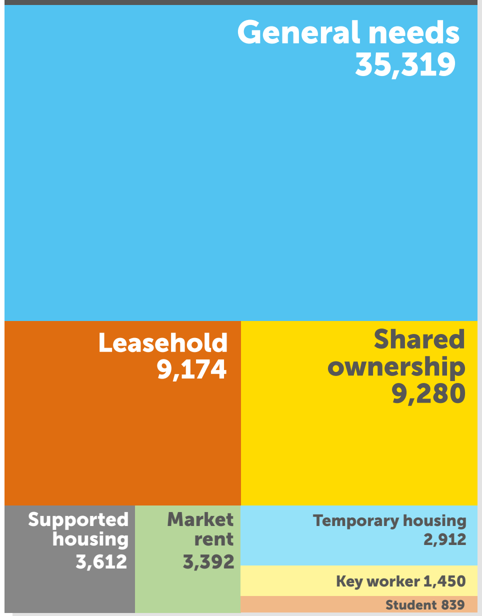
Where we work

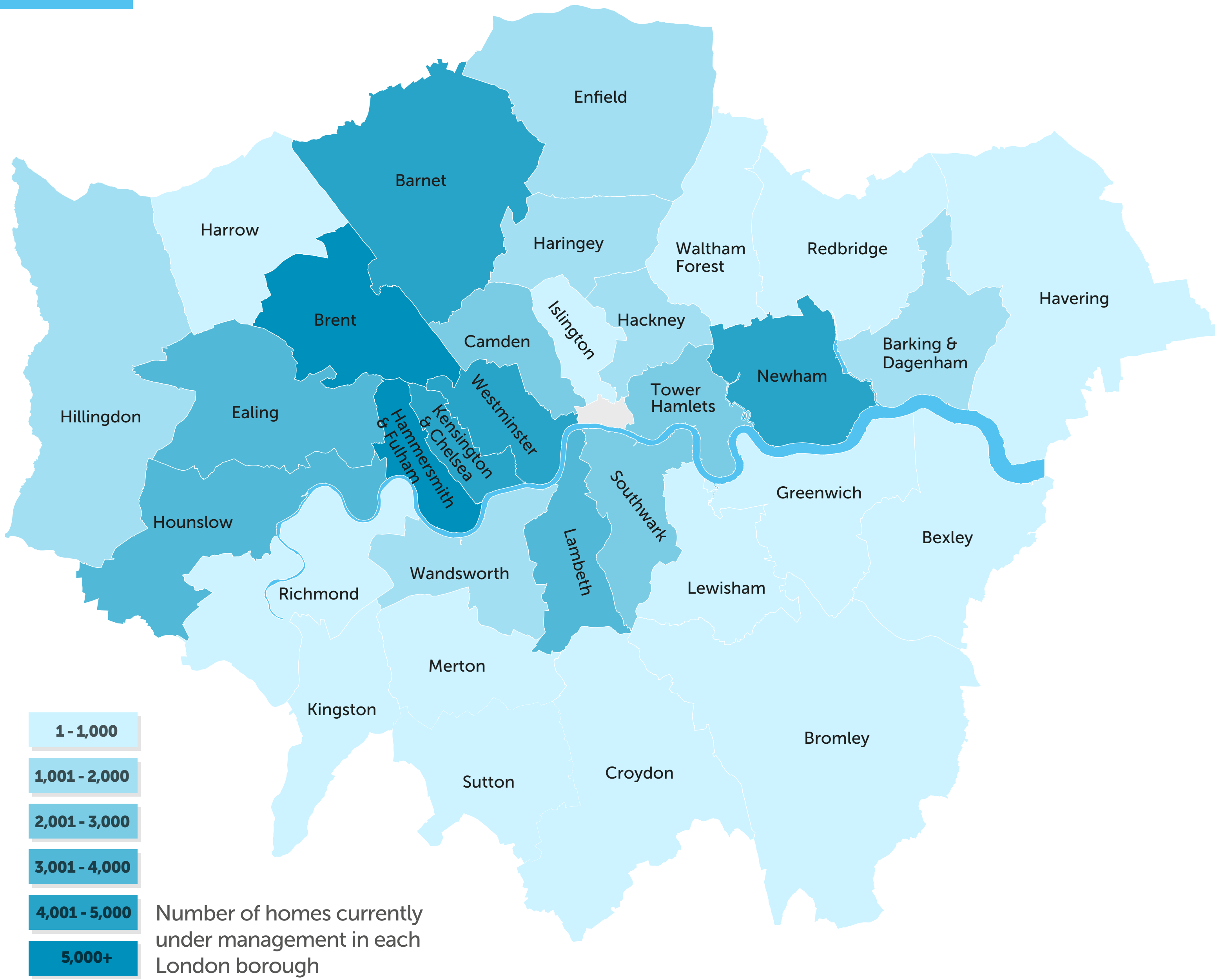
67,691
Total properties owned or under management

61,284 In London

6,407 Outside London

65,978
Properties under management
By tenure type:





Key performance indicators

We have a well-developed set of performance indicators which are considered regularly by the board and are used by the board and the executive team to measure performance and drive improvements.

Key performance indicator (KPI)	2021/22 Performance	2021/22 Target	2020/21 Performance	2020/21 Target	Commentary
Rent collection rate over 12 months	99.3%	99.8%	100.5%	100.3%	Continuing challenging economic conditions continue to impact collection levels.
Current tenant rent arrears	5.8%	5.2%	5.50%	4.10%	The increase occurred throughout the first nine months of the year, followed by significant improvements in Q4.
Occupancy rate	98.8%	98.4%	98.0%	98.6%	The occupancy rate has improved in 2021/22 from 98.1% in April to finish the year above target at 98.8%.
Transactional customer satisfaction	73.9%	73.0%	73.7%	N/A	Regular transactional surveys are carried out with our residents to obtain feedback, which assists us in making changes to the services we provide. Customer satisfaction remained above target all year.
Customer satisfaction index (CSI)	67.5%	73.0%	67.5%	70.0%	The Customer Service Index (CSI) stands at 67.5% based on the annual survey in April 2021. We did not carry out an annual survey this year. This is because we were awaiting the outcome of government consultation on new tenant satisfaction measures which will form the basis of our surveys going forward.
Number of ombudsman investigations	60	No target	64	No target	The numbers of cases remain high across the sector as the ombudsman continues to implement changes and increases publicity of its work.
Number of maladministration findings by ombudsman	7	12	6	No target	The number of maladministration findings by the ombudsman has remained relatively static.
Percentage of homes with a valid gas certificate	99.9%	100%	99.9%	100.0%	The vast majority of our homes have valid gas certificates with only 27 properties outstanding due to access issues.
Sales time to completion (weeks)	16	12	22	12	This year the average time to sell has reduced from 22 to 16 weeks due to focus by the new progress team.
Plots acquired	886	386	779	783	Some of the new acquisitions were not in the original target.
Homes started	1,385	1,406	947	1,116	There were delays to homes started.
Homes completed	1,346	1,224	1,342	1,892	The increase includes units started in the previous year and units acquired.

Chief financial officer's report

This is my first set of results since I joined as chief financial officer in August 2021. Our offices have slowly opened since February 2022 after the various lockdowns in the UK, due to the covid-19 pandemic. We continued to monitor the key risks which could be adversely affected by the covid-19 pandemic at board level, including rent arrears, occupancy levels, valuations, unsold homes, and liquidity. Notting Hill Genesis (NHG) remains a financially strong organisation, with liquidity of £1,041.2m at 31 March 2022.

Table 1 - Analysis of consolidation NHG surplus	2021/22 £m	2020/21 £m	
Core operating surplus			
Turnover - excluding sales	583.7	576.2	Group turnover increased primarily due to uplift in general needs housing.
Operating costs	(450.5)	(438.3)	Group operating costs increased driven by service charge costs.
	133.2	**137.9**	
Impairment and write down of housing properties and inventories	10.5	(10.4)	This relates to release of impairment from Paragon housing assets and impairment of joint venture assets.
	143.7	**127.5**	
Sales and investment surplus			
Fair value gains - investment properties	4.8	16.2	Values have risen in market rent and reduced in commercial rent portfolio.
Surplus from joint ventures	1.0	7.2	Last year we sold a higher number of private units, and this year the units are in the process of development.
Surplus from sales of assets	49.2	37.7	There has been an increase in the number of units staircased.
Surplus on disposal of assets	32.0	73.6	In previous year the sales included sale of our Canada Water site.
	230.7	**262.2**	
Results from financing activities			
Net financing costs	(128.8)	(122.5)	Interest costs have increased due to the higher level of group debt.
Other	0.4	5.0	Relates to gains in respect of financial instruments and deferred tax charge on valuations.
Surplus after tax	**102.3**	**144.7**	

Overall, group turnover decreased from £909.1m in the year to 31 March 2021, to £836.9m. The decrease of £72.2m was largely explained by the £79.7m decrease in sales revenues to £253.2m (2021: £332.9m). The overall surplus after interest and before tax was £112.9m, which exceeded the approved budget of £82.7m, and was less than the comparable surplus in 2021 of £144.7m. The analysis table details the breakdown of the surplus of £102.3m after tax, together with the comparatives for the year ended 31 March 2021. A provision of deferred tax in the amount of £10.6m has been made. This relates to a change in the corporation tax rate from 19% to 25% on unrealised capital gains.

The differences between the years principally arose for the following reasons.

Sales

We have continued to monitor and manage our stock of unsold homes during the year. During the year, we saw solid sales performance reducing our unsold homes by 50%. Table 2 provides an analysis of unsold homes, which shows that we entered the financial year with a total of 548 unsold homes. We completed 387 homes, then took strategic decisions to transfer 76 homes to various rental tenure types, as well as transferring 15 homes between sales types. In addition, we sold 424 homes to individual purchasers, and disposed of 160 homes in a bulk sale, ending the year with 275 unsold homes.

Impairment

As the property market began to function again in 2021 and with key commentators expecting London values to hold steady in 2022/23, we have assessed the carrying values of assets and cash generating units. No impairment was indicated and impairment in respect of the Paragon student accommodation was written back. Notting Hill Commercial Properties Limited's investment in one of its joint venture projects was impaired as the project may be discontinued. The net impairment write back amounted to £10.5m.

In October 2020, following decant of all the blocks at our Paragon scheme due to safety concerns, we carried out a series of surveys and investigations to determine the baseline condition of all six blocks at Paragon and to inform full remediation cost.

Table 2 – Analysis of unsold homes

Category	Shared ownership	Private sale	2021/22 Total	2020/21 Total
Unsold homes as at 1 April	313	235	548	610
Homes completed – as originally intended	382	5	387	794
Homes transferred to London Living Rent tenure	(76)	-	(76)	(43)
Homes transferred to market rent tenure	-	-	-	(228)
Homes transferred between sales tenures	15	(15)	-	-
Homes sold on a plot by plot basis	(313)	(111)	(424)	(477)
Bulk sale to private investor	(106)	(54)	(160)	(108)
Unsold homes as at 31 March (Units)	**215**	**60**	**275**	**548**

Sales margins

The margin on our private sales was 12% (2021: 18%) and on our shared ownership first tranche sales 14% (2021: 25%). Last year's margin was uplifted by the reversal of prior year stock write off.

Going concern

We regularly stress test our financial plans to ensure we are resilient to changes in economic assumptions relating to internal and external factors. Since the global covid-19 pandemic started, we have applied an increased number of different scenarios to our base strategic plan, which supports our funding requirements into the coming years. Additionally, we have substantial liquidity available to us. We are thus satisfied that NHG has access to the funds required to continue its operations for the foreseeable future.

Ratings

NHG is rated by Standard and Poor's (S&P) and Fitch.

On 25 August 2022, Standard and Poor's (S&P) reaffirmed the rating of A- (outlook stable) assigned to NHG. This reflects their expectation that social housing lettings form the bulk of turnover, and the sale of unsold and new homes will be managed in a risk appropriate manner. This rating has remained unchanged since 5 June 2019.

On 2 November 2021, Fitch reaffirmed the rating of A (outlook stable), which it had assigned to NHG on 1 August 2018.

NHG does not solicit a rating from Moody's, however, they do maintain an unsolicited rating on a number of our bonds issued by the legacy organisations. On 3 March 2022, Moody's reaffirmed its opinion on these instruments of A3 (outlook stable).

Capital structure and treasury policy

The board approves an annual treasury plan each year, which sets the strategy on how we mitigate and manage treasury-related risks.

For NHG, the UK sterling market remains the most attractive form of long-term funding.

In the year, NHG issued its first ESG linked bond issuing £250m with a 15-year maturity.

As at 31 March 2022, the group had eight public bonds in issue with an outstanding nominal value of £2.3bn, and are open to participating in the bond market again in future.

Secured borrowings at 31 March 2022 were £3,352.5m (2021: £3,379.3m) and immediately available undrawn facilities were an additional £789.7m (2021: £879.3m) plus an additional £175.0m also available subject to security charging. This debt is borrowed from banks and building societies in the UK, as well as from the capital markets. Unrestricted cash and deposits immediately available to the group totalled £76.5m, meaning we had available liquidity of £866.2m (2021: £923.3m). This is comfortably in excess of the group's internally set liquidity requirement limits. The current interest rate strategy, along with the position as at 31 March 2022 is set out in table 3.

Table 3 – Interest rate strategy

	Target			
Category	Lower	Central	Upper	Actual
Fixed	50%	75%	120%	99%
Floating	5%	20%	40%	(1%)
Inflation linked	0%	5%	15%	2%

The interest rate targets disclosed in table 3 are set by the board on an annual basis. The figure shown as 'lower' is the minimum approved by the board and the figure shown as 'upper' is the maximum. Table 4 provides an analysis of when the debt outstanding at 31 March 2022 falls due for repayment.

Table 4 – Debt maturity

	Group £m	NHG £m
0-1 years	24.0	21.5
1-2 years	29.9	28.9
2-5 years	175.5	155.4
5-10 years	930.5	608.2
10-20 years	1,105.1	1,061.6
20-30 years	764.8	764.8
30-40 years	322.7	322.7
TOTAL	**3,352.5**	**2,963.1**

The group's policy in relation to cash surpluses is to preserve capital. Cash surpluses are thus invested in money market funds rated AAAmf and approved UK institutions rated ukA1 by S&P. NHG had entered into various interest rate swaps at the year-end to manage the interest rate charged on variable, fixed and currency debt. Under the terms of its interest rate swap agreements, NHG can be required to provide cash or property as security for future payments. The amount of security is assessed by the counterparty banks on a regular basis (weekly or monthly, dependent on the lender).

As at 31 March 2022, the amount of cash and properties pledged as security for interest rate swap transactions was £332.8m (2021: £319.8m). NHG generally borrows and lends only in sterling, which minimises associated currency risk. Where it does borrow in a foreign currency, all associated cash flows are hedged to mitigate currency risk.

As at 31 March 2022, £651.0m (2021: £683.6m) of the group's variable debt had its interest rate hedged by stand-alone interest rate swaps. A further £42.0m (2021: £42.0m) of the group's fixed debt had its interest rate hedged by stand-alone swaps and ¥5bn (2021: ¥5bn) of the group's debt had been hedged into £28.0m (2021: £28.0m) by a currency swap. NHG and Notting Hill Home Ownership have a policy of not granting floating charges, although this policy does not extend to subsidiaries.

Housing properties

NHG group now owns and/or manages over 67,600 properties of various tenure types. The property valuation table below details the cost of the properties together with their net book value, as well as the estimated open market value.

Housing properties are held at either cost or deemed cost in the balance sheet. At 31 March 2022, the board was of the opinion that the value of the completed housing properties owned by the group compared with their cost is as detailed in table 5.

Valuation of the shared ownership properties is based on the open market value for the equity share retained by the group. The equity share retained by the group typically represents 57% of the whole property, with the balance owned by the leaseholder.

Value for money (VfM)

Strategic context

While achieving VfM is a central tenet for a charity that receives income from the public purse, it is always important to understand the balance between improving the lives of our residents on lower income and being efficient with resources. Simply put, VfM is not only about lower costs, rather, achieving more from our business activities and investments. Ensuring that all our residents are safe in homes suitable for their needs, is at the centre of everything we do. Growth continues to be a key part of our strategy and the basis for our merger was achieving VfM savings. As we continue to grow, we maximise our opportunities for efficiency and other benefits through economies of scale harnessing our buying power and technology.

Our corporate strategy will focus on planned, long-term investment in existing stock (we are spending an additional £183m on our planned investment between now and 2030), with a continuing stable development programme, and improving residents' experiences.

NHG has developed its strategic plan for the next five years to 2027 and our financial strength remains a key strategic priority over that period. Our revised VfM strategy approved by the board in March 2022, is the framework to ensure we deliver VfM. This annual report provides information on how NHG is performing against our peers and measures our improvement over time, the impact of our strategy on our metrics and in particular our planned investment in our assets over the next 10 years, in addition to the impact of required spend on building safety requirements.

Table 5 – Property valuation table

	General needs £m	Shared ownership £m	Market rent £m	Total £m
Cost (excluding depreciation and social housing grant)	5,781.2	1.191.5	1,092.7	8,065.4
Net book value	5,280.5	1,181.9	1,092.7	7,555.1
Value				
On a vacant possession basis	18,305.7	2,186.9	1,248.8	21,741.4
On a market value subject to tenancy basis	10,129.6	1,396.4	1,092.7	12,618,7
On an existing use for social housing basis	4,627.1	1,396.4	N/A	6,023.5

External environment

2020/21 saw covid-19 have a significant impact on both NHG operational activities and on its residents. While there has been a reduced impact for 2021/22, NHG saw continued reduced rentals in certain business streams in the earlier part of the year, although this improved as the year progressed. Increased rent arrears have been a continued concern, which has impacted on bad debt provision.

2021/22 saw increasing inflation during the year and while this should benefit future years' turnover, it will also put pressure on our operating costs, particularly on utility costs, maintenance contracts and staffing costs. It may also impact our residents' ability to pay their rent which could lead to higher arrears.

As a result of enhanced building safety regulations related to cladding and tall buildings, we have in place an agreed programme of cladding remediation for 2022/23 on 24 schemes. This has increased our major works budget for 2022/23 by £20m. This is part of a three to four-year programme of £80.8m. Overall, we estimate we will spend about £230.6m. Our expectation is that this will be partly funded by the government's building safety fund and other sources. We expect to see further legislative and regulatory updates on this over the coming year.

VfM activities

We completed our VfM merger objectives by 2020/21. These were:

- £27.2m savings against a £20m target by 2020/21 through cost reductions or improvements. £16m was achieved through reduced back-office costs
- Strategic review of temporary housing resulted in an improved operating margin from 2.6% (2017/18) to 9.8% (by 2020/21)
- Strategic review of care and support resulted in an improved operating margin from 1.6% (2017/18) to 12.1% (by 2020/21)
- Review of our geographical footprint outside London. Consequently, we sold 1,417 homes by 2019/20 and exited 41 local authorities since the merger

Through our environmental, social and governance (ESG) work, we raised a £250m green bond, saving £0.1m per annum on our interest costs.

How we measure VfM

The Regulator for Social Housing (RSH) has outlined what it expects registered providers (RPs) to deliver in relation to VfM in its 'VfM Standard 2018'.

The 'VfM Standard' requires that an organisation understands its costs and the outcomes of delivering specific services and the underlying factors which impact these costs. The regulator has defined seven VfM metrics and these are the main element of our VfM reporting. These allow us to compare across our peer group (G15) and against ourselves to show performance over time.

We monitor and report on these (and other metrics) throughout the year. Table 6 shows these metrics over a three-year period (2020/21 to 2022/23). It also includes median data for the last financial year for our G15 (London's largest RPs) peer group, comprising 12 members in 2020/21. For this year we have also provided metrics for the sector which includes data from 317 Registered Social Landlords (RSLs) across the UK. As indicated in the table, the sector metrics reflect both the varying size and operational activities across all RSLs.

Reinvestment: looks at the investment made in both our existing homes and on new developments. The pandemic impacted major works in 2020/21 with a flow through to 2022/23. The reduction reflects the board's conscious decision to scale back our development programme while increasing our investment in our assets and delivering on our building safety programme.

New supply: lower than budget in 2021/22 due to the impact of covid-19 and scaling back of our development programme. We project to be slightly below our peer group for social housing units provision and above for non-social housing units for 2022/23.

Gearing: measures the ratio of debt to assets and shows that NHG is in line with the peer group. The sector position is lower and broadly reflective of non-developing organisations with lower borrowing requirements.

EBITDA MRI interest cover: indicates the capacity to meet interest payments. For 2021/22 this has ended lower than 2020/21 due to reduced sales surplus and increased spend on maintaining our properties. There will be a further planned reduction in this metric for the coming year, reflecting the increased spend on our existing assets and continued fire remediation spend for 2022/23. However, it will remain above current peer group level. The sector figure is higher, reflecting smaller associations with lower debt to service.

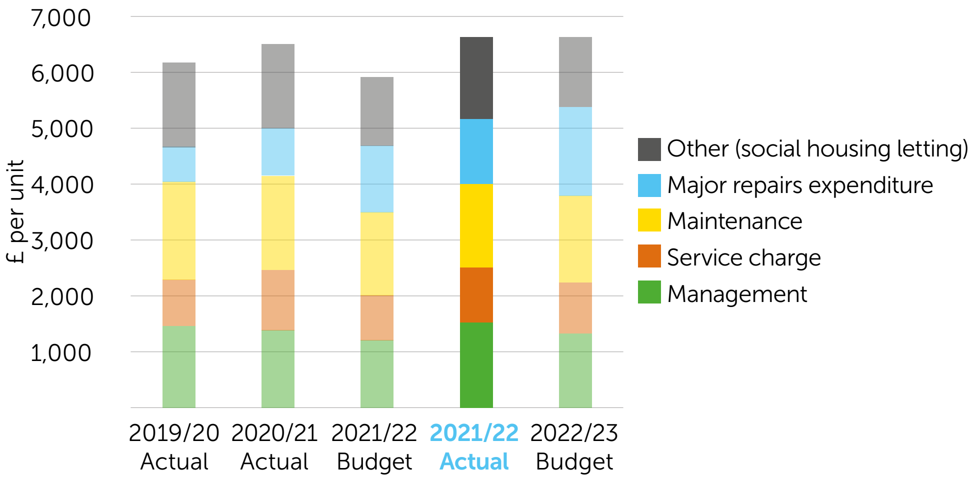
Table 6 – RSH VFM metrics for NHG – 2020 to 2022	2020/21 Peer group	2020/21 Actual	2021/22 Budget	2021/22 Actual	2022/23 Budget	2020/21 Sector
1 – Reinvestment % (development)	4.8%	3.1%	3.9%	3.4%	3.1%	5.1%
2a – New supply delivered – social housing homes	1.4%	0.8%	1.9%	1.6%	1.1%	0.9%
2b – New supply delivered – non-social housing homes	0.3%	0.6%	1.0%	0.8%	0.4%	0.0%
3 – Gearing %	47.1%	49.6%	49.4%	47.6%	50.7%	33.8%
4 – EBITDA MRI interest cover	133.8%	165.4%	158.9%	145.3%	140.7%	216.0%
5 – Headline social housing cost per unit	5,096	6,537	5,936	6,673	6,663	3,891
6a – Operating margin % – social housing lettings only	29.4%	25.2%	24.0%	25.1%	25.2%	25.4%
6b – Operating margin % – overall	22.6%	22.1%	23.5%	21%	24.3%	23.5%
7 – Return on capital employed (ROCE)	2.7%	3.1%	2.7%	6.2%	2.3%	3.1%

Table 7 - Breakdown of social housing cost per unit

Benefits paid	2020/21 Peer group (median[1])	2020/21 Actual Restated	2021/22 Actual	2022/23 Budget
Management	1,365	1,421	1,514	1,353
Service charges	819	1,100	978	874
Routine and planned maintenance	1,271	1,662	1,545	1,564
Major repairs	1,018	849	1,186	1,601
Other (mainly landlord rents)	451	1,505	1,450	1,271
Total	**5,096**	**6,537**	**6,673**	**6,663**
Total excl temporary housing and care	**n/a**	**5,612**	**5,817**	**5,903**
Total excl temporary housing, care and fire costs	**n/a**	**5,427**	**5,527**	**5,552**

[1] The individual costs are median values; therefore do not sum to median £5,096

Chart 1 - Unit operating costs – rented social housing **year ending 31 March**



Headline social housing cost per unit (CPU): will see an increase from 2021/22 budget to 2022/23 budget of £727 CPU. The key drivers are our planned investment in existing assets and the continued building safety programme. 2021/22 is higher than budget mainly driven by increased service costs, unplanned costs arising from flooding earlier in the year, and costs of maintaining our homes.

Operating margin - social housing lettings: has improved to 25.1% and comparable to the sector median though below our peer group.

Operating margin - overall: for 2021/22 is below that budgeted due to higher operating costs, increased repair costs and lower sales surplus. It is expected this will return to budget level for 2022/23 and remain above our peer group.

Return on capital employed: indicates how well we make use of our assets and debt to generate a financial return. Our target is for this metric to reduce next year reflecting the impact of the increased in investment in our assets and building safety programme.

It should be noted that NHG provide both care and temporary housing services and that these services are not provided across all the peer group. We recognise that our cost per unit is therefore higher than others within the G15. The board has taken a conscious decision to continue operating within both care and temporary housing to provide services to those who need them but recognise these increase our costs.

For 2022/23 our portfolio of temporary housing stock has projected costs for landlord rent of £41.8m in 2022/23, and this activity has an overall impact of £573 CPU. Our supported housing activities also increases the 2022/23 CPU by £187. Our housing is mostly in London which further increases costs and therefore this metric. NHG's ranking among its peer group remains at 11 in 2021/22 as in 2020/21.

Further VfM metrics

Going forward to 2025/26, the NHG business five-year plans continue to drive VfM and cost efficiencies through year-on-year reductions in business metrics of 2.5% per annum from 2022/23 through to 2026/27, while recognising the continued challenge of funding the programme of activities to meet long term building safety requirements and investment in our existing homes.

Each business activity within NHG has a metric which is set as part of the annual budget cycle and are reported to the board quarterly. These provide information to the board on any adverse variance from target and enable businesses to take action, where possible, to improve performance. These are also set as part of business five-year plans that are prepared as part of the long-term planning cycle.

There is a further suite of financial performance metrics as part of the business planning policy. These form part of the long-term strategic business plan and provide the board with assurance that NHG will meet banking, regulatory or rating agency requirements to ensure long-term financial stability. These are also reported to board each quarter as part of the financial results.

In addition, a suite of operational KPIs are reported to the board each quarter, with each metric linked to a theme within the corporate strategy as follows:

- Our residents
- Our homes
- Providing new homes
- Our people
- Financial strength

Further information

Stakeholders can find more VfM information on our website which includes our financial statements, corporate strategy and annual standards report.

Risk	Comments	Mitigation
Declining sales	NHG maintains a large development programme, a proportion of which includes work in progress and unsold homes. Our ability to dispose of these will be adversely affected if there is a lack of demand for homes at the right price.	Appraisal assumptions allow a comfortable margin for reductions in value and delays in sales. In addition, we keep the level of work in progress and completed unsold homes under review, with proactive strategic decisions being taken promptly to manage sales exposure.
Changes to government policy, legislation and regulation	The external political situation is volatile, particularly through the covid-19 pandemic, and NHG works with a wide range of public bodies. There has been new building safety regulation and government support opportunities.	NHG continues to monitor the evolving political landscape closely. Furthermore, NHG continues to stress test business plans with changing scenarios and review uncommitted development sites.
Failure to comply with health and safety standards	Risks in relation to building safety, particularly fire safety and carbon monoxide are of key concern for us, and decisive action is taken as necessary.	Following the tragedy at Grenfell tower, NHG has reviewed its fire prevention measures with a view to complying with any recommendations made by both the fire authorities and the government. NHG continues to monitor this area closely and increased resources to ensure high standards of compliance are maintained.
Liquidity risk	We maintain sufficient liquidity at an affordable price in order to meet our commitments as they fall due.	NHG has in place a treasury policy which includes a liquidity policy that the board monitors closely. The policy is approved annually by the board and is prepared jointly with our treasury advisers.
Governance	We aspire to be led by a skilled board, which reflects the diversity of the residents we serve.	NHG has an experienced and skilled board consisting of non-executive and executive members which has been refreshed. There are regular skill reviews and appraisals as well as reflection on governance good practice.
Failure in customer service delivery	The service we deliver to residents is of key importance, and we aim to provide a consistently high level to all our customers.	Our operating model, which supports our aim of improving customer satisfaction across all tenures, has been in operation throughout the year, although some aspects of delivery have been affected by the pandemic.

Conclusion

Overall, 2021/22 has been a year of reducing risk at NHG. In 2018, we decided to reduce the amount of money spent on new housing because we found that the housing market in London was not buoyant enough to absorb the number of private and shared ownership homes being completed by NHG. The amount spent on new housing thus reduced from £654m in 2018/19 to £468m in 2019/20, to £335m in 2020/21, and to £315m in 2021/22. We expect to stay at a level of £300m to £400m over the next few years.

The scale of committed development meant that unsold homes continued to rise, but we have now turned the corner with the number falling from 548 at 31 March 2021 to 275 at 31 March 2022, and continuing to fall after year-end. This has been achieved by a combination of individual home sales, bulk sales and transfers to rental tenancies, showing the flexibility of the NHG model. Overall, this has meant that the net debt of the organisation fell in 2021/22.

The changes implemented since that time also mean that we can finance the estimated costs of cladding replacement amounting to a net £173m from our own resources, as well as the costs of rectification at the Paragon estate. This will, however, inevitably mean that our ability to increase provision for those who have no home or poor housing may be curtailed as we work through these issues. At the time of the merger, we intended to complete 2,700 homes per annum but this has been scaled back to 1,400 homes a year, although we have been able to increase the proportion of affordable and social rental homes included in that number.

Abayomi Okunola
Chief financial officer

Streamlined energy and carbon report

The total greenhouse gas emissions for Notting Hill Genesis (NHG) are 21,806 tonnes of carbon dioxide equivalent (tCO2e) for the financial year 1 April 2021 to 31 March 2022. These include the emissions associated with UK electricity and natural gas consumption, and business travel in company vehicles, as required to be disclosed by legislation.

Comparison with the previous year shows a decrease in emissions of 1,009 tCO2e, or -7%. This decrease is largely contributed to by reductions in gas consumption. The decrease in carbon emissions, however, should be considered against a reduction in company annual turnover from £909m to £837m or -8%, in the corresponding period. The ratio of emissions/turnover has thus increased from 24.1 (tCO2e per £m turnover) to 26.1, an increase of 8.3%.

These figures incorporate a revision to the previously published 2020/21 results due to having subsequently made an estimation of the gas consumption of that period using the equivalent consumption for the current period as a basis. This is a refinement previously not possible and improves the validity of the year-on-year comparisons.

Greenhouse gas emissions

Table 1: Greenhouse gas emissions by fuel (tCO2e)

Group - Emissions source	2020/21	2021/22	% Share	% Change 2020/21-2021/22
Fuel combustion: Natural gas	13,598*	12,589	58%	-7%
Fuel combustion: Transport	26**	14	0.1%	-46%
Purchased electricity	8,251	9,203	42%	12%
Total emissions (tCO2e)	**21,875***	**21,806**	**100%**	**-0.3%**
Annual turnover (£m)	909	837		-8%
Intensity: (tCO2e per £m)	**24.1***	**26.1**		**8%**

* A large number of sites reported a gas consumption for 2021/2022 but none for 2020/21. In the year ended 2020/21 Streamlined Energy and Carbon Report (SECR), it was not possible to estimate consumption of these sites. With the availability of 2021/22 data, we have been able to make a reasonable estimate of the 2020/21 data after correcting for weather. The results of those estimations are included in the table above and differ from the previously published results but allow a valid comparison of energy consumption and CO2e emission trends year-on-year.
** Transport emissions do not include grey-fleet vehicles. The figures for 2020 have been recalculated thus to allow year-on-year comparison on a consistent basis.

Table 2: Greenhouse gas emissions by scope (tCO2e)

Group - Emissions source	2020/21	2021/22	% Share	% Change 2020/21-2021/22
Scope 1	13,624*	12,593	58%	-7%
Scope 2	7,598	8,464	39%	11%
Scope 3	653	749	3%	15%
Total emissions (tCO2e)	**21,875***	**21,806**	**100%**	**0.3%**

*See note to Table 1, above.
Scope 1: Natural gas.
Scope 2: Electricity and company-operated transport (EV vehicles).
Scope 3: Losses from electricity distribution and transmission including for company-operated transport (EV vehicles). This only includes emissions reportable under SECR and may not reflect the entire carbon footprint of the organisation.

Energy consumption

The energy consumption for Notting Hill Genesis is 108,610,616 kWh for the financial year 1 April 2021 to 31 March 2022.

Table 3: Energy consumption by fuel (kWh)

Group - Category	2020/21	2021/22	% Share	% Change 2020/21-2021/22
Fuel combustion: Natural gas	73,952,946*	68,732,450	63%	-7%
Fuel combustion: Transport	104,542**	59,662	0%	-43%
Purchased electricity	32,589,319	39,818,504	37%	22%
Total	**106,646,807***	**108,610,616**	**100%**	**2%**

*See note to Table 1, above.
** Transport emissions do not include grey-fleet vehicles. The figures for 2020 have been recalculated thus to allow year-on-year comparison on a consistent basis.

Boundary, methodology and exclusions

An 'operational control' approach has been used to define the greenhouse gas emissions boundary[1].

This approach captures emissions associated with the operation of all buildings such as offices and houses, company-owned transport and business travel in privately owned vehicles (of which there was none reported for the financial year). This report covers UK operations including NHG, and subsidiaries as listed elsewhere in this publication. Included is the mandatory disclosure of emissions of those subsidiary companies which would otherwise be required to account on their own account, plus the voluntary disclosure of emissions of those subsidiaries which are not liable under SECR and which NHG are not therefore obliged to, but choose to, report.

This information was collected and reported in line with the methodology set out in the UK Government's Environmental Reporting Guidelines, 2020.

Emissions have been calculated using the latest conversion factors provided by the UK Government. There are no material omissions from the mandatory reporting scope.

The reporting period is April 2021 to March 2022, as per the financial accounts.

1 An operational control approach to GHG emissions boundary is defined as: "your organisation has operational control over an operation if it, or one of its subsidiaries, has the full authority to introduce and implement its operating policies at the operation".

Energy efficiency initiatives

In addition, NHG approved a strategy that will mean that all its homes for letting will carry an EPC "C" rating or better by 2030.

Further information on environmental, social and governance issues can be obtained from the NHG 2021/22 ESG report.

Governance

The board and committees

Notting Hill Genesis (NHG) is governed by a board ('the board'). The board has nine non-executive members plus two executives. Details of all board members, who are drawn from a range of backgrounds, are set out on the next page.

The board delegates some of its responsibilities to committees, each of which has a group-wide remit. Each of these committees has clear terms of reference and delegated authority. They report back to the board after each meeting.

During the year ended 31 March 2022, there were six main functional committees in operation within NHG: the operations committee, the audit and risk committee, the treasury committee, the development and sales committee, the remuneration committee and the nominations committee.

Operations committee

The operations committee oversees the performance of NHG's core residential businesses, working across seven cross-cutting themes: resident experience and satisfaction, overall performance, repairs and maintenance, financial effectiveness, health and safety, IT and data and sustainability.

Audit and risk committee

The audit and risk committee oversees the work of the internal and external audit functions as well as the risk management framework and internal control framework for NHG. The committee reviews the audited financial statements for NHG and recommends them to the relevant boards for approval. Through the reports it receives, the audit and risk committee gains assurance that NHG has appropriate systems of internal control and complies with the regulator's expectations in this area.

Treasury committee

The treasury committee undertakes an annual review of NHG's treasury policy and hedging strategy. It also oversees NHG's treasury activities including, in particular, the strategy for sourcing of new finance and the approval of associated transactions.

Development and sales committee

The development and sales committee is responsible for overseeing the effective risk management, control and delivery of the group's development programmes and projects across NHG.

Remuneration committee

The remuneration committee determines the remuneration of the chief executive and members of the executive board and makes recommendations on allowances for board members.

Nominations committee

The nominations committee oversees the process for board member appraisal, reviews the process for board member appointment and reviews the structure, size and composition of the board including skills, knowledge and experience required.

Board and committee membership

	 **Ian Ellis** Chair	 **Fred Angole**	 **Stephen Bitti**	 **Elaine Bucknor**	 **Kate Davies CBE** Chief executive	 **Claire Kober OBE**	 **Arike Oke**	 **Abayomi Okunola** Chief financial officer	 **Ingrid Osborne**	 **Alex Phillips** Senior independent director	 **Richard Powell**
Audit and risk committee		Chair				✓			✓		
Development and sales committee							✓			✓	Chair
Operations committee			✓			Chair					
Treasury committee										Chair	
Nominations committee	Chair			✓			✓				
Remuneration committee		✓					✓		Chair		
Additional comments			Resident		Co-opted board member		Resident	Co-opted board member			

The executive board

Notting Hill Genesis is managed by the executive board (EB), headed by the chief executive and supported by a team of six group directors.

Executives and other staff have no interest in NHG's shares and act as executives within the authority delegated by the board.

The chief executive and the EB members are on notice periods ranging from three to six months. Details of board and EB remuneration are shown in note 30.

Board members, senior staff and committee members are insured against personal liability when acting on behalf of NHG.

Kate Davies CBE

Chief executive

Abayomi Okunola

Chief financial officer
(joined 31/08/21)

Katie Bond

Chief operating officer
(appointed 17/08/22)

Elly Hoult

Group director of assets and sustainability

John Hughes

Group director of development and sales and deputy chief executive

Rajiv Peter

Chief information officer
(appointed 01/04/22)

Vipul Thacker

Group director of central services

Andy Belton

Chief operating officer and deputy chief executive
(resigned 31/03/22)

Carl Byrne

Group director of commercial services
(resigned 17/08/22)

Paul Phillips

Chief financial officer
(resigned 21/08/21)

Mark Vaughan

Group director of housing
(resigned 17/08/22)

Key legal entities in the Notting Hill Genesis Group

Notting Hill Genesis
Asset owning RP

Folio London Ltd
Market rent company

- Treasury and bond vehicles

Notting Hill Commercial Properties Ltd
Develops and lets commercial properties

Development SPVs:
- Notting Hill Developments Limited
- Walworth Homes Limited
- Project Light Development 1 Limited
- Project Light Development 2 Limited

Notting Hill Home Ownership
Asset owning RP

Development SPVs:
- Canonbury Developments Limited

Notting Hill Community Housing Ltd
Rent properties at sub-market prices

Choices for Grahame Park Ltd
Develops and sells properties

GenFinance II Plc
Treasury vehicle

Springboard Two Housing Association
RP develops and owns homes

Activities at Notting Hill Genesis are carried out through a range of legal structures. The group is led by the parent, which is a charity, as well as being a registered provider of social housing. A number of limited companies and limited liability partnerships carry out the group's activities, which helps to mitigate risk. The key legal entities are listed above. The full list of subsidiaries and joint venture entities are disclosed in note 33.

Resident involvement

Residents are actively encouraged to become involved in decision-making by NHG, which promotes mechanisms through which they can influence operations. At 31 March 2022, we had two resident board members. We also maintain clear reporting arrangements between resident groups and the board.

Code of Governance

NHG has subscribed to the National Housing Federation's Code of Governance 2020 (code) as its code of governance.

NHG meets all provisions within the updated code, other than provision 3.1: *Executives may not serve at all on committees responsible for remuneration or nomination or audit*.

The chief executive serves on the nominations committee.

Employees

The strength of NHG lies in the quality of all its employees. Our ability to meet our objectives and commitments to residents in an efficient and effective manner depends on their contribution. NHG is committed to equal opportunities and in particular we support the recruitment of disabled people and the retention of employees who become disabled while in the employment of NHG. NHG has received recognition from the Department for Education for establishing policies of positive promotion of employment opportunities for candidates and employees with disabilities. NHG was assessed by Investors in People in 2020, and received the standard accreditation.

NHG has pledged to close the BAME gap, particularly at senior managerial, leadership and board roles and aims to achieve 40% BAME representation at board and committee level by 2025.

Our 2021 mean gender pay gap was 23 per cent and median gender pay gap was 19.4 per cent which compares to the UK median of 15.4 per cent.

More details can be found in the publicly available financial statements of all the relevant subsidiaries in the group required to report under S172 of the Companies Act and in our published pay gap reports available on our website.

Statement of board's responsibilities

The board is responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

The financial statements have been prepared in accordance with the requirements of United Kingdom Generally Accepted Accounting Practice (UK GAAP), including the Financial Reporting standard applicable in the UK and Republic of Ireland (FRS102), the Statement of Recommended Practice Accounting for Registered Social Housing Providers 2018 (SORP 2018) and the Accounting Direction for Private Registered Providers of Social Housing 2019.

The Co-operative and Community Benefit Societies Act 2014 and registered social housing legislation require the board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the group and the registered provider of social housing (RPSH) and of the surplus or deficit for that period. In preparing these financial statements, the board is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards 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 RPSH will continue in business.

The board is responsible for keeping adequate accounting records that are sufficient to show and explain the transactions and which disclose with reasonable accuracy at any time the financial position of the RPSH and to enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing in England 2019 and the Registered Social Landlords Determination of Accounting Requirements 2012. It has general responsibility for taking reasonable steps to safeguard the assets of the RPSH and to prevent and detect fraud and other irregularities.

The board is responsible for ensuring that the strategic report includes a fair review of the development and performance of the business and the position of Notting Hill Genesis (NHG) and its subsidiaries included in the consolidation, together with the disclosure of the principal risks and uncertainties they face.

The board is responsible for the maintenance and integrity of NHG's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Internal controls

The board has overall responsibility for establishing and maintaining the whole system of internal control for NHG and for reviewing its effectiveness.

The board recognises that no system of internal control can provide absolute assurance against material misstatement or loss or eliminate all risk of failure to achieve business objectives. The system of internal control is designed to manage key risks and to provide reasonable assurance that planned business objectives and outcomes are achieved. It also exists to give reasonable assurance about the preparation and reliability of financial and operational information and the safeguarding of NHG's assets and interests.

In meeting its responsibilities, the board has adopted a risk-based approach to internal controls which is embedded within the normal management and governance process. This approach includes the regular evaluation of the nature and extent of risks to which NHG is exposed and is consistent with Turnbull principles.

The process adopted by the board in reviewing the effectiveness of the system of internal control, together with some of the key elements of the control framework, includes the items listed below.

Identification and evaluation of key risks

Management responsibility has been clearly defined for the identification, evaluation and control of significant risks. There is a formal and ongoing process of management review in each area of NHG's activities. The executive board regularly considers and receives reports on significant risks facing NHG and the chief executive is responsible for reporting to the board any significant changes affecting key risks.

Monitoring and corrective action

A process of control, self-assessment and regular management reporting on control issues provides hierarchical assurance to successive levels of management and to the board. This includes a rigorous procedure for ensuring that corrective action is taken in relation to any significant control issues, particularly those that may have a material impact on the financial statements and delivery of our services.

Control environment and control procedures

The board retains responsibility for a defined range of matters covering strategic, operational, financial and compliance issues, including treasury strategy and consideration of the viability of large new investment projects. The board has adopted and disseminated to all employees a code of conduct for employees. This sets out NHG's policies with regard to the quality, integrity and ethics of its employees. It is supported by a framework of policies and procedures with which employees must comply. These cover issues such as delegated authority, segregation of duties, accounting, treasury management, health and safety, data and asset protection, and fraud prevention and detection.

Information and financial reporting systems

The board approves a strategic plan in each financial year, which includes longer-term financial plans and limits on investment in its various activities. Financial reporting procedures include detailed budgets for the year ahead, management accounts produced monthly and forecasts for the remainder of the financial year. These are reviewed in various levels of detail by appropriate staff and in summary on a quarterly basis by the board. The board also regularly reviews progress towards the achievement of key business objectives, targets and outcomes.

Fraud

The board has a policy on fraud covering prevention, detection and reporting of fraud and the recovery of assets. A register is maintained of any frauds or potential frauds. The audit and risk committee reviews the fraud register at each meeting and has taken the results of these reviews into account in its report to the board.

Anti-bribery policy statement

We seek to maintain the highest standards of ethics and integrity in the way we conduct our business. We recognise that bribery and corruption, in all its forms, is illegal and unacceptable. Our bribery policy statement has been integrated into our code of conduct and our gifts and hospitality policy, adopted by the board, signed by the chair and chief executive and made available on our corporate website. We expect our business partners to adopt a similar approach to bribery or corruption and make this a condition for new contracts awarded.

Audit assurance

Internal audit

Beevers and Struthers acted as the internal auditors for the group during the year ended 31 March 2022. The internal control framework and the risk management process are subject to regular review by the internal auditors who advise the executive directors and report to the audit and risk committee.

An audit plan was agreed by the audit and risk committee for 2021/22 and was completed. The internal auditors have direct access to the audit and risk committee, independent of paid staff. The audit and risk committee met four times during the financial year and considered internal control and risk at each of its meetings.

External audit

NHG and its subsidiaries appointed BDO LLP as external auditors following a tender exercise in 2018. NHG receives a report from the external auditors each year as part of the audit process. In this they convey details of any internal control weaknesses that may have come to their attention in the course of their duties. This letter is considered by the audit and risk committee and the board.

The audit and risk committee met with the internal and external auditors during the year without the presence of paid staff or executive directors.

The audit and risk committee conducts an annual review of the effectiveness of the group's system of internal control and takes account of any changes that may be needed to maintain the effectiveness of the risk management and control process. The audit and risk committee makes an annual report to the board, which the board has received.

Independent auditors and AGM

The reappointment of the auditors, BDO LLP, will be proposed at the annual general meeting.

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 NHG's auditors in connection with preparing their report of which NHG's auditors are unaware
- Each board member has taken all the steps that they ought to have taken as a board member in order to make themselves aware of any relevant information needed by the auditors in connection with preparing their report and to establish that the auditors are aware of that information

Statement of compliance

NHG has undertaken an assessment of compliance with the Governance and Financial Viability standard as required by the Accounting Direction 2022. NHG can confirm that no evidence of non-compliance has been identified since the last report.

In preparing the strategic report, the board has followed the principles set out in the Statement of Recommended Practice for Registered Social Housing Providers (SORP: 2018).

Kate Davies

Kate Davies CBE
Chief executive

Abayomi Okunola
Chief financial officer

Group highlights

For the year ended 31 March	2022 £m	2021 £m	2020 £m	2019 £m
Consolidated statement of comprehensive income				
Total turnover	836.9	909.1	731.5	670.6
Income from lettings	486.6	475.9	467.8	476.3
Depreciation and amortisation of housing properties	57.0	53.2	53.2	49.0
Operating surplus	230.7	262.2	212.6	204.7
Surplus from sales (first tranche, shared ownership, sales of properties built for sale and joint ventures)	82.1	111.7	71.3	57.3
Surplus from other activities	20.2	33.0	26.8	48.7
Surplus after interest and tax	102.3	144.7	98.1	106.0
Consolidated statement of financial position				
Fixed assets, at cost	7,991.9	7,755.5	7,716.5	7,547.3
Housing assets, at cost	6,741.8	6,594.1	6,593.0	6,595.3
Net current assets	254.0	185.0	454.2	542.7
Indebtedness	3,352.5	3,379.3	3,486.2	3,471.0
Net assets / total reserves	3,629.9	3,481.1	3,345.5	3,240.5
Total assets less current liabilities	8,323.8	8,007.2	8,244.5	8,171.1
Accommodation managed at year end	**Homes**	**Homes**	**Homes**	**Homes**
General rented housing	35,319	34,736	35,624	34,201
Supported housing	3,612	3,636	4,225	4,026
Market rent accommodation	3,392	3,201	3,094	2,747
Temporary housing	2,912	2,880	3,325	3,718
Key worker accommodation	1,450	1,447	1,348	1,183
Student accommodation	839	839	839	839
Total rented housing	**47,524**	**46,739**	**48,455**	**46,714**
Shared ownership housing	9,280	9,124	8,299	8,846
Leasehold in management	9,174	9,137	8,093	7,915
Total accommodation under management	**65.978**	**65,000**	**64,847**	**63,475**

	2022	2021	2020	2019
Statistics				
Surplus for the year as % of turnover	12.2%	15.9%	13.4%	15.8%
Surplus for the year as % of income from lettings	21.0%	30.4%	21.0%	20.5%
Operating margin	27.6%	28.8%	29.1%	30.5%
Operating margin before sales, joint ventures and fair value movements	21.0%	22.1%	21.0%	20.2%
Operating margin - social housing lettings	25.1%	25.2%	26.0%	23.8%
Rent losses (voids and bad debts as % of rent and service charges receivable)	2.5%	2.8%	2.0%	2.2%
Rent arrears (gross arrears as % of rent and service charges receivable)	10.0%	8.7%	8.4%	8.0%
Gearing (total loans as % of housing properties at cost)	39.2%	40.0%	40.7%	40.9%
Interest cover (surplus before interest payable, depreciation and amortisation of housing properties as % of interest payable)	192.8%	222.1%	188.6%	176.0%
Net debt as a % of all assets at vacant possession value	15.4%	15.9%	17.3%	17.6%

Financial statements

Independent auditor's report to the members of Notting Hill Genesis

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the Association's affairs as at 31 March 2022 and of the group's and the Association's surplus for the year then ended
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and
- the financial statements 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 Notting Hill Genesis ("the Association") and its subsidiaries ("the group") for the year ended 31 March 2022 which comprise the consolidated and Association statement of comprehensive income, the consolidated and Association statement of changes in reserves, the consolidated and Association statement of financial position, the consolidated statement of cash flow 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. Our audit opinion is consistent with the additional report to the Audit and Risk Committee.

Independence

Following the recommendation of the Audit and Risk Committee, we were appointed by the board of Genesis Housing Association Limited in April 2017 to audit the financial statements for the year ending 31 March 2017 and subsequent financial periods. Subsequent to the merger of Genesis Housing Association Limited and Notting Hill Housing Trust on 3 April 2018, we were appointed to audit the financial statements for the year ended 31 March 2019 and subsequent financial periods.

The period of total uninterrupted engagement including retenders and reappointments is 6 years, covering the years ending 31 March 2017 to 31 March 2022.

Philip Cliftlands has been the responsible individual for the Notting Hill Genesis group audit since and including the group's year ended 31 March 2017. He had introduced a new Responsible Individual to succeed him as group auditor in line with the rotation requirements of the Ethical Standard. At short notice, the new responsible individual was unable to complete the audit. As Phil Cliftlands has the necessary experience and knowledge, the Audit Committee has taken advantage of the relief included in the FRC Revised Ethical Standard 2019 and requested that BDO LLP allow Philip Cliftlands' period of engagement to be extended for the year ended 31 March 2022.

BDO LLP have acceded to this request and put in place effective safeguards to maintain Independence.

We remain independent of the group and the parent 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 as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the group or the parent association.

Conclusions relating to going concern

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

Given the judgements made by the board, and the significance of this area, we have determined going concern to be a key area of focus for the audit. Our evaluation of the board's assessment of the group's and the parent association's ability to continue to adopt the going concern basis of accounting and our response to this key audit matter is included in the "Key Audit Matters" section below.

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 and the parent 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 with respect to going concern are described in the relevant sections of this report.

Overview

Coverage	We audit the following within the group: 100% (2021: 100%) of group surplus before tax 100% (2021: 100%) of group turnover 100% (2021: 100%) of group total assets		
Key audit matters		2022	2021
	The recoverable amount of property developed for sale is materially misstated	Yes	Yes
	Impairment of housing properties (completed and under construction) and investment properties under construction	Yes	Yes
	Impairment of the Paragon scheme	Yes	Yes
	Preparation of the accounts on a going concern basis is not appropriate	Yes	Yes
	Income recognition	No	Yes
	Income recognition is no longer considered to be a key audit matter as the area of significant judgement in the prior year was in relation sale of land at Canada Water. No such sale occurred in the current year.		
Materiality	Group financial statements as a whole £13.8m (2021: £14.4m) based on 5% (2021: 5%) of adjusted operating surplus.		

An overview of the scope of our audit

Our group audit was scoped by obtaining an understanding of the group and its environment, including the group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the board that may have represented a risk of material misstatement.

Audit work on all components was performed by BDO UK both for the purposes of reporting on the individual financial statements and for group/ consolidation purposes.

We identified four components which, in our view required an audit of their complete financial information due to their size or risk characteristics and were therefore considered to be significant components. Notting Hill Genesis and Notting Hill Home Ownership were identified as significant components due to their size, Touareg Trust due to its risk characteristics and GenFinance II PLC due to its public interest status and its risk characteristics.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter		How the scope of our audit addressed the key audit matter
The risk that the recoverable amount of property developed for sale is materially misstated Accounting policies – Note 1 Properties developed for sale balance – Note 15	As explained in the accounting policies as per Note 1, properties developed for sale, including shared ownership first tranches and properties developed for outright sale, are measured at the lower of cost and net realisable value resulting in an amount recognised in the group balance sheet of £316.5m and the parent balance sheet of £64.9m. For properties in development at the balance sheet date (see Note 15) an assessment is needed of an anticipated selling price and a determination of the expected costs to complete. Due to the volume of properties developed for sale and the level of judgement required there is inherent estimation uncertainty for both sales proceeds and costs to complete. We consider there is a significant risk that the carrying amount of properties developed for sale is misstated and we have therefore considered this to be a key audit matter.	Having obtained management's assessment of the net realisable value of properties developed for sale, we tested this on a sample basis. Our samples were chosen from the populations of items that represented developments under construction, landbank sites and completed developments at year-end. For developments under construction, including landbank sites, our sample was determined by the value of costs incurred to date for each scheme and their anticipated gross profit margin. For a sample of completed properties, we agreed the amounts involved to supporting documentation where the property was sold post year-end. Where the property was not yet sold, we obtained third-party housing market information to confirm that properties were held at the lower of cost and net realisable value. For a sample of properties under development, we obtained details of the expected costs to complete from the scheme budget for that development and agreed the budgeted contracted cost of the development to the latest contract documentation. We assessed the appropriateness and completeness of costs to complete. We examined supporting documentation for anticipated sales proceeds and we compared the incurred expenditure to the balance sheet date to the estimated amount at that date. We also assessed the accuracy of cost forecasting by performing test of controls relating to the creation, approval, monitoring and amendment to development budgets, validation of key assumptions and by looking at outturn costs compared to budget on a sample of schemes that completed in the year. Sensitivity analysis was performed to determine the point at which a rise in costs to complete would result in a material misstatement. When determining sensitivities consideration was given to a range of uncertainties and the possibility of these outcomes occurring. We also considered other current factors including the status of its construction, contractual arrangements and testing undertaken to validate the accuracy of costs to complete. **Key observations:** Our work identified no factual misstatements or inappropriate application of judgement or estimation.

Key audit matter		How the scope of our audit addressed the key audit matter
The risk of impairment of housing properties (completed and under construction) and investment properties under construction Accounting policies – Note 1 Housing Properties – Note 9 Investment Properties – Note 10	As summarised in Note 1 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 amounts of assets or cash generating units for which impairment is indicated to their recoverable amount. Due to the level of judgement involved in identifying indicators of impairment and the subsequent estimation of recoverable amounts, whether through sale or use, we consider the impairment of housing properties and investment properties under construction to be a significant risk of material misstatement and therefore a key audit matter.	We obtained management's assessment of impairment, as presented to the board of Notting Hill Genesis. This assessment set out their determination of indicators of impairment as guided by paragraph 14.6 of the Social Housing SORP. For completed housing properties held for letting we obtained a summary of voids in the year and determined the basis of each void. Other indicators of potential impairment were also assessed, including replacement cladding obligations and other remediation work. In relation to housing properties under construction each scheme was assessed to determine if their carrying value exceeded their Realisable Value. Both Net Present Value (NPV) and Value in Use – Service Potential, via the calculation of Depreciated Replacement Cost (DRC), were assessed as suitable measures for Realisable Value. For investment properties under construction we identified schemes under construction where the latest project costs exceed those originally approved. It is noted that no material schemes were identified where the construction costs exceed those originally approved. We performed procedures to assess the appropriateness of assumptions built into development appraisals, including suitable challenge by the board. We considered the appropriateness of key assumptions adopted by Management when calculating NPV and DRC as well as the reliability of development budgets produced by Management. **Key observations:** Our work identified no factual misstatements or inappropriate application of judgement or estimation.
The impairment of the Paragon scheme Accounting policies – Note 1 Housing Properties – Note 9 Properties developed for sale balance – Note 15	As summarised in Note 1 the housing property portfolio for the group is assessed for indicators of impairment at each balance sheet date, which includes the scheme known as Paragon. The characteristics of this scheme, notably the complexity of planned remedial work, create a heightened level of judgement with material impairment recognised last year within housing properties and properties developed for sale. In the current year, those judgements and those impairment values have been reassessed by Management. Due to the level of judgement in the estimation of recoverable amounts, whether through sale or use, we consider the impairment of Paragon to be a significant risk of material misstatement and therefore a key audit matter.	In the prior year, significant structural defects were identified at a scheme known as Paragon, with impairment identified and recognised. Remediation plans continue to be developed with the board undertaking a new impairment assessment at the balance sheet date. We considered the board's calculation of realisable value, notably: • Anticipated sales prices for the scheme's properties once remediated. Values have been estimated based on advice from professional property valuers after taking into consideration the tenure of each property • Compensation or other forms of contributions from the scheme's original contractor • The cost of remediation work, estimated based on the advice of professional cost consultants and an initial phase of external tendering In light of cost uncertainties, driven by rising inflation, sensitivities performed by Management were compared to a range of market sources including the Office for National Statistics and the Bank of England. The impact of those sensitivities, and their relative probability, were considered. Our work identified no factual misstatements or inappropriate application of judgement or estimation and we have concluded that relevant information has been appropriately reported taking account of reasonable assumptions. **Key observations:** Our work identified no factual misstatements or inappropriate application of judgement or estimation.

Key audit matter		How the scope of our audit addressed the key audit matter
The risk that the preparation of the accounts on a going concern basis is not appropriate or that material uncertainties exist that have not been adequately disclosed Accounting policies – Note 1	The board are required to consider whether the group and parent association can continue to operate as a going concern for a period of no less than twelve months from the date of approval of the financial statements. We considered whether material uncertainties exist around the preparation of the accounts on a going concern basis. In assessing whether this risk is likely to materialise, as part of their going concern assessment, the Directors prepare cash flow forecasts. There is significant judgement applied in preparing these forecasts and the disclosures in the group's financial statements. We therefore identified the audit of the board's going concern assessment as a key audit matter.	Our evaluation of the board's assessment of the group and the parent association's ability to continue to adopt the going concern basis of accounting included: • Assessment of the internal forecasting process to confirm the projections are prepared by appropriate personnel that are aware of the detailed figures in the forecast but also to have a high level understanding of the group's market, strategy and profile in the customer base, and the ongoing impact that high inflation, rising interest rates and other economic factors might have on these projections • Consideration of the forecasts prepared by management and challenge of the key assumptions based on our knowledge of the business • Obtaining and assessing the availability of financing facilities, the nature of facilities and repayment terms through to March 2024 • We considered management's financial covenant compliance calculations through to March 2024 and concluded on the consistency of such calculations with the ratios stated in the relevant lender agreements • As referred to in note 1, management has modelled reasonably possible downside scenarios to incorporate the ongoing impact of economic uncertainties. We have considered the appropriateness of the downside scenarios and challenged management to confirm that they have suitably addressed the inputs, which are most susceptible to change, including those in respect of revenue, margins and cost inflation • Challenging management on the suitability of the mitigating actions identified in their assessment and the quantum and period ascribed to these mitigating actions • We considered the adequacy of the disclosures in the financial statements against the requirements of the accounting standards and consistency of the disclosure against the forecasts and stress test scenario **Key observations:** See conclusions relating to going concern section above

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Group financial statements		Parent association financial statements	
Year	2022	2021	2022	2021
Materiality	£13.8m	£14.4m	£9.4m	£9.7m
Basis for determining materiality	5% of adjusted operating surplus	5% of adjusted operating surplus	5% of adjusted operating surplus	5% of adjusted operating surplus
Performance materiality	£9m	£9.4m	£6.1m	£6.3m
Basis for determining performance materiality	65% of materiality	65% of materiality	65% of materiality	65% of materiality

Rationale for the materiality benchmark applied

The benchmark used for the current year materiality is adjusted operating surplus. Adjusted operating surplus is of particular interest to the users of the financial statements as it is a term defined for the purposes of the entity's lending covenants. This involves adjusting operating surplus for depreciation, amortisation, capitalised major works and the net profit/loss on non-outright sale properties.

Component materiality

A full scope statutory audit was carried out for each subsidiary. We set materiality for each component dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from £25,000 to £10,612,000. In the audit of each component, we further applied performance materiality levels of 65% of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated. In setting the level of performance materiality, we considered a number of factors including the expected total value of known and likely misstatements (based on past experience and other factors) and management's attitude towards proposed adjustments.

Reporting threshold

We agreed with the Audit and Risk Committee that we would report to them all individual audit differences in excess of £276,000 (2021: £288,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The board are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements, 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of 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 and Community Benefit Societies Act 2014 or the Housing and Regeneration Act 2008 to report to you if, in our opinion:

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

Responsibilities of the board

As explained more fully in the statement of board's responsibilities, set out on page 30, the board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the board members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the board are responsible for assessing the group and the association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board either intend to liquidate the group or the association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

The audit procedures to address the risks identified included:

- We assessed the susceptibility of the group and association's financial statements to material misstatement, including how fraud might occur by discussing with management where it is considered there was a susceptibility of fraud relating to management override of controls and improper income recognition. In addressing the risk of fraud, including the management override of controls and improper income recognition, we tested the appropriateness of certain manual journals and tested the application of cut-off and revenue recognition
- Reviewed and challenged the application of significant accounting estimates and judgements made in the preparation of the financial statements, notably investment property valuations, impairment of housing properties, deemed cost valuation, housing property and inventory allocations and the recoverable amount of properties developed for sale. Our consideration of these significant accounting estimates and judgements reflected the impact these have on reported financial performance
- Discussed with management and those charged with governance, as to whether there had been known or suspected instances of noncompliance with laws and regulations and fraud and
- Read minutes of meetings of those charged with governance, reviewed internal audit reports and reviewed correspondence with HMRC and the Regulator of Social Housing

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

A further description of our

responsibilities is available 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:
Philip Cliftlands
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Philip Cliftlands, Senior Statutory Auditor
For and on behalf of BDO LLP
London
United Kingdom

Date: 15 November 2022

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

Statement of comprehensive income

		Group		NHG	
	Notes	2022 £m	2021 £m	2022 £m	2021 £m Restated*
Turnover	2	836.9	909.1	668.7	580.8
Cost of sales	2	(221.3)	(266.1)	(180.4)	(87.2)
Operating costs	2	(439.9)	(441.9)	(389.8)	(359.9)
Subtotal	2	175.7	201.1	98.5	133.7
Surplus on sale of assets	4	49.2	37.7	15.3	17.9
Joint venture surplus	33	1.0	7.2	-	-
Fair value movement on investment properties	10	4.8	16.2	(0.2)	(0.9)
Operating surplus		**230.7**	**262.2**	**113.6**	**150.7**
Gift aid receivable		-	-	80.5	89.7
Surplus before interest		**230.7**	**262.2**	**194.1**	**240.4**
Interest receivable and similar income	5	2.5	1.4	22.7	31.1
Interest payable and similar charges	6	(131.3)	(123.9)	(132.7)	(134.1)
Gains in respect of financial derivatives	35	11.0	5.0	3.2	6.5
Surplus on ordinary activities before taxation	7	**112.9**	**144.7**	**87.3**	**143.9**
Deferred tax	8	(10.6)	-	-	-
Surplus for the financial year after taxation		**102.3**	**144.7**	**87.3**	**143.9**
Other comprehensive income					
Gains in respect of financial derivatives	35	36.0	19.4	33.2	19.2
Actuarial pension movement	28	13.5	(29.0)	13.5	(29.0)
Other comprehensive income/(expenditure) total		**49.5**	**(9.6)**	**46.7**	**(9.8)**
Total comprehensive income for the year		**151.8**	**135.1**	**134.0**	**134.1**

The notes on pages 48 to 95 form part of these financial statements.
All amounts relate to continuing activities.
* For details of restatement see note 2.

Statement of changes in reserves

Group	General reserves £m	Revaluation reserve £m	Cash flow hedge reserve £m	Total funding £m
Balance at 1 April 2020	**2,306.2**	**1,114.2**	**(74.9)**	**3,345.5**
Surplus for year	144.7	-	-	144.7
Transfers to general reserves upon asset sale	2.6	(2.6)	-	-
Fair value measurement of derivatives	-	-	19.4	19.4
Actuarial pension movements	(29.0)	-	-	(29.0)
Deferred tax	-	0.5	-	0.5
Balance at 1 April 2021	**2,424.5**	**1,112.1**	**(55.5)**	**3,481.1**
Surplus for the year	102.3	-	-	102.3
Transfers to general reserves upon asset sale	3.9	(3.9)	-	-
Fair value measurement of derivatives	-	-	36.0	36.0
Actuarial pension movements	13.5	-	-	13.5
Deferred tax	-	(2.7)	(0.3)	(3.0)
Balance at 31 March 2022	**2,544.2**	**1,105.5**	**(19.8)**	**3,629.9**

NHG	General reserves £m	Revaluation reserve £m	Cash flow hedge reserve £m	Total funding £m
Balance at 1 April 2020	**1,773.7**	**1,039.3**	**(71.4)**	**2,741.6**
Surplus for the year	143.9	-	-	143.9
Transfers to general reserves upon asset sale	-	-	-	-
Fair value measurement of derivatives	-	-	19.2	19.2
Actuarial pension movements	(29.0)	-	-	(29.0)
Reserves from collapsed subsidiary	0.5	-	-	0.5
Balance at 1 April 2021	**1,889.1**	**1,039.3**	**(52.2)**	**2,876.2**
Surplus for the year	87.3	-	-	87.3
Transfers to general reserves upon asset sale	-	-	-	-
Fair value measurement of derivatives	-	-	33.2	33.2
Actuarial pension movements	13.5	-	-	13.5
Reserves from collapsed subsidiaries	1.1	-	-	1.1
Balance at 31 March 2022	**1,991.0**	**1,039.3**	**(19.0)**	**3,011.3**

Statement of financial position

	Notes	Group 2022 £m	Group 2021 £m	NHG 2022 £m	NHG 2021 £m Restated*
Fixed assets					
Housing properties	9	6,741.8	6,594.1	5,528.8	5,510.2
Investment in properties	10	1,200.1	1,109.5	269.8	268.4
Intangible assets	11	13.0	13.4	12.9	11.7
Other fixed assets	11	37.0	38.5	36.0	38.4
Total fixed assets		**7,991.9**	**7,755.5**	**5,847.5**	**5,828.7**
Investments					
Homebuy	12	24.9	26.1	-	-
Investments in subsidiaries	14	-	-	462.1	455.0
Investment in joint ventures	33	47.7	35.3	-	-
Other investments	12	5.3	5.3	5.3	5.3
		8,069.8	**7,822.2**	**6,314.9**	**6,289.0**
Current assets					
Properties in the course of sale	15	316.5	548.8	64.9	85.3
Debtors falling due within one year	16	115.5	141.3	618.0	514.4
Debtors falling due after one year	17	26.4	19.9	401.0	447.5
Current asset investment	18	30.0	30.6	15.9	15.6
Cash at bank and in hand		112.4	79.5	58.4	31.0
		600.8	**820.1**	**1,158.2**	**1,093.8**
Current liabilities					
Creditors: Amounts falling due within one year	19	(346.8)	(635.1)	(359.6)	(614.9)
Net current assets		**254.0**	**185.0**	**798.6**	**478.9**
Total assets less current liabilities		**8,323.8**	**8,007.2**	**7,113.5**	**6,767.9**

* For details on restatement see notes 2 and 21.

	Notes	Group 2022 £m	Group 2021 £m	NHG 2022 £m	NHG 2021 £m Restated*
Creditors					
Creditors: Amounts falling due after more than one year	20	(4,495.3)	(4,280.6)	(3,974.3)	(3,702.5)
Pension deficit liability	28	(24.7)	(44.7)	(24.7)	(44.7)
Derivative financial instrument	35	(99.4)	(140.1)	(100.8)	(142.4)
Deferred tax	8	(65.6)	(52.0)	-	-
		(4,685.0)	**(4,517.4)**	**(4,099.8)**	**(3,889.6)**
Provisions for liabilities and charges	22	(8.9)	(8.7)	(2.4)	(2.1)
		(4,693.9)	**(4,526.1)**	**(4,102.2)**	**(3,891.7)**
Net assets		**3,629.9**	**3,481.1**	**3,011.3**	**2,876.2**
Capital and reserves					
Share capital	23	-	-	-	-
General reserves		2,544.2	2,424.5	1,991.0	1,889.1
Revaluation reserve		1,105.5	1,112.1	1,039.3	1,039.3
Cash flow hedge reserve		(19.8)	(55.5)	(19.0)	(52.2)
	24	**3,629.9**	**3,481.1**	**3,011.3**	**2,876.2**
Total funding		**3,629.9**	**3,481.1**	**3,011.3**	**2,876.2**

The notes on pages 48 to 95 form part of these financial statements. The financial statements on pages 43 to 95 were approved and authorised for issue by the board on 27 October 2022 and signed on its behalf by

Ian Ellis
Chair

Abayomi Okunola
Chief financial officer

Andrew Nankivell
Company secretary

Statement of cash flow

Group	Notes	2022 £m	2021 £m *restated
Net cash inflow from operating activities	25	311.8	358.5
Cash flows from investing activities			
Purchase and construction of housing properties and investment properties		(226.8)	(253.4)
Social housing grant repaid		(16.5)	(37.1)
Sale of housing properties		139.2	140.9
Social housing grant received		5.6	-
Purchase of other fixed assets		(8.5)	(5.6)
Fixed asset investment		(11.4)	13.3
Interest received		2.5	1.4
Interest paid		(142.7)	(139.6)
Increase / (decrease) in cash on deposit		0.6	(12.5)
Net cash outflow used in investing activities		**(258.0)**	**(292.6)**
Cash flows from financing activities			
Loans received		401.9	550.0
Loans repaid		(422.8)	(654.7)
Net cash outflow used in financing activities		**(20.9)**	**(104.7)**
Net increase/(decrease) in cash and cash equivalents		**32.9**	**(38.8)**
Cash and cash equivalents at 1 April		**79.5**	**118.3**
Cash and cash equivalents at 31 March		**112.4**	**79.5**

* For details on restatement see note 25.

The notes on pages 48 to 95 form part of these financial statements.

Notes to the financial statements for the year ended 31 March 2022

Note 1 - Accounting policies

Statement of compliance

The following accounting policies have been applied consistently in dealing with items which are considered to be material in relation to the financial statements of Notting Hill Genesis (NHG) and the NHG group (the group).

The financial statements have been prepared in accordance with the requirements of United Kingdom Generally Accepted Accounting Practice (UK GAAP), including the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102), the Housing and Regeneration Act 2008, the Statement of Recommended Practice Accounting for Registered Social Housing Providers 2018 (SORP 2018) and the Accounting Direction for Private Registered Providers of Social Housing 2022.

General information

NHG is registered under the Co-operative and Community Benefit Societies Act 2014 and is a registered provider of social housing. It is a public benefit entity.

Basis of preparation

The financial statements have been prepared under the historic cost convention as modified by the application of fair value as deemed cost and by the revaluation of certain properties, investments and financial instruments. They have been prepared on a going concern basis and in accordance with the applicable accounting standards in the United Kingdom. The accounting policies have been consistently applied.

The preparation of the financial information requires management to exercise its judgement in applying the group's accounting policies. Areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are explained in the accounting policies below.

Going concern

The board has considered the potential impacts from numerous multi-variant adverse scenarios, which include a decline in sales, increase in rental arrears, increase in voids, and tightening of liquidity among other factors. Options for mitigation to ensure the business can continue in the short and longer term have also been reviewed. Mitigations exist for all scenarios as a precaution, to ensure compliance with all covenant and regulatory requirements. In addition to the scenarios outlined, the board has stress tested a number of different scenarios which could affect NHG's future plans. The main areas the stress testing considered were building contract cost increases, sales, operating income and costs. The outcome of stress tests performed focused on liquidity and covenant compliance as a result of adjusting the key inputs. The resulting worst case scenario of the stress testing exercise, in which all adverse impacts described above would crystallise, indicates the probability of a covenant breach occurring in 2022 and 2023 is remote, and exhibited that NHG is able to withstand these external pressures. Periodic updates to the financial business plan, management accounts forecasts and key performance indicator reporting enables continuous monitoring of the business.

After making these enquiries, the board has a reasonable expectation that NHG has adequate resources to continue in operational existence for the foreseeable future, being a period of at least 12 months after the date on which the report and financial statements are signed. For this reason, NHG continues to adopt the going concern basis in the financial statements.

Basis of consolidation

Group financial statements are the result of the consolidation of the financial statements of

NHG and its subsidiaries. Uniform accounting policies have been used throughout the group. All intra-group transactions, balances and surpluses or deficits are eliminated in full on consolidation.

Jointly controlled entities are accounted for using the equity method in the group financial statements, which reflects the group's share of the profit or loss, other comprehensive income and the equity of the jointly controlled entities.

Investments in subsidiaries are accounted for using the equity method in the group financial statement.

Segmental reporting

Segmental reporting is presented in the consolidated financial statements in respect of the group's business segments, which are the primary basis of segmental reporting. The business segmental reporting reflects the group's management and internal reporting structure. Segmental results include items directly attributable to the segment as well as those that can be allocated on a reasonable basis. As the group has no material activities outside the UK, segmental reporting is not required by geographical region. The chief operating decision-makers (CODM) have been identified as the group's executive board. The CODM review the group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments as rented social housing, shared ownership lettings, temporary housing, keyworker lettings, supported housing, home ownership sales, development, commercial properties, student accommodation and market rent lettings. The CODM assess the performance of the operating surplus margins. These vary by segment and unit costs prevail in most areas. Segmental disclosure of key balance sheet items is not produced for CODM and hence not disclosed. Other information provided to them is measured in a manner consistent with that in the financial statements. See note 2 for further details.

Turnover and revenue recognition

Rent	Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for the services rendered net of empty properties.
Service charge income	Fixed service charge income is recognised in the year to which it relates. Variable service charge income is based on budgets in the year with subsequent adjustments recognised when notified to the residents.
First-tranche shared ownership property sales and properties developed for outright sale	Property sales income is recognised when the risks and rewards of ownership have passed to the buyer upon legal completion of the sales, except in circumstances where specific legal contractual terms dictate that risks and rewards of ownership pass at different times.
Revenue grants	Revenue grants are recognised when the performance-related conditions are met or when the grant proceeds are received or become receivable if no conditions are imposed.
Amortisation of government grant	Grants provided to construct social housing assets are recognised on a systematic basis over the useful economic life of the asset for which the grant is intended to compensate.
Interest receivable	Interest income is recognised on a receivable basis.
Gift aid	Gift aid is recognised on a received or receivable basis.
Supported housing services	Where NHG and the Group hold the support contract with the Supporting People Administering Authority and carry the financial risk, all the project's income and expenditure are included in NHG's and the Group's statement of comprehensive income.
Other income	Other income relates to management fees for services provided to leaseholders and administration fees in relation to extension of leases. These are recognised on receivable basis.

Taxation

NHG has charitable status and is not subject to corporation tax on surpluses in furtherance of charitable objectives. The profits of trading subsidiaries are subject to corporation tax, but the subsidiaries elect to distribute profits to the parent or other charitable group entities via gift aid.

Deferred taxation

Deferred tax arises from timing differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Current or deferred tax assets and liabilities are not discounted.

Note 1 - Accounting policies (continued)

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year-end and that are expected to apply to the reversal of the timing difference.

Deferred tax has been recognised in relation to investment property that is measured at fair value using tax rates and allowances that apply to the sale of an asset.

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 on costs to the extent that it is suffered by the group and not recoverable from HM Revenue and Customs. The balance of VAT payable or recoverable at the year-end is included as a current liability or asset.

Interest payable

Interest is capitalised on a fair proportion of total borrowings on development costs during the period of development.

Other interest payable is charged to the comprehensive income statement in the year by the effective interest rate method.

Employee benefits

Short-term employee benefits are recognised as an expense in the period in which they are incurred. Unused annual leave is accrued at the year end.

Pensions

The group's employees and past employees are active members, deferred members or pensioners of five defined benefit pension schemes operated by the group. These are the Social Housing Pension Scheme (SHPS DB), the Notting Hill Genesis Pension Scheme (NHGPS), the PCHA 2001 scheme (PCHA 2001), the London Pension Fund Authority Pension Fund scheme (LPFA) and the Wandsworth Council Pension Fund (WCPF) (collectively the "plans"). All the plans are closed to new entrants. Further information on each of the plans is provided below.

SHPS (DB)

For SHPS DB, the group is able to identify its share of assets and scheme liabilities and therefore has applied defined benefit accounting.

The scheme assets are measured at fair value. The scheme liabilities are measured on an actuarial basis using the projected unit credit method and are discounted at the appropriate high quality corporate bond rates. The net surplus or deficit is presented separately from other net assets on the statement of financial position. This has been recognised within the defined benefit pension liability on the face of the statement of financial position.

The current service costs and costs from settlements and curtailments are charged against operating surplus. Past service costs are recognised in the current reporting period within the income and expenditure account. Interest is calculated on net defined benefit liability and remeasurements are reported in other comprehensive income. Refer to note 28 for more detail.

NHGPS and PCHA 2001

The assets of these schemes are held separately from those of the group. Pension scheme assets are measured using market values. Pension scheme liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of an equivalent term and currency to the liability. The pension scheme assets and liabilities are recorded in the statement of financial position. Contributions payable, net interest and actuarial gains/losses are recognised in the statement of comprehensive income.

LPFA and WCPF

The LPFA and WCPF are accounted for as defined benefit schemes using the unit credit method. Actuaries are used in order to calculate the assets and liabilities of the scheme. The operating costs of providing retirement benefits to participating employees are recognised in the accounting period in which the benefits were earned. The related finance costs, expected return on assets and other changes in the fair value of assets and liabilities, are recognised in the accounting period in which they arise. The operating costs, finance costs and expected return on assets are recognised in the statement of comprehensive income along with the changes in fair value of assets and liabilities.

Defined contribution (DC) pension schemes

The group currently contributes to a number of defined contribution

Note 1 - Accounting policies (continued)

schemes for certain employees, the most significant of which are the NHGPS DC Section, the Social Housing Pension Scheme (the SHPS DC) and Aviva. Employer contributions payable to the scheme in respect of the accounting period are charged to the statement of comprehensive income.

Government grant

Grants received in relation to assets that have been treated as deemed cost at the date of transition to FRS102 have been accounted for using the performance model. In applying this model such grant has been presented as if it were originally recognised as income within the statement of comprehensive income in the year it was receivable and is therefore included within brought forward general reserves.

Grants received since transition in relation to newly acquired or existing housing properties are accounted for using the accrual model. Grant is carried as deferred income in the balance sheet and is amortised on a systematic basis over the useful life of the housing property structure, even if the fair value of the grant exceeds the carrying value of the structure in line with SORP 2018.

No grant is recognised against other components.

When a housing property is sold which was partly funded by Social Housing Grant (SHG) the grant becomes repayable and is transferred to a Recycled Capital Grant fund (RCGF) until it is either reinvested in a replacement property or repaid. Amortised grant liability is created by increasing the cost of sale of the asset, unamortised grant is transferred between deferred government grant, and RCGF amortised grant is disclosed as a contingent liability in note 36.

Donated land

Land donated by local authorities and other government sources for development purpose is added to the cost of the asset at the fair value of the land at the time of the donation. The difference between the fair value of the land and the consideration paid is treated as a non-monetary grant and recognised as a gain in the statement of comprehensive income.

Properties for sale

Shared ownership first-tranche sales, completed properties and properties under construction for outright sale are valued at the lower of cost and net realisable value. Cost comprises land, payments to contractors, fees, direct development overheads and interest capitalised. Net realisable value is based on estimated sales price after allowing for all further costs of completion and disposal.

At the end of each reporting period, work in progress is compared to net realisable values. If the cost of property is greater than net realisable value, the identified property is reduced to its selling price less costs to complete and sell and a charge is recognised in the statement of comprehensive income. Where the net realisable value has increased, the charge is reversed, up to the original cost and is recognised as a credit in the statement of comprehensive income.

Current asset first-tranche shared ownership work in progress and completed properties in relation to shared ownership are calculated based on average first-tranche equity percentage purchased in the year.

Housing properties

Housing properties not converted to deemed cost or constructed or acquired since the transition to FRS102 are measured using the cost model (cost less accumulated depreciation and impairment (where applicable)).

Housing properties in the course of development are stated at cost.

Housing properties other than shared ownership properties have been split between their land and structure costs and a specific set of major components which require periodic replacement. Shared ownership properties are not depreciated.

Refurbishment or replacement of such components is capitalised. Freehold land is not depreciated. Depreciation is charged on completed housing properties, excluding the land element, on a straight line basis over the useful economic life of the component as follows:

Component	Useful economic life (years)
Land	Not depreciated
Structure	100
Roof	60
Heating	30
Windows	30
Electrical	30
Bathroom	30
Kitchen	20
Lift	30
Boilers	15
Leasehold property with term over 100 years	Not amortised
Leasehold property with term less than 100 years	Over the term of the lease

Note 1 - Accounting policies (continued)

Cost includes the cost of acquiring land and buildings, cost of construction, capitalised interest, administration costs and expenditure incurred in improving or reinvesting in existing properties. Only directly attributable project management costs relating to developments are capitalised as part of the costs of those properties.

Reinvestment expenditure is capitalised where the works increase the net rental stream over that expected at the outset. An increase in the net rental stream may arise through an increase in the rental income, a reduction in future maintenance cost, or a significant extension in the life of the property. Where the works are either repair or replacement with no additional utility, the costs are charged to the statement of comprehensive income.

Interest incurred on a loan financing a development is capitalised up to the date of the practical completion of the scheme.

Shared ownership properties in the course of development are split proportionally 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 and the remaining element is classed as a fixed asset and included in housing properties at cost, less any provisions needed for depreciation or impairment.

Shared ownership properties have been split between land and structure only.

Deemed cost on transition to FRS102

The group took the option to carry out a one-off valuation of the majority of social housing and shared ownership properties at the date of transition and to use that amount as deemed cost. To determine the deemed cost, the group engaged independent valuation specialist Jones Lang LaSalle Ltd (JLL) to value the housing properties on an Existing Use Value-Social Housing (EUV-SH) basis. Housing properties are subsequently measured at cost.

Investment properties

Investment properties are defined as properties held to earn rentals and for capital appreciation on a commercial basis. The group holds properties rented on the open market and commercial properties.

Investment properties are included in the balance sheet at their open market value. This has been determined in accordance with the guidance notes on the valuation of assets issued by the Royal Institute of Chartered Surveyors.

Properties held as investments are revalued annually and the surplus or deficit is recognised in operating surplus. No depreciation is provided in respect of investment properties.

Housing properties for market rent are stated at Market Value Subject To Tenancies (MV-STT). Full revaluations of the properties are undertaken on an annual basis.

Other fixed assets

Other fixed assets are stated at historical purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is provided on a straight-line basis as follows:

- Other land and buildings
    - Freehold offices and buildings - 50 years
    - Leasehold offices and buildings - over the life of the lease
- Other tangible assets - 2 to 5 years

Intangible assets

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

Software development costs are recognised as an intangible asset when all of the following criteria are demonstrated:

- The technical feasibility of completing the software so that it will be available for use or sale
- The intention to complete the software and use or sell it
- The ability to use the software or to sell it
- How the software will generate probable future economic benefits
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the software
- The ability to measure reliably the expenditure attributable to the software during its development

Amortisation is charged so as to allocate the cost of intangibles over their estimated useful lives, using the straight-line method. The intangible assets are amortised over four years.

Property impairment

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. The group defines a cash-generating unit as a scheme. The assessment of value in use may involve considerations of the service potential of the assets or cash-generating units. Details of properties where consideration has been given to service potential are provided in note 9.

Revaluation reserve

The revaluation reserve is used to reflect the surplus on asset revaluation upon transition to deemed cost. When an asset is disposed the surplus on asset revaluation is transferred from the revaluation reserve to general reserves.

Homebuy

Homebuy transactions are grants received from the Regulator of Social Housing and passed on to an eligible beneficiary. The group has the benefit of a fixed charge on the property entitling the group to a share of the proceeds on the sale of the property by the beneficiary. Homebuy loans have been classified as a financial asset and treated as a concessionary loan. Concessionary loans are carried in the statement of financial position at amortised cost less any impairment. The government grants that fund these concessionary loans are recognised as liabilities.

Provisions

Provisions have been included in the financial statements only to the extent that there is a present legal or constructive obligation to transfer economic benefits.

Operating leases

Rentals paid under operating leases are charged to the statement of comprehensive income on an accruals basis.

Gift aid

Charitable donations made between group entities are shown in the financial statements at the value of the donation. Within the group such transactions are eliminated. Gift aid payments are treated as distributions of reserves in the group's subsidiaries.

Financial instruments

The group has elected to recognise and measure its financial assets and liabilities in accordance with the Measurement and Disclosure requirements of sections 11 and 12 of FRS102 "Financial Instruments".

Interest rate swap financial instruments and hedging activities

The group uses interest rate swaps to adjust interest rate exposure. The group also uses, if appropriate, foreign exchange contracts to reduce exposures to movements in foreign exchange rates on foreign currency nominated financial instruments. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Interest rate swaps are initially accounted for and measured at fair value on the date an interest rate swap contract is entered into and subsequently measured at fair value. The gain or loss on measurement is taken to the statement of comprehensive income except where the interest rate swap is a designated cash flow hedging instrument. The accounting treatment of interest rate swaps classified as hedges depends on their designation, which occurs on the date that the interest rate swap contract is committed to.

The group designates interest rate swaps as a hedge of the income/cost of a highly probable forecasted transaction or commitment ('cash flow hedge').

In order to qualify for hedge accounting, the group is required to document in advance the relationship between the item being hedged and the hedging instrument. The group is also required to document and demonstrate an assessment of the relationship between the hedged item and the hedging instrument, which shows that the hedge will be highly effective on an ongoing basis. This effectiveness testing is re-performed at each period end to ensure that the hedge remains highly effective.

Gains or losses on cash flow

Note 1 - Accounting policies (continued)

hedges that are regarded as highly effective are recognised in equity in cash flow hedge reserve. Where the forecast transaction results in a financial asset or financial liability, only gains or losses previously recognised in the statement of comprehensive income are reclassified to the statement of comprehensive income in the same period as the asset or liability affects income or expenditure. Where the forecasted transaction or commitment results in a non-financial asset or a non-financial liability, any gains or losses previously deferred in the statement of comprehensive income are included in the cost of the related asset or liability. If the forecasted transaction or commitment results in future income or expenditure, gains or losses deferred in the statement of comprehensive income are transferred to the statement of comprehensive income in the same period as the underlying income or expenditure. The ineffective portions of the gain or loss on the hedging instrument are recognised in the statement of comprehensive income.

For the portion of hedges deemed ineffective or transactions that do not qualify for hedging, any change in assets or liabilities is recognised immediately in the statement of comprehensive income. Where a hedge no longer meets the effectiveness criteria, any gains or losses deferred in equity are only transferred to the statement of comprehensive income when the committed or forecasted transaction is recognised in the statement of comprehensive income. However, where an entity applied cash flow hedge accounting for a forecasted or committed transaction that is no longer expected to occur, the cumulative gain or loss is transferred to the statement of comprehensive income. When a hedging instrument expires or is sold, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the statement of comprehensive income.

Financial assets

The group classifies its financial assets into one of the following categories depending on the purpose for which the asset was acquired.

Cash and cash equivalents

Cash and cash equivalents are readily disposable current asset investments. They include some money market deposits, held for more than 24 hours that can only be withdrawn without penalty on maturity or by giving notice of more than one working day.

Loans and receivables

These assets are non-interest rate swap financial assets with fixed or determinable payments that are not quoted in an active market. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate. Provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the group will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the receivable item.

Rental debtors

Rental debtors are stated gross of amounts paid in advance and overpayments, which are shown in other creditors.

Financial liabilities

The group classifies its financial liabilities into one of the following categories depending on the purpose for which the liability was acquired. Other than financial liabilities in a qualifying hedging relationship, the group's accounting policy for each category is as follows.

Fair value through the statement of comprehensive income

Other than interest rate swap financial instruments which are not designated as hedging instruments, the group does not have any liabilities for trading nor does it voluntarily classify any financial liabilities as being at fair value through the statement of comprehensive income.

Other financial liabilities

Bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest-bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the balance sheet. Interest expense in this context includes the amortisation of initial transaction costs and premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Interest rate swaps embedded in host debt contracts are not accounted for separately where they are considered to be closely related.

Where swaps are considered not to be closely related they are accounted for separately and treated as fair value through the statement of comprehensive income.

Trade payables and other short-term monetary liabilities are initially recognised at fair value and subsequently carried at amortised cost using the effective interest.

In the temporary housing business, under the terms of the leases, funds are set aside on acquisition of property in order to meet contractual obligations.

Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the financial year are addressed below.

Useful economic lives of fixed assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

Impairment of debtors

The company makes an estimate of the recoverable value of trade and other debtors including rental debtors. When assessing impairment of debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience of cash collection from tenants.

During the year to 31 March 2021, we sold a property which resulted in a debtor of £60m. During the year to 31 March 2022 we received 50% of the balance with 50% due in the year to 31 March 2023.

Investment property

The fair value of investment properties is determined by using valuation techniques. The valuation of commercial properties is determined using open market value with vacant possession. Properties rented on the open market are valued at market value subject to tenancies using a discounted cash flow methodology.

Housing property cost allocation

Housing property costs include the cost of acquiring land and buildings, cost of construction, directly attributable management costs and capitalised interest. Directly attributable management costs are allocated at 2.0% (2021: 2.0%) of project acquisition and works costs to a maximum of costs incurred. Interest is capitalised up to the date of practical completion based on the weighted average cost of capital at a rate of 4.06% (2021: 3.93%), reviewed annually.

Impairment of housing properties

Housing properties are assessed for indicators of impairment at each balance sheet date. Where indicators of impairment are identified, a detailed assessment is undertaken to compare the carrying value of the assets or cash generating units for which impairment is indicated to their recoverable amounts. The recoverable amount is considered 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 the value in use may involve considerations of the service potential of the assets, or cash generating unit concerned, or the present value of the future cash flows.

The group defines cash generating units as individual historic completed schemes.

Where the recoverable amount of the asset or a cash generating unit is lower than its carrying value, an impairment is recorded and charged to the statement of comprehensive income and expenditure.

In October 2020, following decant of all the blocks at our Paragon scheme due to safety concerns, we carried out a series of surveys and investigations to determine the baseline condition of all six blocks at Paragon and to inform on full remediation cost.

Impairment of properties

We have also assessed the carrying value of certain completed properties during the year, which resulted in a write back of impairment charge.

Fire provisions

The fire provision requires judgement to be made as to whether a constructive or legal obligation exists in recognising a provision. Management makes judgements on a scheme by scheme basis taking into consideration the specific facts and circumstances of each scheme. The key judgements applied are:

- Construction obligation: Where the group has made specific communications to customers that raises a valid expectation that certain works will be undertaken, a provision will be recognised
- Legal obligation: A provision will be recognised where it is judged not possible to avoid undertaking certain works

It is probable that a transfer of economic benefit will be required in settlement.

During the year, provisions are based on constructive obligations as a result of resident forums and/or direct correspondence to residents, where the group communicated specific remedial works required and the timelines that such works would be undertaken. Aside from those schemes and properties where a constructive obligation exists and the group is responsible to undertake any works, no legal obligations were triggered for any additional schemes or properties. Provisions are calculated based on the cost of remedial works to be undertaken. During the year, the provisions were calculated using contracts in place, survey reports from employers' agents, and active tender documents. There are no significant estimation techniques used in calculating the value of provisions. In accordance with FRS 102 paragraph 21.9, any pending claims from contractors or government grants are excluded from the calculation of provisions. These are only recognised when reimbursement is virtually certain. There are no such assets recognised at the year end.

Note 2 - Turnover, cost of sales, operating costs and operating surplus

Group continuing activities - year ended 31 March 2022	Turnover £m	Cost of sale £m	Operating costs £m	Operating surplus/ (deficit) £m
Social housing lettings (note 3)	**486.6**	**-**	**(364.5)**	**122.1**
Other social housing activities				
Development services	1.7	-	(15.1)	(13.4)
Sales and marketing services	-	-	(7.9)	(7.9)
Neighbourhood activities	0.7	-	(1.6)	(0.9)
First tranche shared ownership sales	70.6	(60.9)	-	9.7
Supporting people and care	12.1	-	(12.2)	(0.1)
	85.1	**(60.9)**	**(36.8)**	**(12.6)**
Activities other than social housing activities				
Private sales	182.6	(160.4)	-	22.2
Charitable fundraising activities	0.1	-	(0.1)	-
Commercial rent properties	9.6	-	(1.9)	7.7
Student accommodation	0.4	-	11.1*	11.5
Impairment of investment in joint venture	-	-	(2.1)	(2.1)
Market rent properties	55.2	-	(28.8)	26.4
Other income	0.5	-	-	0.5
Non-social lease owners	16.8		(16.8)	-
	265.2	**(160.4)**	**(38.6)**	**66.2**
Total	**836.9**	**(221.3)**	**(439.9)**	**175.7**

* Included in the operating costs of £11.1m for student accommodation is impairment write back of £12.7m. The recoverability of previous year's Paragon impairment was reassessed and the resulting amount was written back.

Group continuing activities - year ended 31 March 2021	Turnover £m	Cost of sale £m	Operating costs £m	Operating surplus/ (deficit) £m
Social housing lettings (note 3)	**475.9**	**-**	**(356.0)**	**119.9**
Other social housing activities				
Development services	8.6	-	(18.4)	(9.8)
Sales and marketing services	-	-	(3.8)	(3.8)
Neighbourhood activities	0.5	-	(1.5)	(1.0)
First tranche shared ownership sales	84.1	(78.3)	-	5.8
Supporting people and care	12.2	-	(12.5)	(0.3)
	105.4	**(78.3)**	**(36.2)**	**(9.1)**
Activities other than social housing activities				
Private sales	248.8	(187.8)	-	61.0
Charitable fundraising activities	0.2	-	(0.1)	0.1
Commercial rent properties	13.2	-	(2.1)	11.1
Student accommodation	3.1	-	(2.3)	0.8
Impairment	-	-	(3.6)	(3.6)
Market rent properties	48.5	-	(27.6)	20.9
Other income	-	-	-	-
Non-social lease owners	14.0	-	(14.0)	-
	327.8	**(187.8)**	**(49.7)**	**90.3**
Total	**909.1**	**(266.1)**	**(441.9)**	**201.1**

Note 2 - Turnover, cost of sales, operating costs and operating surplus (continued)

NHG continuing activities - year ended 31 March 2022	Turnover £m	Cost of sale £m	Operating costs £m	Operating surplus/ (deficit) £m
Social housing lettings (note 3)	**438.2**	**-**	**(333.0)**	**105.2**
Other social housing activities				
Development services	137.1	(136.8)	(9.7)	(9.4)
Sales and marketing	-	-	(1.5)	(1.5)
Neighbourhood activities	0.7	-	(1.3)	(0.6)
First tranche shared ownership sales	25.6	(22.6)	-	3.0
Supporting people and care	12.1	-	(12.2)	(0.1)
	175.5	**(159.4)**	**(24.7)**	**(8.6)**
Activities other than social housing activities				
Commercial rent properties	6.8	-	(1.6)	5.2
Charitable fundraising activities	0.1	-	(0.1)	-
Market rent properties	19.6	-	(14.8)	4.8
Impairment of investment in subsidiary	-	-	(9.7)	(9.7)
Private sales	22.6	(21.0)		1.6
Non-social lease owners	5.9	-	(5.9)	-
	55.0	**(21.0)**	**(32.1)**	**1.9**
Total	**668.7**	**(180.4)**	**(389.8)**	**98.5**

NHG continuing activities - year ended 31 March 2021	Turnover £m Restated*	Cost of sale £m Restated*	Operating costs £m	Operating surplus/ (deficit) £m
Social housing lettings (note 3)	**424.3**	**-**	**(330.8)**	**93.5**
Other social housing activities				
Development services	86.6	(81.4)	(7.8)	(2.6)
Sales and marketing	-	-	0.4	0.4
Neighbourhood activities	0.5	-	(1.1)	(0.6)
First tranche shared ownership sales	15.3	(8.5)	-	6.8
Supporting people and care	12.2	-	(12.5)	(0.3)
	114.6	**(89.9)**	**(21.0)**	**3.7**
Activities other than social housing activities				
Commercial rent properties	10.2	-	(1.4)	8.8
Charitable fundraising activities	0.2	-	(0.1)	0.1
Market rent properties	20.2	-	(15.5)	4.7
Impairment writeback	-	-	15.6	15.6
Private sales	4.6	2.7	-	7.3
Non-social lease owners	6.7	-	(6.7)	-
	41.9	**2.7**	**(8.1)**	**36.5**
Total	**580.8**	**(87.2)**	**(359.9)**	**133.7**

* The agreement relating to the sale of the land at Lampton Road from Notting Hill Genesis to Notting Hill Developments Limited was signed on 13 February 2019 and should have been reflected in the financial statements for the year ended 31 March 2019. However, this transfer was not reflected at that date. Consequently, an adjustment has been made to the prior year figures which has increased NHG sales by £53.6m and cost of sales by £53.6m. There is no impact on surplus.

Note 3 - Income and expenditure from social housing lettings

Group - year ended 31 March 2022	Rented social housing £m	Shared ownership £m	Temporary housing £m	Key worker housing £m	Supported housing £m	Total £m
Income						
Rent receivable	263.4	49.2	57.0	10.0	23.7	403.3
Service charges receivable	19.6	18.0	-	0.6	9.2	47.4
Net rents receivable	**283.0**	**67.2**	**57.0**	**10.6**	**32.9**	**450.7**
Amortised government grants	10.0	3.0	-	-	1.4	14.4
Management fee		3.8	-	0.2	2.0	6.0
Other income	2.8	6.9		0.2	3.4	13.3
Other grants	1.9	-	-	-	0.3	2.2
Total income from social housing lettings	**297.7**	**80.9**	**57.0**	**11.0**	**40.0**	**486.6**
Expenditure						
Management	(48.3)	(13.4)	(6.2)	(3.5)	(10.8)	(82.2)
Service charge costs	(26.3)	(18.0)	(0.3)	(1.0)	(7.5)	(53.1)
Routine maintenance	(65.7)	(1.4)	(2.9)	(1.4)	(4.9)	(76.3)
Planned maintenance	(6.5)	-	-	(0.2)	(0.9)	(7.,6)
Major repairs expenditure	(28.5)	(9.9)	(0.5)	-	(4.3)	(43.2)
Bad debts	(1.9)	(1.3)	0.2	(0.1)	(0.3)	(3.4)
Lease charges	(0.3)	-	(41.5)	-	(0.1)	(41.9)
Depreciation of housing properties	(49.1)	(0.5)	(0.2)	(1.9)	(5.1)	(56.8)
Operating costs on social housing lettings	**(226.6)**	**(44.5)**	**(51.4)**	**(8.1)**	**(33.9)**	**(364.5)**
Operating surplus on social housing lettings	**71.1**	**36.4**	**5.6**	**2.9**	**6.1**	**122.1**
Void losses	4.1	-	0.9	1.3	1.6	7.9

Note 3 - Income and expenditure from social housing lettings (continued)

Group - year ended 31 March 2021	Rented social housing £m	Shared ownership £m	Temporary housing £m	Key worker housing £m	Supported housing £m	Total £m
Income						
Rent receivable	255.6	48.5	59.9	9.3	23.5	396.8
Service charges receivable	18.3	13.9	-	0.6	15.4	48.2
Net rents receivable	**273.9**	**62.4**	**59.9**	**9.9**	**38.9**	**445.0**
Amortised government grants	10.0	1.4	-	-	1.5	12.9
Management fee	-	3.1	-	0.2	3.5	6.8
Other income	3.5	2.5	-	0.2	2.8	9.0
Other grants	1.4	-	-	-	0.8	2.2
Total income from social housing lettings	**288.8**	**69.4**	**59.9**	**10.3**	**47.5**	**475.9**
Expenditure						
Management	(44.0)	(11.2)	(5.6)	(3.1)	(11.9)	(75.8)
Service charge costs	(30.5)	(13.7)	(0.4)	(0.7)	(13.4)	(58.7)
Routine maintenance	(71.1)	(0.9)	(2.5)	(1.2)	(4.9)	(80.6)
Planned maintenance	(6.9)	-	-	(0.4)	(0.8)	(8.1)
Major repairs expenditure	(23.5)	(2.6)	(0.9)	-	(4.0)	(31.0)
Bad debts	(3.2)	(0.4)	(0.8)	-	(0.3)	(4.7)
Lease charges	(0.4)	-	(43.6)	-	(0.1)	(44.1)
Depreciation of housing properties	(46.5)	(0.1)	(0.2)	(1.6)	(4.6)	(53.0)
Operating costs on social housing lettings	**(226.1)**	**(28.9)**	**(54.0)**	**(7.0)**	**(40.0)**	**(356.0)**
Operating surplus on social housing lettings	**62.7**	**40.5**	**5.9**	**3.3**	**7.5**	**119.9**
Void losses	3.1	-	0.8	1.7	2.0	7.6

Note 3 - Income and expenditure from social housing lettings (continued)

NHG - year ended 31 March 2022	Rented social housing £m	Shared ownership housing £m	Temporary housing £m	Keyworker housing £m	Supported housing £m	Total £m
Income						
Rent receivable	254.6	18.3	57.0	10.0	23.7	363.6
Service charges receivable	19.5	10.8	-	0.6	15.3	46.2
Net rents receivable	**274.1**	**29.1**	**57.0**	**10.6**	**39.0**	**409.8**
Amortised grants	10.8	0.9	-	-	1.4	13.1
Other grants	1.2	-	-	-	0.3	1.5
Management fee income		1.3	-	0.2	2.0	3.5
Other fee income	3.5	3.3	-	0.1	3.4	10.3
Turnover from social housing lettings	**289.6**	**34.6**	**57.0**	**10.9**	**46.1**	**438.2**
Expenditure						
Management	(47.9)	(0.2)	(6.2)	(3.5)	(11.6)	(69.4)
Service charge costs	(26.3)	(10.9)	(0.3)	(1.1)	(13.1)	(51.7)
Routine maintenance	(64.7)	(0.5)	(2.9)	(1.5)	(4.9)	(74.5)
Planned maintenance	(6.5)	-	-	(0.2)	(0.9)	(7.6)
Major repairs expenditure	(26.5)	(0.1)	(0.5)	-	(4.3)	(31.4)
Bad debts	(1.8)	(0.2)	0.2	(0.1)	(0.3)	(2.2)
Lease charges	(0.4)	-	(41.5)	-	-	(41.9)
Depreciation of housing properties	(47.0)	(0.2)	(0.2)	(1.9)	(5.0)	(54.3)
Operating costs on social housing lettings	**(221.1)**	**(12.1)**	**(51.4)**	**(8.3)**	**(40.1)**	**(333.0)**
Operating surplus on social housing lettings	**68.5**	**22.5**	**5.6**	**2.6**	**6.0**	**105.2**
Void losses	3.8	-	0.9	1.3	1.6	7.6

Note 3 - Income and expenditure from social housing lettings (continued)

NHG - year ended 31 March 2021	Rented social housing £m	Shared ownership housing £m	Temporary housing £m	Keyworker housing £m	Supported housing £m	Total £m
Income						
Rent receivable	247.9	18.1	59.9	9.3	23.5	358.7
Service charges receivable	18.3	5.5	-	0.6	15.1	39.5
Net rents receivable	**266.2**	**23.6**	**59.9**	**9.9**	**38.6**	**398.2**
Amortised grants	10.0	1.1	-	-	1.5	12.6
Other grants	1.4	-	-	-	0.8	2.2
Management fee income	-	1.0	-	-	3.5	4.5
Other fee income	3.6	0.3	-	0.1	2.8	6.8
Turnover from social housing lettings	**281.2**	**26.0**	**59.9**	**10.0**	**47.2**	**424.3**
Expenditure						
Management	(43.3)	(0.3)	(5.6)	(3.1)	(11.9)	(64.2)
Service charge costs	(30.5)	(5.5)	(0.4)	(0.7)	(13.4)	(50.5)
Routine maintenance	(69.6)	(0.2)	(2.5)	(1.2)	(4.9)	(78.4)
Planned maintenance	(6.9)	-	-	(0.4)	(0.8)	(8.1)
Major repairs expenditure	(23.4)	(2.1)	(0.9)	-	(4.0)	(30.4)
Bad debts	(3.1)	(0.2)	(0.8)	-	(0.3)	(4.4)
Lease charges	(0.4)	-	(43.6)	-	-	(44.0)
Depreciation of housing properties	(44.3)	(0.1)	(0.2)	(1.6)	(4.6)	(50.8)
Operating costs on social housing lettings	**(221.5)**	**(8.4)**	**(54.0)**	**(7.0)**	**(39.9)**	**(330.8)**
Operating surplus on social housing lettings	**59.7**	**17.6**	**5.9**	**3.0**	**7.3**	**93.5**
Void losses	3.0	-	0.8	1.7	2.0	7.5

Note 4 - Surplus on disposal of assets

Group	2022 Shared ownership £m	2022 Other £m	2022 Total £m	2021 Shared ownership £m	2021 Other £m	2021 Total £m
Disposal proceeds	131.2	8.0	139.2	92.5	48.7	141.2
Social housing grant	(7.3)	(0.3)	(7.6)	(7.3)	(1.3)	(8.6)
Carrying value of fixed assets	(79.6)	(2.3)	(81.9)	(58.0)	(36.2)	(94.2)
Selling costs	(0.5)	-	(0.5)	(0.3)	(0.4)	(0.7)
Year-ended 31 March	**43.8**	**5.4**	**49.2**	**26.9**	**10.8**	**37.7**

NHG	2022 Shared ownership £m	2022 Other £m	2022 Total £m	2021 Shared ownership £m	2021 Other £m	2021 Total £m
Disposal proceeds	49.8	7.8	57.6	15.0	61.9	76.9
Social housing grant	(1.0)	(0.2)	(1.2)	(0.7)	(1.3)	(2.0)
Carrying value of fixed assets	(38.7)	(2.2)	(40.9)	(9.9)	(46.7)	(56.6)
Selling costs	(0.2)	-	(0.2)	(0.1)	(0.3)	(0.4)
Year-ended 31 March	**9.9**	**5.4**	**15.3**	**4.3**	**13.6**	**17.9**

Note 5 - Interest receivable and similar income

	Group		NHG	
	2022 £m	2021 £m	2022 £m	2021 £m
Bank deposits	1.3	0.2	0.1	0.2
Intercompany	-	-	21.4	29.7
Interest on financial assets held at amortised cost	**1.3**	**0.2**	**21.5**	**29.9**
Interest on financial assets held at fair value	1.2	1.2	1.2	1.2
	2.5	**1.4**	**22.7**	**31.1**

Note 6 - Interest payable and similar charges

	Group		NHG	
	2022 £m	2021 £m	2022 £m	2021 £m
Other loans	124.1	122.0	118.2	117.8
Interest on financial liabilities held at amortised cost	**124.1**	**122.0**	**118.2**	**117.8**
Interest paid on financial liabilities held at fair value	19.0	21.1	18.0	20.0
	143.1	**143.1**	**136.2**	**137.8**
Less: interest capitalised on developments	(11.8)	(19.2)	(3.5)	(3.7)
	131.3	**123.9**	**132.7**	**134.1**
Interest is capitalised at	4.06%	3.93%	4.32%	4.15%

Note 7 - Surplus on ordinary activities before taxation

	Group		NHG	
	2022 £m	2021 £m	2022 £m	2021 £m
Surplus on ordinary activities before taxation is stated after charging/(crediting):				
Depreciation on housing properties	57.0	53.2	54.4	50.8
Depreciation on other fixed assets	2.9	4.7	2.9	4.6
Amortisation of intangible assets	5.7	5.8	4.7	4.8
Rent on temporary housing leases (less than 28 days)	41.9	44.1	41.9	44.0
Hire of other assets	-	0.4	-	0.4
Impairment (writeback)/charge	(10.6)	3.6	9.7	(15.6)
Writedown of inventories / (writeback)	0.1	6.8	-	(9.5)
Auditors' remuneration	£'000	£'000	£'000	£'000
Audit services (excluding VAT)	449.0	335.1	260.0	178.2
Non-audit services (including VAT)	-	-	-	-

Note 8 - Taxation

	Group		NHG	
Total tax reconciliation	2022 £m	2021 £m	2022 £m	2021 £m
Surplus on ordinary activities before tax	**112.9**	**144.7**	**85.2**	**143.9**
Theoretical tax at UK corporation tax rate 19% (2021: 19%)	21.4	27.5	16.2	27.3
Charitable activities	(25.3)	(31.1)	(16.2)	(27.3)
Fair value movement on investment profits	-	3.6	-	-
Fixed asset differences	-	1.0	-	-
Gains/Expenses not deductible for tax purposes	(1.2)	1.5	-	-
Chargeable losses	5.8	6.2	-	-
Deferred tax not recognised	-	(8.7)	-	-
Effect of rate change on deferred tax	12.1	-	-	-
Adjustment to tax charge in respect of previous periods	(2.2)	-	-	-
Total tax charge	**10.6**	**-**	**-**	**-**

	Group		NHG	
Deferred tax	2022 £m	2021 £m	2022 £m	2021 £m
Balance at 1 April	52.0	52.5	-	-
Deferred tax charge in the statement of comprehensive income	10.6	-	-	-
Deferred tax charged to revaluation reserve	2.7	(0.5)	-	-
Deferred tax charged to cash flow hedge reserve	0.3	-	-	-
Balance at 31 March	**65.6**	**52.0**	**-**	**-**

The majority of the increase in deferred tax liability relates to increase in the UK corporation tax rate from 19% to 25% (effective 1 April 2023) on unrealised capital gains.

Note 9 - Housing properties

On transition to FRS102, the group took the option of carrying out a one-off valuation on the majority of its housing properties and using that amount as deemed cost. To determine the deemed cost at 1 April 2014, the group engaged Jones Lang LaSalle (JLL) to value housing properties on an EUV-SH basis. Housing properties are subsequently to be measured at cost.

The valuation was carried out as a desktop exercise on an EUV-SH basis using discounted cash flows. The properties were grouped by local authority area.

The cash flow was calculated over 50 years with the net income in the final year capitalised into perpetuity with an assumption of 1% real rent increase per annum with a discount rate of between 5.25% and 6.25%.

Group	Completed properties held for letting £m	Letting properties in the course of development £m	Completed shared ownership properties £m	Shared ownership properties in the course of development £m	Total £m
At 1 April 2021	5,626.9	100.8	1,186.1	139.5	7,053.3
Additions	-	114.2	0.6	82.2	197.0
Impairment	12.7	-	-	-	12.7
Works to existing properties	18.3	-	1.1	-	19.4
Properties completed	129.9	(129.9)	79.7	(79.7)	-
Disposals	(7.0)	-	(80.8)	-	(87.8)
Transfer to other tenures	0.4	42.5	4.8	9.8	57.5
At 31 March 2022	**5,781.2**	**127.6**	**1,191.5**	**151.8**	**7,252.1***
Depreciation					
At 1 April 2021	(448.6)	-	(10.6)	-	(459.2)
Charge for the year	(57.0)	-	-	-	(57.0)
Disposals	4.9	-	1.0	-	5.9
At 31 March 2022	**(500.7)**	**-**	**(9.6)**	**-**	**(510.3)**
Net book value					
At 31 March 2022	**5,280.5**	**127.6**	**1,181.9**	**151.8**	**6,741.8**
At 31 March 2021	**5,178.3**	**100.8**	**1,175.5**	**139.5**	**6,594.1**
Historical cost at 31 March 2022	5,296.0	127.6	1,123.8	151.8	6,699.2
Historical cost at 31 March 2021	5,140.9	100.8	1,114.2	139.5	6,495.4

* Included in the cost is a cumulative impairment amount of £16.8m (2021: £29.5m)

Note 9 - Housing properties (continued)

NHG	Completed properties £m	Housing properties in the course of development £m	Completed shared ownership properties £m	Shared ownership properties in the course of development £m	Total £m
At 1 April 2021	5,352.7	77.2	492.6	29.3	5,951.8
Additions	-	96.7	0.1	0.6	97.4
Works to existing properties	18.3	-	-	-	18.3
Properties completed	109.6	(109.6)	-	-	-
Disposals	(7.0)	-	(38.8)	-	(45.8)
Transfer between group members	0.4	0.7	(2.3)	(0.6)	(1.8)
At 31 March 2022	**5,474.0**	**65.0**	**451.6**	**29.3**	**6,019.9***
Depreciation					
At 1 April 2021	(441.5)	-	(0.1)	-	(441.6)
Charge for the year	(54.4)	-	-	-	(54.4)
Disposals	4.9	-	-	-	4.9
At 31 March 2022	**(491.0)**	**-**	**(0.1)**	**-**	**(491.1)**
Net book value					
At 31 March 2022	**4,983.0**	**65.0**	**451.5**	**29.3**	**5,528.8**
At 31 March 2021	**4,911.2**	**77.2**	**492.5**	**29.3**	**5,510.2**
Historical cost at 31 March 2022	5,007.4	65.0	426.2	29.3	5,527.9
Historical cost at 31 March 2021	4,885.4	77.2	466.4	29.3	5,458.3

* Included in the cost is a cumulative impairment amount of £8.7m (2021: £8.7m)

Housing properties comprise:	Group		NHG	
	2022 £m	2021 £m	2022 £m	2021 £m
Freeholds	5,851.2	5,727.2	4,276.0	4,233.9
Long leaseholds	877.5	852.7	1,235.0	1,257.4
Short leaseholds	13.1	14.2	17.8	18.9
	6,741.8	**6,594.1**	**5,528.8**	**5,510.2**

Additions to properties include:	Group		NHG	
	2022 £m	2021 £m	2022 £m	2021 £m
Capitalised interest	11.8	19.2	3.5	3.7
Capitalised development salaries and overheads	4.1	6.5	1.2	1.6

Expenditure on works to existing properties	Group		NHG	
	2022 £m	2021 £m	2022 £m	2021 £m
Amounts capitalised	19.4	14.3	18.3	13.9
Amounts charged to income and expenditure account	43.2	31.0	31.4	30.4
	62.6	**45.3**	**49.7**	**44.3**

Note 10 - Investment properties

The market rent properties were valued at 31 March 2022 by Jones Lang LaSalle Limited, member of the Royal Institute of Chartered Surveyors. The properties were valued at open market value basis subject to tenancies. The properties were valued on a discounted cashflow basis over a 10-year holding period, with a reversion in the final year to net income capitalised into perpetuity by an exit yield between 3.9% and 4.75% dependent on the scheme. The discount rate used is between 6.5%.and 6.75%.

The financial statements include commercial properties at open market value with vacant possession. The valuation has been compiled for internal accounts purposes and complies with VPGA1 valuation for inclusion in financial statements. RICS Valuation – Global Standards 2017. These were valued by Jones Lang LaSalle and Tuckerman Chartered Surveyors. All valuers are members of the Royal Institute of Chartered Surveyors at 31 March 2022.

Revaluation

On 24 February, Russian forces entered Ukraine and the conflict ensued. At the time the extent of the conflict and its longer-term impact were unknown.

The conflict caused immediate volatility in global stock markets and consequences are anticipated in relation to the cost and availability of energy and natural resources, particularly within Europe. There is a risk that conflict could escalate and directly involve NATO countries.

Sanctions have been imposed against Russia. The impact on the property market outside of the immediate area affected by the conflict is as yet unknown and at this stage, there is no evidence that transaction activity and sentiment of buyers or sellers had changed. The market can therefore still be described as functioning, albeit still in the aftermath of covid-19 crisis.

Accordingly, and for avoidance of doubt, our valuation is not reported as being subject to "material valuation uncertainty" as defined by VPD 3 and VPGA 10 of the RICS Valuation – global standards.

Group	Completed market rent properties £m	Market rent properties in the course of development £m	Sub total £m	Completed commercial properties £m	Commercial properties in the course of development £m	Sub total £m	Total £m
Valuation 1 April 2021	963.1	64.7	1,027.8	77.2	5.3	82.5	1,110.3
Additions	-	15.7	15.7	-	0.1	0.1	15.8
Completed properties	124.2	(124.2)	-	2.7	(2.7)	-	-
Transfer (from)/to other tenures	(3.4)	73.8	70.4	-	(0.9)	(0.9)	69.5
Revaluation of property	8.8	-	8.8	(3.1)	-	(3.1)	5.7
At 31 March 2022	**1,092.7**	**30.0**	**1,122.7**	**76.8**	**1.8**	**78.6**	**1,201.3**
Impairment							
At 1 April 2021	-	-	-	(0.8)	-	(0.8)	(0.8)
Charged during the year	-	-	-	-	(0.4)	(0.4)	(0.4)
At 31 March 2022				**(0.8)**	**(0.4)**	**(1.2)**	**(1.2)**
Net book value							
At 31 March 2022	**1,092.7**	**30.0**	**1,122.7**	**76.0**	**1.4**	**77.4**	**1,200.1**
At 31 March 2021	963.1	64.7	1,027.8	76.4	5.3	81.7	1,109.5

Note 10 - Investment properties (continued)

NHG	Completed market rent properties £m	Market rent properties in the course of development £m	Sub total £m	Completed commercial properties £m	Commercial properties in the course of development £m	Sub total £m	Total £m
Valuation at 1 April 2021	224.8	-	224.8	44.3	-	44.3	269.1
Transfer between group members	(0.7)	-	(0.7)	-	(0.1)	(0.1)	(0.8)
Completed properties	-	-	-	1.4	(1.4)	-	-
Transfer from stock	-	-	-	-	1.9	1.9	1.9
Revaluation of property	2.7	-	2.7	(2.0)	-	(2.0)	0.7
At 31 March 2022	**226.8**	**-**	**226.8**	**43.7**	**0.4**	**44.1**	**270.9**
Impairment							
At 1 April 2021	-	-	-	(0.7)	-	(0.7)	(0.7)
Charged during the year	-	-	-	-	(0.4)	(0.4)	(0.4)
At 31 March 2022				**(0.7)**	**(0.4)**	**(1.1)**	**(1.1)**
Net book value							
At 31 March 2022	**226.8**	**-**	**226.8**	**43.0**		**43.0**	**269.8**
At 31 March 2021	224.8	-	224.8	43.6		43.6	268.4

Note 11 - Other fixed assets and intangible assets

Group	Intangible assets Reclassified	Tangible assets Reclassified		
	Computer software £m	Other land and buildings £m	Other tangible fixed assets £m	Total tangible assets £m
Cost				
At 1 April 2021	36.1	52.9	37.0	89.9
Additions	7.0	0.7	0.8	1.5
Transfer to other tenures	-	-	-	-
Disposals	(6.1)	-	(0.1)	(0.1)
At 31 March 2022	**37.0**	**53.6**	**37.7**	**91.3**
Accumulated depreciation				
At 1 April 2021	22.7	16.3	35.1	51.4
Charge for the year	5.7	2.0	0.9	2.9
Disposals	(4.4)	-	-	-
At 31 March 2022	**24.0**	**18.3**	**36.0**	**54.3**
Net book value				
At 31 March 2022	**13.0**	**35.3**	**1.7**	**37.0**
At 31 March 2021	13.4	36.6	1.9	38.5

NHG	Intangible assets Reclassified	Tangible assets Reclassified		
	Computer software £m	Other land and buildings £m	Other tangible fixed assets £m	Total tangible assets £m
Cost				
At 1 April 2021	32.0	52.7	35.9	88.6
Additions	7.1	0	0.7	0.7
Transferred to commercial properties	-	-	(0.1)	(0.1)
Disposals	(4.6)	-	(0.1)	(0.1)
At 31 March 2022	**34.5**	**52.7**	**36.4**	**89.1**
Accumulated depreciation				
At 1 April 2021	20.3	16.2	34.0	50.2
Charge for the year	4.7	2.0	0.9	2.9
Disposals	(3.4)	-	-	-
At 31 March 2022	**21.6**	**18.2**	**34.9**	**53.1**
Net book value				
At 31 March 2022	**12.9**	**34.5**	**1.5**	**36.0**
At 31 March 2021	11.7	36.5	1.9	38.4

In the previous year the computer software was treated as other fixed assets. This year software development costs are recognised as intangible assets. Intangibles should be separately identifiable as per FRS 102 and therefore should have been split out in the prior year as well as the current year.

Consequently, last year's computer software assets were reclassified as intangible assets to improve transparency.

Group - other land and building	2022 Total £m	2021 Total £m
Freehold	34.6	36.6
Short leasehold	0.7	-
Total	**35.3**	**36.6**

NHG - other land and building	2022 Total £m	2021 Total £m
Freehold	34.5	36.5
Short leasehold		-
Total	**34.5**	**36.5**

Note 12 - Investment in Homebuy activities

Group	Homebuy loans to customers £m
At 1 April 2021	26.1
Paid in year	(1.2)
Written off in the year	-
At 31 March 2022	**24.9**

Other investments

Other investments consists of listed investments and investments in associate.

Investments in associate	Group and NHG	
	2022 Fair value £m	2021 Fair value £m
At 1 April 2021	5.3	5.3
At 31 March 2022	5.3	5.3

Investment in associate

The group owns 19% of the voting shares in LINQ Housing plc. The group also owns 69% of the economic shares. The other shareholders are LINQ Partners Ltd, Swan New Homes Ltd and Ocorian Trustee (UK) Ltd. LINQ Housing plc was set up to buy and operate market rent housing. It has made past purchases of 181 properties from constituents of NHG on 50 year leases and NHG manage 74 of these properties. The sales to LINQ included overage agreements stipulating that on subsequent sale of the properties by LINQ within the 50-year lease term, then NHG is entitled to a percentage of the sale price ranging from 3.3% to 14.2% of the open market value. This is treated as deferred income in NHG accounts and will be released at the time properties are sold by LINQ.

To date 181 market rent properties have been sold to LINQ Housing.

Statement of comprehensive income	Group and NHG	
	2022 £m	2021 £m
75% of surplus for year	-	-
75% of turnover	-	-

Statement of financial position	Group and NHG	
	2022 £m	2021 £m
25% of deferred income	6.0	6.0
25% of investment in associate	5.3	5.3

Note 13 - Number of dwellings under development and in management

	Group		NHG	
	2022 No.	2021 No.	2022 No.	2021 No.
In the development programme				
Commercial property	66	59	-	-
General needs housing	1,823	2,045	1,810	2,045
Shared ownership housing	2,788	2,934	-	-
Outright sales	2,552	2,722	-	-
Market rent	488	998	-	-
Intermediate market rent	274	374	74	40
	7,991	**9,132**	**1,884**	**2,085**
Rented social housing includes affordable housing units	415	562	402	562
The development programme includes homes on site	2,382	2,479	761	696

Note 13 - Number of dwellings under development and in management (continued)

Group	Number of units at 1 April 2021	Units developed or newly built units acquired	"Units sold/ demolished"	Other movements	Number of units at 31 March 2022
In management at the end of the year					
General needs housing	34,736	499	(29)	113	35,319
Shared ownership housing	9,124	305	(542)	393	9,280
Leasehold in management	9,137	-	-	37	9,174
Supported housing and housing for older people	3,636	-	(10)	(14)	3,612
Market rent accommodation	3,201	303	(182)	70	3,392
Temporary housing	2,880	289	(258)	1	2,912
Keyworker accommodation	1,447	-	-	3	1,450
Student accommodation	839	-	-	-	839
	65,000	**1,396**	**(1,021)**	**603**	**65,978**
Rented social housing includes affordable housing units	4,964	341	-	(198)	5,107
Owned but not managed					
General needs housing	387	13	-	-	400
Shared ownership housing	-	-	-	139	139
Leasehold in management	-	-	-	2	2
Supported housing and housing for older people	1,148	22	-	-	1,170
Market rent accommodation	2	-	-	-	2
	1,537	**35**	**-**	**141**	**1,713**
Total	**66,537**	**1,431**	**(1,021)**	**744**	**67,691**

NHG	Number of units at 1 April 2021	Units developed or newly built units acquired	"Units sold/ demolished"	Other movements	Number of units at 31 March 2022
In management at the end of the year					
General needs housing	34,657	499	(29)	137	35,264
Shared ownership housing	3,661	-	(123)	118	3,656
Leasehold in management	4,261	-	-	183	4,444
Supported housing and housing for older people	3,636	-	(10)	(14)	3,612
Market rent accommodation	1,272	245	(182)	(261)	1,074
Temporary housing	2,879	289	(258)	2	2,912
Keyworker accommodation	1,447	-	-	3	1,450
Student accommodation	-	-	-	-	-
	51,813	**1,033**	**(602)**	**168**	**52,412**
Rented social housing includes affordable housing units	4,964	341	-	(198)	5,107
Owned but not managed					
General needs housing	387	13	-	-	400
Shared ownership housing	-	-	-	139	139
Leasehold in management	-	-	-	2	2
Supported housing and housing for older people	1,148	22	-	-	1,170
Market rent accommodation	-	-	-	-	-
	1,535	**35**	**-**	**141**	**1,711**
Total	**53,348**	**1,068**	**(602)**	**309**	**54,123**

Note 14 - Investments

NHG	2022 £m	2021 £m
Cost		
At 1 April	455.0	295.1
Additions	16.8	159.9
Disinvestment in subsidiary		-
At 31 March	**471.8**	**455.0**
Impairment		
At 1 April	-	-
Provision for impairment	(9.7)	-
Disinvestment in subsidiary	-	-
At 31 March	(9.7)	**-**
Net book value		
At 31 March	**462.1**	**455.0**

As required by statute, the financial statements consolidate the results of NHG and its subsidiaries at 31 March 2022 (see note 33). NHG has the right to appoint members to the boards of all of its subsidiaries, thereby exercising control.

NHG has made investment in Springboard 2 Housing Association Limited (SB2). This investment has now been impaired.

During the year NHG provided management services for Notting Hill Home Ownership Limited, Notting Hill Developments Limited, Project Light Market Rent Limited, Folio London Limited, NCHP Limited, Notting Hill Community Housing, Touareg Trust, Walworth Homes Limited, Choices for Grahame Park Limited, Springboard 2 Housing Association Limited and TLD Kidbrooke LLP, and charged them £11.6m (2021: £11.0m). The board believe that the carrying value of the investment is supported by their underlying net assets.

Note 15 - Properties in the course of sale

	Group		NHG	
	2022 £m	2021 £m	2022 £m	2021 Restated* £m
Properties under construction				
First tranche	32.1	28.5	7.8	4.4
Outright sales	62.5	205.5	5.3	8.6
Completed properties				
First tranche	42.3	47.7	11.4	26.9
Outright sales	33.4	105.7	0.5	21.4
Landbank				
Landbank	146.2	161.4	39.9	24.0
	316.5	**548.8**	**64.9**	**85.3**

* See note 2.

Note 16 - Debtors falling due within one year

	Group		NHG	
	2022 £m	2021 £m	2022 £m	2021 Restated £m
Rental debtors	45.0	38.9	41.0	35.6
Less provision	(27.4)	(24.3)	(23.2)	(22.1)
	17.6	**14.6**	**17.8**	**13.5**
Trade debtors	8.8	6.2	3.4	4.1
Amounts receivable from local authorities	5.2	4.7	2.3	2.1
Amounts owed by subsidiary undertakings (for details of restatement see note 15)	-	-	323.7	293.1
Value added tax receivable	1.9	3.0	-	-
Other debtors	58.5	83.6	31.7	23.6
Prepayments and accrued income	23.5	29.2	13.5	8.9
Intercompany short-term loans	-	-	225.6	169.1
	115.5	**141.3**	**618.0**	**514.4**

Note 17 - Debtors due after more than one year

	Group		NHG	
	2022 £m	2021 £m	2022 £m	2021 £m
Other long-term debtors	8.1	7.9	6.7	6.8
Derivative instrument asset	18.3	12.0	15.4	20.5
Intercompany long-term loans	-	-	378.9	420.2
	26.4	**19.9**	**401.0**	**447.5**

Note 18 - Current asset investments

	Group		NHG	
	2022 £m	2021 £m	2022 £m	2021 £m
Short-term deposit	30.0	30.6	15.9	15.6
	30.0	**30.6**	**15.9**	**15.6**

Note 19 - Creditors: amounts falling due within one year

	Group		NHG	
	2022 £m	2021 £m	2022 £m	2021 £m
Housing loans (note 21)	24.0	331.2	21.5	323.2
Trade creditors	13.9	13.3	7.5	9.1
Amounts owed to group undertakings	-	-	157.7	111.4
Other taxes and social security	2.2	1.9	4.1	3.0
Deferred government grant	33.0	9.7	-	-
Recycled capital grant fund	19.3	24.9	8.1	10.7
Other creditors	75.5	71.2	40.1	41.7
Accruals and deferred income	178.9	182.9	120.6	115.8
	346.8	**635.1**	**359.6**	**614.9**

Note 20 - Creditors: amounts falling due after more than one year

	Group		NHG	
	2022 £m	2021 £m	2022 £m	2021 £m
Housing loans (note 21)	3,328.5	3,048.1	2,941.6	2,658.5
Recycled capital grant fund	30.8	28.9	13.0	13.9
Disposal proceeds fund	-	-	-	-
Deferred government grant	1,102.0	1,139.2	1,010.5	1,021.8
Homebuy grant	24.9	26.1	-	-
Other long-term creditor	8.4	38.3	8.4	8.3
Local authority grant	0.7	-	0.8	-
	4,495.3	**4,280.6**	**3,974.3**	**3,702.5**

Deferred government grant	Group			NHG		
	Completed properties £m	Work in progress £m	Total £m	Completed properties £m	Work in progress £m	Total £m
Opening balance at 1 April 2021	900.5	248.4	1,148.9	872.4	149.4	1,021.8
Grants received during the year	0.4	5.8	6.2	0.4	4.0	4.4
Released to revenue	(1.7)		(1.7)	(1.7)		(1.7)
Transferred to cost of sales on disposal	8.2	-	8.2	1.9	-	1.9
Transferred to completed schemes	6.8	(6.8)	-	0.1	(0.1)	-
Transferred to recycled capital grant	-	-	-	-	-	-
Recycled on disposal	(11.5)	-	(11.5)	(3.4)	-	(3.4)
Amortisation	(15.1)	-	(15.1)	(13.2)	-	(13.2)
Payable to GLA	-	-	-	-	-	-
Intercompany transfer	-	-	-	(1.8)	2.5	0.7
Balance at 31 March 2022	**887.6**	**247.4**	**1,135.0**	**854.7**	**155.8**	**1,010.5**

Recycled capital grant fund	Group Total £m	NHG Total £m
At 1 April 2021	53.8	24.6
Grants recycled	11.5	3.4
Interest accrued	0.1	0.1
Used to finance new provision	-	-
Paid	(16.5)	(7.0)
Homebuy redemption	1.2	-
At 31 March 2022	**50.1**	**21.1**

At the end of 31 March 2022, £33.0m (2021: £22.1m) of grants were due for repayment to the Greater London Authority.

Homebuy grants receivable	Group £m
At 1 April	(26.1)
Repaid in the year	1.2
Written back in year	-
At 31 March 2022	**(24.9)**

Note 21 - Loans

	Group		NHG	
	2022 £m	2021 £m restated	2022 £m	2021 £m
Secured loans and overdrafts	1,034.3	1,001.3	920.2	884.8
Unsecured loans and overdrafts	30.5	336.4	2.6	302.6
Public bonds	2,287.7	2,041.6	2,040.3	1,794.3
Non-recourse secured bank loans	-	-	-	-
Housing loans	**3,352.5**	**3,379.3**	**2,963.1**	**2,981.7**

Analysis of loan repayments	Group		NHG	
	2022 £m	2021 £m	2022 £m	2021 £m
Repayable on maturity				
- within one year or on demand	2.2	310.1	2.5	304.5
- between one and two years	7.9	3.2	8.2	3.5
- between two and five years	87.9	16.4	88.9	17.4
- in five years or more	2,599.4	2,355.3	2,069.4	1,825.3
Repayable by annual instalments				
- within one year or on demand	21.8	21.1	19.0	18.7
- between one and two years	22.0	45.0	20.7	42.4
- between two to five years	87.6	112.7	66.5	97.8
- in five years or more	523.7	515.5	687.9	672.1
	3,352.5	**3,379.3**	**2,963.1**	**2,981.7**

In the previous year, the bond from Folio Residential Finance No 1 plc (FRFN1), was treated as a loan. FRFN1 is a Special Purpose Entity (SPE) as defined in FRS102 and, as members of the NHG group have the rights to obtain the majority of the benefits of the SPE, that is, the proceeds of the debt issued by the company, it is deemed, for the purposes of FRS102, to be controlled by the group. Therefore, the SPE's results were consolidated with the results of NHG group. Consequently, last's year's figures have been reclassified and the SPE loan is treated as a bond. The bond in the previous year was classified as a loan. Therefore there is no change to total debt. £247.3m was transferred from secured loans and overdrafts to public bonds.

Public bonds

As at 31 March 2022, the group had eight public bonds in issue:

Amount £m	Year due	Interest rate %
250	2029	2.875 secured
350	2032	3.750 secured
250	2036	2.000 secured
250	2039	6.064 secured
300	2042	5.250 secured
400	2048	3.250 secured
250	2054	4.375 secured
250	2027	1.246 secured

Loans

The group financing facility includes term and revolving facility loans with maturities out to 2056.

The loans are secured on property assets by a first secured charge. On undrawn revolving facilities, commitment fees are payable.

The group has unsecured funding of ¥5bn (2021: ¥5bn) which has been hedged into £28.0m (2021: £28.0m) by a currency swap, to finance a housing development subsidiary. The fixed rate coupon is 2.975% and there are five years remaining to maturity. The group also has one interest-free unsecured loan totalling £2.8m used to finance housing development subsidiary.

Public secured bonds and secured loans are secured by fixed charges on individual properties. The number of charged properties for the group is 35,317 with a value on a Market Value-Tenanted (MV-T) basis of £8,260.0m; for NHG it is 30,402 with a value on a MV-T basis of £7,188.0m (2021: Group 35,508 and NHG 30,540).

The group and NHG have pledged as collateral against potential liabilities on free standing derivatives 1,320 properties with a value on a MV-T basis of £332.8 (2021: 1,289 properties with a value of £319.8m).

The rate of interest on loans ranges from 0.309% to 10.700%.

At 31 March 2022 the group had undrawn loan facilities of £964.7m (2021: £879.3m).

The group loan balance of £3,352.5m (2021: £3,379.3) has been netted off by loan arrangement fees of £24.0m and receipts of £10.7m loan premium which are recorded and amortised cost over the term of each loan.

The NHG loan amount of £2,963.1m (2021: £2,981.7m) has been netted off by loan arrangement fees of £18.5m and receipts of £10.7m loan premium which are recorded and amortised cost over the term of each loan.

As at the year end, £651.0m (2021: £683.6m) of the

Note 21 - Loans (continued)

group's variable debt had its interest rate hedged by stand-alone interest rate swaps. As at the year end £42.0m (2021: £42.0m) of the group's fixed debt had its interest rate hedged by stand-alone swaps. As at the year end, ¥5bn (2021: ¥5bn) of the group's debt has been hedged into £28.0m (2021: £28.0m) by a currency swap. Note 5 has an analysis of the contractual cash flows including interest payable for the group's financial liabilities on an undiscounted basis. Interest is calculated on drawn debt held as at 31 March 2022.

As the 31 March 2022, the group is exposed to risks arising from interest rate benchmark reform as LIBOR has now been replaced with alternative benchmark interest rates. Sterling Overnight Interbank Average Rate (SONIA).

The group has applied the amendments to FRS 102: interest rate benchmark reform (phase 1 and phase 2). Applying the practical expedient introduced by the amendments, when the benchmark affecting the group's loans are replaced, the adjustments to the contractual cash flows will be reflected as an adjustment to the effective interest rate. Therefore, the replacement of the loan's benchmark interest rate will not result in an immediate gain or loss recorded in the profit or loss, which may have been required if the practical expedient was not available or adopted. As at 31 March 2022, all of the group's bank loans had transition to alternative interest rate benchmarks.

Note 22 - Provisions for liabilities and charges

Group	Short-term leases total £m	Other provisions £m	London Living Wage and welfare provision £m	Total £m
At 1 April 2021	1.4	6.4	0.9	8.7
Additional provisions	-		0.3	0.3
Release of provision	(0.1)		-	(0.1)
At 31 March 2022	**1.3**	**6.4**	**1.2**	**8.9**

NHG	Short-term leases total £m	London Living Wage and welfare provision £m	Total £m
At 1 April 2021	1.4	0.7	2.1
Additional provisions	-	0.4	0.4
Release of provision	(0.1)		(0.1)
At 31 March 2022	**1.3**	**1.1**	**2.4**

During the year £nil (2021: £nil) was set aside for future repairs on leased assets and £0.1m (2021: £nil) was used to carry out repairs to properties that were handed back during the year. All provisions are attributable to NHG.

During the year £nil (2021: £nil) of other provisions was set aside in respect of other principal development agreement.

During the year £0.4m (2021: £1.0m) was set aside to pay for London Living Wage and welfare provision in the care and support schemes and payments of £nil (2021: £0.5m) were made.

Note 23 - Called-up share capital

	2022 £	2021 £
At 1 April	113	128
Issued during the year	2	-
Redeemed during year	(10)	(15)
At 31 March	**105**	**113**

The shares are non-transferable and do not carry a right to interest or dividends and are cancelled on death or withdrawal from NHG. The shares do not have any redemption value, and on cancellation the amount paid becomes the property of NHG.

Note 24 - Reserves

General reserves reflects accumulated surpluses for the group which can be applied at its discretion for any purpose.

The revaluation reserve relates to the transition to deemed cost for housing properties (see note 9).

The cash flow hedge reserve is used to record transactions arising from the group's cash flow hedging arrangements.

Note 25 - Reconciliation of operating surplus to net cash inflow from operating activities

Group	2022 £m	2021 £m *restated
Operating surplus	230.7	262.2
Surplus on sale of properties	(49.2)	(37.7)
Fair value gains on investment	(4.8)	(16.2)
Fair value losses/(gains) on financial instruments	0.2	(5.8)
Depreciation	59.9	57.9
Amortisation of intangible assets	5.7	5.8
Amortisation of social housing grants	(16.5)	-
Impairment charge	(12.3)	3.6
Premium on loan set-up costs	(5.9)	(2.4)
Other assets and amounts written off	1.8	0.1
Joint venture income	(1.0)	(7.2)
Decrease in properties and other assets in the course of sale	105.3	150.0
Decrease/(increase) in debtors	25.5	(67.7)
(Decrease)/increase in creditors	(27.6)	15.9
Net cash inflow from operating activities at 31 March	**311.8**	**358.5**

* Restatement for amortisation of intangible assets (see note 11).

Note 26 - Reconciliation of net cash flow to movement in net debt

Group	2022 £m	2021 £m **restated
(Increase)/decrease in cash	(32.9)	38.8
Cash flow from (decrease) in debt and lease finance	(20.4)	(104.7)
Non cashflow changes	(53.4)	144.0
Total changes in net debt for the year	**(106.7)**	**78.1**
Net debt at 1 April	3,427.9	3,349.8
Net debt at 31 March	**3,321.2**	**3,427.9**

Note 27 - Analysis of debt

	1 April 2021 £m **restated	Cash flow £m	Non cash £m	31 March 2022 £m
Cash at bank and in hand	79.5	32.9	-	112.4
Loans				
Short-term loans	(331.2)	313.2	(6.0)	(24.0)
Long-term loans	(3,048.1)	(280.0)	(0.4)	(3,328.5)
Interest rate swap liability	(140.1)	-	40.7	(99.4)
Interest rate swap asset	12.0	-	6.3	18.1
Changes in net debt	**(3,427.9)**	**53.3**	**53.4**	**(3,321..2)**

** Restatement of notes 26 and 27 to incorporate swap debt and exclusion of current asset investment held for sinking funds.

Note 28 - Pension obligations

The group's employees and past employees are active members, deferred members or pensioners of several pension schemes operated by the group. These include the Social Housing Pension Scheme (SHPS), the Notting Hill Genesis Scheme (NHGPS), the PCHA 2001 Scheme, the LPFA Scheme and the Wandsworth Council Pension Fund (WCPF) (collectively, the "plans"). All the plans are closed to new entrants. Further information on the plans is provided below.

SHPS

The group participates in SHPS, a multi-employer scheme which provides benefits to some 360 non-associated employers. The group's participation in SHPS is closed to future accrual.

The scheme is classified as a 'last man standing arrangement'. Therefore, the group 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 (i.e. a buy-out basis) on withdrawal from the scheme.

NHGPS and PCHA schemes

The NHGPS and PCHA schemes are defined benefit schemes operating in the UK. These schemes are closed to future accrual. There is a separate trustee-administered fund holding the pension scheme assets to meet long-term liabilities. A full actuarial valuation is carried out on a periodic basis by a qualified actuary, independent of the scheme's sponsoring employer. The group has agreed to pay the scheme expenses and Pension Protection Fund (PPF) levies separately.

LPFA and WCPF schemes

The LPFA and WCPF schemes are defined benefit schemes operating as public sector schemes in the UK. These schemes are open to future accrual. There is a separate administering authority holding the pension scheme assets to meet long-term liabilities. The schemes are operated in line with Local Government Pension Scheme (LGPS) regulations. A full actuarial valuation is carried out on a periodic basis by a qualified actuary, independent of the scheme's sponsoring employer. The scheme expenses are incorporated in this valuation (and so are not payable separately).

Name of pension scheme	Date of last full actuarial valuation	Deficit in valuation £m	Agreed contributions per annum £m	Period of commitment for contributions
SHPS	30 September 2020	42	4.7	Until 2028
NHGPS	30 September 2019	11	1.8	Until 2025
PCHA	30 September 2019	10	1.6	Until 2025
LPFA	31 March 2019	2	-	Until 2023
WCPF	31 March 2019	1	-	Until 2023
Total		**66**	**8.1**	

Further disclosures on the plans

As permitted by section 28 of FRS 102, the group has aggregated the financial information in respect of the defined benefit schemes (the "plans") in which it participates for presentation purposes:

Pension scheme liabilities recognised in the statement of financial position

	Group and NHG	
Pension obligations recognised as defined benefit schemes	2022 £m	2021 £m
SHPS DB	21.9	32.7
Genesis	1.7	8.0
PCHA 2001	-	1.0
LPFA	1.1	2.7
WCPF	-	0.3
Total	**24.7**	**44.7**

Note 28 - Pension obligations (continued)

Principal actuarial assumptions at the financial position date (expressed as a range)	2022	2021
Discount rate	2.60-2,79%	1.95-2.17%
Inflation (RPI)	3.57-3.70%	3.28-3.30%
Inflation (CPI)	3.12-3.35%	2.65-2.86%
Salary growth	3.75-4.57%	3.35-4.30%
Allowance of commutation of pension for cash at retirement		75% of max

The mortality assumptions applied at 31 March 2022 imply the following life expectancies	Life expectancy at age 65 (years)
Male retiring in 2020	21.1-21.7
Female retiring in 2020	23.7-24.3
Male retiring in 2040	22.4-23.2
Female retiring in 2040	25.1-26.0

Amounts recognised in the income statement	2022 £m	2021 £m
Net interest on defined benefit liability	0.8	0.5
Current service cost	0.1	0.1
Expenses paid	0.3	0.4
Total expenses	**1.2**	**1.0**

Amounts recognised in other comprehensive income	2022 £m	2021 £m
Actual return on the assets held in the plans	3.4	32.1
Return on assets included in net interest	(10.4)	(11.6)
Asset (loss)/gain	(7.0)	20.5
Effects of changes in assumptions underlying the present value of the plans' liabilities	21.8	(51.4)
Experiences gains arising on the plans' liabilities	(0.7)	2.5
Effects of changes in demographic assumptions	2.6	(0.6)
Effect of change in amount of surplus that is not recoverable	(3.2)	-
Actuarial gain/(loss) recognised	**13.5**	**(29.0)**

Statement of financial position	Group and NHG	
	2022 £m	2021 £m
Fair value of the plans' assets	273.4	265.1
Present value of funded retirement benefit obligations	(298.1)	(309.8)
Net liability	**(24.7)**	**(44.7)**

Note 28 - Pension obligations (continued)

Reconciliation of movements on the defined benefit obligation	2022 £m	2021 £m
Defined benefit obligation at the start of the period	**309.8**	**261.5**
Current service cost	0.1	-
Interest cost	6.5	6.0
Actuarial losses/(gains) due to scheme experience	11.2	(2.2)
Actuarial (gains)/losses due to changes in demographic assumptions	(1.9)	1.1
Actuarial (gains)/losses due to changes in financial assumptions	(22.3)	51.0
Past service cost – plan amendments/curtailments	-	-
Experience loss/(gain) on defined benefit obligation	-	(0.2)
Expenses	-	-
Effect of asset ceiling/unrecognised surplus	3.2	-
Benefits paid	(8.5)	(7.4)
Defined benefit obligation at the end of the period	**298.1**	**309.8**

The actuarial gain in the PCHA 2001 plan has been excluded from the value of funded benefit obligations

Reconciliation of movements on the fair value of the plans' assets	2022 £m	2021 £m
Fair value of the plans' assets at the start of the period	**265.1**	**239.0**
Interest income	5.6	5.4
Expenses	(0.2)	(0.2)
Experience gain on plan assets (excluding amount in interest income)	3.5	20.5
Contributions by the employer	7.9	7.8
Benefits paid	(8.5)	(7.4)
Fair value of the plans' assets at the end of the period	**273.4**	**265.1**

The fair values of each main class of assets held by the plans and the expected rates of return for the ensuing year are set out in the following table.

	2022		2021	
Categories of assets held by the plans are as follows:	£m	% Holding	£m	% Holding
Bonds	116.8	43	111.4	42
Equity	55.5	20	44.7	17
Property and infrastructure	27.5	10	18.8	7
Other	36.9	13	51.6	19
Absolute return	5.8	2	7.7	3
Alternative risk premia	4.8	2	5.2	2
Insurance linked securities	3.4	1	3.3	1
Distressed opportunities	5.2	2	4.0	2
Credit relative value	4.8	2	4.4	2
Risk sharing	4.8	2	5.1	2
Opportunistic illiquid credit	4.9	2	3.5	1
Cash	3.0	1	5.4	2
	273.4	**100**	**265.1**	**100**

Note 29 - Employee information

The number of full-time equivalent persons (including part-time staff) employed on a weekly average basis of a 35-hour week, 37.5-hour week or a 40-hour week depending on their respective contract for the whole year is shown below:

	Group and NHG	
	2022 No.	2021 No.
Staff engaged in managing or maintaining housing stock	736	661
Staff providing other housing services	131	135
Staff engaged in developing or selling housing stock	147	124
Staff providing central administration services	340	325
Staff providing care and support	289	386
	1,643	**1,631**

Staff costs for the above persons	Group		NHG	
	2022 £m	2021 £m	2022 £m	2021 £m
Wages and salaries	69.8	68.6	62.8	62.0
Social security costs	6.6	6.8	6.1	6.2
Other pension costs (see note 28)	7.9	7.8	7.1	7.2
	84.3	**83.2**	**76.0**	**75.4**

Redundancy payments of £450,426 (2021: £551,707) were made during the year.

Salary range	2022 £'000	2021 £'000
Lowest paid employee	16	20
Highest paid employee	287	282

Remuneration banding for employees earning over £60,000 is set out below. The earnings include salary, bonus and employer's pension.

£'000	2022 No.	2021 No.
60-70	102	105
70-80	60	43
80-90	31	20
90-100	27	24
100-110	13	10
110-120	3	3
120-130	3	4
130-140	4	8
140-150	15	6
150-160	-	3
160-170	-	1
170-180	1	-
180-190	-	1
190-200	1	2
200-210	1	2
210-220	2	-
240-250	1	1
250-260	-	1
260-270	1	-
310-320	1	1

Note 30 - board and executive directors' emoluments

The payments to current non-executive board members represents 0.02% (2021: 0.02%) of turnover. board members are appraised on an annual basis and there is an annual review of board member payments.

Remuneration paid to current board members is set out below. Allowance levels are reviewed annually and set by the board for different roles. Only one allowance is paid regardless of the number of roles held.

From 1 January 2014, the executive board members were either members of a defined contribution pension scheme or received a pension allowance.

The remuneration of the members of the board, the committees and the executive directors was:	2022 £'000	2021 £'000
Fees for members of the board	160	155
Fees for committee members	44	54
Management services of executive directors (including pension contributions and benefits in kind)	2,060	1,999
Remuneration for management services (excluding pension contributions) includes the amount paid to the highest paid director	287	282

Non-executive board members at 31 March	2022 £'000	2021 £'000
Ian Ellis	30.0	30.0
Linde Carr*	7.0	15.0
Stephen Bitti	15.0	15.0
Elaine Bucknor	15.3	18.5
Alexander Phillips	18.0	18.0
Bruce Mew*	7.0	15.0
Jane Hollinshead*	7.0	15.0
Richard Powell	15.0	15.0
Fred Angole	15.0	6.9
Arike Oke	15.0	6.3
Claire Kober OBE	8.0	-
Ingrid Osborne	8.0	-

* Resigned 20 September 2021

Current executive board members	Salaries £'000	Pension costs £'000	2022 Total £'000
Kate Davies CBE, chief executive	287	24	311
John Hughes, group director of development and sales and deputy chief executive	225	24	249
Vipul Thacker, group director of central services	175	18	193
Katie Bond, chief operating officer [1]	162	17	179
Elly Hoult, group director of assets and sustainability	197	21	218
Abayomi Okunola, chief financial officer [2]	129	14	143
Rajiv Peter, chief information officer [3]	-	-	-

[1] Appointed 17 August 2022

[2] Joined 31 August 2021

[3] Appointed 1 April 2022

The chief executive is a preserved member of the pension scheme operated by the Social Housing Pension Scheme on behalf of all qualifying employees. No special or enhanced terms apply to her membership of the scheme. During the year £nil was as paid as loss of office payments (2021: £111,079).

Note 31 - Capital commitments

	Group		NHG	
	2022 £m	2021 £m	2022 £m	2021 £m
Capital expenditure that has been contracted for but has not been provided for in the financial statements:	601.6	498.0	146.2	-
Capital expenditure that has been authorised by the board but has not yet been contracted for:	62.6	222.6	13.0	57.6

The above capital commitments include expenditure in joint ventures. Capital commitments will be funded by a combination of social housing grant of £70.7m, sales receipts of £400.4m and existing loan facilities of £193.1m.

Note 32 - Operating leases

The payment which the group and NHG is committed to make in the next year under operating leases is as follows.

	2022 £m	2021 £m
These leases can be cancelled within 28 days' notice. The amount shown is the full payment for the year		
Temporary housing leases less than one year	28.8	34.5

Other operating lease payments under non-cancellable operating leases for properties are set out below:

	2022 £m	2021 £m
Not later than one year	6.3	6.0
Later than one year and not later than five years	27.0	25.7
Later than five years	203.1	200.1

The group's social housing properties are held under operating leases and are tenanted under cancellable operating lease conditions. Typical tenant break clauses exist requiring a notice period of a month. Rents are indexed in accordance with the Rent Standard and are affected by the Welfare Reform and Work Act 2016. Shared ownership properties may be purchased (stair-cased by its leaseholder) at any time at the pro-rata market rate). Ongoing lease payments will be adjusted according to the share of ownership retained by the group. Certain properties are available to purchase via right to buy by the existing tenant.

Note 33 - Incorporation, subsidiaries and joint ventures

NHG is incorporated in England under the Co-operative and Community Benefit Society Act 2014 and is required by statute to prepare Group financial statements. NHG is a Registered Housing Provider as defined by the Housing and Regeneration Act 2008 and is the ultimate parent.

NHG and its subsidiaries have throughout the year held balances with each other. These balances relate to normal trading transactions between each of the entities.

NHG has taken advantage of the exemption contained in Financial Reporting Standard 102, Related Party Disclosures 33.1A, and has therefore not disclosed transactions or balances with wholly owned subsidiaries.

All shares held as investments are held as ordinary shares with the exception of shares held in:

- Notting Hill Commercial Properties Limited - ordinary shares, redeemable ordinary shares and redeemable preference
- Project Light Development 1 Limited - ordinary shares, ordinary-A and ordinary-B shares
- Project Light Development 2 Limited - ordinary shares and ordinary-A shares
- Notting Hill Developments Limited - ordinary and redeemable preference shares

Note 33 - Incorporation, subsidiaries and joint ventures (continued)

Company (subsidiaries)	Principal activity	Parent	Country of registration
Notting Hill Home Ownership Limited	Performs the activities of a registered housing association	NHG owns one of eight shares and controls the board. The remaining seven shares are held in trust for NHG.	England and Wales
Springboard 2 Housing Association Limited	Registered provider, manages shared ownership properties	NHG - 100% shares	England and Wales
Folio London Limited	Rents properties at market rent	NHG - 100% shares	England and Wales
GenFinance 2 PLC	Incorporated for £250 million bond issue	NHG - 100% shares	England and Wales
Notting Hill Community Housing Limited	Rents properties at sub-market prices	NHG - 100% shares	England and Wales
Notting Hill Commercial Properties Limited	Develops and lets commercial properties	NHG - 100% shares	England and Wales
Notting Hill Developments Limited	Develops and sells properties	Notting Hill Commercial Properties Limited - 100% shares	England and Wales
Folio Treasury Holdings Limited	Incorporated for bond issue	Folio London Limited - 100% shares	England and Wales
Folio Treasury Limited	Incorporated for bond issue	Folio Treasury Holdings Limited - 100% shares	England and Wales
Folio Buildings Limited	Rents properties at market rent	Folio Treasury Limited - 100% shares	England and Wales
Folio Porter's Edge Limited	Rents properties at market rent	Project Light Market Rent Limited - 100% shares	England and Wales
Folio Bakersfield Limited	Rents properties at market rent	Folio Treasury Limited - 100% shares	England and Wales
Folio City Park West Limited	Rents properties at market rent	Folio Treasury Limited - 100% shares	England and Wales
Folio Sterling Place Limited	Rents properties at market rent	Folio Treasury Limited - 100% shares	England and Wales
Folio New Garden Quarter Limited	Rents properties at market rent	Folio Treasury Limited - 100% shares	England and Wales
Folio St James Limited	Rents properties at market rent	Folio Treasury Limited - 100% shares	England and Wales
Folio New Hendon Village Limited	Rents properties at market rent	Folio Treasury Limited - 100% shares	England and Wales
Project Light Development 1 Limited	Develops and sells properties	Notting Hill Commercial Properties Limited - 100% shares	England and Wales
Project Light Development 2 Limited	Develops and sells properties	Notting Hill Commercial Properties Limited - 100% shares	England and Wales
Project Light Market Rent Limited	Rents properties at market rent	Project Light Development 1 Limited - 100% shares	England and Wales
Choices for Grahame Park Limited	Develops and sells properties	NHG - 100% shares	England and Wales
TLD Kidbrooke LLP	To invest in the Kidbrooke scheme and provides business manager services to Kidbrooke LLP	Notting Hill Commercial Properties Limited - 99% control	England and Wales
Walworth Homes Limited	Develops and sells properties	Notting Hill Commercial Properties Limited - 100% shares	England and Wales
Canonbury Developments Limited	Develops and sells properties	Notting Hill Home Ownership Limited	England and Wales
Touareg Trust	Provides student accommodation	NHG is sole guarantee member and controls the board	England and Wales
Goat Wharf Limited	Develops and sells properties	Notting Hill Home Ownership Limited - 100% shares	England and Wales
Igloo Insurance Protected Captive Cell NOT6	Provides insurance services	NHG - 100% shares	Guernsey
Genesis Purchasing Limited	Procures contracting and consulting services on behalf of the group	NHG - 100% shares	England and Wales
Genesis Oaklands Limited	Develops and sells property	NHG - 100% shares	England and Wales
GenInvest Limited	Develops and sells properties	NHG - 100% shares	England and Wales
Stoke Quay New Homes Ltd	Develops and sells properties	GenInvest Limited - 100% shares	England and Wales

Company (subsidiaries)	Principal activity	Parent	Country of registration
Central Chelmsford Development Agency Ltd	Develops and sells properties	GenInvest Limited - 100% shares	England and Wales
GenFinance Limited	Responsible for managing loan facilities	NHG - 100% shares	England and Wales
Notting Hill Genesis Community Foundation Limited	Registered provider, manages shared ownership properties	NHG - 100% shares	England and Wales
Presentation Market Rent Limited (dormant)	Rents properties at market rents (dormant)	NHG - 100% shares	England and Wales
European Urban St Pancras 2 Limited(dormant)	Develops and sells property	NHG - 100% shares	England and Wales
Pathmeads Property Services Ltd (dormant)	Develops and sells property	NHG - 100% shares	England and Wales
Pathmeads Residential Limited (dormant)	Develops and sells property	NHG - 100% shares	England and Wales

Folio Residential Finance No 1 plc is a Special Purpose Entity (SPE) as defined in FRS102 and, as members of the NHG group have the rights to obtain the majority of the benefits of the SPE, that is, the proceeds of the debt issued by the company, it is deemed, for the purposes of FRS102, to be controlled by the group. The respective obligations are included in the consolidated financial statements of the group. This is a change from prior year and a restatement, as explained in note 21.

Notting Hill Home Ownership Limited has a joint venture investment in KLA Twickenham Road LLP and Triangle London Developments LLP, registered in England and Wales (see below).

Notting Hill Commercial Properties Ltd also has a joint venture investment in Brenley Park LLP, Chobham Farm North LLP, Spray Street Quarter LLP, Armada 1 South Developments LLP, Gallions 2A Developments LLP, Gallions 2B Development LLP, TLD Kidbrooke LLP, Kidbrooke Partnership LLP and Rainham and Beam Park Regeneration LLP.

The group's investment in joint venture projects amounted to £47.7m (2021: £35.3m). Details of these investments are shown below.

Joint venture income in the amount of £1.0m (2021: £7.2m) was made in the year.

The contingent liability is limited to the amount invested.

Joint ventures

Name	Nature of business	Share of capital commitment	Proportion of holding	Year ended	Net assets 2022 £m	Equity 2022 £m	Net assets 2021 £m	Equity 2021 £m
KLA Twickenham Road LLP	Development of 280 shared ownership, permanent rented, affordable keyworker and private for sale residential accommodation.	Nil	50%	31 March	0.1	(0.1)	0.1	(0.1)
Brenley Park LLP	Development of 169 shared ownership, permanent rented, affordable keyworker and private for sale residential accommodation.	Nil	50%	31 December	0.1	(0.1)	0.1	(0.1)
Chobham Farm North LLP	Development of 478 shared ownership, permanent rented, affordable keyworker and private for sale residential accommodation.	Nil	50%	31 March	0.3	(0.3)	0.6	(0.6)
Kidbrooke Partnership LLP	To develop site adjacent to Kidbrooke Station. The scheme will comprise ten blocks.	Nil	51%	31 March	19.1	(19.1)	18.8	(18.8)
Spray Street Quarter LLP	To acquire and develop site in Woolwich town centre to construct 612 residential units and 8,770 square metres of non-residential space.	Nil	50%	31 March	3.5	(3.5)	3.3	(3.3)
Armada 1 South Developments LLP	To develop phase 1 of the Gallions Quarter sites.	Nil	50%	31 March	1.2	(1.2)	4.7	(4.7)
Gallions 2A Developments LLP	To develop phase 2 of the Gallions Quarter sites.	Nil	50%	31 March	18.7	(18.7)	3.8	(3.8)
Gallions 2B Development LLP	To develop phase 3 of the Gallions Quarter sites.	Nil	50%	31 March	5.0	(5.0)	2.4	(2.4)
Rainham and Beam Park Regeneration LLP	To acquire and develop site in Rainham and Beam Park in the London Borough of Havering. The scheme will consist of 744 units of mixed tenure.	Nil	50%	31 March	2.1	(2.1)	1.5	(1.5)
Triangle London Developments	Established to bid for Transport for London sites.	Nil	50%	31 May	-	-	0.1	(0.1)
					50.1	**(50.1)**	**35.4**	**(35.4)**

Note 34 - Transactions with related parties

At 31 March 2022 there was one member on the board, Stephen Bitti, who had tenancy with NHG. The tenancy agreement had been granted on the same terms as for all other tenants, and the housing management procedures, including those relating to management of arrears, had been applied consistently to this tenant. During the year rents of £7,634 (2021: £7,369) were charged. A credit balance £29 was outstanding at the year end (2021: (£21)).

At 20 September 2021 there was one member on the board, Linde Carr who had a tenancy with NHG. The tenancy agreement had been granted on the same terms as for all other tenants, and the housing management procedures, including those relating to management of arrears, had been applied consistently to this tenant. During the period, rents of £3,816 (Year to 31 March 2021: £7,643) were charged. A credit balance of £787.33 was outstanding at 20 September 2021 (Year to 31 March 2021: (£689)). Linde resigned as a Board member on 20 September 2021

At 31 March 2022 there was one member on the board, Arike Oke, who had a lease with NHG. The lease had been granted on the same terms as for all other leases and the housing management procedures, including those relating to management of arrears, have been applied consistently to the leaseholder. During the year rents and service charges of £7,645 (2021: £7,199) were charged. The amount outstanding at the year-end was a credit balance of £244 (2021: (£301)).

Chobham Farm North LLP

During the year NHHO charged Chobham Farm North LLP, a joint venture of Notting Hill Commercial Properties Limited, subsidiary of NHG and Telford Homes Plc £69,787 (2021: £68,086) in respect of administration costs. At the year ending 31 March 2022 £nil (2021: £nil) was owed to NHHO. During the year the joint venture sold £nil (2021: £nil) properties in the course of constructions to NHHO.

During the year the LLP distributed £700,000 (2021: £6,927,000) to its members.

Armada 1 South Development LLP

During the year NHHO charged Armada 1 South Development LLP, a joint venture of Notting Hill Commercial Properties Limited, subsidiary of NHG and Telford Homes Plc £68,055 (2022: £66,339) in respect of administration costs. At the year ending 31 March 2022 £nil (2021: £nil) was owed to NHHO. At 31 March 2022 the amount receivable from NHHO was £nil (2021: £nil). During the year the joint venture sold properties in the amount of £nil (2021: £1,552,009) in the course of construction to NHHO and its group undertakings.

During the year members of Armada 1 South Development LLP received a repayment of total capital contributions of £nil (2021: £30,505,390). During the year members of Armada 1 South Development LLP received a profit of £9,000,000 (2021: £5,000,000)

Spray Street Quarter LLP

During the year NHHO charged Spray Street Quarter LLP, a joint venture of Notting Hill Commercial Properties Limited, subsidiary of NHG and St Modwen Developments Limited £1 (2021: £1) in respect of administration costs. At the year ending 31 Mar 2022 £1 (2021: £nil) was owed to NHHO.

During the year the members of Spray Street Quarter LLP contributed a total of £405,000 (2021: £1,042,600) into the members' capital.

Gallions 2B Development LLP

During the year NHHO charged Gallions 2B Development LLP, a joint venture of Notting Hill Commercial Properties Limited, subsidiary of NHG and Gallions Limited £68,055 (2021: £66,339) in respect of administration costs. At the year ending 31 March 2022 £nil (2021: £nil) was owed to NHHO. During the year the joint venture sold properties in the amount of £12,060,403 (2021: £3,914,821) in the course of construction to NHHO and its group undertakings.

During the year the members of Gallions 2B Development LLP contributed a total of £5,610,000 (2021: £2,825,000) into members' capital.

Kidbrooke Partnership LLP

During the year TLD Kidbrooke LLP charged Kidbrooke Partnership LLP, a joint venture of Notting Hill Commercial Properties Limited, subsidiary of NHG and Transport for London Plc £461,287 (2021: £142,348) in respect of administration costs. At the year ending 31 March 2022 £60,660 (2020: £nil) was owed to TLD Kidbrooke LLP.

During the year the joint venture sold properties in the amount of £29,959,930 (2021: £nil) in the course of construction to NHHO and its group undertakings.

Rainham Beam Park Regeneration LLP

During the year NHHO charged LLP, Rainham Beam Park Regeneration LLP a joint venture of Notting Hill Commercial Properties Limited, subsidiary of NHG and London Borough of Havering £518,122 (2021: £518,122) in respect of administration costs. At the year ending 31 March 2022 £25,037 (2021: £299,502) was owed to NHHO.

Gallions 2A Developments LLP

During the year the members of Gallions 2A Developments LLP contributed £29,676,300 (2021: £752,000) into the members' capital.

During the year NHG had invested the following amounts in the share capital of its non-regulated subsidiaries.

	2022 £m	2021 £m
Notting Hill Commercial Properties Limited	165.2	150.4
Folio London Limited	264.9	264.9
Igloo Insurance Protected CaptiveCell NOT 6	0.7	0.7
Pathmeads Property Services Limited	0.9	0.9
Genesis Oaklands	0.1	0.1
Choices for Grahame Park Limited	2.0	2.0
At 31 March	**433.8**	**419.0**

During the year NHG had invested the following loans in its non-regulated subsidiaries.

	2022 £m	2021 £m
Notting Hill Community Housing	84.7	58.0
Folio London Limited	62.7	17.4
Choices for Grahame Park Limited	44.8	35.3
Touareg Trust	20.3	19.5
Walworth Homes Limited	18.8	23.1
Notting Hill Developments Limited	13.1	38.9
Canonbury Developments Limited	10.8	28.2
Folio Porters Edge Limited	0.5	0.5
Folio City Park West Limited	0.3	0.3
Folio Sterling Place Limited	0.3	0.3
Folio Buildings Limited	0.3	0.3
Folio Bakersfield Limited	0.2	0.2
Folio New Garden Quarter Limited	0.2	0.2
Folio St James Limited	0.2	0.2
Folio New Hendon Village Limited	0.1	0.1
Genesis Oaklands Limited	0.1	131.9
At 31 March	**257.4**	**354.4**

Details of other transactions between NHG and its non-regulated subsidiaries during the year are shown here.

The transactions relate to: Notting Hill Commercial Properties Limited, Notting Developments Limited, Canonbury Developments Limited, Folio London Limited, Touareg Trust, Goat Wharf Limited, Notting Hill Community Housing, Project Light Developments 1 Limited, Project Light Developments 2 Limited, Presentation Market Rent Limited, Walworth Homes Limited, Choices for Grahame Park Limited, GenFinance Limited, GenFinance 2 PLC, Genesis Purchasing limited, Genesis Oaklands Limited, Notting Hill Genesis Community Foundation, Stoke Quay New Homes Limited, Central Chelmsford Development Agency Limited, Folio Treasury Limited and Folio New Hendon Village Limited.

In accordance with the treasury policy, excess cash held by subsidiaries is invested in NHG to manage interest charges.

Purchases relate to invoices that are charged to NHG but relate to other group companies. They include temporary staff costs, utility bills and courier charges.

Overhead recharges are recharges made by NHG to the rest of the group based on the budget taking into account staff numbers, floor space and turnover per subsidiary.

Payroll relates to payroll costs for specific staff who work directly for the said subsidiaries.

Other inter-company transactions	2022 £m	2021 £m
Excess cash invested	66.1	27.3
Purchases	(1.1)	(2.8)
Overhead recharges	(2.1)	(1.0)
Payroll	(2.1)	(2.3)
Interest	(5.7)	(8.9)
Disinvestment in subsidiaries	(1.3)	(0.6)
	53.8	**11.7**

Note 35 - Financial instruments and risk management

Group	Financial assets at fair value		Financial assets at amortised cost	
	2022 £m	2021 £m	2022 £m	2021 £m
Financial assets that are debt instruments measured at amortised cost				
Current asset investments		-	30.0	30.6
Cash		-	112.4	79.5
Debtors		-	115.5	141.3
Debtors falling due after one year		-	8.1	7.9
Financial assets measured at fair value through the statement of comprehensive income				
Interest rate swaps fixed to float	7.5	8.8	-	-
RPI option		-	-	-
Designated currency hedge	3.5	3.2	-	-
Designated interest rate hedges	7.3	-	-	-
Total	**18.3**	**12.0**	**266.0**	**259.3**

NHG	Financial assets at fair value		Financial assets at amortised cost	
	2022 £m	2021 £m	2022 £m	2021 £m
Financial assets that are debt instruments measured at amortised cost	-			
Current asset investments	-	-	15.9	15.6
Cash	-	-	58.4	31.0
Debtors	-	-	618.0	460.8
Debtors falling due after one year	-	-	385.6	427.0
Financial assets measured at fair value through the statement of comprehensive income	-			
Interest rate swaps fixed to float	8.0	20.5	-	-
RPI option	-	-		-
Designated currency hedge	-	-		-
Designated interest rate hedges	7.4	-	-	-
Total	**15.4**	**20.5**	**1,077.9**	**934.4**

All financial assets or liabilities at fair value are calculated using measurements based on inputs that are observable for the asset/liability either directly or indirectly from prices. The valuation techniques used to measure the above interest rate swaps and financial instruments maximise the use of market data where available. For all other financial instruments where fair value cannot be measured reliably, the fair value is considered to approximate to the carrying value of the instrument at historic cost less impairment.

Credit risk is assessed on all financial instruments in the tables above and an adjustment is made to the valuation to reflect the credit risk associated with each counterparty.

	Group		NHG	
	2022 £m	2021 £m	2022 £m	2021 £m
Gains in respect of financial derivatives held at fair value through the statement of comprehensive income				
Gains in respect of financial derivatives	11.0	5.0	3.2	6.5
	11.0	**5.0**	**3.2**	**6.5**

Note 35 - Financial instruments and risk management (continued)

Group	Financial liabilities at fair value 2022 £m	Financial liabilities at fair value 2021 £m	Financial liabilities at amortised cost 2022 £m	Financial liabilities at amortised cost 2021 £m restated*
Financial liabilities that are measured at amortised cost				
Trade and other payables		-	322.8	303.9
Public bonds		-	2,287.7	2.041.5
Loans and borrowings		-	1,064.8	1,337.7
Other long-term creditors		-	1,257.1	1,329.3
Financial liabilities that are measured at fair value through the statement of comprehensive income				
RPI swaps	5.5	6.6		-
Cancellable interest rate swaps	1.1	2.0		-
Interest rate swaps float to fixed	6.3	7.5		-
Designated interest rate hedges	86.5	124.0		-
Total	**99.4**	**140.1**	**4,932.4**	**5,012.4**

NHG	Financial liabilities at fair value 2022 £m	Financial liabilities at fair value 2021 £m	Financial liabilities at amortised cost 2022 £m	Financial liabilities at amortised cost 2021 £m
Financial liabilities that are measured at amortised cost				
Trade and other payables		-	338.1	291,7
Public bonds		-	2,040.3	1,794.3
Loans and borrowings		-	922.8	1,187.4
Other long-term loans		-	1,057.4	1,088.7
Financial liabilities that are measured at fair value through the statement of comprehensive income				
RPI swaps	5.5	6.6		-
Cancellable interest rate swaps	1.1	2.0		-
Interest rate swaps float to fixed	7.7	10.8		-
Designated interest rate hedges	86.5	123.0		-
Total	**100.8**	**142.4**	**4,358.6**	**4,362.1**

Group	2022 Book value £m	2022 Fair value £m	2021 Book value £m	2021 Fair value £m
A comparison of the book value to the fair value of the group's long-term borrowings at 31 March				
Current portion of long-term debt	24.0	24.0	331.2	331.2
Long-term debt	3,328.5	3,328.5	3,048.1	3,048.1
	3,352.5	**3,352.5**	**3,379.3**	**3,379.3**

	Group 2022 £m	Group 2021 £m	NHG 2022 £m	NHG 2021 £m
Gains in respect of financial derivatives held at fair value through the other of comprehensive income				
Gains in respect of financial derivatives	36.0	19.4	33.2	19.2
	36.0	**19.4**	**33.2**	**19.2**

NHG	2022 Book value £m	2022 Fair value £m	2021 Book value £m	2021 Fair value £m
A comparison of the book value to the fair value of NHG's long-term borrowings at 31 March				
Current portion of long-term debt	21.5	21.5	323.2	323.2
Long-term debt	2,941.6	2,941.6	2,658.5	2,658.5
	2,963.1	**2,963.1**	**2,981.7**	**2,981.7**

* In the previous year the bond in the amount of £250m from Folio Residential Finance No 1 was treated as a loan. See note 21 for more details.

Note 35 - Financial instruments and risk management (continued)

Risk

The main risks arising from the group's financial instruments are interest rate risk, credit risk and liquidity risk.

Interest rate risk

The group finances its development through a mixture of retained surplus, grant and borrowings. The group's interest rate management ensures that a minimum of 50% of its drawn funds should be fixed on a long-term basis and the remaining 50% is either hedged or kept at variable rates depending on prevailing market conditions and requirements of the business.

The group has entered into interest rate swap agreements to hedge exposure to the variability in cash flows attributable to movements in interest rates. This is documented in the treasury policy and allows the group to enter into contracts where the group agrees to pay interest at a fixed rate and receives interest at a floating rate. The interest rate swaps are designated as a hedge of the variable debt interest payments which are linked to changes in the benchmark interest rate (LIBOR) which is the quoted price in an active market. This method reflects the risk management objective of the hedging relationship that swaps a series of future variable cash flows to a fixed rate. The interest rate swap agreements which do not meet the hedging tests contained in FRS102 are accounted for through the statement of comprehensive income.

The cash flows from the interest rate swaps are expected to occur monthly, quarterly or on a semi-annual basis dependent on each contract.

Hedge accounting

Where the group hedges its exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability (such as all or some future interest payments on variable rate debt, or future currency payment on debt denominated in a foreign currency) or a highly probable forecast transaction and that transaction could affect profit or loss, the hedging relationship is designated as a cash flow hedge.

The tables overleaf indicate the periods in which cash flows associated with cash flow hedging instruments are expected to occur.

The key assumption used in valuing the interest foreign currency derivatives is the GBP:JPY forward exchange rates.

Hedge accounting is discontinued where the hedging instrument expires, no longer meets the hedging criteria, the forecast transaction is no longer highly probable, the hedged instrument is derecognised or the hedging instrument is terminated.

A cash flow hedge is accounted for as follows:

The proportion of the gain or loss on the hedging instruments that is determined to be an effective hedge are recognised directly in equity and the ineffective portion of the gain or loss on the hedging instrument is taken to the statement of comprehensive income.

Where the forecast transaction results in a financial asset or financial liability, only gains or losses previously recognised in the statement of comprehensive income are reclassified to the statement of comprehensive income in the same period as the asset or liability affects income or expenditure. Where the forecasted transaction or commitment results in a non-financial asset or a non-financial liability, any gains or losses previously deferred in the statement of comprehensive income are included in the cost of the related asset or liability.
If the forecasted transaction or commitment results in future income or expenditure, gains or losses deferred in the statement of comprehensive income are transferred to the statement of comprehensive income in the same period as the underlying income or expenditure.

Liquidity risk

The group has a policy to maintain sufficient liquidity in cash and lending facilities to cover 18 months of operational activity. At the year end, 93% of the group's borrowings were due to mature in more than five years. The liquidity risk of each group entity is managed centrally by the group treasury function on a monthly basis to adhere to group policy.

Note 35 - Financial instruments and risk management (continued)

Hedge of variable interest rate risk arising from bank loan liabilities

As disclosed in note 21, the group has applied the amendment to FRS 102: Interest rate benchmark reform (phase 1 and phase 2). The amendments provide relief in applying the requirements of hedge accounting to certain hedges, including allowing the group to assume that interest rate benchmarks on which hedged cashflows are based (e.g. LIBOR) will not be altered as a result of interest rate benchmark reform. Consequently, hedging relationships that may have otherwise been impacted by interest rate benchmark reform have remained in place and no additional ineffective portion of the hedge has been recognised. The group has taken advantage of these amendments in relation to the LIBOR interest rate noted above.

Note 36 - Contingent liability

Contingent liabilities relate to grant recognised in general reserves under the performance method upon transition to deemed cost.

	Group		NHG	
	2022 £m	2021 £m	2022 £m	2021 £m
At 1 April	**1,543.2**	**1,539.2**	**1,403.3**	**1,392.9**
Realised on disposal	(8.2)	(8.9)	(1.9)	(2.2)
Additions	15.2	12.9	13.2	12.6
Adjustments		-		-
Transfers from other registered provider	2.3	-	2.3	-
At 31 March	**1,552.5**	**1,543.2**	**1,416.9**	**1,403.3**

In a recent communication, The Pension Trust (TPT) confirmed that there is uncertainty about the benefits that have been paid to members of SHPS and the Trustees have received legal advice that it should ask the court to provide clarity. If the court case goes against TPT, there will be a potential additional liability at an estimated 3.9% of total liabilities. Therefore, in the case of NHG there is a contingent liability of £8.7m.

Annual report and financial statements 2021 - 2022

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