Report & Financial Statements

2021/22

AIHA

Contents

Board membership & advisors

Board

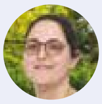
Mr J Sorotzkin (Chair)
Mr S Shapiro
Mr S Stauber
Mr J Scharfer
Mr M Hirschler
Cllr C Potter (LB Hackney)
Mr Y Moskowitz (Appointed October 2021)
Mr A Klein (Appointed October 2021)
Cllr M Levy (Appointed December 2021)
Mr Feldman (Resigned October 2021)
Mr M Berger (Resigned October 2021)
Mr M Grossman (Resigned October 2021)
Mr P Braun (Resigned December 2021)

Executive Management Team

Mrs Chaya Spitz OBE
Chief Executive and Co Secretary

Mr Solomon Tescher
Director of Housing Services

Mr David Taylor
Director of Finance



Ms Leora Basalian
Director of Care Services

Mr Peter Mercer
Director of Property Services

Registered office
206 Lordship Road, London N16 5ES

Bankers
Barclays Bank plc,
1 Churchill Place,
Canary Wharf,
London E14 5HP

Auditors
CLA Evelyn Partners Limited
Chartered Accountants
45 Gresham Street
London EC2V 7BG

Solicitors
Devonshires Solicitors LLP
30 Finsbury Circus
London EC2M 7DT

Blake Morgan LLP
New Kings Court, Tollgate
Chandlers Ford,
Eastleigh SO53 3LG

Registered under the Co-operative and Community Benefit Societies Act No 23535 R
Registered by the Regulator of Social Housing No LH 3673

The Board presents its Report and audited financial statements for Agudas Israel Housing Association ("the Association" or "AIHA") for the year ended 31 March 2022 (Registered Number 23535R).

Principal activities

AIHA's principal activities are to provide housing and associated facilities and services for people who need them, primarily in the Orthodox Jewish Community. As well as developing and managing general needs homes for families, AIHA provides specialist housing with care and supported housing for older people, and others with disabilities.

Statement of the Board's responsibilities

The Board is responsible for preparing the Board Report and the financial statements in accordance with applicable law and regulations.

The Co-operative and Community Benefit Societies Act 2014 and the Housing and Regeneration Act 2008 requires the Board to prepare financial statements for each financial year. Under that law the Board has elected to prepare the Association's financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". The Board must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Association 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 judgments and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business.

The Board is responsible for keeping adequate accounting records that are sufficient to show and explain the Association's transactions and disclose with reasonable accuracy at any time the financial position of the Association and enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014 and the Housing and Regeneration Act 2008. They are also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement on the Association's system of internal control

The Board is responsible for the Association's system of internal control, and recognises that such a system can provide reasonable, but not absolute, assurance against material misstatement or loss.

The main features of the internal financial control system are:

- written standing orders and financial regulations which delineate responsibilities and levels of authorities;
- annual budgets, set in the context of a longer term business plan with clear accountability for control of each part of the budget;
- formal budgetary control arrangements with a quarterly reporting cycle; and
- Board approval of the parameters under which new investments in properties are entered into.

The Board has reviewed the effectiveness of the system of internal control over the past year.

Disclosure of information to the auditors

In the case of each person who was a member of the Board at the time this report was approved:

- so far as that member was aware there was no relevant audit information of which the Association's auditor was unaware; and
- that member had taken all steps that the member ought to have taken as a member to make himself or herself aware of any relevant audit information and to establish that the Association's auditor was aware of that information.

Governance

The Association has adopted the 2015 National Federation (NHF) Code of Governance (the Code). The Board confirms that it complies with the Code and there have been no areas of non-compliance during the year. The Association intends to adopt the 2020 NHF Code of Governance by March 2022.

The Association's Board currently comprises eight elected members, all of whom are non-executive and are elected by the shareholders, and one member nominated by Hackney Council. The members are able to draw on relevant and broad experience in exercising their Governance responsibilities. The strengths and weaknesses of the Board are regularly reviewed, and the recruitment of new Board members brings new skills and experience to the Association. The Board is collectively responsible for the strategic direction and leadership of the Association, for compliance, and for achievement of AIHA's objectives. The Board meets at least quarterly and closely monitors the Association's strategy and activities, while Committees undertake more in-depth scrutiny of different aspects of the Association's work.

After a period as interim, Chaya Spitz OBE, has been appointed Chief Executive bringing broad experience and new leadership to the Association. She is supported by four directors, who lead the functions of Property Management, Housing Services, Care and Finance. Together the senior leadership team ensures that the Board has sufficient information to prudently direct the Association's affairs, and works with the Board to define the strategic direction.

The day-to-day work of AIHA is carried out by over 140 employees, who work within the care provision, housing management, development management, and central administration departments. Volunteers further enhance the quality of care services. The Association is an Investors In People organisation, accredited at Silver level for valuing, supporting and developing its people.

AIHA's users, and future users, are at the heart of everything the Association does. Changes have been made over the year to the management and staffing structures to reflect the importance of effectively engaging with and responding to tenants' and residents' needs and aspirations. This work is led by the Head of Tenant Engagement, a newly created position, who reports directly to the Chief Executive.

Governance and viability standard

The Board confirms that it complies with the Regulator of Social Housing's Governance and Financial Viability Standard. The Association ensures compliance through:

- adoption of the principal recommendations of the 2015 NHF Code of Governance;
- an effective Board supported by the Finance and Development Committee, Housing Services Committee and Care Services Committee;
- an operational business plan and long term financial plan approved by the Board;
- a risk map reviewed by the Board;
- compliance with lenders covenants with Board monitoring compliance on a quarterly basis;
- an annual Value for Money (VfM) statement and performance against set metrics;
- an asset and liability register; and
- an annual letting plan approved by the Board.

The Association has a clear governance structure with quarterly meetings of the Board, the Housing Services Committee, the Care Services Committee and the Finance and Development Committee. Business objectives are set out clearly in the operational business plan with progress tracked and reported on in the annual plan. The business objectives are diverse and cover nine areas. The diversity reflects the mission to support the Orthodox Jewish Community through the provision of housing related services.

The objectives cover:

- Care Homes
- Supporting Housing Schemes
- Development programme
- Community role: more than a housing provider
- Property Maintenance
- Management processes
- Financial management
- Staff
- Communications and networking

The Board, together with the senior leadership, have set aspirational goals across all areas including:

- Development: A more ambitious development strategy, reinvesting the Association's returns and maximising our assets to do more to meet housing need in the community.
- Housing maintenance and management: Improving our performance against Value for Money metrics, investing in tenant satisfaction, and continually improving our performance as a landlord.
- Housing with care: Ensuring that our care and supported housing services are financially sustainable as well as excellent and developing new provision to meet community need.
- Networking and relationships: Ensuring that the Association has strong relationships with key stakeholders, particularly local and regional authorities in the areas where we operate, as well as strong peer and partner networks.
- Staff: From our Investors in People base, continue to develop and grow our staff so that we are well placed to achieve our objectives.

Value for money statement

The VfM Standard requires AIHA to demonstrate that:

- overall, optimal benefit is derived from resources and assets in the delivery of their strategic objectives;
- performance against its own value for money targets and any metrics set out by the regulator are reported on, and how that performance compares to peers;
- areas of underperformance are clearly explained supported by plans to address areas of concern; and
- include this detail in the annual accounts.

The requirements in the Regulator of Social Housing (RSH) standards are demonstrated in this statement.

This statement provides evidence to enable stakeholders to understand AIHA performance. The evidence will explain how AIHA are achieving value for money in delivering their strategic objectives in a way that is transparent and accessible. AIHA performance against the metrics is set out below in table 1.

The six columns in table 1 set out, the metric measure (column 1), AIHA performance against each metric for 2021/22 (column 2), comparison with AIHA's performance for 2020/21 (column 3). Columns 4, 5 & 6 allow for comparisons to be made against peer organisations for 2021/22 and understand the level of performance achieved against each metric at lower, medium and upper quartile.

Table 1, AIHA comparable RSH metrics performance 2021/22

RSH Metric	2021/22 AIHA performance	2020/21 AIHA performance	2021/22 SPBM group lower quartile	2021/22 SPBM group median quartile	2021/22 SPBM group upper quartile
1. Reinvestment %	0.47	2.28	1.00	2.33	4.22
2. New Supply Delivered %	0.36	0	0	0	0.49
3. Gearing %	32	34	-1	10	27
4. EBITA MRI interest cover %	243	243	176	328	788
5. Headline Maintenance Cost per Unit	£1,126	£1,638	£1,023	£756	£519
6. Operating Margin %	31.0	33.8	23.48	17.18	13.8
7. Return on Capital Employed	2.49	2.81	1.17	2.40	3.26

Value for money statement (continued)

AIHA's comparative performance against peers remains mainly at the upper quartile level. The headline maintenance cost per unit is lower quartile with AIHA owning a larger proportion of family size properties than within the rest of the peer group.

Supply of new housing reflects a lower level of development activity than in previous years. The Board and senior leadership intend to reverse this.

Providing care homes, as well as high needs supported housing, accounts for over 100 bed spaces. Over the year, work has been carried out to improve the viability of care and supporting housing places. This has included renegotiating contracts with LB Hackney for mental health provision and increasing supported housing rents to cover additional costs associated with this provision. The impact of these changes is already coming through.

Providing housing with care, along with supported housing, for people in need of specialist provision, remains a key business objective of AIHA. AIHA performance against the RSH set of metrics illustrates a top draw strategic level of performance.

Table 2, AIHA performance 2021/22

RSH Metric *peer group comparisons with Acuity SPBM 21 February 2021	**2021/22 AIHA performance**	**2020/21 AIHA performance**	**2021/22 SPBM group lower quartile**	**2021/22 SPBM group median quartile**	**2021/22 SPBM group upper quartile**
1. Current tenant arrears	7.29	4.51	4.13	2.11	1.07
2. Void losses	2.91	2.37	0.89	0.52	0.2
3. Dwellings with a gas safety certificate	98.50	100.00	100.00	100.00	100.00

Table 2 sets out the key performance indictors KPI that AIHA use to both monitor and compare comparative performance across the key operational areas of income and asset management. AIHA aim to achieve top quartile performance on all benchmark indicators.

2020/21 had been particularly challenging for income management and in letting properties quickly, measured by both time and rent loss through properties being vacant. There have been complicating factors with arrears; the local authority area with the greatest concentration of Association properties is London Borough of Hackney, where housing benefit payments continue to be affected by a cyber-attack. Arrears have further been affected by the COVID-19 pandemic. Voids have predominantly occurred in the care home and supported housing, also as a result of the pandemic during which period far fewer people moved into care homes.

Although these factors continued to have an impact, there has been significant improvement over 2021/22 and continued improvement since. The target for 2022/23 is to continue the positive trajectory and to move into medium or top quartile comparative performance for the RSH metrics. Indications are positive as occupancy in care and supported housing in now very high.

Performance throughout the year and position at the year end

AIHA had adapted to new working conditions, with as many staff as needed working from its offices, and hybrid or home-working arrangements agreed with administrative staff where appropriate. Care provision has also been adapted and is operating well, with new admissions filling voids. A key challenge that lies ahead is the current high inflation levels and Government has yet to issue any updated guidance to the Association for rent increase next year. Inflation will present significant challenges in the Association, and the risk is being managed by continued action around recruitment, as well as a strong focus on staff retention, financial reporting and pay.

Result for the year

The Association's surplus for the year was £2.2 million (2020/21: £2.5 million). The operating surplus decreased to £4.3 million (2020/21: £4.6 million) from last year.

Cost of funds

Interest payable in 2021/22 amounted to £2.1 million (2020/21: £2.1 million) giving a weighted cost of funds of 3.73% for the year (2020/21: 3.52%).

Housing Properties

Capital expenditure on housing projects in the year was £1.1 million (2020/21: £3.7 million). At the end of 2021/22 the Association had no contracted capital commitments for development expenditure (2020/21: £nil). The accumulated expenditure on acquisition and development of housing properties was £180.7 million (2020/21: £180.2 million). The current market value of the property portfolio is believed to be considerably in excess of the carrying value or historic cost. The Board have approved a revised business plan for up to 100 new units and terms have been received for new bank loan facilities of £33 Million.

Liquidity

At the end of 2021/22 the Association had cash deposits of £3.2 million (2020/21: £2.0 million) and had unutilised loan facilities of £5 million (2020/21: £5 million). Cash balances are in accordance with AIHA's policy to borrow sufficient monies to meet its reasonable contingent requirements for liquidity.

Treasury management

Borrowings from private sector lenders amounted to £54.6 million (2020/21: £56.5 million), a decrease of 3.4%. Most of the loans are repayable in periodic instalments. The Association operates a Treasury Management Policy which is approved by the Board. Monitoring reports on treasury activity are made to each meeting of the Finance and Development Committee. The Association adopts a risk based approach to treasury management designed to protect it from the adverse impact of volatile movements in market rates of interest.

Future prospects

The Association expects to increase development in the future in an effort to reduce its waiting list. Overall, the Association is pleased to be reporting on another successful year, continuing to consolidate its stable financial platform.

By Order of the Board

Board Member
Date: 29th September 2022

Independent Auditor's report to the members of Agudas Israel Housing Association Limited

Opinion

We have audited the financial statements of Agudas Israel Housing Association Limited (the 'Association') for the year ended 31 March 2022 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the Notes to the Financial Statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2022 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the 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.

Other information

The other information comprises the information included in the Report and Financial Statements other than the financial statements and our auditor's report thereon. The Board is responsible for the other information contained within the Report and Financial Statements.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, 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 the Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained; or
- the Association has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we need for our audit.

Responsibilities of the Board

As explained more fully in the Statement of Board's Responsibilities set out on page 2, 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 determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Independent Auditor's report to the members of Agudas Israel Housing Association Limited (continued)

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.

We obtained a general understanding of the Association's legal and regulatory framework through enquiry of management concerning their understanding of relevant laws and regulations and the entity's policies and procedures regarding compliance. We also drew on our existing understanding of the Association's industry and regulation.

We understand that the association complies with the framework through:

- Updating operating procedures, manuals and internal controls as legal and regulatory requirements change;
- A risk assessment framework and register;
- An annual assessment of compliance with regulatory standards as applied to Registered Providers and enforced by the Regulator of Social Housing;
- Implementation of a Fire Safety Policy which was scrutinised by a third party; and
- The Board's close oversight through regular Board meetings and compliance reporting.

In the context of the audit, we considered those laws and regulations: which determine the form and content of the financial statements; which are central to the Association's ability to conduct its business; and where failure to comply could result in material penalties. We identified the following laws and regulations as being of significance in the context of the Association:

- FRS 102, the requirements of the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019, in respect of the preparation and presentation of the financial statements;
- Health and safety regulations, including building and fire safety; and
- Regulatory standards as applied to Registered Providers and enforced by the Regulator of Social Housing.

We performed the following specific procedures to gain evidence about compliance with the significant laws and regulations above:

- Performed a review of Board minutes to identify any indicators of known or suspected non-compliance with significant laws and regulations;
- Enquired of any correspondence between the Regulator of Social Housing and the Association; and
- Performed a review of the most recent reports from the Care Quality Commission.

The senior statutory auditor led a discussion with senior members of the engagement team regarding the susceptibility of the association's financial statements to material misstatement, including how fraud might occur. The key areas identified as part of the discussion were with regard to the manipulation of the financial statements through manual journal entries and incorrect recognition of revenue.

The procedures carried out to gain evidence in the above areas included:

- Testing of a sample of manual journal entries, selected through applying specific risk assessments applied based on the association's processes and controls surrounding manual journal entries;
- reviewing and challenging estimates made by management; and
- substantive work on revenue transactions.

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

Use of our report

This report is made solely to the Association's members, as a body, in accordance with section 87 of 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 Association's members as a body, for our audit work, for this report, or for the opinions we have formed.

CLA Evelyn Partners Limited
Statutory Auditor
Chartered Accountants

45 Gresham Street
London
EC2V 7BG

Life on Shushan Close - one of AIHA's estates

Agudas Israel Housing Association Limited
Statement of comprehensive income

For the year ended 31 March 2022

	Notes	2022 £	2021 £
Turnover		13,748,177	13,716,197
Operating costs		(9,626,165)	(9,433,767)
Surplus before surplus on disposal of property		4,122,012	4,282,430
Surplus on disposal of property	7	143,832	352,224
Operating surplus		4,265,844	4,634,654
Interest receivable	8	408	4,285
Interest payable	9	(2,058,106)	(2,105,347)
Surplus for the year before taxation	6	**2,208,146**	**2,533,592**
Surplus for the year after taxation and Total Comprehensive Income		2,208,146	2,533,592

All amounts relate to continuing activities.

Agudas Israel Housing Association Limited
Statement of financial position

As at 31 March 2022

	Notes	2022 £	2021 £
Fixed assets			
Housing properties	10	**161,548,213**	162,321,921
Other tangible fixed assets	11	**1,167,536**	1,183,282
		162,715,749	163,505,203
Current assets			
Stock	12	**2,959,734**	2,870,843
Debtors	13	**793,579**	1,230,105
Cash at bank and in hand		**3,176,784**	2,035,532
		6,930,097	6,136,480
Creditors			
Amounts falling due within one year	14	**(4,328,670)**	(4,890,264)
Net current assets		**2,601,427**	1,246,216
Total assets less current liabilities		**165,317,176**	164,751,419
Creditors			
Amounts falling due after more than one year	15	**(116,162,016)**	(117,804,405)
Net Assets		**49,155,160**	46,947,014
Capital and reserves			
Called-up share capital	19	**16**	16
Revenue reserves	20	**49,155,144**	46,946,998
Association’s Funds		**49,155,160**	46,947,014

The financial statements were approved by the Board of Management on 20th Sep 2022 and were signed on its behalf by:

J Sorotzkin, Board Member A Klein, Board Member, C Spitz OBE, Secretary

Agudas Israel Housing Association Limited
Statement of Changes in Equity

For the year ended 31 March 2022

	Share Capital £	Revenue Reserves £	Total Capital and Reserves £
At 1 April 2021	16	46,946,998	46,947,014
Surplus from Statement of Comprehensive Income	-	2,208,146	2,208,146
At 31 March 2022	16	49,155,144	49,155,160

	Share Capital £	Revenue Reserves £	Total Capital and Reserves £
At 1 April 2020	16	44,413,406	44,413,422
Surplus from Statement of Comprehensive Income	-	2,533,592	2,533,592
At 31 March 2021	16	46,946,998	46,947,014

Kings Square, Salford

Agudas Israel Housing Association Limited
Statement of Cash Flows

For the year ended 31 March 2022

	Notes	2022 £	2023 £
Net cash generated from operating activities	A	5,192,607	4,813,749
Cash flow from investing activities			
Interest received		408	4,285
Grant received / (repaid)		500,000	(689,438)
Payments to acquire and construct housing properties		(988,830)	(3,769,880)
Purchase of other tangible fixed assets		(20,230)	(16,581)
Proceeds from disposal of tangible fixed assets		421,250	866,362
Net cash used in investing activities		(87,402)	(3,605,252)
Cash flow from financing activities			
Interest paid		(2,058,106)	(2,077,714)
Repayment of borrowings		(1,905,847)	(871,080)
Net cash used in financing activities		(3,963,953)	(2,948,794)
Net increase / (decrease) in cash and cash equivalents		1,141,252	(1,740,297)
Cash and cash equivalents at beginning of year		2,035,532	3,775,829
Cash and cash equivalents at end of year	**B**	**3,176,784**	**2,035,532**

Agudas Israel Housing Association Limited Notes to the Statement of Cash Flows for the year ended 31 March 2022

A) Reconciliation of surplus for the year to cash generated by operations

	2022 **£**	**2021** **£**
Surplus for the year	2,208,146	2,533,592
Interest receivable and similar income	(408)	(4,285)
Interest payable and similar charges	2,058,106	2,105,347
Profit on sale of housing properties	(143,832)	(352,047)
Depreciation charge on tangible fixed assets	1,521,096	1,444,028
Amortisation of Social Housing Grant	(615,202)	(615,469)
(Increase) / Decrease in stock	(88,891)	383,052
Decrease / (Increase) in debtors	436,526	(580,594)
Increase / (Decrease) in creditors	(182,934)	(395,444)
Corporation Tax Refund	-	295,569
Net cash inflow from operating activities	**5,192,607**	**4,813,749**

B) Cash and cash equivalents

	At 1 April 2021 **£**	**Cash flow** **£**	**At 31 March 2022** **£**
Cash at bank and short term deposits	2,035,532	1,141,252	3,176,784
Net funds	**2,035,532**	**1,141,252**	**3,176,784**

C) Analysis of net debt

	At 1 April 2021 £	Cash flow £	Other non-cash changes £	At 31 March 2022 £
Bank borrowings due within 1 year	(1,880,124)	-	393,457	(1,486,667)
Bank borrowings due after more than 1 year	(54,606,766)	1,905,847	(393,457)	(53,094,376)
Cash at bank and short term deposits	2,035,532	1,141,252	-	3,176,784
Net debt	**(54,451,358)**	**3,047,099**	-	**(51,404,259)**

1. Principal accounting policies

1.1. General information

The Association is a Registered Provider of Social Housing registered with the Regulator of Social Housing and is incorporated under the Co-operative and Community Benefit Societies Act 2014.

A description of the nature of the Association's operations and its principal activity is disclosed in the Board Report on page 2.

The Association's registered office is 206 Lordship Road, London, N16 5ES.

1.2. Basis of accounting

These financial statements are prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland and the Housing SORP 2018 "Statement of Recommended Practice for registered social housing providers 2018" ("the SORP") and comply with the Accounting Direction for Private Registered Providers of Social Housing 2019.

In accordance with FRS 102 (3.3A), the Association is a public benefit entity that has applied the "PBE" prefixed paragraphs.

The financial statements have been prepared under the historical cost convention.

The functional and presentational currency of the Association is Sterling (£).

Consolidation

AIHA Sales Limited, a company incorporated in England was a 100% subsidiary of the Association during the year. This company was dormant throughout this year and last. Consolidated financial statements have not been prepared on the grounds that this subsidiary is not material to the group.

1.3. Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons. The Board has reviewed the changes arising from the current cost of living, and increases in Bank of England Rate, and concluded we have appropriate headroom against our financial covenants. The Association continues to generate surpluses in the current environment and has maintained strong liquidity, with unutilised loan facilities remaining at £5 million.

The Board believes that the Association has sufficient funding in place and expect the Association to be in compliance with its debt covenants even in severe circumstances. The Association is raising new debt facilities to fund a development programme based on the 30 year financial plan approved by the Board. Consequently, the Board is confident that the Association will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements. They therefore have prepared the financial statements on a going concern basis.

1.4. Turnover

Turnover represents rental income and service charges receivable net of voids, grants from local authorities, amortisation of government grant, income from first tranche shared ownership and private sales and income receivable from other sources. Care income is recognised on the basis of the value of services provided in the period.

Turnover arises solely within the United Kingdom.

Rental income is recognised on the basis of the amount receivable for the year. Rental income received in advance is disclosed within creditors in the Statement of Financial Position.

Service charge income is accounted for on the basis of the value of goods or services supplied during the period. Any over or under recovery of amounts due are reflected as a debtor or creditor respectively. Amounts collected in advance to fund future repairs and referred to in the financial statements as sinking fund charges are accounted for as a creditor until utilised or returned to leaseholders.

Revenue grants are recognised within income in the same period as the related expenditure provided that the conditions for its receipt have been satisfied and there is reasonable assurance that the grant will be received.

First tranche shared ownership and private sales are recognised when legal completion occurs.

1.5. Property managed by agents

Where agents carry the majority of the financial risk on property managed on behalf of the Association, all the income and expenditure arising from the property is excluded from the Statement of Comprehensive Income.

1.6. Operating leases

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the term of the lease, including where payments are not required to be made on a straight line basis. Lease incentives are similarly spread on a straight line basis over the relevant lease terms.

1.7. Taxation

The Association has charitable status and therefore is not subject to Corporation Tax on the surplus arising from charitable activities. Provision is made for the tax liabilities, which may arise when property is developed for commercial outright sale or private rent. Tax is chargeable on these activities and a provision is made for any tax payable.

Deferred tax is recognised without discounting in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the statement of financial position date except as otherwise required by FRS 102.

Avigdor Mews, London

1. Principal accounting policies (continued)

1.8. Property, plant and equipment

Housing properties

Housing properties are properties held for the provision of social housing or to otherwise provide social benefit.

Freehold and long leasehold housing properties are stated at cost less any provision for depreciation and impairment. The cost of freehold land is not depreciated.

The cost of properties is the initial purchase price together with those costs that are directly attributable to acquisition and construction, including interest charges incurred during the development period.

Properties in the course of construction are stated at cost and transferred to completed housing properties when completed.

Where an asset comprises components with materially different useful lives, those assets are separately identified and depreciated over those individual lives.

Subsequent expenditure which relates to either the replacement of previously capitalised components or the enhancement of such components which results in incremental future benefit is capitalised and the carrying amount of any replaced component or part component is derecognised.

Depreciation is provided on a straight line basis over the periods shown below:

Land	Infinite
Structure	120 years
Roofs – Flat/Pitched	15/60 years
Lifts and bathrooms	30 years
Heating systems and electrical circuits	40 years
Boilers	15 years
Kitchens	20 years
Leasehold, buildings and improvements	Over the period of the lease or the life of the property, if less

Other costs relating to development activities are capitalised only to the extent that they are incremental to the development process and directly attributable to bringing the property into their intended use.

Capitalisation of interest

Interest on loans financing development is capitalised up to the date of the completion of the scheme and only when development activity is in progress.

1. Principal accounting policies (continued)

1.8. Property, plant and equipment (Continued)

Mixed tenure developments

Where the Association has a mixed tenure development which has more than one element, the Association allocates the cost of the land to each element of the scheme to reflect the respective values of the land for different tenure types.

Shared ownership

The costs of shared ownership properties are split between current and fixed assets on the basis of the percentage of the property to be sold under a first tranche disposal. The first tranche portion is accounted for as a current asset and the sale proceeds shown in turnover. The remaining element of the shared ownership property is accounted for as a fixed asset and subsequent sales treated as sales of fixed assets.

Other tangible fixed assets

Other tangible fixed assets are stated at cost, less depreciation and impairment. Depreciation of tangible assets, except freehold land, is charged by equal annual instalments from the date of acquisition at rates estimated to write off their cost or valuation, less any residual value, over the expected useful lives, as follows:

Property fixtures	20%
Office equipment	20%
Motor Vehicles	20%

1.9. Stock

Stock is carried at the lower of cost and net realisable value.

Cost includes all statutory and professional fees relating to the acquisition of a property, obtaining planning consents, legal fees, the costs of construction and redevelopment, and direct development overheads. Finance costs are capitalised within the cost of properties for sale. For shared ownership properties the amount held as stock is the estimated cost to be sold as a first tranche.

1.10. Impairment

Non-financial assets

Non-financial assets comprise Property, Plant and Equipment.

Non-financial assets, other than those measured at fair value, are assessed for indications of impairment at each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in the Statement of Comprehensive Income.

Financial assets

Financial assets comprise trade and other debtors and cash and cash equivalents.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

1.11. Grant

Government grant

Government grants include grants receivable from Homes England, the Greater London Authority (GLA), local authorities, and other government organisations. Government grants received for housing properties are recognised in income over the useful life of the housing property structure (excluding land), on a pro rata basis under the accrual model of accounting.

The unamortised element of the government grant is recognised as deferred income in creditors due within one year or due after more than one year as appropriate in the Statement of Financial Position.

Where a component is replaced the amount of any unamortised government grant associated with this component is taken to income.

Government grant is repayable indefinitely unless formally abated or waived. On the occurrence of certain relevant events, primarily following the sale of property, the government grant repayable or to be recycled will be restricted to the net proceeds of sale where appropriate. In recognition of this, external lenders seek the subordination of the Homes England's and the GLA's right to recover government grant to their own loans.

Government grant received in respect of revenue expenditure is recognised within income in the same period as the related expenditure, provided that the conditions for its receipt have been satisfied and there is reasonable assurance that the grant will be received using the performance model of grant accounting.

Recycled capital grant fund

Following certain relevant events, primarily the sale of dwellings, Homes England and the GLA can direct the Association to recycle capital grant or to repay the recoverable capital grant back to the Authorities. Where the grant is recycled the recoverable capital grant is credited to a recycled capital grant fund which is included as a creditor due within one year or due after more than one year as appropriate.

Other grants

Grants received from non-government sources are recognised using the performance model. A grant which does not impose a specific future performance condition is recognised as income when the grant proceeds are receivable. A grant that imposes a specific future performance related conditions on the Association, is recognised only when these conditions are met. A grant received before the revenue recognition criteria are satisfied is shown as a liability in the Statement of Financial Position.

1. Principal accounting policies (continued)

1.12. Financial Instruments

Financial assets and liabilities comprise trade and other debtors, cash and cash equivalents, trade and other payables and loan balances.

Financial assets and financial liabilities are recognised when the Association becomes party to the contractual provisions of the financial instrument.

All financial assets and financial liabilities are initially measured at transaction price (including transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the Statement of Financial Position when, and only when, there exists a legally enforceable right to set off the recognised amounts and the Association intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the conditions of Section 11.9 of FRS 102 are subsequently measured at amortised cost using the effective interest method. Debt instruments that are classified as payable or receivable within one year on initial recognition and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Financial assets are only derecognised when and only when:

- the contractual rights to the cash flows from the financial asset expire or are settled,
- the Association transfers to another party substantially all the risk and rewards of ownership of the financial asset, or,
- the Association, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

The Association does not use standalone derivative financial instruments to reduce exposure to interest rate movements.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and at bank and short term deposits. Cash equivalents are highly liquid investments that are readily convertible to known amounts of cash without significant risk of change in value.

1.13. Employee benefits

Multi-employer defined benefit pension scheme

The Association is party to a multi-employer defined benefit (final salary) contributory pension scheme administered independently. The Association is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis.

As there is a contractual agreement between the scheme and the Association that determines how the deficit will be funded, the contributions payable that arise from the agreement to the extent that they relate to the deficit are recognised as a liability in the Statement of Financial Position and the resulting expense in the Statement of Comprehensive Income.

When the contributions are not expected to be settled within 12 months after the reporting period, the liability is measured at the present value of the contributions payable by using a discounted rate (discounted present value basis). The rate used is determined by reference to market yields at the reporting date on high quality bonds.

Contributions in respect of current service are recognised in the Statement of Comprehensive Income as they fall due.

1.14. Provisions

Provisions for liabilities and charges are recognised when the Association has a present obligation (whether legal or constructive) as a result of a past event that can be reliably estimated and it is probable that a transfer of economic benefit will be required to settle the obligation.


Fairholt Road, London

2. Key Sources of Estimation uncertainty and judgements

The preparation of Financial Statement requires the use of estimates and judgements that affect the amounts reported for assets and liabilities as at the reporting date and the amounts reported for income and expenses for the year. Although these estimates and associated assumptions are based on historical experience and management's best knowledge of current events and actions, the actual results may ultimately differ from those estimates. The estimates and underlying assumptions are reviewed on an on-going basis.

Critical judgements in applying the Association's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the Board has made in the process of applying the Association's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Identification of housing property components

The Association accounts for its expenditure on housing properties using component accounting. Under component accounting, the housing property is divided into those major components which are considered to have substantially different useful economic lives. Judgement is used in allocating property costs between components (land, structure, kitchens, bathrooms etc) and in determining the useful economic lives of each component.

Housing property depreciation is calculated on a component by component basis. The identification of such components is a matter of judgement and may have a material impact on the depreciation charge. The components selected are those which reflect how the major repairs to the property are managed.

Key sources of estimation uncertainty

The estimates and assumptions which have the most significant effect on amounts recognised in the financial statements are discussed below:

Allocation of costs for shared ownership

Shared ownership properties include those under construction are split between fixed assets and current assets. The split is determined by the percentage of the property sold under the first tranche disposal and the remainder retained by the Association within its social property, plant and equipment. The proportion expected to be sold under the first tranche disposal is recognised as inventory within current assets on the Statement of Financial Position (see note 12).

Bad debt provision

The rent arrears balance of £734,398 and the sales ledger balance of £438,442, recorded in the Association's Statement of Financial Position, comprises a relatively large number of small balances. A full line by line review of rent arrears is carried out at the end of each month. Whilst every attempt is made to ensure that the bad debt provisions are as accurate as possible, there remains a risk that the provisions do not match the level of debts which may prove to be uncollectible. The provision at 31 March 2022 was £349,703 and £220,831 respectively.

Stock – properties for sale

Estimated selling prices are based upon management's experience of the local market and advice from independent surveyors. The accumulated impairment provision at 31 March 2022 was £2,686,715 (2021: £2,686,715).

3. Turnover, operating expenditure and operating surplus

	Turnover £	2022 Operating Costs £	Operating Surplus before surplus on disposal of property £	Turnover £	2021 Operating Costs £	Operating surplus before surplus on disposal of property £
Social housing lettings						
Turnover from social housing lettings	12,097,546	(9,626,165)	2,471,381	11,281,124	(9,048,951)	2,232,173
Void losses	(298,991)	-	(298,991)	(67,352)	-	(67,352)
Other Social Housing Activities						
First tranche sales	-	-	-	405,000	(384,816)	20,184
Grants and donations	850,378	-	850,378	903,185	-	903,185
Other income	1,099,244	-	1,099,244	1,194,240	-	1,194,240
TOTAL	13,748,177	(9,626,165)	4,122,012	**13,716,197**	**(9,433,767)**	**4,282,430**

4. Employee information

	2022 Number	2021 Number
The average monthly number of persons (including the Chief Executive) employed during the year was: (full time equivalents calculated on a 35 hour week).	139.8	143.3
Staff costs (for the above persons)	**£**	**£**
Wages and salaries	4,176,044	4,099,335
National Insurance contributions	364,159	352,017
Pension costs	94,181	89,348
	4,634,384	**4,540,700**

The full time equivalent number of staff whose remuneration payable in relation to the period of account fell within each band of £10,000 from £60,000 upwards is as follows:

	2022 Number	2021 Number
£60,001 - £70,000	4	-
£70,001 - £80,000	1	1
£80,001 - £90,000	-	-
£90,001 - £100,000	-	2
£100,001 - £110,000	2	-

5. Directors emoluments

	2021 £	2020 £
The aggregate emoluments paid to or receivable by the Executive Management Team, including pension contributions	481,961	284,944
The emoluments paid to the highest paid Director (who is not the Chief Executive) of the Association excluding pension contributions:	100,709	99,712

The Chief Executive no longer contributes to the pension scheme.

6. Surplus for the year

	2022 £	2021 £
Is stated after charging:-		
Auditor's remuneration (excluding VAT):		
In their capacity as auditors – prior year	120,200	-
In their capacity as auditors – annual fee	60,000	40,000
In respect of other services	-	4,825
Depreciation:		
Housing properties	1,485,120	1,399,433
Other tangible fixed assets	35,976	44,595

7. Surplus on disposal of property

	2022 £	2021 £
Sale proceeds	421,250	867,000
Cost of sales	(277,418)	(514,776)
	143,832	352,224

8. Interest receivable

	2022 £	2021 £
Bank interest	408	4,285

9. Interest payable

	2022 £	2021 £
Interest payable	2,057,894	2,104,366
Unwinding of discount on multi-employer pension scheme liability	212	981
Total	**2,058,106**	**2,105,347**

Heron Drive, London

10. Tangible fixed assets - Housing properties

	Housing properties held for social housing letting £	Housing properties held for shared ownership £	Housing properties in progress £	Total £
COST				
At 1 April 2021	153,500,333	23,253,050	3,460,881	180,214,264
Additions	498,000	-	158,778	656,778
Transfers from:				
Completed schemes	272,365	-	(272,365)	-
Stock	107,139	-	-	107,139
Held for Shared Ownership	143,273	(143,273)	-	-
Component additions	282,100	-	-	282,100
Disposals	(186,414)	(91,004)	-	(277,418)
Abortive cost	-	-	(72,050)	(72,050)
Component replacements	(204,426)	-	-	(204,426)
At 31 March 2022	**154,412,370**	**23,018,773**	**3,275,244**	**180,706,387**
DEPRECIATION				
At 1 April 2021	16,830,287	1,062,056	-	17,892,343
On disposals	(217,537)	(1,752)	-	(219,289)
Charge for year	1,328,576	156,544	-	1,485,120
At 31 March 2022	**17,941,326**	**1,216,848**	**-**	**19,158,174**
NET BOOK VALUE				
At 31 March 2022	136,471,044	21,801,925	3,275,244	161,548,213
At 31 March 2021	136,670,046	22,190,994	3,460,881	162,321,921

	2022 £	2021 £
Housing properties comprise		
Freeholds at cost	145,939,887	145,567,951
Long leaseholds	34,766,500	34,646,314
	180,706,387	**180,214,265**

Included within housing properties is £nil (2021: £nil) of interest capitalised in the year and £6,227,074 (2021: £6,277,074) accumulated to date.

Units at end of year - Social housing	2022 Units	2021 Units
Owned and managed by the Association		
General needs - social housing	392	391
General needs – affordable housing	189	190
Supported housing	99	99
Shared ownership	87	86
	767	**766**
Owned by the Association and managed by others		
Supported housing	77	77

11. Tangible fixed assets - Other

	Property Fixtures £	Offices £	Motor Vehicles £	Office Equipment £	Total £
COST					
At 1 April 2021	353,109	1,183,496	79,415	129,925	1,745,945
Additions	10,250	9,000	-	980	20,230
Disposals	(51,112)	-	(4,000)	(1,900)	(57,012)
At 31 March 2022	**312,247**	**1,192,496**	**75,415**	**129,005**	**1,709,163**
DEPRECIATION					
At 1 April 2021	308,149	73,492	76,245	104,777	562,663
Charge for year	17,783	9,937	1,585	6,671	35,976
On disposal	(51,112)	-	(4,000)	(1,900)	(57,012)
At 31 March 2022	**274,820**	**83,429**	**73,830**	**109,548**	**541,627**
NET BOOK VALUE					
At 31 March 2022	37,427	1,109,067	1,585	19,457	1,167,536
At 31 March 2021	44,960	1,110,004	3,170	25,148	1,183,282

12. Stock

As at 31 March 2022	Shared Ownership £	Market £	Total £
Completed	-	1,900,000	1,900,000
In Development	1,059,734	-	1,059,734
	1,059,734	**1,900,000**	**2,959,734**

As at 31 March 2021			
Completed	107,139	1,900,000	2,007,139
In Development	863,704	-	863,704
	970,843	**1,900,000**	**2,870,843**

Market sale stock is stated net of impairment of £2,686,715.

13. Debtors

	2022 £	2021 £
Amounts falling due within one year		
Rent arrears	734,398	498,612
Less: Rental provision	(349,703)	(189,863)
	384,695	**308,749**
Sales ledger	438,442	717,325
Less: Sales ledger provision	(220,831)	(143,665)
	217,611	**573,660**
Prepayments and accrued income	161,210	338,670
Tax receivable	21,037	-
Staff loans	9,026	9,026
	793,579	**1,230,105**

Schonfeld Square Care home and Supported living

14. Creditors: Amounts falling due within one year

	2022 £	2021 £
Trade creditors	316,746	247,846
Capital accruals	527,253	527,253
Rents in advance	510,757	500,923
Taxation and social security	118,490	119,633
Accruals and deferred income	730,343	975,835
Loans repayable within one year (note 16)	1,486,667	1,880,124
Deferred income – Government grant (note 17)	617,031	617,260
Other creditors	21,383	21,390
	4,328,670	**4,890,264**

15. Creditors: Amounts falling due after more than one year

	2022 £	2021 £
Sinking funds	470,480	456,832
Recycled capital grant fund (note 18)	440,964	496,533
Pension liability (note 21)	7,182	36,847
Loans repayable after more than one year (note 16)	53,094,376	54,606,766
Deferred income - Government grant (note 17)	62,149,014	62,207,427
	116,162,016	**117,804,405**

16. Loan analysis

	2022 £	2021 £
Loans are repayable as follows:		
Due within one year	1,486,667	1,880,124
Between one and two years	7,986,449	1,512,392
Between two and five years	17,509,562	24,008,999
In five years or more	27,598,365	29,085,375
	53,094,376	**54,606,766**
	54,581,043	**56,486,890**

Loans from Barclays Bank, Lloyds TSB, and the Metro Bank are secured by specific charges on the Association's housing properties. Interest is payable at interest rates varying from 1.03% to 6.70%.

In addition to the above, there were agreed bank facilities of £5 million which were not drawn upon at 31 March 2022 (2021: £5 million). Included within loans is £97,951 of finance costs (2021: £146,929).

17. Government grant

	Held as deferred income £	Recognised in profit or loss £	Total 2022 £	Total 2021 £
At 1 April 2021	62,824,687	-	62,824,687	63,493,886
Additions	584,000	-	584,000	-
Grant amortised in the year	(615,202)	615,202	-	-
Grants recycled	(27,440)	-	(27,440)	(53,730)
At 31 March 2022	62,766,045	615,202	63,381,247	63,440,156
Capital grant previously amortised to profit or loss	11,246,470	-	11,246,470	10,631,001
At 31 March 2022	**74,012,515**	**615,202**	**74,627,717**	**74,071,157**

	2022 £	2021 £
Deferred income – Government grant		
Amount due to be released within one year	617,031	617,260
Amount due to be released in more than one year	62,149,014	62,207,427
	62,766,045	**62,824,687**

Social Housing Grants have been provided by Homes England to fund the development of Social Housing for rent.

18. RCGF

	2022 £	2021 £
At 1 April	496,533	1,131,561
Grants transferred from 3rd party Registered Provider	500,000	-
Grants recycled	27,440	53,730
Drawdown	(584,000)	-
Repayment	-	(689,438)
Interest accrued	991	680
Total	**440,964**	**496,533**

RCGF due for repayment within one year to the Greater London Authority was £350,611 (2021: £303,591).

19. Called up share capital

	2022 £	2021 £
Allotted issued and fully paid shares of £1 each		
At start of the year	16	16
Issued during the year	-	-
At 31 March 2022	**16**	**16**

The shares do not have a right to any dividend or distribution in a winding-up and are not redeemable. Each share has full voting rights.

20. Revenue reserve

The revenue reserve represents the accumulated surpluses and deficits recognised in profit or loss.

21. Pension liability

The Association participates in the scheme, a multi-employer scheme which provides benefits to some 950 non-associated participating employers. The scheme is a defined benefit scheme in the UK. It is not possible for the Association to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

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

A full actuarial valuation for the scheme was carried out at 30 September 2020. This valuation showed assets of £800.3m, liabilities of £831.9m and a deficit of £31.6m.

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

Reconciliation of opening and closing liability	**2022** **£**	**2021** **£**
Liability at start of period	36,847	43,659
Unwinding of the discount factor (interest expense)	212	981
Deficit contribution paid	(9,324)	(9,053)
Remeasurements - impact of any change in assumptions	(165)	1,260
Remeasurements – amendments to the contribution schedule	(20,388)	-
Liability at end of period	7,182	36,847

Income and expenditure impact	**2022** **£**	**2021** **£**
Unwinding of the discount factor (note 8)	212	981
Remeasurements - impact of any change in assumptions	(165)	1,260
Remeasurements – amendments to the contribution schedule	(20,388)	-
	(20,341)	**2,241**

Assumptions	2022 % per annum	2021 % per annum	2020 % per annum
Rate of discount	2.35	0.66	2.53

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

Contributions expected to be payable for the year ended 31 March 2023 are £2,617. Only two further agreed deficit contributions are due in the following years.

22. Related party transactions

Cllr M Levy was a councillor during the year whilst serving on the Board of Management for the Association. All transactions with his relevant council were on an arm's length basis on commercial terms and he could not use his position to his advantage.

Mr S Shapiro (leaseholder) serves on the Board of Management for the Association. Service charges received from him are related party transactions and were under the same terms and conditions as applied to other leaseholders of the Association.

During the year service charges of £1,200 (2021: £2,211) were charged. There we no arrears at year end.

Relatives to various members of key management personnel held tenancies during the year under the same terms and conditions as applied to other tenants and leaseholders of the Association. Rental and service charges during the year totalled £59,812 with arrears of £879 at year end (2021: £133,907 charged and arrears of £12,714).

Key management are the persons having authority and responsibility for planning, controlling and directing the activities of the Association. In the opinion of the Board, the key management are the senior management team. The remuneration of key management during the year was as follows:

	2022 £	2021 £
Remuneration (as per note 4)	481,961	284,944
Employer's social security costs	53,006	32,929
	534,967	**317,873**

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