

ISLINGTON & SHOREDITCH HOUSING
ASSOCIATION LIMITED

FINANCIAL STATEMENTS
For the year ended

31 March 2023

ISLINGTON & SHOREDITCH HOUSING ASSOCIATION LIMITED

Co-operative and Community

Benefit Societies Act 2014 11614R
Number

Homes and Communities LO457
Agency registration number

Registered Office 102 Blackstock Road
LONDON N4 2DR

Board Mervyn Jones (Chair)
Yasmin Khan
Justin Fisher
June Riley
Heather Topel
Daven Masri
Mohammed Baporla
Ruth Davison
Ben Newton
Alice Powell (Retired 14 September 2022)
Alwyn Lewis (Appointed 14 September 2022)
John Biggs (Appointed 14 September 2022)
Gemma Colby (Appointed 14 September 2022)

Chief Executive Ruth Davison

Secretary Laura Hopper

Executive Directors

Dawn Harrisson, Director of Housing & Neighbourhoods
Gary Pliskin, Finance Director
Janet Mussington, Director of Development (Employed 22 May 2022)
Olukunle Olujide, Director of Development (Resigned 3 June 2022)

Bankers Barclays Bank Plc
Islington and Camden Group
PO Box 3474
London NW1 7NQ

Statutory Auditor Beever and Struthers
150 Minorities
London
EC3N 1LS

ISLINGTON & SHOREDITCH HOUSING ASSOCIATION LIMITED

Index to financial statements	Page
Statement from the Chair	3-4
Operating and financial review	5-11
Value for money report	12-31
Board's responsibilities statement	32
Independent auditor's report to the members of Islington & Shoreditch Housing Association Limited	33-36
Statement of Comprehensive Income	37
Statement of Changes in Reserves	38
Statement of Financial Position	39-40
Statement of Cash Flows	41
Notes to the Financial Statements	42-75

Statement from the Chair

I said last year that we'd had an eventful year. This year, I'm reminded of the old adage, 'nothing is constant but change' as we pivot from financing our building safety work and dealing with the aftermath of last year's IT security incident, directly into new challenges. New fire safety regulations came into force in January 2023, and we are preparing for new building safety and consumer regulation in the coming year. We have high inflation and a new cap on rent increases – the latter rightly protecting tenants from unaffordable rents – but which also significantly reduces our resources. We are mindful that the rent cap is in direct response to the ongoing cost-of-living crisis, which affects our residents across all fronts, and we continue to respond and support their needs. For example, for the past three years we have let all our social homes with carpets or laminates and curtains, meaning people have the best start when they move in. We also voluntarily applied a cap to shared ownership rent increases for the coming year.

With our residents' financial security and wellbeing in mind, this year we have focused on ISHA's anti-poverty strategy. We introduced an improved downsizing offer, to assist residents with a move when larger homes are no longer right for them. We have also spent considerable time focused on equality, diversity and inclusion, working with Professor Patrick Vernon at our Board away day to explore key issues and approving a new ED&I strategy for the organisation.

We continue to focus on building safety, reviewing ISHA's approach to damp and mould cases, including commissioning a specific campaign to encourage residents to report damp and mould cases. We also requested an increase in the pace of our stock condition surveys for assurance on our buildings, approving additional works where it was deemed necessary to keep up our building standards.

Our building safety work programme also continues, and we are pleased that yet another of our highest risk buildings – those over 18m tall – has been fully remediated during the year. With social landlords unable to claim support for remediation or associated costs where they cannot hold developers to account, we continue to fund buildings remediation and associated costs through fixed asset sales, offset by new development.

Where many other housing associations have halted their building programmes altogether, we have continued to work with our partners to bring new affordable housing to our local communities. It's important to us that we contribute more than simply buildings, and our local councils, who share our commitment to delivering truly affordable housing, have been key partners in delivering two major developments this year.

The Parkhurst Road development in Islington delivered 41 homes for social rent and 18 for shared ownership, and Hoe Street in Waltham Forest delivered 20 homes for affordable rent and 34 for shared ownership. 400 Hoe Street also hosts a local nursery and is right next to a wonderful school. Both developments provide opportunities for more residents to build their lives and a sense of community in the area.

We have continued the refurbishment programme on our existing homes, with a targeted planned programme of works, including heating, electrical, kitchen, bathroom and roofing upgrades as required. We delivered 29 replacement bathrooms, 29 new kitchens, 4 lift replacements, two full roof replacements, including 1 green roof, and installed 132 new boilers. We upgraded loft insulation to 61 homes to meet current standards and improve thermal comfort and communal flooring was also replaced in 18 blocks of flats across our properties. Our Resident Repairs Panel has provided ongoing support and input, through reviewing

ISLINGTON & SHOREDITCH HOUSING ASSOCIATION LIMITED
YEAR ENDED 31 MARCH 2023

tenders and providing feedback about performance, ensuring we keep our residents' priorities at the heart of what we do. We know our contractors don't always get it right first time, but through responding to the regular feedback from our residents we have seen consistent improvement in their performance.

ISHA's strategic plan for 2020-25 identified improving the sustainability of all its properties as a key priority and in 2022, ISHA led a consortium of small housing providers to bid for £2.6m from the Department of Energy Security and Net Zero's Social Housing Decarbonisation Fund (SHDF W2.1). The grant will cover 50% of costs, match-funded by consortium members for a total programme cost of £5.2m, to improve energy efficiency in identified properties and reduce fuel bills for residents. A further contribution to supporting our residents to live well and flourish in their homes.

This year, we once again retained G1/V2 rating, which is a huge achievement for us as a small housing association within the current operating environment, and particularly with the ongoing additional costs associated with our building safety programme. I am clear that we are able to achieve these results year on year, due to the expertise we hold in both our leadership team and the Board.

With this in mind, and after much discussion, we took a decision this year to remunerate board members for the first time so that we can attract the level of expertise required to maintain our governance standards and continue to serve our communities. Although it is set at a conservative amount, we believe it recognises the work and expertise required to contribute fully as a member of the ISHA board.

Finally, I'm delighted to welcome several new Board members: John Biggs, Gemma Colby and Alwyn Lewis. They bring extensive expertise of local government, customer services and social housing to support our ambitions and offer their insights as we focus on the new financial year and delivering against our strategy. And thank you to all my Board colleagues for their contributions and commitment this year. It is acknowledged and much appreciated.



Mervyn Jones
Chair of the Board

ISLINGTON & SHOREDITCH HOUSING ASSOCIATION LIMITED

YEAR ENDED 31 MARCH 2023

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 2023 had 2,403 (2022: 2,349) homes excluding our 18 private rented units.

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:

- 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
- Islington and Shoreditch Housing Association (ISHA)

Business and financial review

For the year ended 31 March 2023 the Board reports a surplus of £3.2m (2022: £3.9m). The 2023 result is mainly due to the following:

- Sale of 7 void units yielding a surplus of £2.7m
- 19 staircasing sales with a total surplus of £1.9m

ISLINGTON & SHOREDITCH HOUSING ASSOCIATION LIMITED YEAR ENDED 31 MARCH 2023

- Surplus on the sale of 5 units to Bangla Housing Association of £0.5m
- 14 first tranche sales with a total surplus of £0.5m.
- Sale of 1 commercial property with a surplus of £0.2m

This has been partly offset by:

- £1.4m fire safety costs. This includes waking watch costs, fire surveys, fire engineering and fire safety advice.
- Rising inflation impacting repairs and maintenance costs, with spend £0.9m above budget.
- Significantly increased costs for communal cleaning, fire appliance maintenance, communal utilities, lift servicing and CCTV/entry systems.

The actuarial deficit in respect of the pension scheme is £290k (2022 – surplus £708k).

Building safety and service excellence are still the top priorities for ISHA. 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.

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 following this up by providing a resident-focused maintenance service. We have improved the void standard this year by providing cookers and beds for new tenants who require them, along with curtains and carpets which we previously provided. This ensures that none of our new residents experience bed poverty.

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.

ISLINGTON & SHOREDITCH HOUSING ASSOCIATION LIMITED YEAR ENDED 31 MARCH 2023

Maintaining financial viability

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

Mitigating assumptions have been incorporated into the 30-year plan and these are reviewed annually to make sure we remain financially viable. 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 up to ten void units annually.

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 ensuring it is 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 2022/23 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 67 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 57% of our staff are from black and ethnic minority communities.

A new ISHA Equality, diversity and Inclusion Strategy was created during the year. It restates the expectation that all ISHA's staff treat residents and stakeholders equitably and with respect in their dealings with them. It affirms the ISHA's commitment to be inclusive and reflect the rich and diverse communities we exist to serve. ISHA's Chief Executive sits on the National Housing Federation EDI Council.

Health and Safety

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

ISLINGTON & SHOREDITCH HOUSING ASSOCIATION LIMITED YEAR ENDED 31 MARCH 2023

The Board regularly reviews and monitors its policies, and staff are provided with 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 Department for Levelling Up, Housing and Communities (DLUHC) 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 six times during 2022-23 as well as holding one away day and one residential. The two committees of the Board – Audit & Risk Committee and Remuneration Committee – each met several times during the year. The Resident Scrutiny Panel also met to discuss residents' views and feedback.

Although building safety and financial resilience continued to be major areas of work for the Board in 2022-23, the Board also sought assurance on the condition of ISHA's buildings, requesting that the pace of stock condition surveys be accelerated. It also received reports on damp and mould. Following the tragic death of the toddler Awaab Ishak due to mould in his social housing home in Rochdale, ISHA launched a communications campaign providing residents with information on how to recognise and report damp and mould. In the latter half of the year, as the cost-of-living crisis hit, the Board requested further information on how ISHA was supporting residents. The board endorsed a proposal to improve the association's downsizing offer to help tenants who were struggling to pay rent and bills on properties that were too large for their needs. Finally, the Board spent a great deal of time considering its strategy and objectives around equality, diversity and inclusion, working with Professor Patrick Vernon OBE, a recognised leader in the field. A new strategy for 2023-2025 was approved and can be found on our website.

Three new board members were appointed to the Board during 2022-23. As of 31 March 2023, the Board had 12 members – 2 residents, 5 women and 7 men and 5 members identifying as black or 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 Terms of Reference 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 and our G1 (compliant) rating was re-confirmed through a stability check by the Regulator of Social Housing in January 2023.

ISHA has adopted the National Housing Federation's (NHF) Code of Governance 2020 as its formal code of governance. 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

ISLINGTON & SHOREDITCH HOUSING ASSOCIATION LIMITED YEAR ENDED 31 MARCH 2023

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 policies and procedures and the financial regulations, which were updated in April 2023 and approved by the Audit and Risk Committee on 18 May 2023 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 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 and the Chief Executive reports to the Board on the appropriateness and effectiveness of these systems.

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 failure of these 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.

ISLINGTON & SHOREDITCH HOUSING ASSOCIATION LIMITED

YEAR ENDED 31 MARCH 2023

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 2022-23 financial year was reviewed by the Board in August 2023. The Board is satisfied that ISHA was compliant with its Code of Governance 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 to risk management 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 plan
- Risk appetite – clarity on how much risk ISHA is willing to take
- Roles and responsibilities – defining clear accountabilities for risk management.

The Leadership Team and the Board have reviewed the risks facing ISHA in the current economic climate and have golden rules which represent a way to express the association's risk appetite and 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 requires confirmation by the Leadership Team of their existence and effectiveness.

On behalf of the Board, the Audit & Risk Committee and Leadership Team regularly conduct horizon scanning to identify any emerging risks to the association. The Audit & Risk Committee also initiates deep dives into any areas of concern - to assess ISHA's controls and its ability to withstand any materialisation of those risks.

As part of the evaluation and monitoring of risks, the newly formed Management Team (Heads of Service) carry out the initial review of the operational risks register for each area of the business and make recommendations to the Leadership Team. Risks are rated according to the likelihood of the event happening as well as the consequence should the event occur. This is followed by further review of the operational risk register by the Leadership Team. 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.

**ISLINGTON & SHOREDITCH HOUSING ASSOCIATION LIMITED
YEAR ENDED 31 MARCH 2023**

The strategic risk register was reviewed at the Audit and Risk Committee meetings held in April, July and November 2022 and February 2023. 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, August, December 2022 and March 2023.

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 2 August 2023 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'Mervyn Jones', written in a cursive style.

Mervyn Jones
Chair of the Board

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 third 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 and discussed priorities for the remaining two years of the strategic plan. Our development ambitions, driven by a desire to serve our communities, continue to be impacted by the need to spend money remediating buildings that should have been, but were not, built properly.

Given the very high housing costs in North London, the Board has 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. For self-payers (full or part), there is greater disposable income after housing costs and therefore greater autonomy. The Board 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 in line with its strategic intent around low rents. This has necessitated large cash subsidies to continue development, which the Board believes is money well spent.

ISHA has compared its performance with other housing associations using the Regulator of Social Housing (RSH) Global Accounts 2022 report. ISHA has high costs when benchmarked against all housing associations in England. This is consistent with operating within central London.

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

ISLINGTON & SHOREDITCH HOUSING ASSOCIATION LIMITED YEAR ENDED 31 MARCH 2023

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. As customer satisfaction is at the core of our service, the association's value for money plans and targets are now tailored mainly in line with the regulator's Tenant Satisfaction Measures (TSM).

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 for benchmarking our value for money metrics is: London-based associations with stock size from 500 to 10,000 homes. As the peer group data for 2022-23 is not available until the Autumn of 2023, we have estimated our peer group's 2022-23 outturn by applying a 7% uplift on the 2021-22 results for benchmarking. Reference to our peer's 2023 metrics in this Value for Money report refers to the uplifted 2021-22 results.

The table below shows the nine metrics, how we have performed from 2020 to 2023, how we compare to our peer group average, and our actual performance in 2023 against our peers' uplifted metrics.

ISLINGTON & SHOREDITCH HOUSING ASSOCIATION LIMITED
YEAR ENDED 31 MARCH 2023

Metrics	ISHA	Peer Group*	ISHA	Peer Group*	ISHA	Peer Group*	ISHA	Peer Group*
	2022/23	2022/23**	2021/22	2021/22	2020/21	2020/21	2019/20	2019/20
Total social housing units owned + managed	2,403		2,349		2,351		2,349	
1 Reinvestment	2.5%	7.5%	4.1%	7.0%	7.9%	5.2%	6.0%	6.2%
2 New supply delivered								
A - Social housing	3.7%	1.3%	1.7%	1.2%	0.9%	1.4%	3.4%	2.5%
B - Non-social housing units	0.4%	0.1%	0.0%	0.1%	0.0%	0.3%	0.0%	0.9%
3 - Gearing %	28.6%	48.0%	30.4%	44.8%	32.9%	43.9%	29.1%	43.0%
4 - EBITDA (MRI)	30.6%	81.6%	69.2%	76.3%	106.2%	135.3%	103.1%	136.9%
5 - Headline social housing costs per unit (CPU)	£8,261	£8,573	£7,317	£8,012	£6,985	£7,113	£6,491	£6,895
6 Operating margin %								
A - Social housing lettings	2.3%	18.6%	4.5%	17.4%	-2.2%	20.6%	8.1%	26.1%
B - Overall	7.1%	14.3%	8.5%	13.4%	5.3%	14.6%	14.8%	17.6%
7 - Return on capital employed	2.2%	3.0%	2.5%	2.8%	0.8%	2.7%	2.3%	3.5%
Breakdown of headline social housing costs per unit								
<i>Management cost per unit</i>	£1,611	£1,843	£1,651	£1,723	£1,405	£1,646	£1,204	£1,546
<i>Service charge cost per unit</i>	£1,986	£1,641	£1,985	£1,533	£1,510	£1,510	£1,779	£1,375
<i>Maintenance cost per unit</i>	£2,859	£1,802	£2,685	£1,684	£3,212	£1,584	£2,387	£1,500
<i>Major repairs cost per unit</i>	£1,679	£1,686	£829	£1,576	£364	£994	£794	£1,072
<i>Other social housing cost per unit</i>	£126	£1,601	£167	£1,496	£494	£1,379	£327	£1,402
Total	£8,261	£8,573	£7,317	£8,012	£6,985	£7,113	£6,491	£6,895

*Peer group are London based Housing Associations with 500 to 10000 units

**Peer group 2022-23 results are 2021-22 uplifted by 7%

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 2.5%, which is lower than its 4.1% outturn of 2022. This is because of the reduction in development activities due to the prioritisation of building safety. Additionally, most of the costs of the new units delivered were incurred in prior years.

£7m was invested in 2022/23 to complete the delivery of 97 new homes which were handed over during the year and to invest in other units which are in various stages of development. The schemes handed over are:

ISLINGTON & SHOREDITCH HOUSING ASSOCIATION LIMITED YEAR ENDED 31 MARCH 2023

- 400 Hoe Street consisting of 38 homes (four affordable rented units, 34 shared ownership units and one commercial unit).
- Parkhurst Road consisting - 59 homes (41 social rented units and 18 shared ownership units).

The units in progress include:

- Two schemes with 40 rented and shared ownership units and a commercial unit are at the planning stage with expected delivery in 2025. These are the Alexandra Court with three social rented and 12 shared ownership units and a commercial unit, and Barrett's Grove with 21 London affordable rented and four shared ownership units.

New supply delivered

This metric measures the percentage of new social and non-social units developed or acquired in the year, to the stock owned at year end.

The result for the new **social housing units** delivered in 2023 is 3.7%. This is better than the 1.7% achieved in 2022 and higher than our peers' 2023 average of 1.3%. It is also a higher percentage increase than any of the 'top 50 developers' in trade magazine Inside Housing's round up for 2022/23 with a far higher proportion of genuinely affordable social rents.

ISHA hopes to continue to build low-cost homes in our areas of operation, albeit on a lower scale than envisaged earlier in our strategic plan. We hope to utilise the developer contributions paid to Hackney, one of our core boroughs, on the Barratt's Grove and Alexandra Court developments. 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. The 2020-2025 strategic plan targeting the building of 400 homes for ISHA and North River Alliance partners will not be achievable given our determination to prioritise the building safety issues in our buildings and increased building costs.

One **non-social housing** commercial unit was handed over in 2022 (Hoe Street). This represents 0.4% of our non-social stock. The surplus from the sale of the commercial unit is being used for further development of social homes.

Gearing

This metric measures the percentage of the adjusted assets that are made up of debt, thereby estimating the business's dependency on debt finance. ISHA's dependency on debt slightly reduced from 30.4% in 2022 to 28.6% in 2023 and is lower than peer group 2023 average of 48.0%. The association continues to meet its loan repayments and renegotiate others where more favourable conditions can be obtained.

We scenario- and stress-test our business plan regularly to ensure it is resilient. 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.

ISLINGTON & SHOREDITCH HOUSING ASSOCIATION LIMITED YEAR ENDED 31 MARCH 2023

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 their loan covenants using EBITDA-MRI.

The 2023 result of 30.6% is a reduction from our 2022 result of 69.2% and lower than our peers' 2021 average of 81.6%. This result is because our operating surplus was £1.1m lower than 2022 in addition to the building safety and waking watch costs. Also, in line with our corporate strategy, the association started its first phase in lowering its EPC rating with loft insulation upgrades to 69 homes. The surveys undertaken for these homes has also provided useful information to enable ISHA to update its core component records. These and the soaring inflation during the year impacted our expenditure and reduced our EBITDA-MRI.

ISHA received £7.1m from a private developer as part of a section 106 agreement to contribute towards the provision of affordable housing in Hackney. The income is recognised as 'other grant' when the performance-related conditions are met. The denominator in the calculation of this measure (interest) includes a provision of £0.7m being the interest payable on the subsidy over two years in line with funding agreement, should the association be unable to find a project to commit the grant on. This negatively impacted the surplus and reduced our *EBITDA-MRI* interest cover.

However, ISHA's lenders have granted covenant carve outs for building safety costs including the waking watch costs and the works on St Marys Path scheme. ISHA's EBITDA-MRI excluding the waking watch costs and the £0.7m interest provision is 74.4%.

ISHA is not in breach of any of its loan covenants.

Headline Social Housing costs per unit (CPU)

ISHA's *Headline Social Housing CPU* of £8.23k is a 12% increase over last year's costs (£7.31k) and 4% below peer group average of £8.57k.

The increasing costs of services as a result of high inflation significantly impacted our costs. We continue to commit adequate resources to our estates to ensure the homes of our residents are safe and secure. The CRM-backed repairs system has created a seamless working environment for our contractors, enabling complete monitoring of all repair jobs and increased transparency in real time. Our contractors are delivering on our promises and are providing greater value for money.

To ensure good value for money, we have successfully tendered a number of our services 2022-23 using the DPS procurement route. Some of the services tendered included responsive repairs (General Build, electrical and plumbing), asbestos surveying, CCTV and door entry and lift servicing and repairs. Further details on Management CPU, Service CPU and Maintenance CPU are in the Other Metrics section below.

ISLINGTON & SHOREDITCH HOUSING ASSOCIATION LIMITED YEAR ENDED 31 MARCH 2023

ISHA has delivered on its asset management strategy's core areas with the procurement of St Mary's Path Estate works and will be mobilising works in 2023. This is expected to further affect the 2024 Headline Social Housing CPU.

Operating margin – Social housing lettings and overall

The **social housing lettings operating margin** of 2.3% is almost half of the result of the 2022 outcome of 4.5% and lower than our peer's average of 18.6%. This is mainly due to factors listed in the EBITDA-MRI section above, namely high health and safety costs, increase repairs and service costs due to inflation. We are committed to maintaining and improving the quality of our homes so that our residents would choose one of our homes if they had the choice. The annual social rent increase of 4.1% has also slightly helped to offset the costs.

With the tendering of a number of our services, we have managed to keep the repair costs in check thereby reducing the impact of rising inflation.

The **overall operating margin** of 7.1% is a reduction in our 2022 outturn of 8.5%. Our peer group overall operating percentage is 14.3%.

During the year, £1.4m of fire safety costs were charged against our revenue including £1m on waking watches. The other costs are fire surveys, fire engineering, fire safety contributions and fire safety advice. The first tranche sales target could not be met due to the high mortgage rate as we were only able to achieve 45% of our target sales with a £2.2m shortfall.

We shall continue to prioritise the **safety-first** pillar of our strategic plan including the engagement of 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.

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.

2023 ROCE is 2.2%, lower than the 2.5% we achieved in 2022 and lower than our peers' average of 3.0%. 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) reduced by 2% to £1.61K (2021: £1.65K). The current Management CPU is lower than our peers' average (£1.84K).

During the year, efforts were made to employ into the vacant posts hitherto filled by temporary staff. A few posts were also left vacant for most part of the year. A saving of £100k was made in the total management costs against budget.

ISLINGTON & SHOREDITCH HOUSING ASSOCIATION LIMITED YEAR ENDED 31 MARCH 2023

Service charge costs per unit remained the same as 2022, at £1.99k, but the result is still higher than our peers' average of £1.64k. Service charge costs have increased across the board and most recoverable and unrecoverable overheads have jumped up significantly. Costs of communal cleaning and refuse collection have gone up by £360k, fire appliances maintenance by £201k, communal utilities by £176k, lift servicing by £102k and CCTV/entry systems by £97k. Bulk refuse remains a challenge, but we continue to monitor this with the increased number of CCTV installed.

2023 **maintenance costs per unit**, at £2.86k, is 6% higher than the previous year's value of £2.69k. It is also higher than our peer's outcome of £1.80k. We have continued to ensure improvement in the quality of our homes. Cost increases were experienced for maintenance of fire appliances maintenance, communal utilities and lift servicing.

Major repairs costs per unit are double the amount reported in 2022. At £1.7k, this is in line with our peers' outcome of the same amount. We spent £713k for component replacements and major repairs to Wenlock St lift, roofing with extensive scaffolding of a block at Barnes House due to the configuration and height of the building, repairs of Dunston Rd roof and Mildmay balcony repairs which was causing excessive leaks into the block. ISHA has also undertaken fire safety remedial works as identified in the Fire Risk Assessments.

We commenced the St Mary's Path major works in 2023, with a preliminary consultancy cost of £125k and capital expenditure £1.12m.

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 now 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, we analyse 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 as we strive to maintain all our stock at high standard. The finance-related value-for-money targets are monitored by the leadership team through our monthly management accounts.

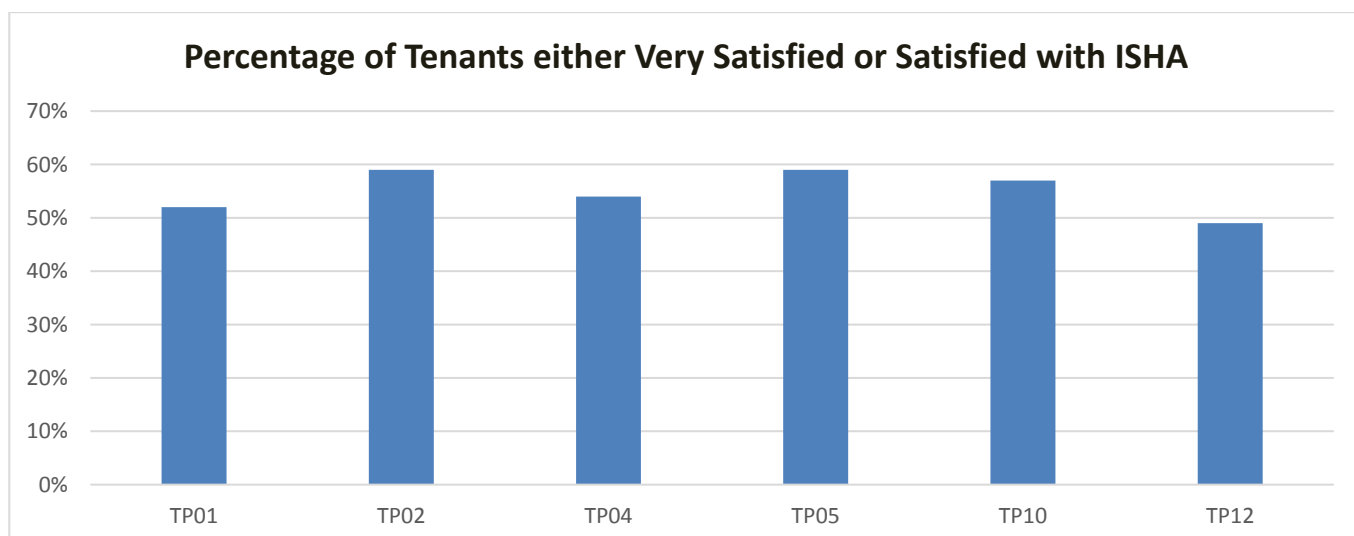
Service and Satisfaction

During the year, we replaced some of our 2022-23 tenant satisfaction targets with the regulator's Tenant Satisfaction Measures (TSM) to enable us to test the waters before April 2023 and provide us with a baseline comparison for quarter 1 of 2023-24.

The following are the 2022-23 targets replaced with the relevant TSMs with their quarter 4 actual results:

**ISLINGTON & SHOREDITCH HOUSING ASSOCIATION LIMITED
YEAR ENDED 31 MARCH 2023**

2022-23 Internal VFM target	TSM Replacement	TSM description	2022-23 Q4 actual
Service and Satisfaction			
Customer Satisfaction with the overall service provided by ISHA as a Landlord	TP01	Taking everything into account how satisfied or dissatisfied are you with the service provided by ISHA?	61% We surveyed our residents via the STAR survey and an Institute of Customer Service survey of a subset of residents. We received a higher rate of 61% in one survey and a lower rate of 52% in the other. We recognise a number of factors influencing these differing results and our programme of service improvements is designed to ensure we improve on these numbers next year.
Customer satisfaction with the overall repairs service provided by ISHA	TP02	How satisfied or dissatisfied are you with the overall repairs service from ISHA over the last 12 months?	59%
How satisfied or dissatisfied are you with the overall quality of your home? & Satisfaction with new homes (re-let)	TP04	How satisfied or dissatisfied are you that ISHA provides a home that is well-maintained?	54%
Thinking specifically about the building you live in, how satisfied or dissatisfied are you that ISHA provides a home that is safe and secure?	TP05	Thinking about the condition of the property or building you live in, how satisfied or dissatisfied are you that ISHA provides a home that is safe?	59%
Customer satisfaction with cleaning. & Customer satisfaction with gardening	TP10	How satisfied or dissatisfied are you that ISHA keeps these communal areas clean and well-maintained?	57 %
Satisfaction with ISHA's case handling of Anti-Social Behaviour cases	TP12	How satisfied or dissatisfied are you with ISHA's approach to handling anti-social behaviour?	49%



TP01 - Taking everything into account how satisfied or dissatisfied are you with the service provided by ISHA?

Our performance	Our plans
<p>We continue to use feedback from our residents to improve our services, including from complaints, resident involvement activities and other engagement with our staff.</p> <p>Resident safety has been at the forefront of our activity this year, focusing on high-risk buildings and remedial works where required. Our Building Safety Team has provided regular updates to residents impacted by the fire safety issues. We have also introduced a number of measures to improve our services and communication with residents, including updating our complaints policy in line with the Ombudsman’s complaint code.</p>	<p>Resident communication and involvement is a priority for 2023/24. ISHA has appointed a new Resident and Community Involvement Lead to spearhead our involvement activity and ensure we listen and act on our residents’ needs and feedback.</p> <p>The resident newsletter will be reintroduced and delivered monthly, as well as a refresh of the website to make accessing important information even easier. A customer portal is also planned and we will ask residents to get involved to ensure it meets their needs. We will continue to ensure residents have a say in appointing contractors, through our repairs panel and resident scrutiny panel.</p>

TP02 - How satisfied or dissatisfied are you with the overall repairs service from ISHA over the last 12 months? 59%

Our performance	Our plans
<p>ISHA has successfully tendered throughout 2022/23 using the DPS procurement route, services tendered are.</p> <ul style="list-style-type: none"> • Responsive repairs (General Build) • Responsive repairs (Plumbing) • Responsive repairs (Electrical) • Asbestos Surveying • CCTV and door entry • Commercial Gas • Fire Safety (Servicing) • Water Hygiene • Lift servicing and repairs <p>ISHA has delivered on its asset management strategy’s core areas with the procurement of St Mary’s path Estate works and will be mobilised with</p>	<p>In 2023/24, we will further review our assets and liabilities register to plan the next phase of procurement through DPS. This will be linked to consultation with lease holders as we look to extend contract terms for ISHA key delivery areas, these extended contracts will further improve ISHA securing VFM through these longer-term arrangements.</p> <p>We will continue to utilise the planned and cyclical works identified in our asset data base to deliver on our strategic plan to create homes and communities where everyone can flourish.</p> <p>We will continue the delivery of our asset management strategy including the refurbishment to St Marys Path Estate. We will also continue the validation of our stock</p>

<p>works starting from April 2023. We have validated our stock information through a robust stock condition review of 29% against an initial target of 20%.</p> <p>In line with our corporate strategy ISHA started its first phase in lowering its EPC rating with loft insulation upgrades to 69 number of homes, the surveys undertaken for these homes has also provided useful information to enable ISHA to update its core component records.</p>	<p>information through a robust stock condition review of 20% of our total stock.</p> <p>In line with our corporate strategy objectives, we will continue t our sustainability work to reduce our carbon footprint, with heating system and lighting upgrades and a further review of requirements to achieve a rating to EPC C by 2030.</p>
--	--

TP04 - How satisfied or dissatisfied are you that ISHA provides a home that is well-maintained? 54%

Our performance	Our plans
<p>We have validated our stock information through a robust stock condition review of 29% against an initial target of 20%. This equates to 571 homes</p> <p>We achieved 100% decent homes standard for our stock, replacing</p> <ul style="list-style-type: none"> • 131 boilers • 29 bathrooms • 29 kitchens • 4 lifts <p>We have also invested in improving communal areas, with flooring replacement in 17 blocks upgrading of CCTV to improve security and reduce fly tipping, several roof replacements and extensive repairs.</p> <p>ISHA has worked with Town Turner who were appointed by the Lord Major of London to help ISHA understand its requirements and to map through customer engagement. ISHA has undertaken works towards our Net Zero targets of achieving B and C by 2030 by upgrading loft insulation and heating systems in some areas.</p>	<p>In 2023/24, we will further review our assets and liabilities register to plan the next phase of procurement through DPS. We will actively encourage members of our residents panel to support in the procurement of our key service areas.</p> <p>We will continue our stock condition surveys and increase the number of inspections so no property has a record of assets older than three years.</p> <p>We will continue to invest in our assets, carrying out roof replacements to five blocks: are Mildmay court, Trays Hill green roof, Lea Bridge Road, Canonbury Court, and Forest Road. We will also carry out the following programmes: consumer units and electrical rewires, asbestos testing prior to component replacement, window and door replacements, fire door replacements, commercial boiler replacement at St Mary's Path and fire safety works at St Mary's Capex and smoke detector replacement, if necessary, when carrying out an LGSR.</p> <p>ISHA will continue to work towards achieving Net Zero targets with an emphasis on increasing thermal comfort and improving energy efficiency to our homes.</p>

TP05 - Thinking about the condition of the property or building you live in, how satisfied or dissatisfied are you that ISHA provides a home that is safe? 59%

Our performance	Our plans
<p>ISHA continues to hold developers accountable for defective buildings built within the last 30 years. We are working with specialist legal teams and fire engineering experts, establishing disputes and bringing claims against the original building contractors to remedy defective external wall systems where we have carried out intrusive surveys.</p> <p>We have negotiated a settlement agreement to remediate Acton Mews and Dunston Road at zero cost of works for ISHA. The works have been completed and we have obtained EWS1 with B1 sign off.</p> <p>We have worked hard on holding contractors accountable for the defects within the buildings they had built. We have ongoing cases with Mildmay avenue where we have identified defects and are engaging with the original developer to remedy the building. The external scope of works has been agreed and we continue to investigate internal compartmentation. The remedial works is due to commence this year.</p> <p>Mandarin Wharf</p> <p>Investigations are complete and the detailed design specification has been submitted to the original build contractor. We are negotiating with the heads of terms and will enter into a settlement agreement and contract.</p> <p>Alexandra Court</p> <p>ISHA’s Building Safety team is working in collaboration with the Development team with the intention of aligning the remedial works with the proposed development scheme.</p>	<p>In 2023/24, we will continue our building safety work and remediations as required and continue our negotiations with contractors and developers in order to resolve the outstanding issues and priorities. The Building Safety team is also focused on ensuring full compliance with new legislation.</p>

TP10 - How satisfied or dissatisfied are you that ISHA keeps these communal areas clean and well-maintained? 57%

Our performance	Our plans
<p>In 2022/23 ISHA identified six schemes facing an issue of overflowing waste due to insufficient general waste bins. To address this problem, we supplied additional bins to these schemes, effectively eliminating the issue.</p> <p>We implemented a monthly deep cleaning program across all ISHA schemes in partnership with our cleaning contractor. This program involved sanitising refuse bins and bin stores.</p> <p>To combat fly tipping and reduce waste collection costs and service charges for residents, CCTV cameras were upgraded at various ISHA schemes. These upgrades led to a reduction in fly tipping at these schemes, assist ISHA in identifying those responsible, and ultimately minimise costs.</p> <p>In collaboration with the Islington Council Recycling Team, ISHA identified schemes requiring additional food waste and recycling bins. We ensured that these bins were promptly provided to benefit our residents.</p>	<p>During 2023/24 ISHA will reprocur its cleaning and gardening services. This will involve extensive communications and section 20 consultation and residents will be invited to form part of the tender process and meet with potential contractors to support in the final award.</p> <p>We will actively communicate with residents regarding the actions taken by ISHA based on their feedback.</p> <p>The Neighbourhoods Team, in collaboration with our cleaning contractor, will continue to conduct monthly deep cleans of our schemes, ensuring that waste bins and bin stores are well-maintained.</p> <p>To ensure the safety of our residents and the good condition of trees, we will develop a comprehensive tree program across all ISHA schemes. This program will prioritize tree surgeries as necessary.</p> <p>In line with our Estate Improvements plan, we will establish a replanting program in 2023/24. This program, implemented in collaboration with our cleaning and gardening contractor, will focus on schemes with communal trees.</p> <p>Furthermore, we have plans to upgrade CCTV, door entry systems, and fob systems, as well as replace old or worn-out communal flooring in various ISHA estates and blocks.</p> <p>We will continue our collaborative efforts with Local Authorities to further enhance recycling and food waste facilities at ISHA's schemes, fostering ongoing improvements.</p>

ISLINGTON & SHOREDITCH HOUSING ASSOCIATION LIMITED
YEAR ENDED 31 MARCH 2023

TP12 - How satisfied or dissatisfied are you with ISHA's approach to handling anti-social behaviour?? 49%

Our performance	Our plans
<p>The Housing Team handles all reports of anti-social behaviour in line with our ASB policy. Cases reported to the team are investigated thoroughly and appropriate measures are taken. The team works variously with the outreach and support team and Neighbourhoods team internally, and local council stakeholders and the police as necessary.</p> <p>This year, the Neighbourhood Service Teams have worked hard to combat fly tipping and, improve the safety of our residents with CCTV camera upgrades at various ISHA schemes.</p>	<p>An ASB management system will be procured to support the housing team with case management. ISHA has also budgeted for further upgrades to CCTV, door entry systems, and fob systems where identified as necessary.</p>

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

Key internal VFM target	Actual Mar 2023	Target Mar 2023	Actual Mar 2022	Actual 2021	Actual 2020
Safety First					
Number of properties without landlord gas safety certificates	5	0	12	3	0
Number of overdue fire safety actions	74	0	102	14	39
Security and Growth					
Satisfaction with Outreach and Support services	100%	100%	100%	100%	N/A
Supply					
Number of new homes handed over	97	97	42	20	80
Average Void Period - pre sales (in weeks)	13.5 wks	38 wks	34 wks	28 wks	N/A
Cumulative In-Year Shared Ownership 1st Tranche Income	£1.83m	£3.21m	£4.1m	£0.8m	£4.0m
Average 1st Tranche Percentage Achieved	33%	25%	35%	N/A	N/A
Cumulative number of In-Year Shared Ownership Sale Completions	14	31	29	5	23
Sustainability					
Sales of void units to finance safety in our properties and business growth	7 units £3.6m	15 units - £5.0M	6 units - £1.9M	N/A	N/A
Average re-let days for General Needs	54 days	<=28days	62days	64days	62days
Current general needs arrears as a percentage of the rent roll	5.70%	4.75%	7.58%	5.60%	6.3%
Employee Engagement	50.0%	75%	55%	67.5	66%*
Average staff sickness days	5.4 days	<= 5.0 days	8.2 days	3.6 days	7.2 days

**ISLINGTON & SHOREDITCH HOUSING ASSOCIATION LIMITED
YEAR ENDED 31 MARCH 2023**

Cumulative staff turnover	29%	<= 15%	28%	7%	24%
Non-Development Capital spend within budget	£1.26m below budget	On budget	£339 saving	£552k saving	£89k saving
Overhead spend within budget	£100k over budget	On budget	£156k above budget	On budget	£36k saving

Safety First

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

Metric	Actual 2023	Target 2023	Actual 2022	Target 2022	Actual 2021
Number of properties without landlord gas safety certificates	5	0	12	0	3
Number of overdue fire safety actions	74	0	102	0	14

Our performance	Our plans
<p>Building Safety</p> <p>Alexandra Court</p> <p>ISHA Building Safety team is working in collaboration with the Development team with the intention of aligning the remedial works with the proposed development scheme.</p> <p>Safety Cases and registration of building with the Building Safety Regulator</p> <p>Roof detail and condition – as part of the registration process to register the buildings in scope of the building safety regulation. ISHA will need to include the roof detail and condition. ISHA have instructed Langley to carry out roof condition surveys.</p> <p>To support the production of the safety case ISHA have appointed Conisbee structural engineering to undertake a structural survey of the eight high-risk buildings.</p> <p>Landlord Certificates</p> <p>The leaseholder protections regulations 2022 are part of the Building Safety Act 2022 that aim to protect leaseholders from paying for historical building safety defects, such as cladding remediation. The regulations introduce two new documents: the leaseholder deed of certificate and the landlord's certificate. Compilation of the landlord certificates is a complex and lengthy process which requires expert building knowledge from the building safety team, leasehold knowledge from the</p>	<p>ISHA Building Safety Policy, Strategy, and safety management system.</p> <p>ISHA Leadership Team and Building Safety team have reviewed the requirements of the Building Safety case principles as set out by the HSE. ISHA will be appointing PRP consultants who will work with ISHA to develop the Building Safety strategy and policy. We are awaiting the formal proposal.</p> <p>Once the Building Safety Policy and Strategy is completed, we will create a safety management system that demonstrates that our high-risk buildings are safe to occupy. The safety management system will feed into the safety cases and reports.</p> <p>ISHAs focus will be to collate the key building information required for ISHA high-risk buildings. The building safety registration for high-risk buildings opened in April 2023 and the deadline to register is 30 September 2023. It will be a criminal offence if ISHA fails to register the eight high-risk building.</p> <p>The collation of the key building information will support ISHA with the development of the safety cases and reports which will be due to be submitted to the Building Safety Regulator within the next 2-3 years.</p>

ISLINGTON & SHOREDITCH HOUSING ASSOCIATION LIMITED
YEAR ENDED 31 MARCH 2023

leasehold team and financial statement from the Finance director. The legal requirement under the Building Safety Act means ISHA must supply the certificates to qualifying leaseholders. Additional administrative time is required from all teams to fulfil this obligation.	We will be recruiting a Building Safety Project Manager to support the Building Safety team in the delivery of the Building Safety Act 2022 and Fire Safety Act 2021 requirements.
--	--

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 stakeholders for its housing and services, participating or being represented in various working groups and partnerships with local authority partners and other stakeholders in the community.

Supply

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

Metric	Actual 2023	Target 2023	Actual 2022	Target 2022	Actual 2021	Actual 2020	Actual 2019
Number of new homes handed over	97	97	42	80	20	80	37
Average Void Period (in weeks)	13.5	38	34	12	28	11	0%
Cumulative In-Year Shared Ownership 1st Tranche Income	£1.83m	£3.21m	£4.1m	£4.7m	£0.8m	N/A	N/A
Average 1st Tranche Percentage Achieved	33%	25%	35%	25%	0%	N/A	N/A

Our performance	Our plans
<p>The targeted 97 new homes were handed over in the financial year.</p> <p>Number of sales completed and 1st tranche income were below target due to delayed handovers at Hoe St and Parkhurst and the adverse mortgage and housing market conditions prevailing in Q3 & Q4.</p> <p>Void levels were better-than-target, as was the 1st tranche percentage average, which boosted income from the lower number of completed sales by 27%.</p>	<p>4 units are forecast for handover up to 31/3/24 – 2 rented + 2 shared ownership homes at Spurstowe Terrace, Hackney.</p> <p>1st tranche income target for 2023/24 is £3.9m from 37 forecast sales at Hoe St, Parkhurst and Spurstowe Terrace.</p> <p>To counter current market and affordability challenges, an enhanced, multi-digital platform marketing strategy has been live since January 2023 and has been successful in generating more enquiries, viewings and sales. We will continue with this strategy, seeking to refine the methodologies employed as we proceed, in order to optimise performance and achieve best value.</p>

Sustainability

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

Actual 2023	Target 2023	Actual 2021	2021 target
7 units £3.6m	15 units £5.0M	6 units £1.9M	10 units £3.5M

Our performance	Our plans
<p>Sales of one bedroom void properties commenced in 2021-22 to enable the association to finance the buildings safety works and grow our business.</p> <p>The planned sales of 15 units for 2022/23, totalling £5.0m. During the year, the association sold only seven units, representing 47% of our target and generating a total net income of £3.6m, 28% below target.</p> <p>The shortfall in sales is due to the instability in the world economy which is reflected in the property market.</p> <p>However, the net income after deducting the costs of the properties was £2.7m, £0.8m above the net income target of £1.9m. The surplus above budget was achieved from the high value of some of the units sold.</p>	<p>In 2022-23 we will continue the sale of the one-bedroom void units. 15 units are also planned for sale for a total of £5m, with a target net surplus of £2m.</p> <p>The surplus will continue to be used to invest in the safety and quality of our buildings and to complete the St Mary's Path project.</p>

Average re-let days for General Needs

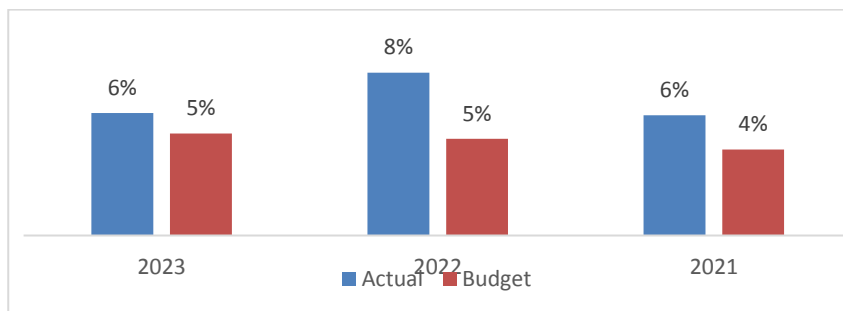
Actual 2023	Target 2023	Actual 2022	Target 2022	Actual 2021	Target 2021
54	28	62	28	64	20

Our performance	Our plans
<p>We have improved the void standard this year and now provide cookers and beds for new tenants who require them, along with curtains and carpets which we previously provided. This ensures that none of our new residents' experience bed poverty, and that everyone has the facility to prepare a nutritious meal.</p> <p>Void turnaround continues to be adversely affected by staff shortages and</p>	<p>Procurement of a new housing management database with a void management function will improve void turnaround.</p> <p>To help reduce void turnaround times, we will build better relationships with nominations and lettings teams in the local authorities where we work, so that we can better understand the obstacles</p>

**ISLINGTON & SHOREDITCH HOUSING ASSOCIATION LIMITED
YEAR ENDED 31 MARCH 2023**

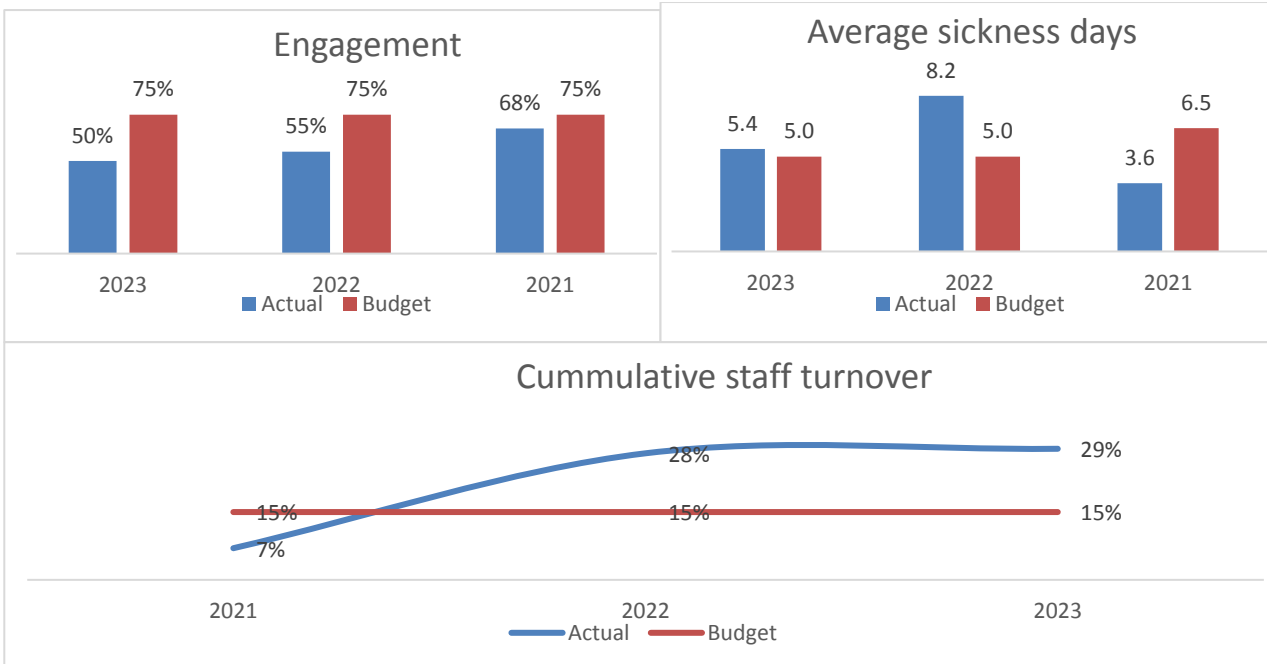
<p>the lack of an IT solution for void management.</p> <p>We experienced some significant delays in letting voids due to delays in receiving nominations from the local authorities where we work, in particular the London Borough of Waltham Forest.</p>	<p>which may get in the way of them making nominations promptly.</p>
---	--

Current general needs arrears as a percentage of the rent roll



Our performance	Our plans
<p>We have rolled out and embedded the use of Dynamics income recovery software which has significantly improved the efficiency the income recovery team.</p> <p>We reviewed the outreach and support services and assigned a dedicated outreach officer to providing support to new tenants in making claims for universal credit and housing benefit to ensure that these tenants did not fall into rent arrears at the start of their tenancy. We have also continued the work of preparing residents for the roll out of universal credit.</p> <p>The customer services team were given training by the income team in providing advice to tenants with low level rent arrears.</p> <p>We developed the Dynamics income recovery software for shared-owners and leaseholder rent and service charge recovery.</p>	<p>We will complete the development and roll out of the income recovery software for the collection of rent and service charges for shared-owners and leaseholders.</p> <p>We will automate the income recovery process for former tenant arrears collection.</p> <p>We will carry out a project to identify digitally excluded residents to provide training and signposting so that they are prepared for the roll out of universal credit</p>

Employee engagement, sickness and cumulative staff turnover



Our performance	Our plans
<p>We conducted two engagement surveys during the year, in October and December 2022. Our average engagement score was 50% for the year, with a significant improvement in both participation and engagement in the December survey. We made good progress on the EDI policy and strategy, with some progress in other areas –including a comprehensive survey to obtain staff views on flexible working and benefits - work on the staff handbook and L&D will now take place in 2023/24.</p> <p>Sickness levels improved this year, with a particular reduction in sickness absence in quarter 4 (possibly attributable to annual leave levels during the quarter). We weren’t able to develop the new policy this year due to other priorities taking precedence.</p> <p>Turnover remained high, ending the year at 29%, although with small improvements seen in quarters 3 and 4. Analysis shows that we have far too many people leaving during the first six months of their employment with ISHA; there are myriad reasons for this but all lead to the</p>	<p>Following the flexible working and benefits survey in quarter 4 we will be introducing new benefits to support staff with their physical health. Suitable options to be explored will be around areas such as physical health checks and health cash back plans.</p> <p>We have a dedicated resource during q1 23/24 to develop new policies and procedures in the following areas: recruitment; probation; performance management; onboarding and induction; L&D; sickness; and flexible working. Delivering these, and providing training and support for managers, should enable us to improve upon a number of indicators including turnover and sickness.</p> <p>Since q4 2022/23 we have had an enhanced focus on personal development plans and all managers have been asked to hold quality conversations with their people about career aspirations and personal and professional development. This will continue during 2024, we will actively</p>

**ISLINGTON & SHOREDITCH HOUSING ASSOCIATION LIMITED
YEAR ENDED 31 MARCH 2023**

<p>conclusion that we're not consistently getting the right people into the business through our recruitment process</p>	<p>encourage more staff to embark on qualifications and identifying and taking up development opportunities to help them achieve their career goals.</p>
---	--

Non-development capital and overhead spends within budget

Type of target	Actual 2023	Target 2023	Actual 2022	Target 2022	Actual 2021	2021 target
Overhead spend within budget	£100k above budget	On budget	£156k above budget	On budget	On budget	On budget
Non-Development Capital spend within budget	£1.26m below budget	On budget	£339k below budget	On budget	552k below budget	On budget

Our performance	Our plans															
<p>Six lifts were planned for replacement during the year, with capital budget of £576k. This was dependent on the income generated from void sale programme. The void sale programme was slightly behind where we would like it to be for the year and so the Leadership Team decided to cap the lift replacement budget at £459k. (4 lifts). As at March 2023, we have replaced the lifts in three blocks at Belvedere Court (with one block being a lease hold block), as well as at our Penn Street and Halley House schemes</p> <p>The table below summarizes the outcome of some of the planned asset replacement and the outcome for the year.</p> <table border="1" data-bbox="145 1400 639 1644"> <thead> <tr> <th>Assets replaced</th> <th>Target (units)</th> <th>Completed (units)</th> </tr> </thead> <tbody> <tr> <td>Boilers</td> <td>105</td> <td>131</td> </tr> <tr> <td>Bathrooms</td> <td>64</td> <td>29</td> </tr> <tr> <td>Kitchens</td> <td>43</td> <td>29</td> </tr> <tr> <td>Lifts</td> <td>6</td> <td>4</td> </tr> </tbody> </table> <p>The target of 64 bathrooms was not achieved due to 15 having no access provided by residents and 20 properties which did not require replacement. The target of 43 kitchen replacements was not achieved due to 5 no access and 9 not requiring work to be carried out due to being carried out in previous years. All properties which were no access will be moved over into the next financial year</p>	Assets replaced	Target (units)	Completed (units)	Boilers	105	131	Bathrooms	64	29	Kitchens	43	29	Lifts	6	4	<p>Two lifts are planned for replacement during the year, at Springwell Court and Spring Villa, with a capital budget of £403k. This was dependent on the income generated from void sale program. This has meant that the planned program would have to be split into two stages. We will also be carrying out roof replacements to five blocks and carrying out planned programmes of works.</p>
Assets replaced	Target (units)	Completed (units)														
Boilers	105	131														
Bathrooms	64	29														
Kitchens	43	29														
Lifts	6	4														

**ISLINGTON & SHOREDITCH HOUSING ASSOCIATION LIMITED
YEAR ENDED 31 MARCH 2023**

2023-24 internal value for money targets.

The new Tenant Satisfaction Measures (TSM) that came into effect from 1 April 2023. The Board have approved the regulator's 22 TSMs and five additional ISHA only measures as the internal value for money measures for 2023-24.

Tenant Perception Measures

- TP01 Taking everything into account how satisfied or dissatisfied are you with the service provided by ISHA?
- TP02 How satisfied or dissatisfied are you with the overall repairs service from ISHA over the last 12 months?
- TP03 How satisfied or dissatisfied are you with the time taken to complete your most recent repair after you reported it?
- TP04 How satisfied or dissatisfied are you that ISHA provides a home that is well-maintained?
- TP05 Thinking about the condition of the property or building you live in, how satisfied or dissatisfied are you that ISHA provides a home that is safe?
- TP06 How satisfied or dissatisfied are you that ISHA listens to your views and acts upon them?
- TP07 How satisfied or dissatisfied are you that ISHA keeps you informed about things that matter to you?
- TP08 To what extent do you agree or disagree with the following? "My landlord treats me fairly and with respect".
- TP09 How satisfied or dissatisfied are you with ISHA's approach to complaints handling?
- TP10 How satisfied or dissatisfied are you that ISHA keeps these communal areas clean and well-maintained?
- TP11 How satisfied or dissatisfied are you that ISHA makes a positive contribution to your neighbourhood?
- TP12 How satisfied or dissatisfied are you with ISHA's approach to handling anti-social behaviour?

Landlords Management Information

- RP01 Homes that do not meet the Decent Homes Standard
- RP02 Repairs completed within target timescale.
- BS01 Gas Safety Checks
- BS02 Fire Safety Checks
- BS03 Asbestos Safety Checks
- BS04 Water Safety Checks
- BS05 Lift Safety Checks
- CH01 Complaints received relative to the size of the organisation.
- CH02 Complaints responded to within Complaint Handling Code timescales.
- NM01 Anti-social behaviour cases relative to the size of landlord

ISHA's additional measures

- Employee Engagement - %
- Cumulative Staff Turnover - %
- Average Staff Sickness Absence (Days)
- FRA – number of overdue actions %
- Current arrears as a % of rent charged.

ISLINGTON & SHOREDITCH HOUSING ASSOCIATION LIMITED
YEAR ENDED 31 MARCH 2023

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 2022. 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.

ISLINGTON & SHOREDITCH HOUSING ASSOCIATION LIMITED
YEAR ENDED 31 MARCH 2023

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 2023 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 2023 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 2022.

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.

**ISLINGTON & SHOREDITCH HOUSING ASSOCIATION LIMITED
YEAR ENDED 31 MARCH 2023**

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

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

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 2022, 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.

**ISLINGTON & SHOREDITCH HOUSING ASSOCIATION LIMITED
YEAR ENDED 31 MARCH 2023**

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
Chartered Accountants
Statutory Auditor**

150 Minories
London
EC3N 1LS

Date: 18 September 2023

ISLINGTON & SHOREDITCH HOUSING ASSOCIATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2023

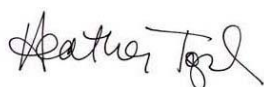
	Notes	2023 £'000	2022 £'000
Turnover	2	25,918	26,371
Operating costs	2	(24,071)	(24,124)
Surplus on sale of properties and land	20	5,202	5,907
Operating surplus	2	7,049	8,154
Interest receivable		130	3
Interest and financing costs	7	(4,533)	(3,888)
Movement in fair value of investment properties	9	540	(325)
Surplus for the year		3,186	3,944
Actuarial gains / (losses) in respect of pension scheme	23	(290)	708
Total comprehensive income for the year		<u>2,896</u>	<u>4,652</u>

All amounts relate to continuing operations. The accompanying notes on page 42 to 75 form part of these financial statements.

The financial statements were authorised and approved by the Board on 2 August 2023.



Mervyn Jones
(Chairman)



Heather Topel
(Chair of the Audit and Risk Committee)



Laura Hopper
(Secretary)

ISLINGTON & SHOREDITCH HOUSING ASSOCIATION LIMITED

STATEMENT OF CHANGES IN RESERVES

Income and Expenditure Reserves	£'000
Balance as at 31 March 2021	81,873
Comprehensive income for the year	3,944
Other comprehensive income for the year	<u>708</u>
Balance as at 31 March 2022	86,525
Comprehensive income for the year	3,186
Other comprehensive income for the year	<u>(290)</u>
Balance as at 31 March 2023	<u><u>89,421</u></u>

The accompanying notes on page 42 to 75 form part of the financial statements.

ISLINGTON & SHOREDITCH HOUSING ASSOCIATION LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH

		2023	2022
		£'000	£'000
FIXED ASSETS			
Tangible fixed assets	8	300,630	302,121
Investment Properties	9	20,071	19,455
Intangible Assets	10	<u>19</u>	<u>56</u>
		320,720	321,632
CURRENT ASSETS			
Properties held for sale	11	3,504	2,786
Trade and other debtors	12	1,765	2,228
Cash and cash equivalents		<u>13,793</u>	<u>25,962</u>
		19,062	30,976
CREDITORS: amounts falling due within one year	13	<u>(24,464)</u>	<u>(21,540)</u>
NET CURRENT ASSETS		(5,402)	9,436
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>315,318</u>	<u>331,068</u>
CREDITORS: amounts falling due after more than one year	14	222,816	242,085
PROVISIONS FOR LIABILITIES			
Defined benefit pension liability	23	1,653	1,677
Other provisions	24	1,428	781
TOTAL NET ASSETS		<u>89,421</u>	<u>86,525</u>

ISLINGTON & SHOREDITCH HOUSING ASSOCIATION LIMITED

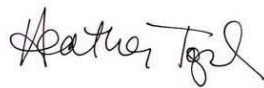
		2023	2022
		£'000	£'000
RESERVES			
Share capital – Non Equity	18	-	-
Income and expenditure reserve		<u>89,421</u>	<u>86,525</u>
Total Reserves		<u>89,421</u>	<u>86,525</u>

The accompanying notes on page 42 to 75 form part of these financial statements.

These financial statements were authorised and approved by the Board on 2 August 2023 and were signed on their behalf by:



Mervyn Jones
(Chairman)



Heather Topel
(Chair of Audit & Risk Committee)



Laura Hopper
(Secretary)

ISLINGTON & SHOREDITCH HOUSING ASSOCIATION LIMITED

STATEMENT OF CASH FLOWS

	Notes	2023 £'000	2022 £'000
Net cash generated from operating activities	(a)	8,217	16,287
Cash flow from investing activities			
Purchase of tangible fixed assets		(7,025)	(12,624)
Proceeds from sale of tangible fixed assets		7,345	7,114
Grants received		1,706	181
Interest received		130	3
		<u>10,373</u>	<u>10,961</u>
Cash flow from financing activities			
Interest paid		(4,491)	(3,834)
Loan drawdown		-	31,000
Repayment of borrowings		(18,051)	(21,058)
		<u>(12,169)</u>	<u>17,069</u>
Net change in cash and cash equivalents		(12,169)	17,069
Cash and cash equivalent at the beginning of the year		25,962	8,893
Cash and cash equivalent at the end of the year		<u><u>13,793</u></u>	<u><u>25,962</u></u>

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

a. Cash flows from operating activities

	2023 £'000	2022 £'000
Operating surplus	7,049	8,154
Adjustments for non-cash items:		
Depreciation and amortisation of fixed assets	4,106	4,061
Impairment of housing properties	342	
Amortisation of grant income	(1,428)	(3,307)
Decrease in trade and other debtors	463	951
Increase in trade and other creditors	1,428	6,606
Increase in provisions	647	-
Increase in pension liability	(24)	(892)
Defined pension interest charged	(42)	(54)
Actuarial (loss) / gains in respect of pension scheme	(290)	708
Decrease / (Increase) in properties held for sale	(718)	(209)
Net gain from sale of fixed assets	(5,202)	(5,907)
Costs of fixed assets disposed	1,886	6,176
Net cash from operating activities	<u><u>8,217</u></u>	<u><u>16,287</u></u>

ISLINGTON & SHOREDITCH HOUSING ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

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 2022.

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 2023/24.

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.

ISLINGTON & SHOREDITCH HOUSING ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

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. The total accumulated depreciation at 31 March 2023 was £56.8m (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

ISLINGTON & SHOREDITCH HOUSING ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

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 £7.0m (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 £20.1m at the yearend (2022: £19.5m). 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.

ISLINGTON & SHOREDITCH HOUSING ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

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

ISLINGTON & SHOREDITCH HOUSING ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

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 2023, the net defined benefit pension liability was £1,653k (2022: £1,677k) which has been included within the provisions for pensions liability in the financial statements.

In the year ended 31 March 2023, 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.

In 2021, 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

ISLINGTON & SHOREDITCH HOUSING ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

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

ISLINGTON & SHOREDITCH HOUSING ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

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.

ISLINGTON & SHOREDITCH HOUSING ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

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

ISLINGTON & SHOREDITCH HOUSING ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

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.

ISLINGTON & SHOREDITCH HOUSING ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

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.

ISLINGTON & SHOREDITCH HOUSING ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

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.

ISLINGTON & SHOREDITCH HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. Particulars of Income and expenditure from social housing lettings

	Housing £'000	Supported Housing £'000	Shared Ownership £'000	2023 £'000	2022 £'000
Income					
Rents receivable net of identifiable service charges	13,296	548	2,570	16,414	15,689
Service charge income	1,671	382	1,178	3,231	3,059
Amortised government grant	1,428	-	-	1,428	1,350
Turnover from social housing lettings	16,395	930	3,748	21,073	20,098
Operating costs					
Service charge costs	3,546	363	864	4,773	4,662
Management	2,499	326	1,047	3,872	3,878
Routine maintenance	4,757	178	-	4,935	4,948
Planned maintenance	1,862	72	-	1,934	1,359
Major repairs expenditure	908	54	-	962	238
Bad debts	(78)	(4)	-	(82)	346
Depreciation of housing properties	3,426	104	319	3,849	3,771
Impairment of housing property	-	-	342	342	-
Operating expenditure on social housing lettings	16,920	1,093	2,572	20,585	19,202
Operating (deficit) / surplus on social housing letting	(525)	(163)	1,176	488	896
Void losses	(213)	(75)	(28)	(316)	(218)

ISLINGTON & SHOREDITCH HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

Key management personnel

The aggregate emoluments payable to the key management personnel (Senior Executive) is £422K (2021: £491K). The Head of People and Organisational Development, a member of the Leadership Team, retired on 31 March 2022 and the post has not been filled.

4 Key management personnel remuneration

The emoluments in respect of the Senior Executives were as follows:

	2023	2022
	£'000	£'000
Basic salaries	389	451
National insurance	46	50
Pension contributions	33	50
	<u>468</u>	<u>551</u>

Remuneration payable to the highest paid director in relation to the period of account amounted to £113K (2022: £110K) 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 2023 was £125K (2022 £124K). 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:

	2023	2022
	No.	No.
£60,001 to £70,000	1	2
£70,001 to £80,000	3	4
£80,001 to £90,000	2	1
£90,001 to £100,000	1	-
£100,001 to £110,000	-	1
£110,001 to £120,000	1	1
£120,001 to £130,000	1	1

ISLINGTON & SHOREDITCH HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

Board members

The table below sets out the emoluments received by Board members who served during the year:

	2023	2022
Board members	£	£
Mervyn Jones	8,360	-
Yasmin Khan	2,866	-
Justin Fisher	3,925	-
June Riley	2,866	-
Daven Masri	2,866	-
Mohammed Baporla	2,866	-
Ben Newton	2,866	-
Alwyn Lewis	1,911	-
John Biggs	1,911	-
Gemma Colby	1,911	-
Alice Powell	1,515	-
Heather Topel	-	-
	<u>33,863</u>	<u>-</u>

(Retired 14 September 2022)

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:

	2023	2022
	No	No
Housing, development and administration staff	63	61
Estate officers	4	5
	<u>67</u>	<u>66</u>

Employee costs:

	2023	2022
	£'000	£'000
Wages	2,988	2,702
Social security costs	309	289
Pension costs	239	447
	<u>3,536</u>	<u>3,438</u>

ISLINGTON & SHOREDITCH HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

6 Operating surplus

The operating surplus for the year is arrived after charging:

	2023	2022
	£'000	£'000
Depreciation:		
Housing properties	3,849	3,770
Other tangible fixed assets	220	254
Amortisation of intangible assets	37	37
Impairment of housing properties	342	-
Surplus on sale of properties and land	5,202	5,907
Auditors' remuneration (excluding VAT):		
Audit of the financial statements of the association	35	35
Non-audit services – VAT advisory and Corporation tax compliance service	9	9
	<u>4,533</u>	<u>3,888</u>

7. Interest and financing costs

	2023	2022
	£'000	£'000
Housing loans	4,316	4,593
Interest accrual on unutilised development funding	698	-
Defined benefit pension charge	42	54
Less: Capitalised interest	<u>(523)</u>	<u>(759)</u>
	<u>4,533</u>	<u>3,888</u>

The Association received £7.1m 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 when the performance-related conditions are met. The £698k above is an accrual of the interest payable on the subsidy in line with funding agreement, should the association be unable to find a project to commit the grant on. The interest is from calculated over 2 years at 5% interest rate.

Capitalised interest is based the average cost of borrowing incurred by the association during the financial year. This amounts to 3.71% (2022: 3.30%).

ISLINGTON & SHOREDITCH HOUSING ASSOCIATION LIMITED

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 2022	262,638	48,995	39,333	350,966	795	3,391	4,186	355,152
Additions	3,073	67	3,865	7,005	-	139	139	7,144
Reclassification	-	(718)	-	(718)	-	-	-	(718)
Interest capitalised	-	-	523	523	-	-	-	523
Disposals	(1,772)	(2,895)	-	(4,667)	-	-	-	(4,667)
Schemes completed	19,078	16,367	(35,445)	-	-	-	-	-
At 31 March 2023	283,017	61,816	8,276	353,109	795	3,530	4,325	357,434
Depreciation								
At 1 April 2022	47,373	2,554	-	49,927	289	2,815	3,104	53,031
Impairment	-	342	-	342	-	-	-	342
Released on disposals	(585)	(53)	-	(638)	-	-	-	(638)
Charge for the year	3,530	319	-	3,849	16	204	220	4,069
At 31 March 2023	50,318	3,162	-	53,480	305	3,019	3,324	56,804
Net book value								
At 31 March 2023	232,699	58,654	8,276	299,629	490	511	1,001	300,630
At 31 March 2022	215,265	46,441	39,333	301,039	506	576	1,082	302,121

ISLINGTON & SHOREDITCH HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

8. Tangible fixed assets (continued)

Expenditure in works to existing properties

	2023	2022
	£'000	£'000
Components capitalised	3,073	849
Amounts charged to income and expenditure	7,831	6,545
	10,904	7,394

Social housing assistance

	2023	2022
	£'000	£'000
Total accumulated social housing grant received or receivable as at 31 March:		
Recognised in the Statement of Comprehensive Income	1,234	785
Held as deferred income	126,803	127,851
Subsumed within reserves	22,576	21,790
	150,613	150,426

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

	2023
	£'000
Capitalised at 1 April 2022	19,455
Increase in value	540
Costs Capitalised	76
At 31 March 2023	20,071

The investment properties consist of commercial and market rent properties and were valued as at 31 March 2023. 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

ISLINGTON & SHOREDITCH HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

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

	2023
	£'000
Cost	
At 1 April 2022	257
At 31 March 2023	<u>257</u>
Amortisation	
At 1 April 2022	201
Charge for the year	37
At 31 March 2023	<u>238</u>
Net book value	
At 31 March 2023	<u>19</u>
At 31 March 2022	<u>56</u>

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

ISLINGTON & SHOREDITCH HOUSING ASSOCIATION LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)****11 Properties for sale**

	2023	2022
	£'000	£'000
Shared-ownership properties:		
Completed properties	3,504	2,400
Commercial Properties	-	386
	<u>3,504</u>	<u>2,786</u>

12 Debtors

	2023	2022
	£'000	£'000
Rent and service charges receivable	1,169	1,389
Less: provision for bad and doubtful debts	(1,090)	(1,051)
	79	338
Other debtors	479	644
Prepayments and accrued income	1,207	1,246
	<u>1,765</u>	<u>2,228</u>

Included in the association's prepayments and accrued income is an amount of £427K (2022: £513K) due after more than one year.

ISLINGTON & SHOREDITCH HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

13 Creditors: amounts falling due within one year

	2023	2022
	£'000	£'000
Debt (Note 15)	3,782	2,493
Trade creditors	3,052	672
Rent and service charges received in advance	1,466	1,222
Recycled capital grant fund (Note 17)	893	654
Deferred grant income (Note 16)	1,417	1,449
Other taxation and social security	124	122
Other creditors	3,183	2,870
Accruals and Deferred Income	10,547	12,058
	<u>24,464</u>	<u>21,540</u>

Developers off site subsidy

The Association received £7.1m 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. £2.4m has been allocated to the Alexandra Court scheme of which £0.2m has been recognised in our income and expenditure while the balance held in reserve is to be released with the progress of the project. As a result of inflation, the association is negotiating with the council on the inadequacy of the funding to provide the number of the agreed units.

ISHA also received £3m in prior years. Following the approval of Barrett's Grove's planning permission, £1.3m of this funding has been recognised as income so far. The balance of £1.7m is being recognised against the expenditure on a pro-rata basis as the development progresses.

14 Creditors: amounts falling due after more than one year

	2023	2022
	£'000	£'000
Debt (Note 15)	95,573	114,914
Recycled capital grant fund (Note 17)	1,858	657
Deferred grant income	125,385	126,514
	<u>222,816</u>	<u>242,085</u>

ISLINGTON & SHOREDITCH HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

15 Debt Analysis

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

	2023	2022
	£'000	£'000
Within one year or on demand	3,782	2,493
One year or more but less than two years	3,739	19,305
Two years or more but less than five years	8,290	7,924
Five years or more	83,544	87,684
	99,355	117,406

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 2.41% to 9.60%. The £14.0m drawn from the £40m revolving facility was repaid in the first quarter of 2022/23. The balance of the revolving facility as at March 2023 was £40.0m. This facility was renewed in 2022 and is available until June 2026. All other loans are long term borrowings.

16 Deferred grant income

	2023	2022
	£'000	£'000
Grant received		
At 1 April	150,539	152,935
Grant received during the year	1,280	536
Grant disposal during the year	(1,207)	(2,932)
At 31 March	150,612	150,539
Grant amortised		
At 1 April	22,576	21,790
Amortised to income in the year	1,428	1,424
Eliminated on disposal in the year	(194)	(638)
At 31 March	23,810	22,576
Amounts to be released within one year	1,417	1,449
Amounts to be released in more than one year	125,385	126,514
	126,802	127,963

ISLINGTON & SHOREDITCH HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

17 Recycled Capital Grant Fund

	2023	2022
	£'000	£'000
At 1 April	1,311	1,255
Grants recycled	(648)	(395)
Interest Accrued	44	2
Staircasing	868	449
Utilised during the year	-	(112)
Repayment of grant	283	112
	<u>1,858</u>	<u>1,311</u>

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

18 Share capital

	2023	2022
	£	£
Shares of £1 fully paid and issued	9	15
Shares issued during year	3	1
Shares cancelled	(1)	(7)
	<u>11</u>	<u>9</u>

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

	2023	2022
	£'000	£'000
At 1 April		
Expenditure contracted for but not provided in the accounts	12,208	6,185
Expenditure authorised by directors, but not contracted	20,818	16,614
	<u>20,818</u>	<u>16,614</u>

ISLINGTON & SHOREDITCH HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

Of the above expenditure contracted but not provided for, £1.9 million (2022: £0.8 million) is to be financed by SHG, £4.4 million (2022: £6 million) from sales, and the remaining £5.9 million (2022: £0.6 million) is to be financed by existing cash resources and borrowings.

The expenditure of £20.8 million which has been authorised by the Board will be funded by grant of £4.3 million (2022: £4.3 million) , £1.2 million (2022: £0.7 million) from sales, and the remaining £15.3 million (2022: £11.3 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

	2023 £'000	2022 £'000
Sales proceeds	7,345	7,114
Carrying value of fixed assets	(2,143)	(1,207)
	<u>5,202</u>	<u>5,907</u>

21 Accommodation in management and development

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

	2023 Units	2022 Units
Social Housing		
General housing:		
- social rent	1,539	1,551
- affordable rent	336	291
Supported housing & housing for older people	112	112
Intermediate rent	1	1
Shared ownership	414	374
Staff rental units	1	1
Total social housing units owned	<u>2,403</u>	<u>2,330</u>
Accommodation managed for others	-	19
Total social housing units owned & managed	<u><u>2,403</u></u>	<u><u>2,349</u></u>

ISLINGTON & SHOREDITCH HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

Non-social housing

Private renting	18	18
Total owned and managed	2,421	2,367
Accommodation in development at the year end	40	151

As at 31 March 2023, the Association has no unit which is managed on its behalf, under management agreements by other bodies.

The Association partly managed 19 units of social units during the year for London and Quadrant (L&Q), a registered social landlord operating across London and the South East. The properties were handed back to L&Q on 1 November 2022.

22 Related party disclosure

ISHA has three Resident Board Members during the year one of who resigned in September 2022. Their rents and tenancies are on normal commercial terms. Details of their charges and rent arrears at the 31 March 2023 were as follow:

	Rent and Service Charge £	Arrears 31 March 2023 £
Alice Powell (retired 14 September 2022)	8,190	-
Daven Masri	4,723	-
Mohammed Baporia	<u>3,342</u>	<u>-</u>

23 Pensions

ISHA participates in the Social Housing Pension Scheme (the Scheme), a multi-employer scheme which provides benefits to some 500 non-associated employers. The Scheme is a defined benefit scheme in the UK.

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

ISLINGTON & SHOREDITCH HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

The last completed triennial valuation of the scheme for funding purposes was carried out as at 30 September 2020. This valuation revealed a deficit of £1,560m. A Recovery Plan has been put in place with the aim of removing this deficit by 31 March 2028.

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

For financial years ending on or before 28 February 2019, it was not possible for the company to obtain sufficient information to enable it to account for the Scheme as a defined benefit scheme, therefore the company has accounted for the Scheme as a defined contribution scheme.

For financial years ending on or after 31 March 2019, it is possible to obtain sufficient information to enable the company to account for the Scheme as a defined benefit scheme.

For accounting purposes, a valuation of the scheme is carried out with an effective date of 30 September each year. The liability figures from this valuation are rolled forward for accounting year-ends from the following 31 March to 28 February inclusive.

The latest accounting valuation was carried out with an effective date of 30 September 2022. The liability figures from this valuation were rolled forward for accounting year-ends from the following 31 March 2023 to 29 February 2024 inclusive.

The liabilities are compared, at the relevant accounting date, with the company's fair share of the Scheme's total assets to calculate the company's net deficit or surplus.

Under the defined benefit pension accounting approach, the SHPS net deficit as at 31 March 2023 is £1,653k (2022: £1,677k)

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

	2023	2022
	£'000	£'000
Fair value of plan assets	7,390	11,201
Present value of defined benefit obligation	<u>(9,043)</u>	<u>(12,878)</u>
(Deficit) in plan	<u>(1,653)</u>	<u>(1,677)</u>
Net defined benefit asset (liability) to be recognised	<u>(1,653)</u>	<u>(1,677)</u>

ISLINGTON & SHOREDITCH HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

	2023	2022
	£'000	£'000
Fair value of plan assets	7,390	11,201
Present value of defined benefit obligation	(9,043)	(12,878)
(Deficit) in plan	(1,653)	(1,677)
Net defined benefit asset (liability) to be recognised	(1,653)	(1,677)

Reconciliation of opening and closing balances of the defined benefit obligations

	2023
	£'000
Defined benefit obligation at start of period	12,878
Current service cost	-
Expenses	9
Interest expense	356
Member contributions	-
Actuarial losses (gains) due to scheme experience	(212)
Actuarial losses (gains) due to changes in demographic assumptions	(21)
Actuarial losses (gains) due to changes in financial assumptions	(3,713)
Benefits paid and expenses	(254)
Defined benefit obligation at end of period	9,043

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

	2023
	£'000
Fair value of plan assets at start of period	11,201
Interest income	314
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	(4,236)
Employer contributions	365
Benefits paid and expenses	(254)
Fair value of plan assets at the end of period	7,390

ISLINGTON & SHOREDITCH HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

The actual return on plan assets (including any changes in share of assets) over the period from 1 April 2022 to 31 March 2023 was £3,922K.

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

	2023
	£'000
Current service cost	-
Expenses	9
Net interest expense	42
	<hr/>
Fair value of plan assets at the end of period	51
	<hr/> <hr/>

Defined benefit costs recognised in other statement of comprehensive income

	2023
	£'000
Experience on plan assets (excluding amounts included in net interest cost) - (loss)	(4,236)
Experience gains and losses arising on the plan liabilities - gain	212
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain	21
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain	3,713
	<hr/>
Total amount recognised in Other Comprehensive Income - gain	(290)
	<hr/> <hr/>

ISLINGTON & SHOREDITCH HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

Assets

	2023	2022
	£'000	£'000
Global Equity	138	2,150
Absolute Return	80	449
Distressed Opportunities	224	401
Credit Relative Value	279	372
Alternative Risk Premia	14	369
Emerging Markets Debt	40	326
Risk Sharing	544	369
Insurance-Linked Securities	187	261
Property	318	303
Infrastructure	844	798
Private Debt	329	287
Opportunistic Illiquid Credit	316	376
High Yield	26	97
Opportunistic Credit	-	40
Cash	53	38
Corporate Bond Fund	-	747
Long Lease Property	223	288
Secured Income	339	417
Liability Driven Investment	3,403	3,126
Currency Hedging	14	(44)
Net Current Assets	19	31
Total assets	7,390	11,201

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.

ISLINGTON & SHOREDITCH HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

Key assumptions

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

* of maximum allowance

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

	Life expectancy at age 65 (Years)
Male retiring in 2023	21.0
Female retiring in 2023	23.4
Male retiring in 2043	22.2
Female retiring in 2043	24.9

24 Provisions for liabilities – other provisions

	2023 £'000	2022 £'000
At 1 April 2022	781	781
Additions	647	-
At 31 March 2023	1,428	781

The balance at 1 April 2021 includes £0.7m 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 is a provision of £0.7m being interest payable on the currently unutilised £6.9m development funding should the association be unable to find a project on which to utilise the grant.

ISLINGTON & SHOREDITCH HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

25 Financial assets and liabilities

Categories of financial assets and financial liabilities

	2023	2022
	£'000	£'000
Financial assets that are debt instruments measured at amortised cost		
Other debtors	1,765	2,227
Financial liabilities measured at amortised cost		
Loans (Note15)	99,355	117,406
Trade and other creditors	151,008	148,678
	<u>250,363</u>	<u>266,084</u>

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:

	2023	2022
	£'000	£'000
Floating rate on money market deposits	9,995	23,059
Financial assets on which no interest is paid	3,798	2,903
	<u>13,793</u>	<u>25,962</u>

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:

	2023	2022
	£'000	£'000
Fixed rate	91,774	91,774
Floating rate	7,581	25,632
	<u>99,355</u>	<u>117,406</u>

ISLINGTON & SHOREDITCH HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

The floating rate financial liabilities comprise bank loans that bear interest based on LIBOR and RPI. The fixed rate financial liabilities have a average interest rate of 3.71% (2022: 3.70%) and the average period for which it is fixed is 18 years (2022: 19 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:

	2023	2022
	£'000	£'000
Expiring in more than two years	<u>40,000</u>	<u>40,000</u>

No drawdown of the facility was made during the year (2022 drawdown £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:

	2023	2022
	£'000	£'000
Within one year	-	4
Between two and five years	<u>-</u>	<u>-</u>
	<u>-</u>	<u>4</u>

ISLINGTON & SHOREDITCH HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

27 Net debt analysis

Analysis of changes in net debt

	At 1 April 2022	Cash flows	Other non- cash changes	At 31 March 2023
Cash and cash equivalents				
Cash	27,033	(12,169)	-	14,864
Overdrafts	(1,071)		-	(1,071)
Cash equivalents				
	<u>25,962</u>	<u>(12,169)</u>	<u>-</u>	<u>13,793</u>
Borrowings				
Debt due within one year	(2,493)	(1,289)	-	(3,782)
Debt due after one year	(114,913)	19,340		(95,573)
	<u>(117,406)</u>	<u>18,051</u>	<u>-</u>	<u>(99,355)</u>
Total	<u>(91,444)</u>	<u>5,882</u>	<u>-</u>	<u>(85,562)</u>

28 Contingent liability (£399K)

We have been notified by the Trustee of the pension 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.

Whilst the detailed actuarial calculations of pension liabilities are very complex, the high-level principles underlying these could be summarised as follows:

Accounting for liabilities on a full Defines Benefit accounting basis involves placing a value on the net pension scheme obligation and there are three key elements to this:

- projecting expected benefit payments into the future for all scheme members,
- discounting those projected payments back to today to place a current value on the liabilities, and
- obtaining the market value of the scheme's assets.

Over the year, the value on the liabilities will move due to benefits being paid in and out from the scheme to members and changes in the actuarial assumptions. In

ISLINGTON & SHOREDITCH HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

particular the discount rate and inflation assumptions are based on financial market conditions and the changes have been volatile over recent times.

On the asset side, the market value of assets held by the Scheme is obtained at the accounting date. For ISHA, the movement of this over the year will be dependent on investment returns plus money paid out of the Scheme via benefit payments. For each participating employer, the share of these assets is determined based on their proportion of the Scheme's funding liabilities (also called 'Technical Provisions' liabilities) at the accounting date. Comparing this asset share with the present value of the employer's liabilities determines the overall surplus or deficit and is the net balance sheet position in the financial statements.

The value of the potential additional liabilities arising from the Scheme benefit review was estimated at £155m as at 30 September 2022 and ISHA's share of the liabilities is £399K.

No adjustment has been made in these financial statements in respect of this potential liability.