ISLINGTON & SHOREDITCH HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS
For the year ended

31 March 2022

Islington & Shoreditch
Housing Association

ISLINGTON & SHOREDITCH HOUSING ASSOCIATION LIMITED

Co-operative and Community Benefit Societies Act 2014 Number	11614R
Homes and Communities Agency registration number	LO457
Registered Office	102 Blackstock Road LONDON N4 2DR
Board	Mervyn Jones (Chair) Yasmin Khan Alice Powell Justin Fisher June Riley Heather Topel Daven Mari Mohammed Baporia Ruth Davison Ben Newton (appointed at Board 18 January 2022) Philip Newby (resigned on 12 May 2021) Roz Spencer (retired on 22 September 2021) Mathilde Suberbere (resigned on 6 April 2021)
Chief Executive	Ruth Davison
Secretary	Laura Hopper

Executive Directors
Olukunle Olujide, Director of Development
Dawn Harrisson, Director of Housing & Neighbourhoods
Judith Leigh, Head of People and Organisational Development
Gary Pliskin, Finance Director

Bankers	Barclays Bank Plc Islington and Camden Group PO Box 3474 London NW1 7NQ
Statutory Auditor	Beever and Struthers 15 Bunhill Row London EC1Y 8LP

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Statement from the Chair

Good governance necessitates structure, processes, the right controls and proper levels of assurance, but fundamentally it is about culture and honesty. What do you want to achieve? In what manner? What happens when you fall short?

The past year has been eventful, with much to celebrate and areas of concern. The Board and organisation have faced both full on and sought learning in the highs and the lows.

Poor construction practices and the failure of regulation, highlighted by the tragic fire at Grenfell Tower, continue to cast a shadow over ISHA. Having been very ambitious developers for the 20 years that mark the nadir of the manufacturing and construction industry, the impact on our organisation has been enormous. It has always been the Board's position that if the organisation was not to blame for these issues, certainly its residents were not. Even before the Building Safety Act outlawed it, we never sought to pass on costs to leaseholders. However, doing the right thing does not always lead to the right outcome. The fact that we had not charged leaseholders barred us from taxpayer-funded waking watch relief funds and monies for alarm systems. Social housing landlords were also explicitly barred from other funds to put buildings right where residents are social tenants and not leaseholders.

This being the case, the Board took the difficult decision, for the first time, to sell a handful of vacant properties each year. This has allowed us to ensure the impact of these costs – remediation, waking watch, other mitigations and legal fees – whilst significant, is not overwhelming. The sales, whilst painful, ensure we deliver our primary strategic priority of 'safety first.'

We are pleased with the progress made putting buildings right, where necessary. Twelve ISHA owned buildings now have the ESW1 certificate that gives lenders' assurance and 11 buildings where ISHA and its residents have a leasehold interest. There is still much to be done. For those still unable to sell or remortgage we know this is tremendously difficult.

Despite the impact of cladding and building safety costs – some £700 per unit – our overall costs are slightly below our peer group's 2021 average (2022 figures not available at the time of approving the accounts). They also reflect significantly higher investment in people's homes from our position three years ago – a very significant £1,500 per home. The Board is committed to greater investment in our stock with a new asset management strategy. We have also targeted improvements in our stock data. During the year, we replaced 84 boilers, 37 kitchens and 26 bathrooms, amongst other building components. These will improve residents' homes and their enjoyment of them, ensuring they are homes that will be desirable in highly desirable areas, help tackle the climate emergency, and reduce residents' fuel bills. In 2022/23 we intend to continue in this trajectory, replacing more of these components, installing four new lifts in our estates, and carrying out major works at St Mary's Path. We will also start the support for reduction of carbon footprint through the insulation of 100 of our properties.

Like many housing associations, we've had to scale back our ambition to build as many new homes as planned. We are proud however that we will deliver a net increase of social homes in North and Northeast London over the course of our strategic plan with 97 delivered this year alone.

Whilst our costs are broadly similar to those of our peers, our operating margin is lower. This is a direct product of targeting the lowest type of rents, social rents. ISHA did not convert social rents to affordable rents at the time the sector was being encouraged to do so. This enables residents to retain a greater proportion of their income and is consistent with our VFM strategy and ambitions.

Our customer service strategy, approved this year, gives some shape to the ambition that by the end of our strategic plan we'll be judged as a brilliant housing association by residents (and staff and stakeholders). You will see we are some way off this ambition, and we have been concerned as a Board to understand the improvements that are needed. The year ahead has concrete plans for process redesign, investment in systems, and support for our staff to better deliver.

The last quarter of the year was dominated by an IT security incident that disabled our systems for a few weeks. This was frightening and painful for staff and residents alike. Thankfully pro-active work by our Audit and Risk committee meant we were front-footed in dealing with it. Months earlier they initiated a deep dive into cyber security, including penetration testing from which subsequent improvements have flowed. We shall be ever grateful for our cyber insurance and the support of the Grant Thornton cyber security team funded by it.

ISHA is strongly committed to equality, diversity and inclusion (ED&I). More than 40% of our Board is Black or Asian, as are the majority of our staff, including many in heads of and director positions. The majority of the Board are women, as are three of the four leadership team members. Yet you will see in our self-assessment against our chosen code of governance that we have assessed ourselves to be compliant overall, but only partially compliant in relation to completing our new strategy and setting objectives around equality, diversity and inclusion. In the past year, supported by consultants, we established a staff ED&I counsel, trained mental health first-aiders and conducted inclusive leadership training. That counsel is tasked with co-creating the ED&I strategy (not yet published). After vigorous debate, as a Board we agreed we needed to meet the letter of the code as well as its spirit. As I say, that is what good governance is. Not only what you do, but the culture that underpins it.

I am pleased to say that spirit of good governance and the heavy lifting we have done as a Board over the last three years was recognised by the Regulator of Social Housing who rated us as G1/V2 following our in-depth assessment. It was also recognised in our triennial external review of Board effectiveness, and we have made the changes that came from that.

I would like to thank my fellow Board members and the committed staff team for all their hard work and thoughtfulness and the way they have worked together. Particular thanks to our Vice Chair and Senior Independent Director, Alice Powell, who will retire in September having served ISHA for nine years. Her dedication, wise counsel and clear-sightedness about the need to hold the resident at the heart of all we do will be missed but will endure in the legacy she leaves.

There is much to do to prepare for the coming consumer regulation. We do it, not because we are being regulated, but because it's the right thing to do for our residents and make good our ambition that "If people could choose, they'd choose us."

Mervyn Jones
Chair of the Board

Operating and financial review

Principal activities

To provide a community-based service that manages, maintains and develops quality affordable housing for people in North London, primarily in Islington, Hackney, and Waltham Forest.

Islington & Shoreditch Housing Association Limited (ISHA) is a charitable housing association incorporated as a Co-operative and Community Benefit Society and registered with the Regulator of Social Housing (RSH). The association operates in the London Boroughs of Camden, Hackney, Haringey, Islington and Waltham Forest and at 31 March 2022 had 2,349 (2021: 2,351) homes. The association also manages 19 homes (2021: 19) on behalf of London and Quadrant.

ISHA's current governance grading by the Regulator is G1 and the financial viability grading is V2.

The association's development programme is designed to address housing needs in our area of operation. To achieve this, we work in partnership with our local authorities, Homes England and the Greater London Authority (GLA). As well as a programme of rented accommodation, we develop shared ownership housing for people who cannot afford to purchase on the open market outright.

North River Alliance (NRA)

The North River Alliance (NRA) is a development consortium of housing associations operating in North and East London led by ISHA. The NRA is a development partner of the GLA. There are currently twelve members of the NRA including ISHA. The member associations are:

- Bangla Housing Association Limited
- Christian Action (Enfield) Housing Association Limited
- Barnsbury Housing Association Limited
- Gateway Housing Association Limited
- North London Muslim Housing Association Limited
- Providence Row Housing Association Limited
- The Industrial Dwellings Society (1985) Ltd
- Tower Hamlets Community Housing Limited
- Innisfree Housing Association Limited
- Shian Housing Association Limited
- Hornsey Housing Trust

Business and financial review

For the year ended 31 March 2022 the Board reports a surplus of £3.9m (2021: £0.9m deficit). The 2022 result is mainly due to the following:

- Surplus on the sale of 31 units to Bangla Housing Association of £3.2m

- 29 first tranche sales with a total surplus of £701k.
- Staircasing of 8 units with a total surplus of £1.0m
- Sale of 6 void units yielding a surplus of £1.7m

This has been partly offset by:

- £1.8m of health and safety costs. This includes £1.5m of waking watch costs to keep our residents safe while building remediation is ongoing. £300k reimbursement of this amount has been received from a developer as consequential losses from the waking watch expenditure.
- The downward movement in the value of the commercial properties resulting in a deficit of £325k

The actuarial surplus in respect of the pension scheme is £708k.

Building safety and service excellence have remained the top priorities for ISHA this year. The Board's ambition to transform ISHA from a well-respected local housing association to a top performing landlord remains the driver of our strategic plan.

ISHA has sufficient funds to generate the necessary income to maintain and improve services to our residents and meet loan repayments.

Value for Money

ISHA's Board remains committed to delivering and demonstrating value for money for both its current and future residents. Our Board has evaluated the association's results and has set targets for where ISHA should position itself.

We have completed the second year of our 5-year 2020-25 strategic plan. In the strategic plan the Board has targeted improved performance (inputs) and satisfaction (outputs) across the business. It has also clearly articulated the contribution it wants the organisation to make to its residents and wider community in being a community anchor. The Board is aiming to deliver as much social value as possible through the operation of the business, rather than maximising profit and delivering social value as a separate business activity. This applies both to development, and housing and neighbourhoods' activity.

The Board has reviewed the strategic plan and discussed priorities for the remaining 2.5 years of the plan. As a result of the current economic reality, specific changes are being made to the plan and updated targets are being discussed by the Leadership Team and will be brought to the Board in September 2022 for approval. Our development ambitions, driven only by a desire to serve our communities, continue to be impacted by the need to spend money remediating buildings that should have, but were not, built properly.

Given the very high housing costs in North London the Board has had a long-term strategic intent to keep rents as low as possible. This, it believes, delivers real value both to individuals and the public purse, thus housing benefit or universal credit contributions are kept to a minimum and for self-payers (full or part) there is greater disposable income after housing costs and therefore greater autonomy. It believes this is preferable to charging higher rents and seeking to alleviate poverty through a charitable arm or foundation. ISHA's historically large development programme has therefore been 100 per cent affordable – this was less to do with risk appetite and more its strategic intent around low rents. This has necessitated large cash subsidies to development, which it believed to be money well spent.

The association has compared its performance with other housing associations using the Regulator of Social Housing (RSH) Global Accounts 2021 report. ISHA has high costs when benchmarked against all housing associations in England. This is consistent with operating within central London. The association's average costs are slightly below its London peer group.

As a result of the ongoing spend on fire safety works and mitigations, the costs are expected to continue to impact our income and expenditure over the next couple of years until remediation work is completed. Our development program is also being impacted.

The 2020-2025 strategic plan has eight pillars:

Safety first – ensuring our homes are safe
Service and satisfaction – being a consistent & quality landlord, building service delivery that drives satisfaction in partnership with residents
Security and growth – setting residents off on a secure footing & helping create the conditions for people to flourish in their homes
Somewhere – anchoring ourselves in North London, especially Islington, Hackney and Waltham Forest
Supply – building quality homes for social rent, London Affordable Rent and Shared Ownership

Sustainability
  - building green and actively seeking to reduce the environmental harm caused by our stock, and our building and business practices
  - stewarding ISHA's assets and finances and taking the long view
- **Staff –** engaging with inspired, high performing staff
- **Systems –** maintaining robust IT and business systems that support the business and its ambitions

The first six pillars are the "what" of our plan and the last three are "how" (sustainability has two components).

ISHA's Value for Money strategy statement sets out ISHA's track record on value for money to date against each of the strategic pillars of the plan. It also highlights the plans and targets we have put in place to continue to improve value for money in the future.

Overall, we are aiming to:

- Ensure that the organisation operates as efficiently, effectively, economically and equitably as possible in order to deliver the best outcomes for residents and our community.
- Understand the return generated by the assets that we own, ensuring we make the right decisions on where to invest our resources and most importantly maintain and improve the quality of our homes.
- Ensure that any investment in non-social housing activity generates a level of return appropriate to the scale of the risk involved.
- Show how our business value is being used for social purposes by reinvesting our returns from commercial activity back into creating more affordable homes and improvements to services, existing homes and places.
- Maximise the number of new homes we deliver to help tackle the country's housing crisis.
- Meet a wide range of housing needs, though the delivery of new homes as well as making the best use of our existing homes

The peer group selected by ISHA is London-based associations with stock size from 500 to 10,000 homes. As the peer group data for 2021/22 is not available until the Autumn of 2022, we have used the 2020/21 metrics for benchmarking. It should be noted that in using the 2020/21 numbers of our peer group, the 2021/22 inflation has not been factored into our peers' numbers.

The table below shows the nine metrics, how we have performed from 2019 to 2021, how we compare to our peer group average, and our actual performance in 2022.

Metric	ISHA 2022	ISHA 2021	Peer group average 2021	ISHA 2020	Peer group average 2020	ISHA 2019	Peer group average 2019
Total social housing units owned + managed	**2349**	**2351**		**2349**		**2295**	
1 Reinvestment	4.1%	7.9%	5.1%	6.0%	6.2%	4.9%	6.8%
2 New Supply Delivered							
A – Social Housing	1.7%	0.8%	1.5%	3.2%	2.6%	1.5%	1.7%
B – Non-social housing	0.00%	0.00%	0.25%	0.00%	0.73%	0.00%	0.17%
3 Gearing	30.4%	32.9%	44.3%	29.1%	43.5%	29.1%	42.2%
4 EBITDA-MRI	87.7%	106.2%	136.2%	117.2%	137.8%	268.8%	160.5%
5 Headline Social Housing Cost per unit	£6,951	£6,984	£7,117	£6,357	£6,907	£4,675	£6,781
6 Operating margin							
A - Social housing lettings	4.5%	-2.2%	21.2%	8.1%	26.1%	23.5%	26.0%
B - Overall	8.5%	5.3%	14.8%	14.8%	17.7%	37.1%	19.5%
7 Return on capital employed*	2.5%	0.8%	2.7%	2.3%	3.6%	3.7%	3.6%
<u>Other</u>							
Management costs per unit	£1,651	£1,405	£1,652	£1,204	£1,556	£826	£1,514
Service charge costs per unit	£1,985	£1,510	£1,510	£1,779	£1,364	£1,286	£1,268
Maintenance costs per unit	£2,685	£3,212	£1,538	£2,387	£1,475	£1,222	£1,367
Major repairs costs per unit	£463	£364	£1,013	£527	£1,080	£800	£1,089
Other social housing costs per unit	£167	£494	£1,404	£459	£1,432	£541	£1,544

Reinvestment – Growth

This metric measures the investment in new development and capitalised major repairs as a percentage of total costs of housing properties. The association's performance was 4.1%, a 3.8 percentage point decrease below its 2021 outturn and lower than its 5.1% growth plan.

£10m was invested during the year to complete the delivery of 42 new homes and investment in 137 other units which are in various stages of development. The 137 units include:

- 400 Hoe Street consisting of 38 units (4 Affordable rented units, 34 Shared Ownership units and one commercial unit). This is due for delivery in 2022.
- Parkhurst Road consisting - 59 units (41 Social rented units and 18 Shared Ownership units). This is due for delivery in January 2023

- Two schemes with 40 rented unit and a commercial unit are at the planning stage with expected delivery in 2024. These are the Alexandra Court with 15 London Affordable rented units and a commercial unit, and Barrett's Grove with 21 London Affordable rented and 4 Shared Ownership units.

New supply delivered - Social Housing

This metric measures the percentage of new social units developed or acquired in the year, to the stock owned at year end. The 2022 result is 1.7%, better than the 0.8% achieved in 2021 and higher than our peers' 2021 average of 1.5%.

The association hopes to continue to build low-cost homes in our areas of operation albeit on a lower scale than earlier envisaged in our strategic plan. In 2021/22 the association was able to deliver 42 units (2021: 20 units) while other development projects are at varying stages.

We have secured a site, Barratt's Grove in Hackney, to enable us to utilise the developer contributions paid to Hackney, one of our core boroughs. Our vision remains to **co-create homes and communities where everyone can flourish.** ISHA's 2020-25 development strategy gives preference to land-led developments, ensuring safety, good quality of construction and more. Although the 2020-2025 strategic plan targeted the building of 400 homes for ISHA and North River Alliance partners, that will not be achievable given our determination to prioritise the building safety issues in our buildings.

Gearing

This metric measures the level of debt to net assets, thereby estimating the business's dependency on debt finance. ISHA's gearing ratio is 30.4%, a slight decrease from the 32.9% position in 2021 and lower than peer group 2021 average of 44.3%. The association continues to meet its loan repayments and renegotiate others where a more favorable conditions could be obtained.

We scenario and stress test our business plan regularly to ensure it is resilient to withstand hard economic conditions. About a third of the association's stock is uncharged to securitise future borrowing. Our gearing ratio is expected to continue to fall in future years as the association increases its net assets.

We have established financial golden rules with the Board which support our ambitions and protect our business. Our risk register is aligned to the strategic plan.

The Association's EBITDA-MRI

EBITDA-MRI interest cover reflects the level of surplus that the association generates compared to interest payable. The metric measures the ability of businesses to generate cash, excluding sales of existing assets, in order to meet interest payments (interest cover).

ISHA's financial strategy underpins its strategic objectives. The priority of our financial strategy is to ensure the association remains financially viable and protects service delivery to residents. Some of our lenders also measure ISHA's ability to meet the loan covenants using EBITDA-MRI.

The 2022 result of 87.7% is a reduction from our 2021 result of 106.2% and lower than our peers' 2021 average of 136.2%. This result is because of the building safety and waking watch costs. ISHA's lenders have granted covenant carve outs for these costs and the works on St

Marys Path scheme. ISHA's EBITDA-MRI excluding the waking watch costs is 120.0%. ISHA is not in breach of any of its covenants.

Headline Social Housing costs per unit (*CPU*)

ISHA's *Headline Social Housing CPU* of £6.95K is a decrease of 0.5% from last year's costs (£6.98K) and 2% below peer group 2021 average of £7.1K.

We have launched a CRM-backed repairs system to create a seamless working environment for our contractors. The new process has enabled complete monitoring of all repair jobs and increased transparency in real time. We are now able to assess resident satisfaction with repairs in a timely fashion. We have engaged contractors who will deliver on our promises and provide greater value for money. Further details on Management CPU, Service CPU and Maintenance CPU are in the Other Metrics section below.

However, we are aiming to start the St Mary's Path major works in 2022/23 and this is expected to affect the 2023 Headline Social Housing CPU.

Operating margin – Social housing lettings and overall

The ***social housing lettings operating margin*** of 4.5% is an improvement on the result of 2021 (operating deficit of 2.2%) but below our peer's average of 21.2%. This is largely because all but fewer than 200 of our rented homes are at social rent levels. Prior year's result was impacted by long-term charges raised by our former contractor which were resolved in 2021/22. The annual social rent increase of 1.5% has also slightly shored up our rental income.

During the year, we commenced work on the repairs that could not be carried out in 2020/21 because of covid. With our CRM repairs system, we have managed to keep the repair costs in check thereby reducing the impact of the rising inflation.

The ***overall operating margin*** of 8.5% is an improvement on our 2021 outturn of 5.3%. This mainly is due to property sales. The first tranche sales of 29 units generated a £700k surplus, higher than 23 units sold in 2021 with a total surplus of £270K. However, the 8.5% result is lower than our peer's average of 14.8%. In 2022/23, 31 units of shared ownership units are planned for sale.

The soaring rate of inflation is expected to impact all costs in 2022/23. With the CRM repairs process, ISHA will continue to ensure that good value for money is achieved regarding our repair works.

We continue to prioritise the **safety-first** pillar of our strategic plan. We will continue to engage fire wardens where needed to ensure our residents are safe and secure until the cladding projects are completed. Compliance with fire safety regulations will not be compromised by the association.

Return on Capital employed (ROCE)

The *return on capital employed* is essentially a reflection of the outcome of operating margin. The metric measures the efficient investment of capital resources by taking the operating surplus as a percentage of total assets, less current liabilities.

2022 ROCE is 2.5%, better than the 0.8% achieved in 2021 but slightly lower than our peers' 2021 average of 2.7%. All factors affecting the operating margin as enumerated under *EBITDA-MRI* and *Operating margin* metrics impact the ROCE. The determination of the Board to improve the operating margin and the link to our strategic plan under those metrics are equally very relevant.

Other metrics

Management costs per unit (management CPU) increased by 17.5% to £1.65K (2021: £1.40K). The current Management CPU is in line with our our peers' 2021 average (£1.65K).

Our management costs are impacted by the waking watch costs while we resolve the cladding issues with our high-rise blocks. The management CPU is expected to reduce in 2022/23 as we are working to enhance the safety of our buildings through the installation of alarm systems and hoping to reduce the waking watch costs where possible, without compromising the safety of our residents. The association is striving to ensure the cladding replacement is completed as soon as possible.

Service charge costs per unit at £1.98K is higher than the £1.51K reported in 2021 and above our peers' 2021 average. Cleaning costs have increase because of the challenges associated with bulk refuse management. In order to control this issue, with the added benefit of keeping our residents safe, we have upgraded the CCTV in all our schemes. Service costs have also been impacted by the skyrocketing cost of goods and services. Our peers' 2021 average cost per unit is £1.5K (excluding the 2021/22 inflation).

2022 **maintenance costs per unit** at £2.69K is 16% lower than the previous year's value (£3.21K) but higher than our peers 2021 maintenance costs per unit (£1.54K). The reduction when compared to prior year is due to the CRM repairs process implemented during the year which has helped to control costs. However, the backlog of electrical testing programme for previous years has progressed significantly with only 18 remaining at yearend due to no access. In addition, void repairs costs were higher than expected owing to schedule of rate billing from the contractor. This has now been changed to a fixed price per property.

Major repairs costs per unit is lower this year at £463 per unit (2021; £364). We spent £874k for component replacements in our buildings and £238K on planned major repairs. We are commencing the St Mary's Path major works in 2022/23, and this will affect the major repairs costs per unit outturn in 2023.

Internal value for money targets and performance

Value for money underpins the delivery of ISHA's vision, strategy and our five-year strategic plan. The value for money targets have also been aligned with the pillars of the strategic plan.

The internal value for money report is delivered to the Board on a quarterly basis. Actual results are reviewed against targets and rigorously appraised for potential options for performance improvements. Where variance from target is noted, the association analyses the costs and benefit of alternative actions in order to ensure available resources are maximised for the benefit of residents. Our budgets are tightly controlled whilst we also strive to maintain all our stock at high standard. The finance-related values for money targets are monitored through our monthly management accounts by the Leadership Team.

Below are the association's internal value for money targets and performance:

Key internal VFM target	Target Mar 2023	Actual Mar 2022	Target 2022	Actual 2021	Actual 2020
Safety First					
Number of properties without landlord gas safety certificates	0	12	0	3	0
Number of overdue fire safety actions	0	102	0	14	39
Thinking specifically about the building you live in, how satisfied or dissatisfied are you that ISHA provides a home that is safe and secure?	75%	69%	75%	68%	N/A
Service and Satisfaction					
Customer satisfaction with the overall repairs service provided by ISHA	78%	74%	65%	57%	50%
Customer satisfaction with cleaning	78%	66%	77%	74%	80%
Customer satisfaction with gardening	78%	59%	72%%	59%	64%
How satisfied or dissatisfied are you that ISHA is easy to deal with?	65%	45%	70%	54%	N/A
Resolution of caller's issue at first point of contact (right first time)	85%	50%	85%	82%	86%
How satisfied or dissatisfied are you with the overall quality of your home?	75%	65%	80%	72%	N/A
Customer Satisfaction with the overall service provided by ISHA as a Landlord	60%	49%	72%	61%	60%
Security and Growth					
Satisfaction with Outreach and Support services	100%	100%	95%	100%	N/A
Satisfaction with ISHA's case handling of Anti-Social Behaviour cases	90%	No survey undertaken	90%	89%	N/A
Satisfaction with new homes (re-let)	95%	No survey undertaken	95%	98%	N/A
Supply					
Number of new homes handed over	97	42	80	20	80
Average Void Period - pre sales (in weeks)	38 wks	34 wks	12 wks	28 wks	N/A
Cumulative In-Year Shared Ownership 1st Tranche Income	£3.21m	£4.1m	£4.7m	£0.8m	£4.0m
Average 1st Tranche Percentage Achieved	25%	35%	25%	N/A	N/A
Cumulative number of In-Year Shared Ownership Sale Completions	31	29	43	5	23
Sustainability					
Sales of void units to finance safety in our properties and business growth	15 units - £5.0M	6 units - £1.9M	10 units - £3.5M	N/A	N/A
Average re-let days for General Needs	<=28days	62days	<=28days	64days	62days
Current general needs arrears as a percentage of the rent roll	4.75%	7.58%	4.50%	5.60%	6.3%
Employee Engagement	75%	55%	75%	67.5	66%*
Average staff sickness days	5days	8.18 days	<= 5.0 days	3.6 days	7.2 days
Cumulative staff turnover	15%	28%	<= 15%	7%	24%
Non-Development Capital spend within budget	On budget	£339 saving	On budget	£552k saving	£89k saving
Overhead spend within budget	On budget	£156k above budget	On budget	On budget	£36k saving

Safety First

Number of properties without landlord gas safety certificates and number of overdue fire safety actions

Metric	2023 Target	2022 Actual	2022 Target	2021 Actual
Number of properties without landlord gas safety certificates	0	12	0	3
Number of overdue fire safety actions	0	102	0	14

Our performance

The safety of our residents remains ISHA's top priority, and that is why safety is the first pillar of our strategic plan.

We have worked hard on delivering EWS1 certificates to various blocks across our portfolio and keeping abreast of legislative changes to the Building and Fire Safety Acts. The blocks include:

- 859 Lea Bridge Road
- Blackburn House
- Naseberry Court
- Provost Street
- Shakespeare House
- Southgate Road (The Bakery)
- 50 Well Street
- Holland and Thurstan Dwellings
- Provost Street
- Repton House
- Lyme Grove House
- Burbage House

During the year, the following actions have also been taken:

- Procurement of the gas servicing and drainage contracts as well as drainage Gas compliance remains robust with programmed target being achieved at 99% with 1% at legal stage. Twelve gas safety certificates were overdue because no access was granted to homes

The electrical testing programme for all previous years has been completed, with only 18 of the 547 remaining due to no access

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Our plans

By 2025 we aim to deliver safe homes that meet the high standards for building safety and management with a qualitative measure of whether we would have someone we love live in our homes.

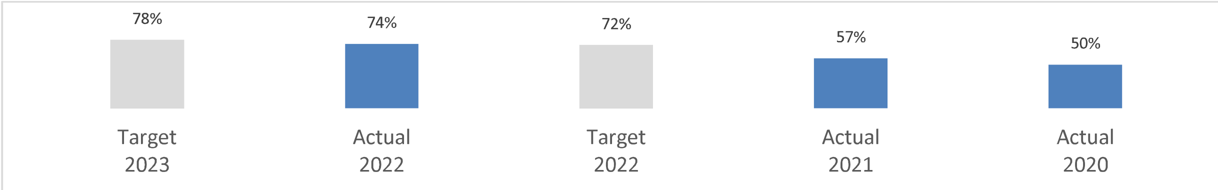
Introduction of a compliance database to support our statutory duties will be imbedded in the first half of the year, making reporting and reviewing of risks easier. Assurance will be provided through internal audit and reported to our A&R committee and Board.

Remedial action for fire safety is also planned to be completed based on risk priority. We will continue to work on obtaining EWS1 certificates to various blocks across our homes and continue to engage with our residents on progress.

In the coming year, we will look to review core data held within PIMSS as this is the catalyst for generating our core expenditure across our stock and we will continue the stock condition surveys, with an external consultant validates 20%.

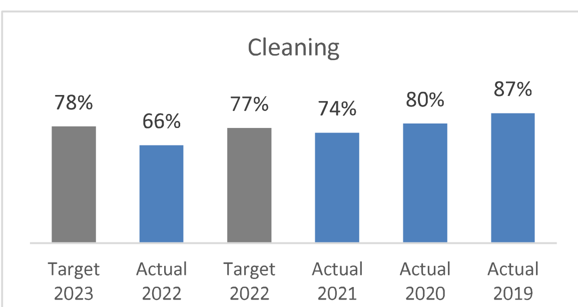
Service and Satisfaction

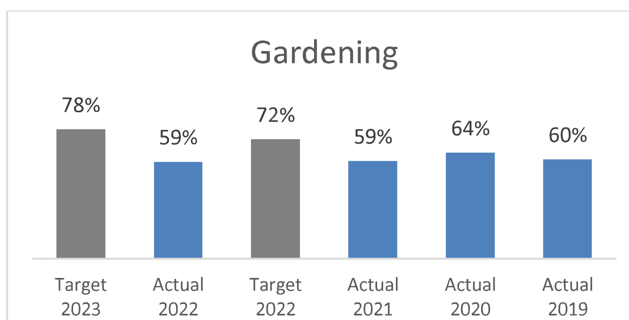
Customer satisfaction with the overall repairs service provided by ISHA



Our performance	Our plans
The target for 2022 has been achieved. We have engaged with FFT Consultants who have supported ISHA with tendering for their core contracts, this has allowed for local firms to be included within the process. Through the DPS procurement route tenders have been carried out and awarded for drainage, empty homes, responsive repairs and gas servicing - both domestic and commercial. The outcome of these tenders has seen cocreation between ISHA and its residents as they have supported through participation in the Repairs panel, interviewing and evaluating selected contractors.	In the coming year, we will further review of our assets and liabilities register to plan the next phase of procurement through DPS. We will utilise the planned and cyclical works identified in our asset data base and commit to our strategic plan to create homes and communities where everyone can flourish. Further delivery of our asset management strategy's core areas include St Marys path Estate works and validating our stock information through a robust stock condition review of 20%. Within our corporate strategy, 2023 sees the first investments to reduce our carbon footprint with loft insulation programme to over 100 homes that have a lower EPC rating

Customer satisfaction with cleaning & gardening

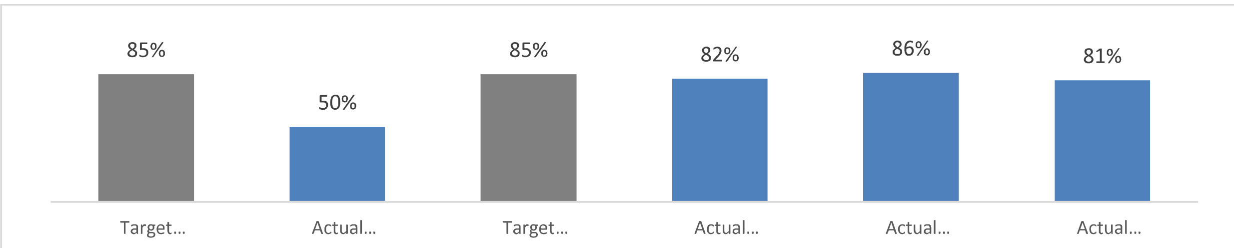




Our performance	Our plans
The overall satisfaction with ISHA services dropped during the year. This was also apparent in satisfaction with cleaning and gardening services. At year end, satisfaction for these services sat at 66% for cleaning services against a target of	Following a review of the customer satisfaction results, we have identified that one of the core issues has been improper bin usage, fly tipping and delay in the removal of bulky items. We have worked with our contractors to develop an ongoing improvement plan and reported the outcome

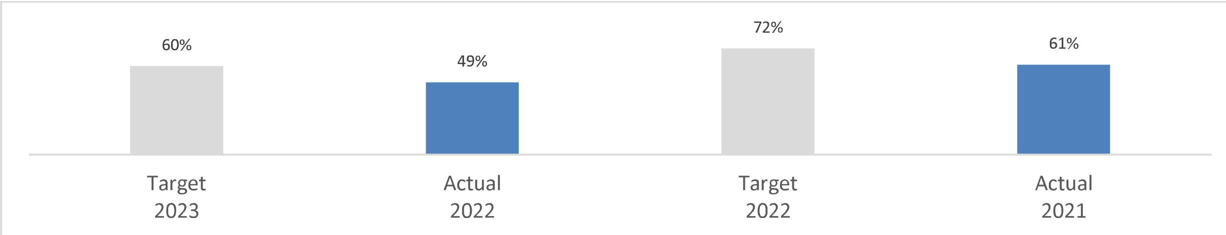
77% and 59% for gardening services against a target of 72%. We have worked closely with our contractor to develop a gardening improvement plan following review of the satisfaction survey.	quarterly. We have also upgraded our CCTV in key hot spot areas to improve monitoring of fly tipping. We are committed to working with local authorities in our areas of operation to ensure residents can fully recycle and quicker bin replacements.

Resolution of caller's issue at first point of contact (right first time)



Our performance	Our plans
The outcome of the first-time resolution of callers' issues was 50% against a target of 85% The complaints and resolution officer continued to work across the business to resolve complaints and implement service improvements based on lessons learnt. As a result of the 2021 outcome, a number of improvements have been made to the complaints process in the past 6 months and we are starting to see the benefits of this approach. The intranet has become a central hub of internal communication for the organisation The CRM system has been rolled out more widely across the business and is providing real time information so residents can be updated more effectively There has been an additional staff resource injected into the Repairs & Maintenance Team to encourage low abandoned call rate and higher case management resolution.	Internal communication has been raised as a key area for improvement, to support 'right first time' resolution of callers' issues/queries. A CRM FAQs project in underway to facilitate prompt response when residents contact ISHA Process mapping and reengineering is also planned in four key areas, including how contacts into the business are received and dealt with

Customer Satisfaction with the overall service provided by ISHA as a Landlord



Our performance	**Our plans**
In 2021/22 we saw a dramatic drop in satisfaction through the year, finishing on 49% overall against a target of 72% There are a number of reasons for this drop, some of which were out of our control, such as the cyber-attack which prevented us delivering the service we would wish for most of the last quarter. Other small HAs in London are reportedly seeing much lower satisfaction rates generally. We have continued the customer service training with the Institute of Customer Service, to ensure new staff have the same training as the existing ones. The Resident Involvement Manager post was vacant for six months which has limited some of what we intended to deliver against our customer involvement strategy. A new manager has now been appointed and this will allow us to pick up momentum again. The Resident Scrutiny Panel continued to meet throughout the year but suffered attrition through ill-health and carer responsibilities of some of our long-standing members. Recruiting new permanent members will be a key priority for the incoming resident involvement manager.	We have set a target of 60% service satisfaction in the year ahead. We will adequately empower, train and support our staff to achieve this. Our process mapping and reengineering project will be central to driving improvements and this is currently out to tender. We are also retendering phone services, ensuring they are cloud based to give us business resilience. With the new Resident Involvement Manager in post since mid-June 2022, we are now moving ahead with the resident involvement strategy, delivering on the outstanding plans for 21/22 and priorities for 22/23. We are in process of reinstating face to face opportunities for engagement, where appropriate. We will continue to offer virtual options as well to facilitate attendance of those who are less mobile or still unsure about public and face to face contact. We will contact and involve residents in community development projects, working with them to complete outstanding deliverables from the pilot projects.

Somewhere

The *Somewhere* of our strategic plan focuses on anchoring ourselves in North London, especially Islington, Hackney and Waltham Forest. The association has continued to play its part through collaboration and negotiation in order to build good relationships with local councils in our areas of operation, our local communities and other housing associations. We have developed a framework to allow us to contract with local businesses.

ISHA has remained accountable to its stakeholders, participating or being represented in various working groups and partnerships with local authority partners and other stakeholders in the community where it is held to account on its housing and services. During the year, we published our first corporate annual report for 2020-21 to keep stakeholders informed of our work.

Supply

Number of new homes handed over, average void period (in weeks) and cumulative in-year shared ownership 1st tranche income

Metric	Target 2023	Actual 2022	Target 2022	Actual 2021	Actual 2020	Actual 2019
Number of new homes handed over	97	42	80	20	80	37
Average Void Period (in weeks)	38	34	12	28	11	0%
Cumulative In-Year Shared Ownership 1st Tranche Income	£3.21m	£4.1m	£4.7m	£0.8m	N/A	N/A
Average 1st Tranche Percentage Achieved	25%	35%	25%	0%	N/A	N/A

Our performance	Our plans
The 400 Hoe St scheme did not handover in year as originally forecast, due to outstanding planning conditions. Units handed over are as follows: 16 rented units at 317a Hoe St and 26 units (13 rent and 13 shared ownership) at Naseberry Court. We did not meet our shared ownership void target (34 weeks, against a target of 12), due primarily to the impact of very long-term voids on legacy schemes. The overall 1st Tranche income target was not met. This was because of the shortfall in units handed over in the year hue to handover delay. The 1st tranche income on available units was however above target, due to achieving an average 1st tranche share of 35% against a target average of 25%. All 29 available units were sold in-year.	Target handover of new homes is 97 (45 Rented and 52 SO). 400 Hoe Street has 38 homes, and Parkhurst Road has 59 homes. Originally there were zero completions expected this financial year. Delays to Hoe Street and an accelerated construction programme at Parkhurst Road have meant that ISHA has 97 units handing over this financial year. 1st tranche income for the period is £3.21m. This is based on the projected sale of 31 shared ownership homes. The Shared ownership average void period for 22/23 is 38 weeks. This is because of Hoe Street scheme appraised and approved with a 52-week void period. The average 1st tranche percentage to be sold is 25% equity.

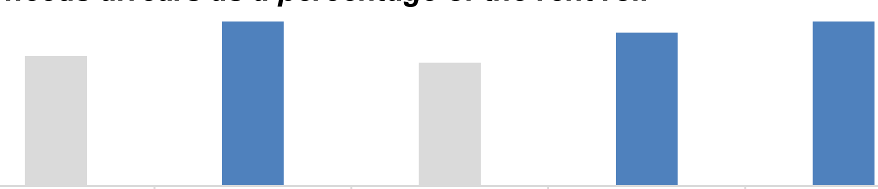
Sustainability

Average re-let days for General Needs

Target 2023	Actual 2021	2021 target	Actual 2020	Actual 2019
28	64	20	62	99

Our performance	Our plans
We did not negotiate a change in the nomination process for Affordable rent properties as there was no appetite from the local authority to change this. However, we did not experience any significant delays in receiving nominations for these properties during the year. We introduced the pre-void inspection process this year. Although this did not lead to an improvement in void turnaround time, we did enforce the requirement for tenants to carry out repairs which are their responsibility before moving out, and this will help to reduced void costs going forward. Void turnaround was adversely impacted by staff absences due to ill health. Presently much of the void process is not IT-solution driven and there have been incidents of user error which has impacted on void turnaround	In 2022/23 we will improve void standard to include a furniture package with white goods for the most vulnerable tenants when moving into new homes. We will also introduce effective IT solution to record void, nomination, allocation and the lettings process.

Current general needs arrears as a percentage of the rent roll

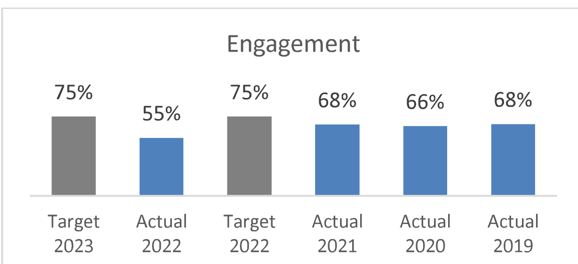


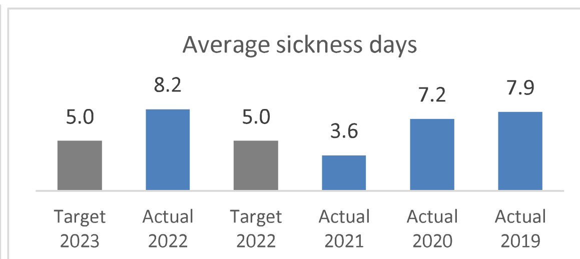
	Target 2023	Actual 2022	Target 2022	Actual 2021	Actual 2020
GN Arrears %	4.8%	7.6%	4.5%	5.6%	6.3%

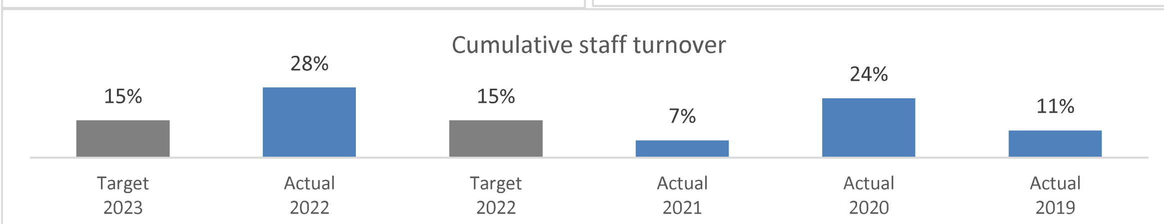
Our performance	Our plans
We achieved year end arrears figure of 7.5% against a target of 4.7%. The target was not achieved for numerous reasons including:	For 22/23, we will imbed the use of IR Dynamics for tenants and roll out the use of the IR Dynamics for the recovery of leaseholder and shared-owner arrears.

• **the** cyber-attack **at the London Borough of Hackney which was still unresolved and resulting in them owing ISHA in excess of £100k** • **delays in the court process due to the residual impact of lockdown on their service**s • **delays in the launch of** ISHA's **Dynamics** system **and our under-estimation of officer time it took to test the system.**	We will carry out the review of the Outreach and Support service and assign a post specifically targeted to increasing income recovery through DHP applications, preparing residents for roll out of Universal Credit and targeted welfare advise and support, with measurable income recovery targets set. We will also train specialist IR customer service advisor to provide support and advice to customer services team colleagues.

Employee engagement, sickness and cumulative staff turnover







Our performance	**Our plans**
Employee engagement levels fluctuated throughout the year, with performance close to target in June and December 2021 (72% and 73% respectively). However, engagement levels by March were down to 55%. This particular survey result was set against the backdrop of the pay review and IT incident which may have affected both engagement scores and participation levels. There is still significant work to do to enable us to achieve consistently high levels of engagement and achieve our people objectives.	ISHA's Management Academy began at the start of the calendar year and continues. It aims to improve leadership and management across the business and should deliver real benefits for all staff. We continue to invest in the office, making it a pleasurable environment for staff. We are also prioritizing recognition. There are a number of other actions for this year with focused on improving engagement levels, including: a review of the flexible working policy; the launch and implementation of our EDI policy and strategy; a review of the staff handbook; and the introduction of a new approach to talent

Average sickness days were above target at 8.18 days which includes long and short-term absence. 0.77 day was attributable to coronavirus sickness absence (not including those who were self-isolating and working from home). Turnover was high during the year, with a total of 22 people leaving. The results of the engagement survey in March 2022 suggest that only 48% of those who participated see their future being at ISHA, so developing and retaining high performing staff needs to be a key focus in 2022/23. There is a tight labour market in the UK which is making retention and recruitment challenging for many employers which may affect our ability to meet this target in the future.	and performance management. These will be led by the HR team but their success depends upon commitment from all managers to the new ways of working. Our approach to sickness absence will be reviewed, including the development of a new policy and training for all managers. By improving sickness management recording we can get more accurate data to better understand how we can support staff and managers to improve performance in this area. By improving engagement levels we would expect to see lower staff turnover as well as decreased sickness absence. As part of our new talent management strategy, we will identify ways to support and develop staff so they don't feel they need to leave ISHA to develop and progress their career.

Non-development capital and overhead spends within budget

Type of target	Target 2023	Actual 2022	Target 2022	Actual 2021	2021 target
Overhead spend within budget	On budget	£156k above budget	On budget	On budget	On budget
Non-Development Capital spend within budget	On budget	£339 saving	On budget	552k	On budget

Our performance	Our plans
The non-development capital expenditure was £985k, £339k below target. £359k of the total expenditure was spent on the installation of fire doors and £285k to replace kitchens, bathrooms and other assets. The surplus was due the underspend in IT budget as some of the IT system upgrade including the movement to a new server which could not be completed during the year. The migration to online servers did not happen before March 2022 due to workload. ASB database for the Neighborhoods service and mobile working projects did not start either.	The uncompleted IT projects are being completed in the 2022/23 financial year. We will continue to invest in our properties including a total capital spend of £4.8m, focusing on vital improvements to make the properties safer. Of this amount, £2.4m relates to St Mary's Path capital expenditure and fire safety works. Four lifts are also planned to be replaced at a total cost of £576K. The total capital budget has been split into April, July and September approval tranches, when the Leadership Team would assess ISHA's financial situation, especially the void sales, and release funding as appropriate without breaching our financial covenants. Capital fire safety related spend of £1.1m is being planned in 2022/23. This includes

Also, the replacement of kitchens, baths and other scheme assets were not fully completed by the contractors.

The table below summarises the outcome of some of the planned asset replacement and the outcome for the year.

Assets replaced	Target (units)	Completed (units)
Boilers	91	84
Bathrooms	35	26
Kitchens	35	37
Lifts	2	0

In 2021/22 we have continued our monthly finance closing and budget monitoring process to keep our costs withing budget. Our overhead costs were £156k overspent in the year. This was due to some legal costs associated with contract disputes, and computer running expenses.

replacement of external balconies of Thomas Cromwell block (£250K) and West Central (£350K). Other capital items include smoke detectors and alarms (£240K) in some of our schemes.

We have also budgeted £1.03m for replacement of the following assets in some of our properties:

- Boilers
- Kitchens
- Bathrooms
- Component Replacements
- Roofing replacement
- Consumer units and Electrical rewires and
- Asbestos testing

Thinking specifically about the building you live in, how satisfied or dissatisfied are you that ISHA provides a home that is safe and secure?

Target 2023	Actual 2022
75%	**69%**

Our performance	Our plans
We have continued to invest in improving resident satisfaction that ISHA provides a home that is safe and secure. This has been achieved through our Building Safety team who have developed a robust resident engagement programme which has established trust among residents and leaseholders. We have developed a Resident Engagement strategy for high buildings as well. We have continued to embark on significant estate safety improvement projects including twilight inspections identifying areas of poor or broken lighting. ISHA's compliance team has worked hard with new contractors, to ensure consistent high level gas safety compliance, even during lockdown periods.	We will continue to have regular Zoom meetings with residents where buildings are still to be remediated. We are also working with contractors and developers where buildings are still in the defects and liability period We shall continue to use the repairs panel on procurement of repairs contractors. We will also continue to use the website and resident newsletter to offer safety advice. The website will be redeveloped to improve customer experience/journeys and usability more clearly signposting content to residents.

Sales of void units to finance safety in our properties and business growth

Target Mar 2023	Actual Mar 2022	Target 2022
15 units - £5.0M	10 units - £1.9M	10 units – £3.5M

Our performance	Our plans
Sales of one bedroom void properties were embarked upon to enable the association to finance the fire safety expenditure of its high-rise buildings. The association planned sales for 2021/22 was 10 units totaling £3.5m. During the year, the association sold only 6 units, representing 60% of its target, generation a total net income of £1.9m, 46% below target. The shortfall in sales is due to the instability in the property market as the economy has not recovered from the impact of covid. ISHA also restricted the sales to one-bedroom units . However, the net income after deducting the costs of the properties, was £1.7m above the net income target of £1m. The surplus above budget was achieved from the high value of some of the properties sold.	In 2022/23 we shall continue the sale of the one-bedroom void units. To improve revenue, the Board have approved the sale of both one- and two-bedroom units. 15 units are planned for sale. When seeking to remediate our high-rise buildings for safety reasons, we seek recourse from the developers first. We will continue to fund those that developers are not legally liable for and those blocks below 18 meters that we may remediate. The sale of the 15 void units is expected to generate £5.0m in 2022/23 and enable us to continue to fund the building safety works and the work at St Mary's Path.

Investment plan

ISHA's Asset Management Strategy is based on the following principles:

- Programming delivery of works in the most efficient and cost-effective manner
- Delivering sustainable investment, contributing to reducing carbon emissions and benefiting the local community.

We aim to provide quality accommodation right at the start of the tenancy and then follow this up by providing a resident-focused maintenance service.

The objective of our Asset Management Strategy is to keep dwellings in good condition in the most cost-effective ways. We will bring properties up-to-date and in line with current and projected resident expectations and demand so that our residents are satisfied with their accommodation. We will do this through:

- An efficient and effective voids repair service, helping to speed the repairs process and protect revenue

- An efficient and effective responsive repairs service
- Ensuring works comply with current and prospective regulations
- Providing a balance between responsive and cyclical repairs and capital investment
- Cyclical maintenance to prevent deterioration in the physical condition of the stock
- Replacing components just before they would otherwise require ongoing multiple response repairs
- Refurbishment and remodelling of dwellings to ensure they remain attractive, and meet modern requirements and resident expectations
- Achieving high standards of energy efficiency

Maintaining financial viability

ISHA's financial strategy underpins the strategic objectives. We must ensure that the business remains financially viable and protects service delivery to customers.

We review annually the mitigating assumptions to make sure we are financially viable. Mitigating assumptions have been incorporated into the 30-year plan. Overall, the model demonstrates that these mitigations are sufficient to maintain the association's financial viability.

ISHA has met and is forecast to meet all its loan covenants and has a strategy in place to fund our building safety costs by selling ten void units.

We have further strengthened our assessment of long-term viability to make sure our assets are protected by:
Maintaining a record of assets and liabilities, and all contractual agreements, and a method for making sure it is kept up to date

Stress testing the business plan across a range of scenarios that would break the plan. From these tests we have identified further key mitigations to protect the business from breach of viability.

- Appointing Savills as the Board's treasury advisors and agreeing a treasury management strategy
- Continuous Board oversight on the association's strategic register

The 2021/22 financial statements are compliant with the accounting standards introduced by the Statement of Recommended Practice; Accounting by Registered Social Housing Providers Update 2018.

Equality and diversity and employees

ISHA is committed to ensuring that the needs of the individual have been considered at the point of service, and actively examines its practices to ensure that services do not have a differential impact on a group or groups of people within the communities it serves. At the year end, ISHA had 66 full time equivalent staff. Across the boroughs we operate in, a significant proportion of people in housing need are from black and ethnic minority communities. This is reflected at ISHA where 61% of our staff are from black and ethnic minority communities.

Health and Safety

ISHA recognises its responsibilities on all matters relating to health and safety. We have appointed a Building Safety manager and Building Safety officer to work to ensure ISHA is compliant with new building safety regulations. ISHA has a Compliance Team for all other health and safety issues within residents' homes. The Board receives regular updates on all matters of health and safety so that they can be adequately assured about the management of issues.

The Board regularly reviews and monitors its policies and provides staff training and education. ISHA ensures good practice and compliance with fire regulations, and maintains its compliance with fire safety standards. We continue to work with the Ministry of Housing, Communities and Local Government (MHCLG) in remediating buildings with ACM and other external wall systems which may contain combustible materials.

Governance

The Board is responsible for the overall strategic direction of ISHA, which includes the approval, monitoring and compliance of key policies and to ensure that the objectives of the association are achieved. The Board met seven times during 2021-22 as well as holding one away day online and one residential. The two committees of the Board – Audit & Risk and Remuneration – and the Resident Scrutiny Panel (which reports directly to the Board) each met several times during the year. The Development Committee was dissolved in September 2021 due to the pause in the association's development of new projects and the prioritisation of building safety work.

The main focus of the Board in 2021-22 continued to be the management of risk and finances as well as building safety. Building safety reports were reviewed by the Board at each meeting and the impact of changes in government legislation actively discussed. The Board closely monitored key performance indicators on landlord compliance and the leadership team approved the purchase of a new compliance database. A new Resident Engagement Strategy for Building Safety was approved as was a new Fire Safety Policy. The association's loan portfolio was restructured and carve outs on our loan covenants were secured from lenders for necessary building safety work and stock improvements.

Despite the heavy workload with respect to managing building safety risks and finances, the Board continued to listen to and address concerns of residents and staff. It received quarterly reports on Complaints and Resident Satisfaction, discussed issues around resident communications with the Scrutiny Panel and approved a new Customer Satisfaction Strategy. Two consultations were launched with staff. One on pensions resulted in the closure of our Defined Benefit Scheme to safeguard the association's finances and protect it from future risk. The other consultation on pay & reward allowed staff to voice their opinions on a proposal to move away from local government pay scales to market tested pay levels.

One new board member was appointed to the Board during 2021-22. As of 31 March 2022, the Board had 10 members – 3 residents, 5 women and 5 men and 4 members identifying as black and minority ethnic. The Chief Executive is an executive member of the Board but is not a member of the Audit & Risk Committee nor the Remuneration Committee. The Board updated its Terms of Reference to formally record those matters for which executive board members may not participate or vote in, including:

(i) Delegated authorities to the Leadership Team and Chief Executive
(ii) Review of their own performance and remuneration

(iii) In camera session with ISHA's auditors
(iv) Chair's Actions submitted by the Chief Executive
(v) And other sessions with a conflict of interest as determined by the Chair

The effectiveness of ISHA's governance arrangements was confirmed by the Regulator of Social Housing through an in-depth assessment. ISHA received a G1 (compliant) governance rating in August 2021. ISHA's Board also undertook its formal triennial effectiveness review in autumn 2021. The external consultants conducting the review also concluded that ISHA's governance arrangements were effective.

In March 2021, ISHA adopted the NHF Code of Governance 2020. ISHA is committed to attaining the highest standards of corporate governance and will keep its Board structure and procedures under review. The day-to-day operational control of the association is delegated to the Leadership Team.

The Board has delegated responsibility for audit supervision to the Audit & Risk Committee and employs independent auditors for both internal and external audit. The Audit & Risk Committee consists of voluntary members who, by virtue of their position, are themselves independent from the paid officers of the association.

All Board members are required to subscribe to the agreed aims of the association. The Board's responsibilities in respect of the financial statements are set out as follows:

Internal control

The Board is responsible for ISHA's system of internal control and reviewing its effectiveness. The Board recognises that no system of internal control can provide absolute assurance or eliminate all risks. However, the system of internal control is designed to manage risk and to provide reasonable assurance regarding the safeguarding of assets, control of risk, maintenance of proper accounting records and the reliability of financial information.

The Board and its Audit and Risk Committee carry out monitoring activities to ensure that appropriate control procedures are in place and changes required to these are identified and actioned. To this end, they are assisted by internal audit arrangements carried out by a professional firm. There are formal procedures for reporting weaknesses in internal controls or fraud and as part of these controls, internal audit and senior officers of the association have access to the Board and Audit and Risk Committee. No material weaknesses in internal control have been identified which require disclosure in the financial statements.

There is a clearly defined organisational structure based upon the system of delegation set out in the financial regulations, policies and procedures, which were updated in February 2022 and approved by the Audit and Risk Committee on 27 April 2022 as part of the regular review of our systems.

ISHA is committed to regular, timely and accurate financial management reporting. Such reporting includes monthly budgetary control arrangements, including reporting on variances and regular reports on the revised performance management framework. All of the Leadership Team take internal control seriously. Staff are encouraged to discuss ways in which procedures can be improved with their managers in an open way. Directors are required to report to the Chief Executive on the effectiveness of the controls. The Chief Executive reports to the Board on the appropriateness and effectiveness of the systems of internal control.

The Board receives confirmation that controls continue to operate from three main sources. These are:

- Internal audit reports prepared according to an agreed plan over a three-year cycle
- External auditors' management letters
- Compliance reports issued by the Regulator

There were no major instances of the failure of controls to operate and this was reported to the Board.

The Board is aware that neither the external auditor nor the Regulator of Social Housing have any specific responsibility to identify shortcomings in ISHA's systems of internal control. The responsibility rests solely with the Board.

The Board obtains additional assurance through other sources including the internal audit process as the principal reassurance on control matters.

Statement of compliance

ISHA's Rules of Association were approved by Shareholders in September 2014. They are based on the NHF Model Rules 2011 with 2014 updates as per changes in legislation or regulatory guidance. ISHA's Code of Governance ensures that its governance systems and practices are robust. ISHA adopted the National Housing Federation (NHF) Code of Governance 2020 in March 2021. A self-assessment of compliance against the Code for the 2021-22 financial year was reviewed by the Board in August 2022. The Board is satisfied that overall ISHA was compliant with its Code of Governance in 2021-22. It was only partially compliant on one principle (1.3) because it had not yet completed its new strategy and set objectives around equality, diversity and inclusion as of 31 March 2022 although meaningful work in this area had been completed during the year. The new strategy and objectives are to come to the Board in 2022 and we expect to be fully compliant in this area in 2022-23.

Governance and Financial Viability Standard

The Association complies fully with the Regulator of Social Housing (RSH) Governance and Financial Viability Standard.

Rent Standard

The Association complies fully with the RSH's Rent Standard.

Risk management

ISHA has a Risk Management Policy which outlines its approach and includes the following components:

- Risk Register – identifying, evaluating and mitigating the main risks to ISHA.
- Risk Monitoring, Reporting and Escalation – checking how well risk is being managed.
- Scenario Testing and Recovery Planning – the periodic review of the Business Plan against an adverse range of scenarios and the review of recovery plans.
- Risk Appetite – clarity on how much risk ISHA is willing to take.
- Roles and Responsibilities – defining clear accountabilities for risk management.

As part of the evaluation and monitoring of risks, the Leadership Team and the Board have reviewed the risks facing ISHA in the current economic climate and put in place golden rules, representing a way to express the association's risk appetite and also enforce that appetite on strategic and operational decisions. Financial viability remains the highest monitored risk at Executive, Board and Regulator level.

The strategic risk register utilises the three lines of defence model and outlines assurance from operational, internal and external sources. It highlights controls that need to be in place and the confirmation by the LT of their existence and effectiveness. ISHA has operational risk registers for each area of the business. Risks are rated according to the likelihood of the event happening as well as the consequence should the event occur. The most highly rated risks are added to the Strategic Risk Register which is reviewed and approved at each Audit and Risk Committee and quarterly at Board meetings.

The strategic risk register was reviewed at the Audit and Risk Committee meetings held in April, July and November 2021 and January 2022. The committee agreed that appropriate risks are identified, the risk ratings are suitable, and the right levels of controls are in place.

The Strategic Risk Register was reviewed and approved by the Board at the meetings held in June, November and January 2022.

Auditors

A resolution to re-appoint Beever and Struthers will be proposed at the forthcoming annual general meeting.

The report of the Board was approved on 3 August 2022 and signed on its behalf by:

Mervyn Jones
Chair of the Board

BOARD'S RESPONSIBILITIES STATEMENT (RSHP registered in England and registered under the Co-operative and Community Benefit Societies Act 2014)

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

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 association and of its income and expenditure 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 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 association will continue in business.

The Board is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the association and enable it to ensure that the financial statements comply with 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 in England 2019. It has general responsibility for taking reasonable steps to safeguard the assets of the association and to prevent and detect fraud and other irregularities.

The Board is responsible for the maintenance and integrity of the corporate and financial information included on the association's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the members of Islington & Shoreditch Housing Association Limited

Opinion

We have audited the financial statements of Islington & Shoreditch Housing Association Limited (the Association) for the year ended 31 March 2022 which comprise the Statement of Comprehensive Income, Statement of Changes in Reserves, Statement of Financial Position, Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies in note 1. 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 2021 and of the Association's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with 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.

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.

Independent auditor's report to the members of Islington & Shoreditch Housing Association Limited

Other information

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

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Co-operative and Community Benefit Societies Act 2014 or the Housing and Regeneration Act 2008 requires us to report to you if, in our opinion:

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

Responsibilities of the Committee

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 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 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 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.

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.

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

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

In identifying and addressing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We obtained an understanding of laws and regulations that affect the Association, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws and regulations that we identified included the Co-operative and Community Benefit Societies Act, the Statement of Recommended Practice for registered housing providers: Housing SORP 2018, the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2019, tax legislation, health and safety legislation, and employment legislation.
- We enquired of the Board and reviewed correspondence and Board meeting minutes for evidence of non-compliance with relevant laws and regulations. We also reviewed controls the Board have in place, where necessary, to ensure compliance.
- We gained an understanding of the controls that the Board have in place to prevent and detect fraud. We enquired of the Board about any incidences of fraud that had taken place during the accounting period.
- The risk of fraud and non-compliance with laws and regulations and fraud was discussed within the audit team and tests were planned and performed to address these risks. We identified the potential for fraud in the following areas: laws related to the construction and provision of social housing recognising the nature of the Association's activities and the regulated nature of the Association's activities.
- We reviewed financial statements disclosures and tested to supporting documentation to assess compliance with relevant laws and regulations discussed above.
- We enquired of the Board about actual and potential litigation and claims.
- We performed analytical procedures to identify any unusual or unexpected relationships that might indicate risks of material misstatement due to fraud.

Independent auditor's report to the members of Islington & Shoreditch Housing Association Limited

Extent to which the audit was considered capable of detecting irregularities, including fraud (continued)

- In addressing the risk of fraud due to management override of internal controls we tested the appropriateness of journal entries and assessed whether the judgements made in making accounting estimates were indicative of a potential bias.

Due to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing fraud or non-compliance with laws and regulations and cannot be expected to detect all fraud and non-compliance with laws and regulations.

Use of our report

This report is made solely to the Association, in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014 and Section 128 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the Association those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association for our audit work, for this report, or for the opinions we have formed.

Beever and Struthers

Beever and Struthers
Chartered Accountants
Statutory Auditor

15 Bunhill Row
London
EC1Y 8LP

Date: 6 September 2022

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 £'000	2021 £'000
Turnover	2	26,371	23,573
Operating costs	2	(24,124)	(22,328)
Surplus on sale of properties and land	20	5,907	1,271
Operating surplus	2	**8,154**	**2,516**
Interest receivable		3	16
Interest and financing costs	7	(3,888)	(3,564)
Movement in fair value of investment properties	9	(325)	162
Surplus for the year		3,944	(870)
Actuarial gains / (losses) in respect of pension scheme	23	708	(1,635)
Total comprehensive income for the year		**4,652**	**(2,505)**

All amounts relate to continuing operations. The accompanying notes on page 39 to 70 form part of these financial statements.

The financial statements were authorised and approved by the Board on 3 August 2022.

Mervyn Jones
(Chairman)

Heather Topel
(Chair of the Audit and Risk Committee)

Laura Hopper
(Secretary)

STATEMENT OF CHANGES IN RESERVES

Income and Expenditure Reserves	£'000
Balance as at 31 March 2020	84,378
Comprehensive income for the year	(870)
Other comprehensive income for the year	(1,635)
Balance as at 31 March 2021	81,873
Comprehensive income for the year	3,944
Other comprehensive income for the year	708
Balance as at 31 March 2022	**86,525**

The accompanying notes on page 39 to 70 form part of the financial statements.

ISLINGTON & SHOREDITCH HOUSING ASSOCIATION LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH

	Note	2022 £'000	2021 £'000
FIXED ASSETS			
Tangible fixed assets	8	302,121	300,904
Investment Properties	9	19,455	19,780
Intangible Assets	10	56	93
		321,632	**320,777**
CURRENT ASSETS			
Properties held for sale	11	2,786	2,577
Trade and other debtors	12	2,228	3,179
Cash and cash equivalents		25,962	8,893
		30,976	14,649
CREDITORS: amounts falling due within one year	13	(21,540)	(15,740)
NET CURRENT ASSETS		**9,436**	**(1,091)**
TOTAL ASSETS LESS CURRENT LIABILITIES		**331,068**	**319,686**
CREDITORS: amounts falling due after more than one year	14	242,085	234,463
PROVISIONS FOR LIABILITIES			
Defined benefit pension liability	23	1,677	2,569
Other provisions	24	781	781
TOTAL NET ASSETS		**86,525**	**81,873**

ISLINGTON & SHOREDITCH HOUSING ASSOCIATION LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH

		2022 £'000	2021 £'000
RESERVES			
Share capital – Non Equity	18	-	-
Income and expenditure reserve		86,525	81,873
Total Reserves		**86,525**	**81,873**

The accompanying notes on page 39 to 70 form part of these financial statements.

These financial statements were authorised and approved by the Board on 3 August 2022 and were signed on their behalf by:

Mervyn Jones (Chairman)	Heather Topel (Chair of Audit & Risk Committee)	Laura Hopper (Secretary)

STATEMENT OF CASH FLOWS

	Notes	2022 £'000	2021 £'000
Net cash generated from operating activities	(a)	16,287	5,520
Cash flow from investing activities			
Purchase of tangible fixed assets		(12,624)	(23,960)
Purchase of intangible fixed assets		-	-
Proceeds from sale of tangible fixed assets		7,114	2,092
Grants received		181	3,355
Interest received		3	16
		10,961	(12,977)
Cash flow from financing activities			
Interest paid		(3,834)	(3,539)
Loan drawdown		31,000	14,000
Repayment of borrowings		(21,058)	(3,479)
Net change in cash and cash equivalents		17,069	(5,995)
Cash and cash equivalent at the beginning of the year		8,893	14,888
Cash and cash equivalent at the end of the year		**25,962**	**8,893**

NOTES TO THE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH

a. Cash flows from operating activities

	2022 £'000	2021 £'000
Operating surplus	8,154	2,516
Adjustments for non-cash items:		
Depreciation and amortisation of fixed assets	4,061	5,348
Amortisation of grant income	(3,307)	(1,434)
Decrease in trade and other debtors	951	1,047
Increase / (decrease) in trade and other creditors	6,606	(1,582)
Increase / (decrease) in provisions	-	(1,652)
(Decrease) / increase in pension liability	(892)	1,395
Defined pension interest charged	(54)	(25)
Actuarial (loss) / gains in respect of pension scheme	708	(1,635)
(Increase) / decrease in properties held for sale	(209)	2,194
Net gain from sale of fixed assets	(5,907)	(1,271)
Costs of fixed assets disposed	6,176	619
Net cash from operating activities	**16,287**	**5,520**

1a Legal status

The Association is incorporated in England with limited liability as a charitable Housing Association under the Co-operative and Community Benefit Societies Act 2014. The registered office is 102 Blackstock Road, London N4 2DR.

1b Accounting Policies

Basis of accounting

The financial statements of the association are prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including Financial Reporting Standard 102 (FRS 102) and the Housing SORP 2018: Statement of Recommended Practice for Registered Social Housing Providers and comply with the Accounting Direction for Private Registered Providers of Social Housing 2019.

ISHA is a public benefit entity whose financial statements have been prepared in accordance with FRS 102.

The financial statements are presented in Sterling (£), which is the functional currency of ISHA.

Disclosure exemptions

The Association has adopted the following disclosure exemptions as permitted under FRS 102 Section 1.11-12:

> The requirement to present a statement of cash flows and the related notes,
> items of income, expenses, gains or losses relating to financial instruments, and
> exposure and management of financial risks.

Going concern

The Association has adequate financial facilities in place to resource its day-to-day operations and committed development programmes. The Association's long-term business plan shows that it is able to meet long term debt requirements whilst complying with all lender covenants. No significant concerns have been noted in the business plan updated for 2022/23.

Therefore, the association's financial statements have been prepared on a going concern basis which assumes an ability to continue operating for the foreseeable future; foreseeable future being at least twelve months after the date that the report and financial statement are signed.

Significant judgement and estimates

The preparation of the financial statements requires management to make significant judgements and estimates when applying accounting policies. The items in the financial statements where these judgements have been made are as follows:

Impairment

Management continuously reviews the performance of its assets to identify any schemes that display indicators of impairment. Management pays attention to schemes that have increasing void losses, have been affected by policy changes or where the decision has been made to dispose of a property.

Where there is evidence of impairment, the fixed asset is written down to the recoverable amount and any impairment losses are charged to operating surpluses.

The recoverable amount is estimated in the following way:

a) Determine the level at which the recoverable amount is to be assessed (i.e. the asset level or the cash generating unit (CGU) level)
b) Estimate the recoverable amount of the cash generating unit and
c) Calculate the carrying amount of the cash generating unit and
d) Compare the carry amount to the recoverable amount to determine if an impairment loss has occurred.

Estimation of uncertainty

- **Useful lives of depreciable assets**

  Management reviews its estimate of the useful lives of depreciable assets at each reporting date based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software and IT equipment and changes to Decent Homes Standards which may require more frequent replacement of key components. Accumulated depreciation at 31 March 2022 was £53.0m (note 8).

- **Defined benefit obligation**

  The Association participates in the Social Housing Pension Scheme (SHPS), administered independently by the Pensions Trust.

The Pension Trust provides the estimate of the defined benefit pension obligation based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increase. Variation in these assumptions may significantly impact the liability and the annual defined benefit expense (as analysed in Note 23).

- **Capitalisation of property development costs**

  Distinguishing the point at which a project is more likely than not to continue, allowing capitalisation of associated development costs requires judgement. After capitalisation, management monitors the asset and considers whether changes indicate that impairment is required.

  For existing properties, expenditure is capitalised where it will result in enhancement of economic benefit. The amount capitalised in the year was £3.5m (note 8) relating to various schemes.

- **Fair value measurement**

  Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how the market participants would price the instrument. Management bases its assumptions on observable data as far as possible, but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices.

  Fair value measurements were applied to investment properties. The total value of investment properties was £19.5m at the yearend (2021: £19.8M). See note 9.

- **Subsidiary**

  The Association has a dormant subsidiary, Urban Style Limited which had no transactions or balances in the year to consolidate into the association.

Turnover and revenue recognition

Turnover comprises rental and service charge income receivable in the year, income from shared ownership first tranche sales, sales of properties built for sale and other services included at the invoiced value, excluding VAT where recoverable, of services supplied in the year and revenue grants receivable in the year.

Rental income is recognised from the point where properties under development reach practical completion or otherwise become available for letting, net of voids. Income from first tranche sales and sales of properties built for sale is recognised at the point of legal completion of the sale. Revenue grants are recognised when the conditions for receipt of the agreed grant funding have been met. Charges for support services funded under Supporting People are recognised as they fall due under the contractual arrangements with Administering Authorities.

Non-government grants

Grants received from non-government sources are recognised under the performance model. If there are no specific performance requirements the grants are recognised when received or receivable. Where grant is received with specific performance requirements it is recognised as a liability until the conditions are met and then it is recognised as turnover.

Value Added Tax

The Association charges Value Added Tax (VAT) on some of its income and is able to recover part of the VAT it incurs on expenditure. The financial statements include VAT to the extent that it is suffered by the association and not recoverable from HM Revenue and Customs. The balance of VAT payable or recoverable at the year-end is included as current liability or asset.

Interest Payable

Interest is capitalised on borrowings to finance the development of qualifying assets to the extent that it accrues in respect of the period of development it represents:

interest on borrowings to finance the development programme after deduction of related grants received in advance; or

a fair amount of interest on borrowings of the association as a whole after deduction of SHG received in advance to the extent that they can be deemed to be financing the development programme.

Other interest payable is charged to income and expenditure.

Financial instruments

Financial instruments which meet the criteria of basic financial instruments as defined in Section 11 of FRS 102 are accounted for under an amortised historic cost model.

Non-basic financial instruments are recognised at fair value using a valuation technique with any gains or losses being reported in surplus or deficit. At each year end, the instruments are revalued to fair value, with the movements posted to the income and expenditure (unless hedge accounting is applied).

Debtors

Short term debtors are measured at transaction price, less any impairment.

Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Where deferral of payment terms has been agreed at below market rate, and where material, the balance is shown at the present value, discounted at a market rate.

Creditors

Short term trade creditors are measured at transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised costs using the effective interest method.

Employee benefits

Short-term employee benefits and contributions to defined contribution plans are recognised as an expense in the period in which they are incurred.

Pension

The Association participates in the Social Housing Pension Scheme (SHPS); administered independently by the Pensions Trust

As at 31 March 2022, the net defined benefit pension liability was £1,677k (2021: £2,569k) which has been included within the provisions for pensions liability in the financial statements.

In the year ended 31 March 2022, the current service cost and expenses are charged against operating surplus. Interest is calculated on the net defined benefit liability. Remeasurements are reported in other comprehensive income. (Refer to Note 23 for more details).

Contributions payable from the association to the Pension Trust under the terms of the funding agreement for past deficits is recognised as a liability within other provisions in the association's financial statements.

During the year, the Board critically assessed ISHA's participation in the defined benefit pension scheme and its long-term sustainability. With the pension liabilities being faced by ISHA, the variability underlying the costs faced and the overall risk of funding the historic liabilities, it was evident that the scheme was unsustainable for the association. Following due consultation with the staff, the board approved that ISHA's participation in the defined benefit scheme be closed and all affected staff transferred to the defined contribution scheme. The association ended the participation in the defined benefit pension scheme on 30 November 2021.

Housing properties

Housing properties are properties held for the provision of social housing or to otherwise provide social benefit. Housing properties are principally available for rent and are stated at cost less accumulated depreciation and any accumulated impairment losses. Cost includes the cost of acquiring land and buildings, development costs, interest charges incurred during the development period.

Works to existing properties which replace a component that has been treated separately for depreciation purposes, along with those works that result in an increase in net rental income over the lives of the properties, thereby enhancing the economic benefits of the assets, are capitalised as improvements.

Expenditure on shared ownership properties is split proportionally between current and fixed assets based on the element relating to expected first tranche sales. The first tranche proportion is classed as 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.

Investment properties

Investment properties consist of commercial properties and other properties not held for social benefit or for use in the business. Investment properties are measured at cost on initial recognition and subsequently at fair value as at the year end, with changes in fair value recognised in income and expenditure.

Intangible Assets

Intangible Assets consists of costs relating to the development of an integrated Housing and Finance system which was implemented during 2016/17.

Government grants

Government grants include grants receivable from the Regulator of Social Housing (the RSH), 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 and, where applicable, its individual components (excluding land) under the accruals model.

Grants relating to revenue are recognised in income and expenditure over the same period as the expenditure to which they relate once reasonable assurance has been gained that the entity will comply with the conditions and that the funds will be received.

Grants due from government organisations or received in advance are included as current assets or liabilities.

Government grants received for housing properties are subordinated to the repayment of loans by agreement with the RSH. Government grants released on sale of a property may be repayable but are normally available to be recycled and are credited to a Recycled Capital Grant Fund and included in the statement of financial position in creditors.

Where developments have been financed wholly or partly by Social Housing Grant (SHG), a deduction is made to provide cover for development overhead.

If there is no requirement to recycle or repay the grant on disposal of the asset, any unamortised grant remaining within creditors is released and recognised as income in income and expenditure.

Where individual components are disposed of and this does not create a relevant event for recycling purposes, any grant which has been allocated to the component is released to income and expenditure.

Other grants

Grants received from non-government sources are recognised using the performance model. A grant which does not impose specified future performance conditions is recognised as revenue when the grant proceeds are received or receivable. A grant that imposes specified 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 recognised as a liability.

Depreciation of housing properties

The Association separately identifies the major components which comprise its housing properties, and charges depreciation, so as to write down the cost of each component to its estimated residual value, on a straight-line basis, over its estimated useful life.

The Association depreciates the major components of its housing properties on a straight-line basis from the year of purchase or in the first year following that of completion of new properties on the following basis:

Roof structure	100 years
Windows, external doors	30 years
Gas boilers, fires	15 years
Kitchens	20 years
Bathrooms	30 years
Central heating	30 years
Communal parts	30 years
Plumbing and infrastructure	30 years
Electrics	40 years
Lifts	20 years

Freehold land is not depreciated.

Impairment

Annually housing properties are assessed for impairment indicators.

Impairment is recognised where the carrying value of a cash generating unit exceeds the higher of its net realisable value less costs to sell or its value in use. A cash generating unit is normally a group of properties at scheme level whose cash income can be separately identified. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the business plan for the next 30 years and do not include restructuring activities that the Group is not yet permitted to or significant future investments that will enhance the assets' performance of the cash generating unit being tested.

Where indicators are identified, an assessment for impairment is undertaken comparing the scheme's carrying amount to its recoverable amount. Where the carrying amount of a scheme is deemed to exceed its recoverable amount, the scheme is written down to its recoverable amount. The resulting impairment loss is recognised as operating expenditure. Where a scheme is currently deemed not to be providing service potential to the association, its recoverable amount is its fair value less cost to sell.

Depreciation of other tangible fixed assets

Other fixed assets are included at cost to the association less depreciation, which is provided on a straight-line basis over the periods shown below:

Office furniture, equipment and motor vehicles	4 years
Scheme equipment	10-15 years
Freehold office	50 years

Gains or losses arising on the disposal of other tangible fixed assets are determined as the difference between the disposal process and the carrying amount of the assets and are recognised as part of the surplus/deficit for the year.

Depreciation of intangible fixed assets

Intangible fixed assets are capitalised at the cost to the association. Amortisation is calculated on a straight-line basis over the course of 7 years, which is the expected useful life of the asset. Cost includes all expenditure related to preparing the asset for its intended use.

Capitalisation of development costs

Development administration costs based on the time spent on a scheme are capitalised up to the date of practical completion of that scheme. Only direct costs are included.

Major repairs

Where a repair involves replacement of property components, the expenditure is treated as capital expenditure and depreciated as outlined above. Any other replacement, renewal or repair to the fabric of an existing building that enhances the net income generated from the property or substantially increases its useful life is capitalised. All other repairs are treated as revenue items.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the association. All other leases are classified as operating leases.

Assets held under finance leases are recognised initially at the fair value of the leased asset (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation using the effective interest method so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are deducted in measuring the surplus or deficit. Assets held under finance leases are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

Rentals payable under operating leases are charged to income and expenditure on a straight-line basis over the lease term, unless the rental payments are structured to increase in line with expected general inflation, in which case the association recognises annual rent expense equal to amounts owed to the lessor.

The aggregate benefits of lease incentives are recognised as a reduction to the expense recognised over the lease term on a straight-line basis.

Properties for sale

Shared ownership first tranche sales completed properties for outright sale and property under construction are valued at the lower of cost and net realisable value. Cost comprises materials, direct labour and direct development overheads. Net realisable value is based on estimated sales price after allowing for all further costs of completion and disposal.

Provisions for liabilities

Provisions are recognised when the association has a present obligation (legal or constructive) as a result of a past event, it is probable that the association will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

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

The Association recognises a provision for annual leave accrued by employees as a result of services rendered in the current period, and which employees are entitled to carry forward and use within the next 12 months. The provision is measured at the salary cost payable for the period of absence.

Taxation

ISHA is a charitable Housing Associations and is not taxable on any surpluses derived from charitable activities.

Current tax is provided at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the Statement of Financial Position date.

Donated land and other assets

Land and other assets donated by local authorities and other government sources are added to cost at the fair value of the land at the time of the donation. Where the land is not related to a specific development and is donated by a public body an amount equivalent to the difference between fair value and consideration paid is treated as a non-monetary government grant and recognised on the statement of financial position as deferred income within liabilities. Where the donation is from a non-public source, the value of the donation is included as income within operating surplus.

2. Particulars of turnover, cost of sales, operating costs and operating surplus - continuing activities

2022

	Note	Turnover	Cost of sales	Operating expenditure	Operating surplus
		£'000	£'000	£'000	£'000
Social housing lettings	3	20,098	-	19,202	896
Other social housing activities					
First tranche shared ownership sales		4,134	3,634	-	500
Development activities		-	-	88	(88)
Fees for development services		58	-	58	-
Management fees		483	-	235	248
Other		134	-	11	123
Activities other than Social Housing					
Commercial properties		1,150	-	681	469
Private renting		314	-	215	99
SUBTOTAL		26,371	3,634	20,490	2,247
Sale of properties and land		7,114	-	1,207	5,907
TOTAL		**33,485**	**3,634**	**21,697**	**8,154**

2021

	Note	Turnover	Cost of sales	Operating expenditure	Operating surplus
		£'000	£'000	£'000	£'000
Social housing lettings	3	19,354	-	19,775	(421)
Other social housing activities					
First tranche shared ownership sales		777	577	-	200
Development activities		-	-	736	(736)
Fees for development services		126	-	126	-
Management fees		541	-	279	262
Other		1,503	-	20	1,483
Activities other than Social Housing					
Commercial properties		944	-	626	318
Private renting		328	-	189	139
SUBTOTAL		23,573	577	21,751	1,245
Sale of properties and land		2,092	-	821	1,271
TOTAL		**25,665**	**577**	**22,572**	**2,516**

3. Particulars of Income and expenditure from social housing lettings

	Housing £'000	Supported Housing £'000	Shared Ownership £'000	2022 £'000	2021 £'000
Income					
Rents receivable net of identifiable service charges	12,748	557	2,384	15,689	15,173
Service charge income	1,862	293	904	3,059	2,747
Amortised government grant	1,350	-	-	1,350	1,434
Turnover from social housing lettings	**15,960**	**850**	**3,288**	**20,098**	**19,354**
Operating costs					
Service charge costs	3,494	278	890	4,662	3,549
Management	2,586	298	994	3,878	3,303
Routine maintenance	4,770	178	-	4,948	6,164
Planned maintenance	1,309	50	-	1,359	1,387
Major repairs expenditure	224	14	-	238	223
Bad debts	342	4	-	346	115
Depreciation of housing properties	3,371	104	296	3,771	5,035
Operating expenditure on social housing lettings	**16,096**	**926**	**2,180**	**19,202**	**19,776**
Operating (deficit) / surplus on social housing letting	**(136)**	**(76)**	**1,108**	**896**	**(422)**
Void losses	**(148)**	**(28)**	**(42)**	**(218)**	**(102)**

Key management personnel

The aggregate emoluments payable to the key management personnel (Senior Executive) is £501K (2021: £491K).

	2022 £'000	2021 £'000
Basic salaries	451	438
Pension contributions	50	53
	501	**491**

Remuneration payable to the highest paid director in relation to the period of account amounted to £110K (2021: £106K) excluding pension contributions.

Ruth Davison joined ISHA on 6 January 2019 as the Chief Executive of the association. Her remuneration including pension for the year ending 31 March 2021 was £124K (2021 £121K). Her pension was funded in line with the pension scheme guidelines of the association.

All permanent Senior Executives are members of the Social Housing Pension Scheme. They are ordinary members of the pension scheme with no enhanced or special terms. The Association did not make any further contributions to individual arrangements for its Senior Executives.

The full-time equivalent number of staff (including directors) who received remuneration in excess of £60,000 are as follows:

	2022 No.	2021 No.
£60,001 to £70,000	2	1
£70,001 to £80,000	4	4
£80,001 to £90,000	1	1
£90,001 to £100,000	0	-
£100,001 to £110,000	1	2
£110,001 to £120,000	1	1
£120,001 to £130,000	1	0

Board members
None of the board members received emoluments (2021: nil).

5 Employee information

The average monthly number of persons employed by the association during the year expressed in full time equivalent of seven hours a day are as follows:

	2022 No	2021 No
Housing, development and administration staff	61	57
Estate officers	5	4
	66	**61**

Employee costs:

	2022 £'000	2021 £'000
Wages	2,702	2,412
Social security costs	289	259
Pension costs	447	397
	3,438	**3,068**

6 Operating surplus

The operating surplus for the year is arrived after charging:

	2022 £'000	2021 £'000
Depreciation:		
Housing properties	3,770	5,034
Other tangible fixed assets	254	263
Amortisation of intangible assets	37	36
Surplus on sale of properties and land	5,907	1,271
Auditors' remuneration (excluding VAT):		
Audit of the financial statements of the association	35	34
Non-audit services – VAT advisory and Corporation tax compliance service	9	9

7. Interest and financing costs

	2022 £'000	2021 £'000
Defined benefit pension charge	54	25
Housing loans	4,593	4,220
Less: Capitalised interest	(759)	(681)
	3,888	**3,564**

Capitalised interest is based on a calculation of the average cost of borrowing incurred by the association during the financial year. This amounts to 3.30% (2021: 3.64%).

NOTES TO THE FINANCIAL STATEMENTS (continued)

8. Tangible fixed assets

	Social Housing Properties Held for Letting	Shared Ownership Properties Completed	Properties under construction	Subtotal Housing properties	Freehold Office	Other Fixed Assets	Subtotal Other Fixed Assets	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost								
At 1 April 2021	260,383	45,460	41,279	**347,122**	795	3,231	**4,026**	**351,148**
Additions	849	861	9,995	**11,705**	-	160	**160**	**11,865**
Reclassification	-	-	-	**-**	-	-	**-**	**-**
Interest capitalised	-	-	759	**759**	-	-	**-**	**759**
Disposals	(4,267)	(4,353)	-	**(8,620)**	-	-	**-**	**(8,620)**
Schemes completed	5,673	7,027	(12,700)	**-**	-	-	**-**	**-**
At 31 March 2022	262,638	48,995	39,333	**350,966**	795	3,391	**4,186**	**355,152**
Depreciation								
At 1 April 2021	45,391	2,003	-	**47,394**	273	2,577	**2,850**	**50,244**
Released on disposals	(1,192)	(45)	-	**(1,237)**	-	-	**-**	**(1,237)**
Reclassification	(300)	300	-					**-**
Charge for the year	3,474	296	-	**3,770**	16	238	**254**	**4,024**
At 31 March 2022	47,373	2,554	-	**49,927**	289	2,815	**3,104**	**53,031**
Net book value								
At 31 March 2022	215,265	46,441	39,333	**301,039**	506	576	**1,082**	**302,121**
At 31 March 2021	214,992	43,457	41,279	**299,728**	522	654	**1,176**	**300,904**

8. Tangible fixed assets (continued)

Expenditure in works to existing properties

	2022 £'000	2021 £'000
Components capitalised	849	632
Amounts charged to income and expenditure	6,545	7,774
	7,394	**8,406**

£861K shared ownership components capitalised in note 8 relates to movement in current assets held for sale.

Social housing assistance

	2022 £'000	2021 £'000
Total accumulated social housing grant received or receivable as at 31 March:		
Recognised in the Statement of Comprehensive Income	785	1,435
Held as deferred income	127,851	131,145
Subsumed within reserves	21,790	20,356
	150,426	**152,936**

9 Investment properties: non-social housing properties held for letting

	2022 £'000
Capitalised at 1 April 2021	19,780
Increase in value	(325)
At 31 March 2022	**19,455**

The investment properties consist of commercial and market rent properties and were valued as at 31 March 2022. These were valued by Res-Prop Chartered Surveyors, external professional Valuers who are registered with the Royal Institute of Chartered Surveyors (RICS). The valuation was prepared on the basis of market value which complies with the Fair Value definition under part A, the definition adopted by the International Accounting Standards Board (IASB) in IFRS 13. Market Value, defined by VPS4 of the Red Book as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

For the valuation of these commercial properties, a rent capitalisation methodology was adopted (rent and yield approach) coupled with an assessment of what an owner occupier might pay to arrive at the fair value, with reference to respective rental and capital value market data/sentiment. The yield, capital value and rental data were obtained from commercial agents, auction sale data and commercial property databases.

The residential valuations were valued on an individual unit sale of a long leasehold interest with no onerous terms or ground rent. The valuation approach was based on the vacant possession value discounted to reflect the limitations to the market that the unit may be let. The valuation was also cross-checked on the gross yield basis using the passing rents provided.

10 Intangible assets

	2022 £'000
Cost	
At 1 April 2021	257
At 31 March 2022	257
Amortisation	
At 1 April 2021	164
Charge for the year	37
At 31 March 2022	201
Net book value	
At 31 March 2022	56
At 31 March 2021	93

Intangible assets consist of costs relating to the development of a Housing and Finance system which was implemented during 2016/17.

11 Properties for sale

	2022 £'000	2021 £'000
Shared-ownership properties:		
Under construction	2,400	811
Completed properties	-	861
Social Housing Properties	-	-
Commercial Properties	386	905
	2,786	**2,577**

12 Debtors

	2022 £'000	2021 £'000
Rent and service charges receivable	1,389	1,072
Less: provision for bad and doubtful debts	(1,051)	(791)
	338	281
Social housing grant receivable	-	-
Other debtors	644	1,858
Prepayments and accrued income	1,246	1,040
	2,228	**3,179**

Included in the association's prepayments and accrued income is an amount of £513,000 (2021: £406,000) due after more than one year.

13 Creditors: amounts falling due within one year

	2022 £'000	2021 £'000
Debt (Note 15)	2,493	3,546
Trade creditors	672	1,181
Rent and service charges received in advance	378	425
Recycled capital grant fund (Note 17)	654	395
Deferred grant income (Note 16)	1,449	1,462
Other taxation and social security	122	102
Other creditors	3,714	2,550
Accruals and Deferred Income	12,058	6,079
	21,540	**15,740**

Developers off site subsidy

The Association received £7.13m from a private developer as part of a section 106 agreement. The purpose of this funding is to contribute towards the provision of affordable housing in Hackney. The income is recognised as other grant and recognised when the performance-related conditions are met. The income is being deferred as the performance-related conditions have not yet been met.

ISHA also received £3m in prior years. As £2.78m of this funding has now been allocated against the Barrett's Grove development, it is being recognised against the expenditure on a pro-rata basis as the development progresses. Barrett's Grove has been given planning permission and this has enabled us to recognise £87k of Crown House income in this year (2021: £1.3m). At year end £1.6m of income was deferred (2021: £1.7m).

14 Creditors: amounts falling due after more than one year

	2022 £'000	2021 £'000
Debt (Note 15)	114,914	103,918
Loan stock	-	2
Recycled capital grant fund (Note 17)	657	860
Deferred grant income	126,514	129,683
	242,085	**234,463**

15 Debt Analysis

Based on the lender's earliest repayment date, borrowings are repayable as follows:

	2022 £'000	2021 £'000
Within one year or on demand	2,493	3,546
One year or more but less than two years	19,305	17,464
Two years or more but less than five years	7,924	10,700
Five years or more	87,684	75,754
	117,406	**107,464**

Security
Housing loans are from private lenders and in the main secured by specific charges on the association's housing properties.

Terms of repayment and interest rate
The portfolio has a mixture of fixed and variable rate loans at interest rates ranging from 1.00% to 9.94%. Included in housing loans is £14.0m (2021: £14m) drawn from a revolving facility at a variable rate of interest. This facility is for £40m, it was renewed in 2022 and is available until June 2026. All other loans are long term borrowings.

16 Deferred grant income

	2022 £'000	2021 £'000
At 1 April	131,144	128,550
Movement in the year	(1,831)	4,028
Released to income in the year	(1,350)	(1,434)
TOTAL	**127,963**	**131,144**
Amounts to be released in one year	1,449	1,462
Amounts to be released in more than one year	126,514	129,682
TOTAL	**127,963**	**131,144**

17 Recycled Capital Grant Fund

	2022 £'000	2021 £'000
At 1 April	1,255	1,928
Grants recycled	(395)	-
Interest Accrued	2	15
Staircasing	449	205
Utilised during the year	(112)	-
Repayment of grant	112	(893)
	1,311	**1,255**

Withdrawals from the recycled capital grant fund have been used for the purchase and development of new housing schemes.

18 Share capital

	2022 £	2021 £
Shares of £1 fully paid and issued	15	14
Shares issued during year	1	3
Shares cancelled	(7)	(2)
	9	**15**

Shares have limited rights and carry no entitlement to dividend. They are not repayable and do not carry rights to participate in a winding up. They carry an entitlement to vote at the association's general meeting.

19 Capital commitments

	2022 £'000	2021 £'000
At 1 April		
Expenditure contracted for but not provided in the accounts	6,185	14,119
Expenditure authorised by directors, but not contracted	16,614	13,404

Of the above expenditure contracted but not provided for, £0.8 million (2021: £1.3million) is to be financed by SHG, £6 million (2021: £9.7 million) from sales, and the remaining £0.6 million (2021: £3.1 million) is to be financed by existing cash resources and borrowings.

The expenditure of £16.6 million which has been authorised by the Board will be funded by grant of £4.3 million (2021: £4.0 million), £1.0 million (2021: £0.7 million) from sales, and the remaining £11.3 million (2021: 8.7 million) from other income and loan finance.

The above capital expenditure is expected to be incurred over the next five years.

20 Surplus on sale of fixed assets – housing properties

	2022 £'000	2021 £'000
Sales proceeds	7,114	2,092
Carrying value of fixed assets	(1,207)	(821)
	5,907	**1,271**

21 Accommodation in management and development

At the end of the year accommodation in management for each class of accommodation was as follows:

	2022 No	2021 No
Social Housing		
General housing:		
- social rent	1,551	1,588
- affordable rent	291	262
Supported housing & housing for older people	112	112
Intermediate rent	1	-
Shared ownership	374	369
Staff rental units	1	1
Total owned	2,330	2,332
Accommodation managed for others	19	19
Total owned	**2,349**	**2,351**

Non-social housing

Private renting	18	18
Total owned and managed	**2,367**	**2,369**
Accommodation in development at the year end	151	151

As at 31 March 2022, the Association has no unit (2021: 36 units) which are managed on its behalf, under management agreements by other bodies.

The Association manages accommodation for London and Quadrant, a registered social landlord operating across London and the South East.

22 Related party disclosure

ISHA has three Resident Board Members. Their rents and tenancies are on normal commercial terms. Details of their charges and rent arrears at the 31 March 2022 were as follow:

	Rent and Service Charge £	Arrears 31 March 2022 £
Alice Powell	7,813	-
Daven Mari	4,436	-
Mohammed Baporia	3,138	-

23 Pensions

The company participates in the Social Housing Pension Scheme (SHPS), a multi-employer scheme. The Scheme is a defined benefit scheme in the UK. The Scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

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

The most recent formal actuarial valuation of the defined liability was completed at 30 September 2020 and rolled forward, allowing for the different financial assumptions under FRS 102, to 31 March 2020 by a qualified independent actuary.

Under the defined benefit pension accounting approach, the SHPS net deficit as at 31 March 2022 is £1,677k (2021: £2,569k)

Fair value of plan assets, present value of defined benefit obligation, and defined benefit asset/(liability)

	2022 £'000	2021 £'000
Fair value of plan assets	11,201	10,812
Present value of defined benefit obligation	(12,878)	(13,381)
(Deficit) in plan	(1,677)	(2,569)
Net defined benefit asset (liability) to be recognised	**(1,677)**	**(2,569)**

Reconciliation of opening and closing balances of the defined benefit obligations

	2022 £'000
Defined benefit obligation at start of period	13,381
Current service cost	217
Expenses	9
Interest expense	291
Member contributions	-
Actuarial losses (gains) due to scheme experience	505
Actuarial losses (gains) due to changes in demographic assumptions	(200)
Actuarial losses (gains) due to changes in financial assumptions	(1,022)
Benefits paid and expenses	(303)
Defined benefit obligation at end of period	**12,878**

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

	2022 £'000
Fair value of plan assets at start of period	10,812
Interest income	237
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	(9)
Contributions by employer	464
Benefits paid and expenses	(303)
Fair value of plan assets at the end of period	**11,201**

The actual return on plan assets (including any changes in share of assets) over the period from 1 April 2021 to 31 March 2022 was £228,000.

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

	2022 £'000
Current service cost	217
Expenses	9
Net interest expense	54
Fair value of plan assets at the end of period	**280**

Defined benefit costs recognised in other statement of comprehensive income

	2022 £'000
Experience on plan assets (excluding amounts included in net interest cost) - (loss)	(9)
Experience gains and losses arising on the plan liabilities - (loss)	(505)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain	200
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain	1,022
Total amount recognised in Other Comprehensive Income - gain	**708**

Assets

	2022 £'000	2021 £'000
Global Equity	2,150	1,723
Absolute Return	449	597
Distressed Opportunities	401	312
Credit Relative Value	372	340
Alternative Risk Premia	369	407
Fund of Hedge Funds	-	1
Emerging Markets Debt	326	436
Risk Sharing	369	394
Insurance-Linked Securities	261	260
Property	303	225
Infrastructure	798	721
Private Debt	287	258
Opportunistic Illiquid Credit	376	275
High Yield	97	324
Opportunistic Credit	40	296
Cash	38	-
Corporate Bond Fund	747	639
Liquid Credit	-	129
Long Lease Property	288	212
Secured Income	417	450
Liability Driven Investment	3,126	2,747
Currency Hedging	(44)	-
Net Current Assets	31	66
Total assets	**11,201**	**10,812**

None of the fair values of the assets shown above include any direct investments in the employer's own financial instruments or any property occupied by, or other assets used by, the employer.

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

* of maximum allowance

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

	Life expectancy at age 65 (Years)
Male retiring in 2022	21.1
Female retiring in 2022	23.7
Male retiring in 2042	22.4
Female retiring in 2042	25.2

24 Provisions for liabilities – other provisions

	2022	2021
	£'000	£'000
At 1 April 2021	781	2,433
Additions	-	-
Released	-	(1,652)
At 31 March 2022	**781**	**781**

The balance at 1 April 2021 includes £730K repairs provision relating to ISHA's contributions to the remedial works for three blocks following fire safety inspections as required by the Government as a result of the Grenfell fire. The balance of £51K relates to a potential liability that could materialise at the end of a managing agent contract.

25 Financial assets and liabilities

Categories of financial assets and financial liabilities

	2022 £'000	2021 £'000
Financial assets that are debt instruments measured at amortised cost		
Other debtors	**2,227**	**3,179**
Financial liabilities measured at amortised cost		
Loans (Note15)	117,406	107,464
Trade and other creditors	148,678	146,087
	266,084	**253,551**

Financial liabilities include all creditors and loan amounts payable.

Financial assets
Other than short-term debtors, financial assets held are cash deposits placed on term deposits and cash at bank. They are sterling denominated and the interest rate profile at 31 March was:

	2022 £'000	2021 £'000
Floating rate on money market deposits	23,059	6,190
Financial assets on which no interest is paid	2,903	2,703
	25,962	**8,893**

Financial liabilities excluding trade creditors – interest rate risk profile

The Association's financial liabilities are sterling denominated. The interest rate profile of the association's financial liabilities at 31 March was:

	2022 £'000	2021 £'000
Fixed rate	91,774	78,929
Floating rate	25,632	28,535
	117,406	**107,464**

The floating rate financial liabilities comprise bank loans that bear interest based on LIBOR and RPI. The fixed rate financial liabilities have a weighted average interest rate of 3.7% (2021: 4.2%) and the weighted average period for which it is fixed is 19 years (2021: 20 years).

The debt maturity profile is shown in note 15.

Borrowing facilities

The Association has undrawn committed borrowing facilities. The facilities available at 31 March in respect of which all conditions precedent have been met were as follows:

	2022 £'000	2021 £'000
Expiring in more than two years	40,000	41,000

£14m of the facilities available has been utilised as at 31 March 2022 (2021: £14m)

26 Leasing Commitments

The total future minimum lease payments are as set out below. Leases relate to photocopiers. The Association's future minimum operating lease payments are as follows:

	2022 £'000	2021 £'000
Within one year	4	5
Between two and five years	-	4
	4	**9**

27 Net debt analysis

	At 1 April 2021	Cash flows	Other non-cash changes	At 31 March 2022
Cash and cash equivalents				
Cash	8,927	18,106	-	**27,033**
Overdrafts	(34)	(1,037)	-	**(1,071)**
Cash equivalents				
	8,893	17,069	**-**	**25,962**
Borrowings				
Debt due within one year	(3,546)	1,053	-	**(2,493)**
Debt due after one year	(103,918)	(10,995)		**(114,913)**
Total	(107,464)	(9,942)	**-**	**(117,406)**
Total	(98,571)	7,127	-	**(91,444)**

28 Contingent liability

We have been notified by the Trustee of the Scheme that it has performed a review of the changes made to the Scheme's benefits over the years and the result is that there is uncertainty surrounding some of these changes. The Trustee has been advised to seek clarification from the Court on these items. This process is ongoing and the matter is unlikely to be resolved before the end of 2024 at the earliest. It is recognised that this could potentially impact the value of Scheme liabilities, but until Court directions are received, it is not possible to calculate the impact of this issue, particularly on an individual employer basis, with any accuracy at this time. No adjustment has been made in these financial statements in respect of this potential issue.