Annual Report and Consolidated Financial Statements

For the year ended 31 March 2021

POPLAR HARCA

Creating Opportunities Together

Contents

Review of the year by the Chair of Poplar HARCA	4
Report of the Board including Strategic report	5
Statement of Board's responsibilities in respect of the Board's report and the financial statements	31
Report of the Independent auditors, Mazars LLP, to the members of Poplar Housing and Regeneration Community Association Limited	34
Statement of Comprehensive Income - Group and Association	38
Statement of Financial Position - Group and Association	39
Statement of Changes in Equity - Group and Association	40
Consolidated Cash Flow Statement	41
Notes to the Financial Statements	42

Poplar Housing and Regeneration Community Association
Trading as "Poplar HARCA"

Regulator of Social Housing number: L4170
Registered Society Number: 7726

Chair's Review Of The Year

It's often in the tough times that people's qualities really shine through, and this has certainly been true over the past year. I've been amazed by, and so very grateful for, the many ways in which our staff, our volunteers and our residents have shown their care, their compassion, their inventiveness and their sheer grit as we've got through this truly dreadful year together. They've all been an inspiration. But as this is the introduction to our Annual Report, I'd like to share some facts and figures with you.

The pandemic has continued to take its toll on our community; and in so doing has challenged Poplar HARCA to be its best. The Board's commitment to investment in our community programme has proven a literal lifeline for many residents. From food pantries, laptops for school pupils, and 150 people supported into work, the Board is immensely proud of the support provided through this most difficult of years.

Our Spotlight Team engaged with 1,963 young people online or, when Covid-safe, in person.

We supported 1,207 residents at risk of anti-social behaviour; provided a safeguarding intervention to 179 individuals; and were in regular contact with over 1,200 older residents at risk because of isolation.

We carried out 18,000 repairs and 12,000 safety checks, with service satisfaction increasing to 98%. The Board is closely following the Grenfell Tower Inquiry and the progress of building safety legislation. We recommitted to our uncompromising approach to keeping residents safe and informed, with a remedial fire and building safety programme anticipated to complete in 2023.

In an area with exceptionally high housing need, it was rewarding for the Board to see its pipeline deliver 160 new affordable homes despite this year's challenges.

Our financial results reflect the difficult and uncertain operating environment. The reduction in our core operating surplus is due largely to higher insurance costs and expenditure on external wall surveys, both of which are directly related to fire safety.

The Board's internal control framework is fundamental to Poplar HARCA achieving all that we want it to, and we monitor performance against it closely. We were therefore disappointed that interest cover was below our internal control. Whilst all bank loan covenants were met, and never likely to be under threat, the Board is committed to improving performance next year. We have therefore set a target to outperform our internal control limit and to deliver on financial projections, in particular on social housing cost per unit.

The positive outcome of three separate bond sales, including two post balance sheet events, has increased our liquidity strength. This will support mitigation of emerging risks as we continue to identify and understand the medium- and long-term impact of Covid-19.

Our community's experience of the pandemic has fundamentally informed a new Corporate Strategic Plan, 2021-26 Creating Opportunity, Together. A new purpose – creating opportunities together that realise community potential through exceptional homes and thriving places with social justice at our core – reaffirms why our residents originally voted Poplar HARCA into existence. Poplar HARCA cannot succeed without our community, our staff, our volunteers, my fellow Board Directors, and our partners including the London Borough of Tower Hamlets. I am, as I said at the start, particularly grateful to our residents and volunteers whose contributions inspire Poplar HARCA to do more, and do better. On behalf of my fellow Directors, thank you to everyone who supports Poplar HARCA to Create Opportunity, Together.

Dr Paul Brickell - Chair

Report of the Board Including Strategic Report
About Poplar Harca

Since 1998 Poplar HARCA, a Public Benefit Entity (PBE), has been investing in its area, community and homes.

Poplar HARCA is a registered provider of social housing formed by large scale voluntary stock transfer from the London Borough of Tower Hamlets. Working with statutory and third sector partners, it has leveraged significant investment into the area of East London in which its 9,867 homes, and community, commercial and retail spaces are located.

As well as refurbishing existing homes, Poplar HARCA has built new homes, transformed estates and re-shaped the neighbourhood to connect it literally and figuratively to the potential of its location.

Poplar HARCA has an international reputation for innovation. Its award-winning services are delivered by award-winning people. Much more than this, Poplar HARCA is a catalyst and enabler – working with like-minded partners to realise the talent and ambition of our community.

Our Purpose And Behaviours

Inspired by our East End roots, we work hard to create opportunities for all.

Poplar HARCA's Board, staff, partners and volunteers share a common purpose – creating opportunities together that realise community potential through exceptional homes and thriving places with social justice at our core.

Being Inspirational, Collaborative, Considered, Agile and Equitable are the behaviors which will support us to deliver our purpose.

About Our Staff Team

Poplar HARCA employs 348 committed and engaged people.

In the most difficult of years, our workforce demonstrated agility throughout by continuing to provide vital services and support to our residents. Most worked from home, many moved service provision online, and our Estate Services Teams continued out and about keeping blocks, lifts and our estates clean.

A survey carried out in May 2021 showed:

- **95%** of staff would recommend HARCA
- **95%** felt personally driven to help HARCA succeed
- **95%** are proud to work for HARCA
- **95%** believe HARCA acted in their best interests in the past year

People indicators are reported quarterly to our Board and Finance and General Purposes Committee. This year the Board has discussed senior role succession-planning.

Resident Driven - Involving And Involved

Holding Poplar HARCA to account through opportunities to inform, influence and scrutinise is the most important driver of improvement.

Poplar HARCA has a strong resident representation throughout its Board and Committee structure. The Vice Chair of the Board and Chair of the Services Committee is a proud Poplar HARCA tenant.

Throughout the pandemic, we have continued to talk with and listen to our residents formally through Estate Boards, Gatherings and Youth Empowerment Board and less formally, through Listening Campaigns, consultations and participation in projects and volunteering, we rely on our residents to ground and motivate us.

Awards

The work of staff and residents has again been acknowledged by more awards this year:

- WINMARK C-SUITE MOVIE AWARDS:
  BEST FUN MOVIE
- HOUSING HEROES AWARDS:
  SUPPORT & CARE TEAM OF THE YEAR (OVER 7,000 HOMES)
- BRITISH HOMES AWARDS:
  BEST HOUSING PARTNERSHIP WITH ECOWORLD FOR ABERFELDY VILLAGE
- FIRST TIME BUYER READERS' AWARDS:
  HIGHLY COMMENDED FOR BEST URBAN REGENERATION PROJECT WITH TELFORDS FOR BOW GARDEN SQUARE
- THE PINEAPPLE AWARDS FOR PLACE:
  CONTRIBUTION TO PLACE AWARDED TO POPLAR WORKS
- NEW LONDON ARCHITECTURE AWARDS:
  WORKING CATEGORY AWARDED TO ARCHITECTS ADAMS & SUTHERLAND FOR POPLAR WORKS
- CIVIC TRUST AWARDS:
  HIGHLY COMMENDED AWARDED TO ARCHITECTS ADAMS & SUTHERLAND FOR POPLAR WORKS

Creating Opportunity 2020/21

160 NEW AFFORDABLE HOMES CONTRIBUTING TO THE 1,373 NEW HOMES OF ALL TENURES BUILT IN THE PAST FIVE YEARS

21,290 VIEWS GENERATED BY OUR ONLINE HEALTH AND WELLBEING SESSIONS VIA HARCA CENTRES UNLOCKED

180 NEW VOLUNTEERS PROVIDED C£656K SOCIAL VALUE

1,963 YOUNG PEOPLE ENGAGED REMOTELY, ONLINE OR IN PERSON

448 RESIDENTS SUPPORTED TO ACHIEVE ACCREDITED QUALIFICATIONS

150 SUPPORTED INTO EMPLOYMENT

Tower Hamlets population is projected to reach 365,200 by 2027, and 400,000 by 2041.

Half of all residents aged 60+ and 31% of children live below the poverty line.

Life expectancy is lower when compared with London and England averages; and the infant mortality rate is the highest in London.

There are over 19,000 households on the Council's housing list.

Against this backdrop, Poplar HARCA launched its 2021-26 Corporate Strategic Plan 'Creating Opportunities Together'. The plan celebrates our purpose, and captures our aspirations.

The full Creating Opportunities Together. document is available online **www.poplarharca.co.uk**.

Resourcing The Vision

The financial and operational strategy that is in place to deliver 'Creating Opportunity' is called 'Resourcing the Vision'. In response to rent reduction, the Group has implemented a number of strategic initiatives as part of Resourcing the Vision.

MIXED INCOME TENURE STRATEGY (MITS)

MITS increases income, increases diversity and helps homeless households. Empty properties are assessed against an asset evaluation matrix and offered to people in temporary accommodation as a result of the London Borough of Tower Hamlets assessing a statutory duty. A very small minority of homes are at market rent, with the vast majority capped at Local Housing Allowance to stay affordable to the client group. The majority of MITS re-lets are done by way of a short term operating lease to Poplar HARCA Projects Ltd.

As at 31 March 2021 a total of 369 homes (2020: 304) were let at Local Housing Allowance or market rent and the target is to get to 425 by 2026. The local housing allowance for a one bedroom flat in Tower Hamlets is approximately double the social rent.

RECYCLING ASSETS, CREATING OPPORTUNITY (RACO)

The objective of RACO is to sell properties that the asset evaluation matrix identifies as less suitable for re-letting and to use the sales proceeds to supply at least 1.5 new affordable homes for every home sold. For sales and investments committed to date the programme has delivered 1.7 new affordable homes for every home sold.

A total of 35 sales completed in the year to bring the total sales to 317.

The Board has approved development schemes to be funded from RACO proceeds that will deliver 730 new affordable homes.

Summary Of Financial Performance

MAINTAINING FINANCIAL RESILIENCE

The Group operating surplus for the year of £11m (2020: £21m) was weakened by increased expenditure on social housing lettings of £44.5m (2020: £41.1m) and by increased expenditure on non-social housing lettings of £14m (2020: £10.7m). The decrease in operating surplus was also as a result of decreased turnover from overage relating to the land sales £nil (2020: £1.3m), a lower gain on disposal of fixed assets £9m (2020: £15m) and a lower write down of investment in joint ventures of £nil (2020: 4.7m).

Joint venture activity resulted in a loss of £0.9m (2020: profit of £1.6m) in the year, also pushing down operating surplus this year. Both the Balfron Tower Developments LLP and Aberfeldy New Village LLP phase 3b and 4 continue in the construction phase with relatively low volume of off plan sales.

Stripping out overage, joint venture activity, gain on fixed asset disposal, changes in value of investment property and a one off environmental improvements to Carredale House, shows a 'core' operating surplus of £8.9m down 9% on 2020 (£9.7m). The lower core operating surplus is largely due to the uncertainties around external wall systems (EWS) which pushed up insurance cost by £0.8m and resulted in £0.6m of EWS survey cost.

£000s	**2021**	**2020**
Turnover £k	65,115	65,300
Operating surplus £k	11,070	21,125
Operating margin %	17%	32%
Core operating surplus £k[1]	8,888	9,718
Core operating margin	14%	15%
Surplus on 1st tranche sales £k	1,825	2,185
Debt per unit £k[2]	49.4	42.5
Net assets £k	**167,331**	**172,104**

[1] Excludes overage, joint venture activity and write down of investment, gain on sale of fixed assets and change in value of investment property

[2] Debt per unit calculated as bank, bond and finance lease liabilities less cash and cash equivalents per home owned

Whilst turnover was flat year on year at £65m, within that is £1.4m of income in 2021 (2020: £nil) from a social lettings operating lease for which there is an equal operating expense. This explains £1.4m of social housing lettings operating cost increase year on year. The remaining £2m increase in social housing lettings operating cost was principally due to insurance and EWS surveys.

The non-social housing cost increase of £3.3m was driven by £3.8m one off environmental improvements to Carredale House, a stock transfer commitment delayed to take place at the same time as the environmental works to the adjacent Balfron Tower which is currently under development.

Poplar HARCA recognises it has a lower 'core' operating margin position than the average for a comparable provider such as those rated by Moody's. Our community regeneration expenditure in 2021 of £6.6m (2020: £6.7m) was partly offset by external funding of £2.3m (2020: £2.4m) and is an important part of the delivery of our corporate vision and strategy. Achieving the vision of a thriving community is likely to result in higher asset values in Poplar and result in a long term financial benefit for the Group.

OTHER COSTS AND ACTIVITIES

Interest payments of £12.5m for the year were down on 2020 (£12.6m).

GROUP STATEMENT OF FINANCIAL POSITION

The Group statement of financial position has weakened as shown by the reduction in net assets of £4.8m due to an increase in net pension liabilities of £4.8m. Liquidity strength remains the key focus in ensuring financial resilience and ability to fund our ambitious regeneration programme.

LOOKING FORWARD

The total committed and uncommitted capital expenditure programme in the June 2021 business plan results in 1,200 new affordable homes over the next 11 years (up from 1,158 units over 12 years in the June 2020 plan).

Including uncommitted capital expenditure, debt for the Group averages approximately £330m over the 10 years to 2031 peaking at £365m in 2024/25.

Our plans and priorities are regularly reviewed and updated to reflect the opportunities and the risks in our operating environment, including:

- The greater focus and effort applied to the safety of our residents in their homes, by ensuring that testing and safety measures for fire and other hazards are effective
- The greater focus on social distancing and hygiene protocols required to effectively tackle the current pandemic
- The greater focus on the environmental impact of our homes and steps we can take to reduce the carbon footprint of Poplar HARCA

ENVIRONMENTAL IMPACT

A streamlined energy and carbon report (SECR) was commissioned for the first time for the financial year 2019/20 and the results show the carbon impact and energy use as:

- 4,379 tonnes of carbon dioxide equivalent (2020: 4,409 tonnes)
- 21.9 million kWh of energy (2020: 21.2 million kWh)

The Group refurbished its head office implementing LED lighting in FY 2019/20. Senior management have explored options for driving the company towards net zero carbon operations in the future, and have engaged with a consultancy to establish a Carbon Management Plan.

Treasury Management

CAPITAL STRUCTURE

Poplar HARCA Ltd has a corporate bond by way of Poplar HARCA Plc, an RPI linked finance lease with M&G Investments for a mixed block (private and affordable rent) and bank funding from Allied Irish Bank, Lloyds and Santander which is a mix of relatively long term fixed debt and short term Revolving Credit Facility (RCF).

TREASURY AND LIQUIDITY RISK

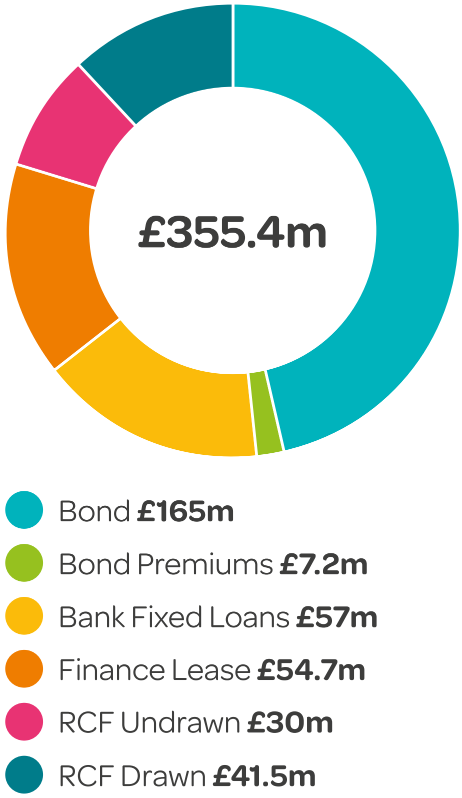
The Board agreed a new treasury strategy in 2020/21 which included creating new bonds and repaying fixed interest bank debt. On 6 November 2020 the Group issued £110 million new bonds to be consolidated and form a single series with the original bonds resulting in a total £250 million issued bonds with a coupon of 4.843% due 2043. On 4 August 2020 the Group executed a Forward Purchase Agreement for the sale of £25 million bonds and the sale completed on 6 November 2020. As of 31 March 2021 the company had £85 million retained bonds.

On 9 April 2021 the company sold £50 million bonds through a public sale and later that month used the proceeds to repay all the fixed interest bank debt. At the same time the Group agreed to increase its RCF with Santander to £60m resulting in a total of £100m of RCF.

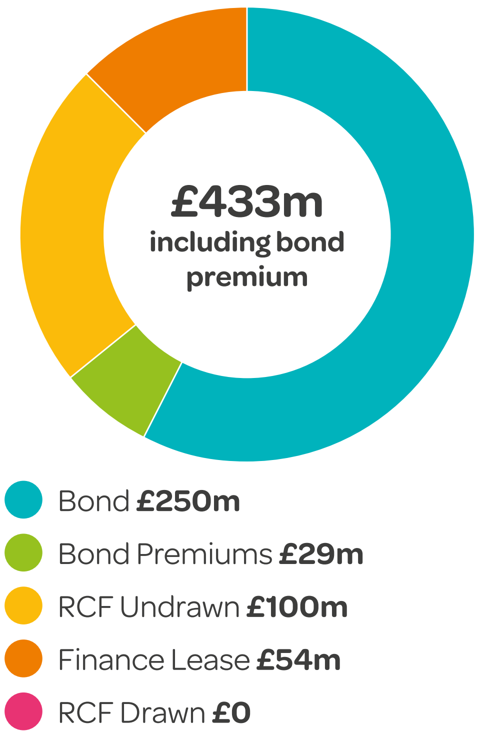
On 10 August the company sold £35 million bonds to one investor on a spot sale and later in August the proceeds were used to repay RDF, leaving all £100m RCF undrawn. All of the £110m bonds issues in November 2020 are now sold.

Due to the April 2021 post balance sheet events, charts have been provided for 31 March 2021 and 30 April 2021.

TOTAL DEBT FUNDING 31 MARCH 2021



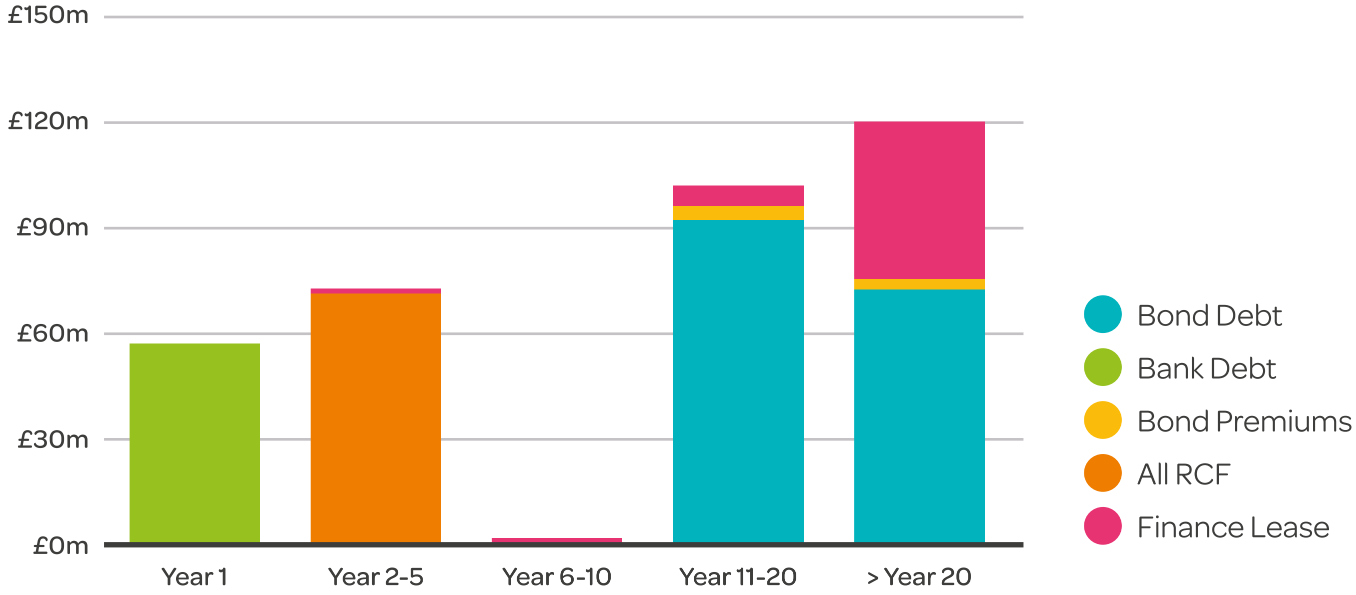
TOTAL DEBT FACILITIES 30 AUGUST 2021



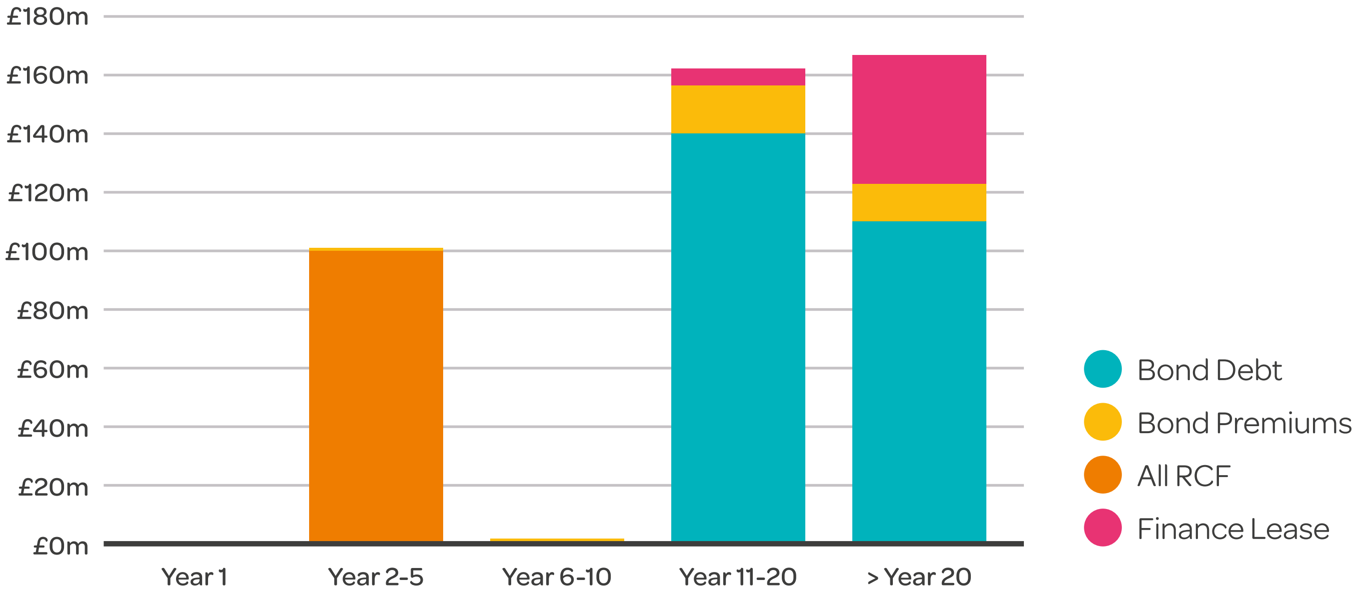
The Group continues to be risk averse in its approach to interest rate management. As at 31 March 2021, 13% of drawn debt (£41.5m) is variable and exposed to the risk of rising LIBOR. In addition, 17% of debt is RPI linked finance lease funding (£54.7m). The remaining 70% of debt is at fixed rates. This is in line with the Group policy to maintain between 50% and 80% of outstanding net debt on a fixed rate basis.

The debt funding is relatively long dated and is sufficient to fund the capital commitments from the development programme.

FACILITY MATURITY PROFILE 31 MARCH 2021 (£M)



FACILITY MATURITY PROFILE 30 AUGUST 2021 (£M)



CREDIT RATING, BREXIT AND COVID-19

In December 2019, the Moody's rating of Poplar HARCA was increased from Baa2 positive outlook to Baa1 stable.

Brexit has been monitored and considered on balance at Group level, and risk map scores have not been changed, but are reviewed on a quarterly basis whilst the impact of Brexit continues to unfold and is better understood. Any further rating downgrade to the UK would be met with a strategic response by Poplar HARCA including a reduction in discretionary operating expenditure to improve operating margin and asset sales to reduce its debt.

Covid-19 has had a substantial impact on the external environment in which the Group operates and created additional economic uncertainty. Poplar HARCA responded to the crisis taking decisions to protect customers, staff and the business. In mid-March 2020, following government directives to limit the spread of the virus and to enforce social distancing, we closed our offices, community centres and cafes and reduced our frontline services.

Due to Poplar HARCA's investment in IT infrastructure, the majority of its staff have been able to work from home, offering additional contact services to support vulnerable customers whilst maintaining social distancing.

The Group mitigated the financial impact of the pandemic in 2020/21 through cost control and furlough income, which materially offset the negative financial impact of the pandemic, principally reduced shared ownership sales.

The Group is currently exposed to market sales through shared ownership sales and investments in Joint Ventures. Shared ownership sales have progressed reasonably well in Q1 of 2021/22 but the Group remains cautious and continues with control costs to offset any delays in sales that may occur. The Joint Ventures in which the Group is invested are all in the construction phase and there are no units currently available for sale.

To manage the risks to the business and in line with business continuity planning Poplar HARCA also:

- Undertook a multi scenario stress test of its long-term financial plan. All scenarios can be financed by existing funding arrangements having implemented the recovery plan.
- Enhanced its financial resilience in relation to liquidity by increasing facilities.
- Reviewed its development pipeline with consideration of sales exposure and ability to delay future phases of regeneration schemes if required.

The Group continues to follow government guidance and will reintroduce services and open offices, community centres and cafes only when it is safe to do so and will update safety guidance where appropriate.

LOAN COVENANTS

All loan covenants were met. Interest cover for the Association as measured by the bank covenant (excluding gift aid and gains from disposal of tangible fixed assets) was 123% (2020: 127%). The covenant requirement is 110%. The result of 123% missed the 135% internal target in the financial control framework.

The Board implemented part of its recovery plan in March 2020 in response to the pandemic which included delaying planned maintenance and holding vacancies demonstrating its commitment to delivery of the 135% internal target for the bank interest covenant. In May 2020 the £0.8m increase in insurance costs was known and offset by the recovery plan with the Association forecast to achieve the internal control of 135% interest cover.

At year end a cautious approach to providing for bad debts and a £0.3m write down of a fixed asset investment combined with costs for external wall surveys pushed down interest cover. Whilst disappointing to fall significantly short of the internal control figure of 135%, the provisions and write down reduces risk for the following financial year.

Our tenanted homes were valued at £532 million on a security basis resulting in a gearing of 61% (2020: 54%). The covenant requirement is 80%.

Operational Performance And Satisfaction Levels

HOUSING MANAGEMENT

Throughout 2020/21, the vast majority of housing services have been delivered by staff working from home.

Lockdown has increased tensions, evidenced by 1,223 new anti-social behaviour cases. 346 or these cases related to neighbour nuisance (a 6% increase from the previous year), and 272 were about noise and pets (a 74% increase from the previous year).

179 new safeguarding cases were logged. 1,200 residents aged over 70 were contacted at the start of lockdown to ensure that they had the support they needed. We also reached out to residents who had previously reported domestic abuse to ensure that they were safe in their homes during lockdown. For some residents, daily or weekly check-ins have continued throughout the pandemic. We have worked closely with local charities Neighbours in Poplar and First Love Foundation to ensure food and other essentials are delivered to elderly residents in need.

Poplar HARCA became a member of the Employers initiative to End Domestic Abuse.

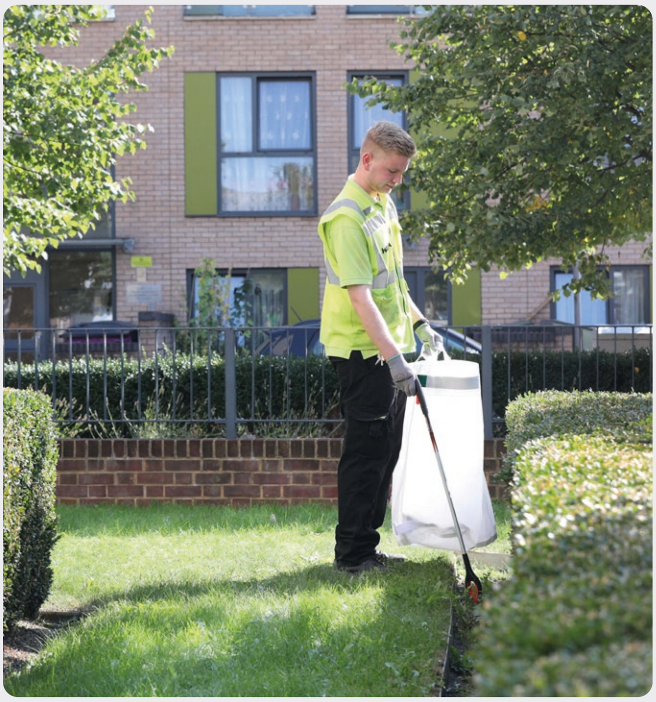
A survey of Estate Board and Gathering resident members recorded 93% of members felt that they work with us to ensure that resident voices are heard.

We increased Parkguard estate patrols since the start of the pandemic to continue with a visible presence on our estates. They completed 35 welfare visits, 338 weapon sweeps, issued 85 ASB warnings and brought 6 individuals to the attention of the Police.

We expanded our Housing First offer to 11 tenants, working with St Mungo's and Spitalfields Crypt Trust who provide the wrap-around support.

When government guidance allowed, we moved viewings and tenancy sign-ups online.

4,727 households now have an online MyHARCA account.



TECHNICAL AND ESTATE SERVICES

Resident satisfaction with repairs remains top quartile, with transactional surveys reporting 98.44% (2020: 95.5%) satisfaction. In the financial year we completed over 18,000 repairs (2020: 23,000), replaced 283 boilers (2020: 358 boilers) and carried out more than 12,000 safety checks. It takes on average 5.29 days (2020: 6 days) from the initial report to complete a repair, with 99% completed in target.

Our estate services and horticultural management is recognised as being of an exceptional standard. Our waste management system, utilising underground refuse containers, is still at the forefront of public waste disposal techniques. Estate Services Operatives conduct daily visual assessments in-line with our Estate Management Procedure with a documented fire safety check each month. In addition, our Estate Services Team removed over 800 tonnes of dumped bulk rubbish last year, significantly reducing the risk of arson.

DEVELOPMENT AND REGENERATION

In the year we completed Jolles House, Land Mark Pinnacle, Stone Studios and Hidden Homes Phase 3, providing a total of 160 affordable homes.

Aberfeldy phase 3B is nearing completion with the first homes being handed over later this summer. The new medical centre, café, pharmacy and community centre fit out will also be commencing this summer and are targeted for completion in late summer 2022. This phase will bring forward a lively new village centre benefiting the whole area. The Aberfeldy ballot took place in autumn 2020 and residents voted overwhelmingly in favour of regeneration with a 91% turnout and a 93% yes vote. Since the ballot the team have been working tirelessly to develop the master plan with a target to submit a planning application in September 2021, a targeted committee hearing of March 2022 and a start on site in late 2022.

Following the successful ballot at Teviot Estate, with our residents we have appointed a Joint Venture partner to deliver the ambitious project. We have started the master planning process and are currently developing a programme with the borough's planners to submit a planning application late summer 2022 with a view to commencing works on site in late 2023/24.

Procurement of the Chrisp Street regeneration scheme has also progressed well in the year, with everything in place to start on site in September 2021. In addition to new shops, a cinema and market, this project will deliver 645 new homes of which 50% will be affordable.

After many years the Stroudley Walk development has achieved planning permission and we have commenced the next stage of design. Procurement of a main contractor will follow with a view to starting on site in the late summer of 2022 and will deliver a total of 274 new homes of which 50% will be affordable.

The Balfron Tower Development LLP (BTD) construction work is a significant issue, with ongoing discussion with the contractor and LLP partners working towards a solution to complete the project. There is a strong possibility the contractor will take the matter to a formal dispute using the adjudication mechanism in the contract. The company believes BTD remains in a strong position from a legal stand point but there is always uncertainty surrounding legal disputes, meaning this will continue to be a key issue going forward. We do not consider it likely that the £4.4m loan is at risk, although the timing of it being returned is what is uncertain. The loan sits above an £18m loan by our JV partner in the repayment waterfall meaning BTD would have to result in a deficit of greater than £18m for our loan to be impaired. Despite the legal challenge and sale risk, we consider this unlikely.

Shared Ownership sales have continued to progress reasonably well, managed by our in-house Sales Team. This is despite the challenges of the Covid-19 lockdown. All remaining homes at Aberfeldy Phase 3A and Carmen Street have now sold. Jolles House sales launched in April and there has been strong interest in the product since launch, with 23 sales completed to date of the total 57 available. Landmark Pinnacle sales are waning however, as demand for the Canary Wharf area has reduced and 24 of the 35 homes still available for sale. We are planning a marketing relaunch in the autumn.

Fire safety works for buildings with external wall systems and balconies have been a challenge for the industry and it has been a busy year for us on this front. We have made excellent progress in the period and have obtained the necessary fire safety certificates for 79 buildings. Where remedial works are required, we have procured work on the first critical tranche of buildings, those over 18 metres high. Works will commence on these seven buildings prior to the end of September 2021 (all other buildings over 18m have satisfactory certificates). On buildings below 18m we have now established the extent of works required and have started to scope these elements out. These works will follow on from the more critical buildings above 18m. We are currently working on a programme to complete these works by March 2023.

COMMUNITIES AND NEIGHBOURHOODS (CaN)

Our Communities and Neighbourhoods (CaN) programme is a key priority for us. In the year our total spend on Community Regeneration of £6.6m (2019: £6.7m) was partially offset by external funding of £2.3m (2020: £2.4m), resulting in a net investment by Poplar HARCA of £4.3m for the year (2020: £4.3m).

SPOTLIGHT

Like every youth service in the country, we had no choice but to close our buildings due to the pandemic. Spotlight has managed to continue working with young people in all our patches mostly through virtual 1-2-1 and group engagement. Throughout the year Spotlight has engaged a total of 1,963 young people remotely, online or in person.

Our youth workers kept in touch with young people and their families - especially those at risk of suffering from mental health problems, in financial difficulties, having problems with computer equipment, at risk of committing violent crimes, and experiencing all sorts of issues as a result of being stuck indoors.

In September 2020, Spotlight launched the Supporting Families initiative 'Breaking the Cycle'. The programme is funded by Tower Hamlets and is a partnership between Tower Hamlets Early Help Team, Youth Justice Service, Osmani Trust and Spotlight to engage young people at risk of involvement in crime and/or anti-social behaviour.

Spotlight also launched a pioneering GP service Health Spot, specifically dedicated to the well-being of young people. Health Spot offers friendly, confidential medical appointments with a GP who is experienced in supporting young people with health needs.

EMPLOYMENT & TRAINING

Throughout the pandemic, our Employment & Training Team have maintained contact with all our clients through WhatsApp, telephone calls and emails. We have delivered specific employment support sessions online and in-person to help them to search and apply for jobs, update their CVs, fill in applications forms, write supporting statements and prepare for interviews. This year, we have achieved the following:

- 150 people supported to successfully find employment;
- 448 people achieved at least 1 accredited qualification;
- 230 young people referred to our Kickstart programme.

Most jobseekers not only asked for assistance to find work but also for help to access mental health support, food banks and food distribution centres, money advice and NHS services. This was especially valuable for the migrants who we targeted to support in early 2020 through funding from LBTB (Welcome to Tower Hamlets Programme).

CHARITABLE GRANTS AND OTHER COMMUNITY REGENERATION INCOME

Poplar HARCA has received grants and other income from a number of sources to support its community regeneration activity. Poplar HARCA would like to thank the organisations that have made contributions in cash and in kind to the Communities and Neighbourhood Directorate. Grant funding was committed from the organisations listed below during the period from 1 April 2020 to 31 March 2021:

Organisation	2021 £	2020 £
Apple Music	41,439	-
Action for Bow	5,000	5,000
Big Lottery Fund(Reaching Communities)	88,919	72,974
Building a stronger Britain Together	-	45,970
Barts Health NHS Trust	12,000	-
Clarion Futures	2,000	-
East End Community Foundation	-	7,000
Educations and Skills Funding Agency	513	138,385
European Social Fund	-	272,079
Good Things Foundation	94,070	-
London Borough of Tower Hamlets	897,904	540,000
London Marathon Fund	18,000	-
Rangoola Foundation	7,500	-
Peabody Trust	5,000	-
Power Up	-	36,833
The Greater London Authority	758,257	507,163
The National Health Service (NHS)	-	12,000
UNITAS	6,000	6,000
Migrant Fund	-	10,000
Elysium	10,000	10,000
	1,923,601	**1,663,404**

Poplar HARCA also received £25,482 from the Greater London Authority (GLA) for capital items (office furniture, screens etc.) in order to make our offices Covid secure.

Our Value for Money strategy

Our five year corporate strategy from 2016, Creating Opportunity, set out how we deliver our vision of discovering, developing and implementing opportunities to help our community thrive.

Achieving excellent value for money in all that we do is vital to achieving this vision: we aim to make the best possible use of resources to improve housing, neighbourhoods and opportunities for our residents, with high quality outcomes and demonstrable social returns.

Our VFM Strategy sets how we target and monitor VFM at every level of the organisation. The Board sets and monitors our VFM action plan annually which includes 'Resourcing the Vision' targets. The Finance and General Purposes Committee monitors this on a quarterly basis. The top level targets are set as a Financial Control Framework to enable us to 'Resource the Vision' and to deliver the ambitious Corporate Strategic Plan. The targets are in place to manage risk and ensure financial viability. They are:

- Achieve interest cover of 135% as we control risk and maintain 'financial resilience'
- Manage external debt within set parameters
- Manage on-lending to subsidiaries within set parameters
- Control exposure to market sales
- Manage liquidity

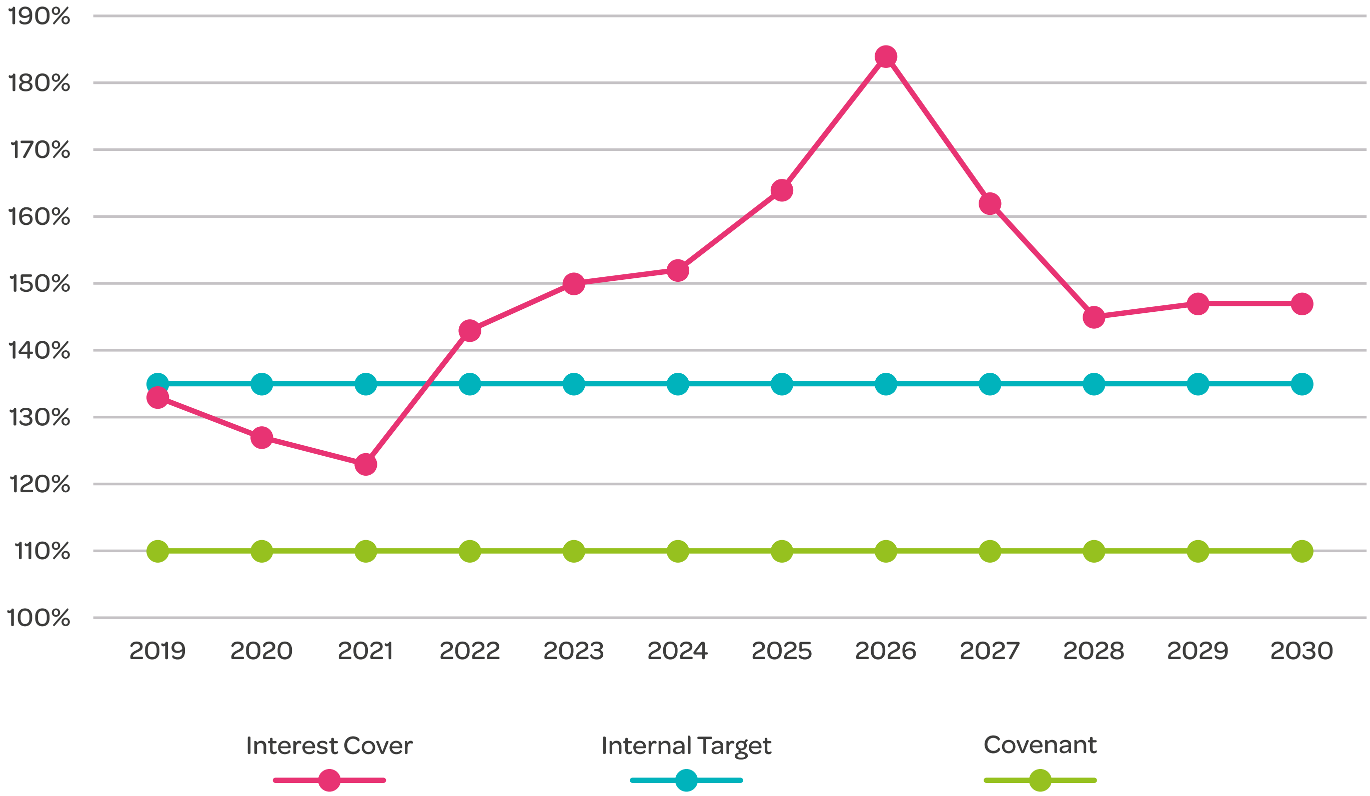
The Resourcing the Vision Strategy incorporated into the business plan includes the following targets:

- 1% cost saving efficiency on service costs per year
- Letting a further 56 homes at local housing allowance to homeless households or at market rent, bringing the total programme that started in 2016/17 to 425 by 2026
- Selling a further 208 homes based on asset management criteria where disposal adds significant value relative to cost and planned maintenance obligations, bringing the total programme that started in 2016/17 to 525 by 2026
- Using disposal proceeds to buy new affordable housing through S106 opportunities at a ratio of 1.5 new for every property sold

The result of our Value for Money strategy is financial resilience measured through covenant headroom and strong liquidity. And critically continuing our growing ambitious development and regeneration programme within risk tolerance whilst maintaining excellent services to our residents and community. This is all achieved despite the 4% reduction in regulated social housing rents between 2016/17 and 2019/20 and the uncertain outlook following the Covid-19 pandemic.

INTEREST COVER BANK COVENANT

ACTUAL TO 2020 AND FORECAST 2021 TO 2030



Interest cover dipped below the internal target in 2018/19 (133%) and 2019/20 (127%) and 2020/21 (123%) principally due to increased expenditure relating to maintenance of our properties and fire safety. The Board carefully monitored the financial forecast throughout these years and made risk balanced decisions to dip into the financial headroom in order to increase controls relating to health and safety. Nevertheless, the 2020/21 result of 123% is disappointing and we now look to outperform the 2021/22 budgeted interest cover and have set that as a specific CEO target.

Interest cover is budgeted above the internal target in 2021/22 at 143% and is forecast to continue to rise driven partly by surplus on first tranche shared ownership sales and partly by an improved core operating margin. After peaking in 2026, interest cover is forecast to fall back to a little below 150% as the shared ownership sales programme reduces and the homes let at local housing allowance revert back to social lettings. This reversion to social rent is within the Board's control and we can choose to delay this to boost interest cover and financial capacity.

The Board continues to model downside risk on shared ownership sales with cautious base case assumptions on sales prices and timings, and stress testing that base case. Despite the increased sales risk, the business plan has increased financial capacity from 2023/24 and subject to this additional headroom materialising, will enable the Board to consider the full financial commitment to the long term Teviot regeneration scheme, whilst maintaining the existing level of services and delivering on all existing development plans including the expanded Aberfeldy regeneration including Nairn Street.

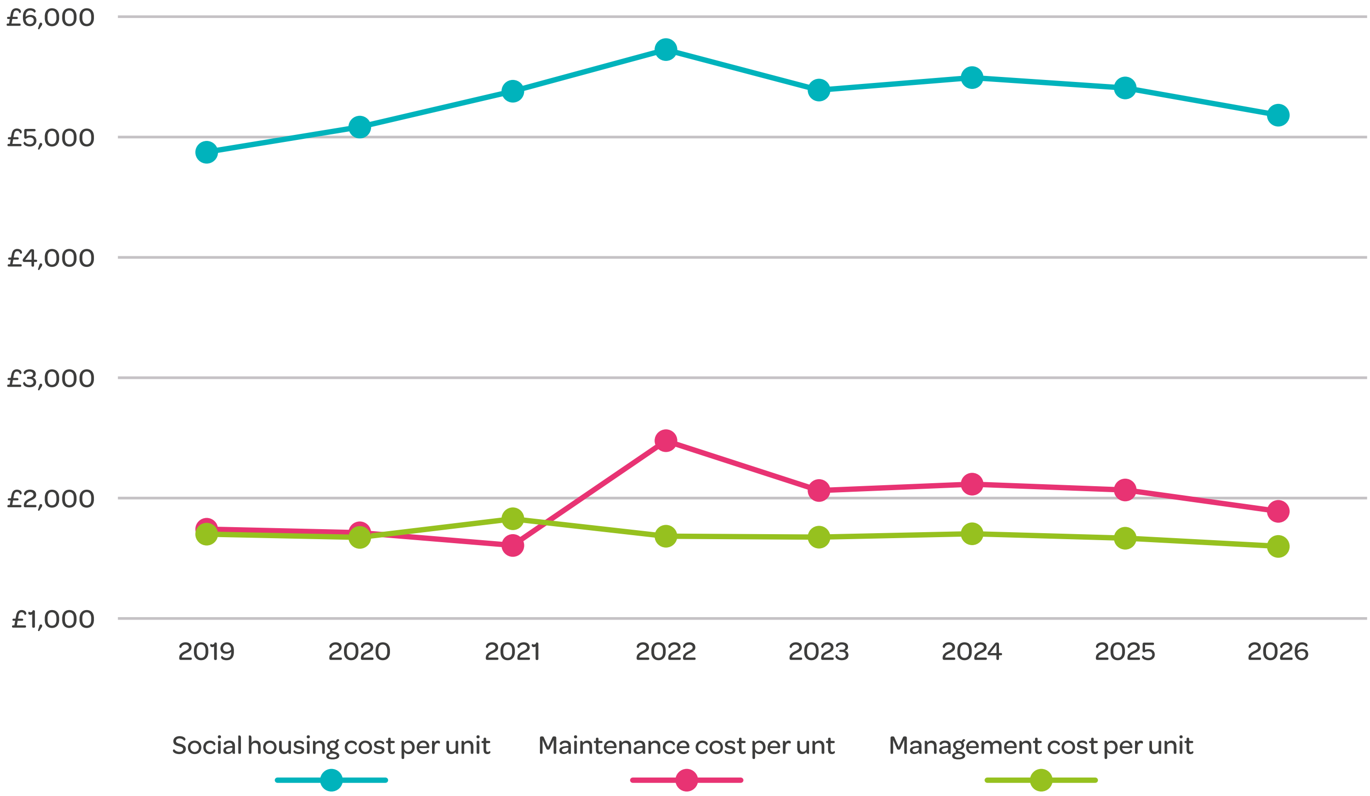
Our current approach to maximising the return on assets is characterised by extensive stock option appraisals based on detailed density calculations and net present value analysis. The progress of the Aberfeldy New Village LLP and completion of Jolles House are examples of regeneration increasing the number of homes and improving the local environment. Our decisions to sell empty homes or to let to homeless households are made using an asset evaluation matrix. This is ultimately to maximise the outcomes from the asset and control our long term liabilities.

The Board's decision to increase investment in our rented homes and management has resulted in higher social housing lettings expenditure. This has increased social housing cost per unit by 5.9% to £5,382. In 2019 the Board committed to an objective of no further material increases in social housing cost per unit above £5,000 per unit. We have not succeeded in delivering that commitment largely due to the costs associated with external wall systems and fire safety, including increased insurance costs.

Looking forward, total social housing cost per unit is anticipated to rise to a peak of approximately £5,700 in 2021/22, which is less than the £5,900 we had anticipated in our previous projection. This is reassuring and is despite the continued high costs associated with external wall systems and fire safety. By 2026 the total social housing cost falls to just below 5,200 and we remain committed to achieving this. Pease note we have excluded remedial works to external wall systems in our cost projections, which we anticipate to be £10m in total spread over several years, which is approximately £2,000 per unit. Our objective is to bring down our existing core social housing costs. Similarly, we will present carbon reduction investment separately when holding ourselves to account for this 2026 target of £5,200 per unit.

COST PER UNIT TREND

ACTUAL TO 2020 AND FORECAST 2021 TO 2025



The Board remains committed to its net investment in communities which was £4.3m for the year (2020: £4.3m), and monitors the outcomes together with the Services Committee. The service is supplemented by grant income and the total spend in the year was £6.6m (2020: £6.7m).

The £4.3m net community investment is equivalent to 10% social housing lettings operating margin and without this investment cost our social lettings operating margin would be closer to the peer group average. That is despite the significant secure non-social housing revenue from housing homeless households through our Mixed Income Tenure Strategy.

Poplar HARCA's relatively weak social housing lettings operating margin is credit negative and the Board gives careful consideration to the balance of delivering its charitable objectives and its credit rating. Following an upgrade to BAA1 stable in December 2019, the Board is confident it can raise new funding and maintain a cost of capital that enables financially viable regeneration schemes. Maintaining the BAA1 stable credit rating and raising finance at competitive costs is a clear target for the Board in 2021/22 and the following years.

Value for Money Scorecard

The table on the following page is the Poplar HARCA Value for Money Scorecard that compares performance against a 2019 peer group average (the 2020 peer group average was unavailable when this report was written).

The performance measures are set by the Board and include seven that are specifically required to be published annually under the "Value for Money Standard 2018" issued by the Regulator.

A number of the performance measures that clearly align with the Poplar HARCA Corporate Strategy are mentioned above. Regarding resident satisfaction (including leaseholders), no formal survey took place in 2020/21, with the next survey scheduled for 2021/22. The result from 2019/20 of 81% was an improvement on the previous survey result of 75%. We are targeting an upper quartile satisfaction result compared to peers for the next survey.

New supply of homes delivered is high compared to peers and so too is our reinvestment as a percentage of the historic value of our housing stock. This is due to the Group's regeneration strategy and the void sales strategy with proceeds invested in new S106 homes. We are slowly modernising our stock portfolio over time and mitigating asset management liabilities through this relatively intensive redevelopment strategy.

Operating margin for social housing lettings was flat year on year at 14%, a position that is weakened overall by our Community Investment as described above. However, overall operating margin and EBITDA MRI % interest cover are both down significantly in 2020/21 compared to the previous year. The reasons for this are described earlier in the report under the Summary of Financial Performance. Of particular note is the one off £3.8m expenditure on improving the environmentals of Carredale House which is adjacent to Balfron Tower. This was a post stock transfer commitment which is not mitigated and we expect the enhancement to have a positive impact on sales values for Balfron Tower.

Sector scorecard	PH Group 2021	PH Group 2020	Peer Group 2019 [1]
Business health			
Operating margin excluding surplus on disposals	5%	17%	34%
Operating margin - social housing lettings	14%	14%	27%
EBITDA MRI % interest cover [2]	75%	135%	217%
Development - capacity and supply			
New supply delivered (absolute)			
Units developed social housing units	160	251	53
Units developed non-social housing units	0	0	0
New supply delivered (as % of units owned)			
Units developed social housing units	3%	4%	1%
Units developed non-social housing units	0%	0%	0%
Gearing [3]	51%	48%	50%
Outcomes delivered			
Resident satisfaction with services provided by landlord	%	%	81%
Reinvestment % [4]	9%	5%	6%
Investment in Communities (spend in year)	£6.6m	£6.7m	£0.8m
£s invested in Communities for every £ generated from operations	4.68	0.54	N/A
Effective asset management			
Return on capital employed [5]	2%	4%	5%
Occupancy	98.0%	99.0%	99.7%
Ratio of responsive repairs to planned maintenance	0.7	0.8	0.3
Operating efficiencies			
Headline social housing cost per unit	£5,251	£5,082	£4,356
Management cost per unit	£1,730	£1,674	£1,275
Service charge cost per unit	£1,153	£1,180	£741
Maintenance cost per unit	£1,124	£1,344	£1,176
Major repairs cost per unit	£436	£368	£654
Lease costs per unit	£241	-	-
Other social housing cost per unit	£567	£516	£510
Rent collected	99.9%	100.7%	100.7%

[1] Poplar HARCA 2019 peer group median data used (source: HouseMark data - 'Global Accounts benchmark' unless otherwise stated)

[2] EBITDA MRI % interest calculated as EBITDA MRI ÷ Gross interest payable x 100 as prescribed in the current sector scorecard pilot, where EBITDA MRI represents earnings before interest, tax, depreciation and amortisation adding back major repair capitalised costs

[3] Gearing calculated as net debt ÷ Housing properties a cost x 100 as prescribed in the current sector scorecard pilot, where net debt represents total loans (including finance lease) less cash and cash equivalents

[4] Investment in properties as a % of the value of total properties held at year end

[5] Return on capital employed calculated as operating surplus ÷ (total fixed assets + total current assets less total creditors due within one year)

Risk Management

Poplar HARCA has a well-developed and robust risk management process. The risk map identifies significant risks, assesses their likelihood and impact and sets out how the organisation mitigates monitors and manages those risks.

Major risks are reviewed annually by the Board and this is supported by quarterly reviews by the Audit and Risk Committee.

Risks are assessed for likelihood and potential impact before and after any mitigation by the Corporate Management Team supported by operational managers. A risk map is prepared for any new ventures or activities and the Board considers risk when making decisions.

Among the risks facing Poplar HARCA are those arising from external economic factors and from government initiatives and regulatory changes. The most significant risks facing Poplar HARCA are described below:

- Exposure to market sales through joint venture activity (open market sales) and our shared ownership programme is a key risk for the Group, and a fall in prices of 20% and delay in sale completions is modelled as part of stress testing. Working through joint venture means cross default risk is mitigated, and whilst reductions in LLP profits or losses would have an impact on Group cash flow, the volatile accounting impact is excluded from loan covenants.

- Abortive costs and financial penalties of exiting or not going ahead with development contracts is a significant risk for Poplar HARCA. Exposure to development contracts is carefully managed and monitored and the potential impact incorporated into stress testing.

- The business interruption impact of a cyber-security attack is now a top risk on the risk map and we include a £1m impact each year within our stress test. We have a Business Continuity Plan and Disaster Recovery Plan in place to mitigate the business interruption risk of a cyber-security attack.

- While our good performance on rent collection has continued, we are still to see the full effect of the economic impact of the Covid-19 pandemic and the Government's Welfare Reform changes. We cannot be certain of the extent to which rental income collection will be affected. In response to the current economic climate, an additional provision for bad debts was made in 2019/20 and the Board approved an increase in the base assumption in the business plan to 2% of income from 1.5%. We include a doubling of bad debts as part of our multiple stress scenario testing.

INSURANCE

Poplar HARCA maintains insurance policies for all major risks including insurance for members of the Board and Corporate Management Team against liabilities in relation to Poplar HARCA.

Health, Safety And Fire

We have a comprehensive system in place to manage health and safety. There were no prosecutions or enforcement actions during the year. Quarterly reports on health and safety performance with an annual overall report and plan are given to our Audit and Risk Committee.

At the start of the Covid-19 pandemic, there was a focus by the Health, Safety and Fire Team on helping other departments to risk assess the cleaning of their buildings plus their operations in light of coronavirus. Preparation for home working was then conducted with the distribution of home computer workstation health and safety advice and the offer and provision of accessories to make home working more comfortable. Risk assessments have been put in place for those areas of the business which have continued to operate with a staff presence or where staff are now returning. There has been continued liaison with the Borough's Resilience Forum throughout the pandemic.

Fire safety across our residential stock is still a priority area. Fire risk assessments (FRAs) are carried out annually for all blocks with an additional check every six-months on blocks considered a higher risk due to height, layout etc.

Estate Services Operatives conduct daily visual assessments in line with our Estate Management Procedure with a documented fire safety check each month. In addition, our Estate Services Team removed hundreds of tonnes of dumped bulk rubbish last year, significantly reducing the risk of arson.

Our Asset Management compliance monitoring which is reported through our Services Committee includes a number of items associated with fire safety including electrical installation testing and gas servicing. Where not already in place, fire detection is installed by our electricians in our tenanted homes when they conduct NICEIC checks in addition to which the detection is tested by our gas contractor during annual gas servicing appointments of tenanted homes.

Constitution And Governance

Poplar HARCA is a charitable Registered Society under the Co-operative and Community Benefit Societies Act 2014. Poplar HARCA is also registered with the Regulator of Social Housing (RSH) as a Registered Provider.

Poplar HARCA was incorporated on 13 September 1998. Poplar HARCA converted from a Company Limited by Guarantee to a Registered Society on 23 February 2018. Poplar HARCA has twelve directors who are also shareholders.

CORPORATE GOVERNANCE

The Board has adopted the National Housing Federation's (NHF) Revised Code of Governance published in 2015. Poplar HARCA complies with the code in all material respects. Moving forward, Poplar HARCA has adopted the updated NHF Code of Governance published in 2020 and will report compliance under this code in 2022.

The Board is committed to integrity and accountability in its stewardship of Poplar HARCA and has adopted a Probity Policy against which it can measure and maintain standards.

Poplar HARCA strives for excellence in governance. An in depth assessment (IDA) by the Regulator took place in summer 2021 and the results are due to be published in October 2021. In 2017/18 Poplar HARCA's IDA resulted in no change to the highest governance rating of G1 and no change to the compliant viability rating of V2. Poplar HARCA's governance structure is described below.

The Board confirms that the Group complies with the Governance and Financial Viability standard that includes adhering to all relevant law. The Board also confirms that the Strategic Report has been prepared in accordance with the principles set out in the Housing SORP 2018.

POPLAR HARCA BOARD

The Board is the main governance vehicle for the organisation and has a formal schedule of matters reserved for its decision. Responsibility for Poplar HARCA's day to day operations is delegated to the Corporate Management Team, which reports through the Chief Executive. The Board meets at least four times a year and members of the Corporate Management Team attend all meetings.

DIRECTORS AND DIRECTORS' INTERESTS

The directors who held office during the period were as follows:

- Paul Brickell (Chair)
- Tanya Martin (Vice Chair)
- Momtaz Ajid
- Naz Hussain
- Sade Koiki
- Rafi Mannan
- John Norman
- Matthew Rowe
- Simon Turek
- Alexandra Woolmore
- Kyle Rosevear (appointed March 2021)
- Shabana Yousaf (appointed March 2021)
- Tilat Mahiudin (retired September 2020)

The directors received no remuneration during the period.

DIRECTORS APPOINTMENTS, DIVERSITY & INCLUSION, SUCCESSION PLANNING, BOARD EVALUATION

Poplar HARCA operates a community-focused Board model, which means when vacancies arise we first search for candidates who are Poplar HARCA residents, then search further across Poplar and Tower Hamlets, and finally to the wider community to fulfil particular skill requirements. Of our twelve Board members, four are local residents and one a former resident, and a total of three members are Poplar HARCA tenants or leaseholders. The Board appointed two members in March 2021.

We continue to promote diversity and inclusion on our Board and Committees and utilise a wide range of resources to find candidates; including referrals from our REST and CaN Teams, Youth Empowerment Board and Joint Estate Panel. We also use LinkedIn, social media, the Poplar HARCA website and email newsletters, Reach Volunteering and Volunteer Centre Tower Hamlets. At 31 May 2021 the Board had a gender balance of 42% female, 58% male, and a broad distribution of members across age brackets (as below).

Age	18-25	26-45	46-64	65+
	1	6	4	1

We will continue to work on broadening the Board's ethnic diversity; currently the Board has six white British, one white Other, three British Asian-Bangladeshi, one British Asian-Pakistani and one black British member.

The skills base of the Board and Committees remains strong, and a range of development and training opportunities have been delivered throughout the year providing members with vital skills that enhance our governance. Board and Committee members undergo an appraisal on a biennial basis with their Chair to evaluate performance and identify skills gaps, which was last completed in February 2021. A full skills audit of all members was also completed in April 2021.

The Remuneration & Nominations Committee meets annually and the Committee Chairs meet quarterly to monitor succession planning and evaluation of the Board and Committees. As required by the NHF Code of Governance, the Board considers their own performance annually, with a formal review every three years.

The following Committees meet four times a year minimum and provide assurance and recommendations to the Board, which will sign off final decisions when required. Attendance in the last twelve months has been good, with an average 82% Board attendance, and average 88% attendance across the following Committees.

Finance and General Purposes Committee

The Finance and General Purposes Committee oversees finance strategy and performance, the capital programme, the asset management strategy and policies relating to information technology and personnel. The Committee also provides assurance to the Board that Poplar HARCA meets all material respects of the regulatory requirements in respect of the RSH's Economic Standards for Financial Viability, Value for Money and Rent. Two new members were appointed to the Committee this year.

Audit and Risk Committee

The Audit and Risk Committee provides assurance to the Board that Poplar HARCA and its subsidiary companies operate an effective system of audit (external and internal) and risk management that is consistent with the corporate strategy, statutory and regulatory requirements and best practice.

Services Committee

The Services Committee is responsible for providing assurance to the Board that Poplar HARCA meets all regulatory requirements in respect of services to users of its services including the RSH Consumer Standards.

In addition, the following groups provide input to Poplar HARCA's governance structure:

Remuneration and Nominations Committee

The Remuneration and Nominations Committee provides assurance to the Board on the effectiveness of Poplar HARCA's performance appraisal and remuneration of the Chief Executive, remuneration structure for the Corporate Management Team members, pension arrangements, and Board and Committee member development.

Youth Empowerment Board (YEB)

The YEB is for 16 – 25 year olds living, studying, or working in Tower Hamlets. Members can get involved with projects, debates, campaigns and influencing what happens in their local area.

Estate Boards and Joint Estate Panel

There are nine Estate Boards/ Gathering Groups consisting of tenant and leaseholder representatives. Estate Boards/ Gathering Groups groups work in partnership with Poplar HARCA to ensure that residents' voices are heard within the organisation in order to improve and shape the services provided. They have an advisory/consultative role on local service provision, housing, technical, community and physical regeneration, and meet to consider how services are being delivered, future plans, projects and initiatives, and how to spend an allocated Estate Minor Works budget. The Joint Estate Panel is made up of two members from each Estate Board/ Gathering Group, with an added scrutiny remit on strategic issues of most importance to residents.

93% of involved Estate Board and Gathering Members felt that they work with Poplar HARCA to ensure that resident voices are heard.

RELATED PARTY DISCLOSURES

Three of the current Board directors are tenants or leaseholders of Poplar HARCA. The tenancies are on normal commercial terms, they pay the same rents as other tenants and the directors cannot use their position to their advantage.

All directors are required to declare their interests annually and at Board meetings, and are not able to vote on matters in which they have a direct interest.

CORPORATE MANAGEMENT TEAM

The members of the Corporate Management Team who served during the year were:

Stephen Stride
Chief Executive

Jonathan Spearing
Director of Finance

Kevin Wright
Director of Technical Resources

Neal Hunt
Director of Development

Andrea Baker
Director of Housing

Babu Bhattacherjee
Director of Communities & Neighbourhoods

Members of the Corporate Management Team have no ownership interest in Poplar HARCA. They act as executives within the authority delegated by the Board. The detailed scrutiny of performance, the development of policy and procedures and expenditure approvals within budget are carried out by the Corporate Management Team. The Corporate Management Team meets at least once a month for these purposes.

Statement of Board's responsibilities in respect of the Board's report and the financial statements

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

Co-operative and Community Benefit Society law requires the Board to prepare financial statements for each financial year. Under those regulations the Board have elected to prepare the financial statements in accordance with UK Accounting Standards, including ***FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.***

The financial statements are required by law to give a true and fair view of the state of affairs of the group and the association, and of the income and expenditure of the group and the association for that period.

In preparing these financial statements, the Board is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the group and the association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless it either intends to liquidate the group or the association or to cease operations, or has no realistic alternative but to do so.

The Board is responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the association and enable them to ensure that its financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. It is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and has general responsibility for taking such steps as are reasonably open to it 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 UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

POLITICAL AND CHARITABLE CONTRIBUTIONS

Poplar HARCA is a charitable organisation. No contributions were made to other charities or to political organisations (2019: £nil).

DISCLOSURE OF INFORMATION TO AUDITORS

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Association's auditor is unaware; and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

Internal Controls Assurance Statement

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

The Board recognises that no system of internal control can provide absolute assurance or eliminate all risk. The system of internal control is designed to manage risk and to provide reasonable assurance that key business objectives and expected outcomes will be achieved. It also exists to give reasonable assurance about the preparation and reliability of financial and operational information and the safeguarding of the Group's assets and interests.

In meeting its responsibilities, the Board has adopted a risk-based approach to internal controls which are embedded within the normal management and governance process. The Board also uses the NHF Code of Governance issued in 2015 to review how it operates and how effectively it governs the Association. Every three years an independent governance review is completed, the most recent taking place in 2021.

The process adopted by the Board in reviewing the effectiveness of the system of internal control, together with some of the key elements of the control framework, includes:

1. Identification and evaluation of key risks
Management responsibility has been clearly defined for the identification, evaluation and control of significant risks. There is a formal and ongoing process of management review in each area of the Association's activities. This process is co-ordinated through regular reporting to the Audit and Risk Committee (ARC). The Corporate Management Team and the Chief Executive are responsible for reporting to ARC and ultimately the Board any significant changes affecting key risks.

2. Monitoring and Control
Clear responsibilities for managers provide hierarchical assurance to successive levels of management and the Board. These include Standing Orders and Financial Regulations supported by organisational structures and job descriptions.

Controls are reviewed systematically in line with changing environment and internal audit recommendations. Improvements were made to controls during the year to strengthen the Board's assurance framework.

3. Control environment and control procedures
The Board retains responsibility for a defined range of issues covering strategic, operational, financial and compliance issues including treasury strategy and new investment projects. The Board has in place a framework of policies and procedures covering issues such as probity, delegated authority, segregation of duties, accounting, treasury management, health and safety, data and asset protection and fraud prevention and detection.

4. Information and financial reporting systems
Financial reporting procedures include detailed budgets for the year ahead and forecasts for subsequent years. These are reviewed and approved by the Board. The Board also regularly reviews key performance indicators to assess progress towards the achievement of key business objectives, targets and outcomes.

The internal control framework and the risk management process are subject to regular review by Internal Auditors who are responsible for providing independent assurance to the Board via its Audit and Risk Committee. RSM, our Internal Auditors, have completed six full years of audit. The Audit & Risk Committee reviewed their continued engagement and concluded they remain in an impartial position to continue delivering internal audit services.

The Audit and Risk Committee considers internal control and risk at each of its meetings during the year.

The Board has conducted its annual review of the effectiveness of the system of internal control and has taken account of any changes needed to maintain the effectiveness of the risk management and control process.

The Board confirms that there is an ongoing process for identifying, evaluating and managing significant risks faced by the Association. This process has been in place throughout the year under review, up to the date of the annual report, and is regularly reviewed by the Board.

5. Independent review of governance

An in depth assessment (IDA) by the Regulator took place in summer 2021 and the results are due to be published in October 2021. In 2017/18 Poplar HARCA's IDA resulted in no change to the highest governance rating of G1 and no change to the compliant viability rating of V2. Poplar HARCA's governance structure is described below.

AUDITOR

In accordance with Section 487 of the Company Act 2006, the auditor will be deemed to be reappointed and Mazars LLP will therefore continue office.

STRATEGIC AND DIRECTOR'S REPORT

The strategic report and statement of the Board's responsibilities was approved on 28 September 2021.

By order of the Board

Paul Brickell

Dr Paul Brickell - Chair

155 East India Dock Road

Poplar

London E14 6DA

Date: 28 September 2021

Independent auditor's report to the members of Poplar Housing and Regeneration Community Association Limited

OPINION

We have audited the financial statements of Poplar Housing and Regeneration Community Association (the 'parent association') and its subsidiaries (the 'Group') for the year ended 31 March 2021 which comprise the Group and the parent association's Statements of Comprehensive Income, the Group and the parent association's Statements of Financial Position, the Group Statement of Cash Flows, the Group and the parent association's Statements of Changes in Reserves and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and 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 Group's and of the parent association's affairs as at 31 March 2021 and of the Group's and the parent association's deficit 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 Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015.

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 directors' 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 company'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 directors with respect to going concern are described in the relevant sections of this report.

OTHER INFORMATION

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether 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.

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report have been prepared in accordance with applicable legal requirements.

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 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF THE BOARD

As explained more fully in the Statement of the Board's responsibilities set out on page 31, 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 Group's and the parent 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 group or the parent association or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the [company] and its industry, we identified that the principal risks of non-compliance with laws and regulations related to UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, such as the Companies Act 2006.

We evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, revenue recognised either side of the year end, and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- Discussing with the directors and management their policies and procedures regarding compliance with laws and regulations;
- Communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud;
- Substantively testing revenue; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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

USE OF THE AUDIT REPORT

This report is made solely to the association's members as a body in accordance with Part 7 of the Co-operative and Community Benefit Societies Act 2014 and Chapter 4 of Part 2 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the association and the association's members as a body for our audit work, for this report, or for the opinions we have formed.

Mazars LLP

Mazars LLP

Chartered Accountants and Statutory Auditor

2 Chamberlain Square

Birmingham B3 3AX

Date:

Financial Statements

Statement of Comprehensive Income - Group and Association

for the year ended 31 March 2021

		Group		Association	
	Notes	**2021** £'000	**2020** £'000	**2021** £'000	**2020** £'000
Turnover	*2a*	65,115	65,300	65,160	63,727
Cost of sales	*2a*	(1,994)	(2,415)	(1,994)	(2,415)
Operating costs	*2a*	(57,998)	(51,864)	(53,983)	(51,644)
Share of operating (loss)/surplus of joint ventures	*2a, 16*	(895)	1,574	-	-
Write down of investment in subsidiaries	*15*	-	-	(9,874)	-
Write down of investment in joint ventures	*16*	-	(4,745)	-	-
Gain on disposal of fixed assets and investment property	*2a, 5*	8,892	15,245	8,892	15,245
Change in value of investment property	*14*	(2,050)	(1,970)	(2,050)	(1,970)
Operating surplus	**2a**	**11,070**	**21,125**	**6,151**	**22,943**
Interest receivable and similar income	*6*	1,429	971	1,521	1,081
Interest payable and similar charges	*7*	(12,488)	(12,572)	(12,488)	(12,572)
Surplus before tax	**4**	**11**	**9,524**	**(4,816)**	**11,452**
Tax on surplus on ordinary activities	*10*	2	(525)	-	-
Surplus for the year		**13**	**8,999**	**(4,816)**	**11,452**
Other comprehensive income					
Re-measurement of pension schemes	*8*	(4,844)	3,617	(4,844)	3,617
Total comprehensive income for the year		**(4,831)**	**12,616**	**(9,660)**	**15,069**

All amounts relate to continuing activities. The accompanying notes form an integral part of these financial statements.

Paul Brickell

Dr Paul Brickell
Chair

Tanya Martin
Trustee

Jonathan Spearing
Company Secretary

Statement of Financial Position- Group and Association

as at 31 March 2021

	Notes	Group 2021 £'000	Group 2020 £'000	Association 2021 £'000	Association 2020 £'000
Fixed assets					
Housing properties	*11*	468,345	431,321	468,345	431,321
Other fixed assets	*12*	13,375	15,164	13,375	15,164
Intangible assets	*13*	454	462	454	462
Investment in commercial properties	*14*	60,341	69,673	56,103	65,435
Investment in subsidiaries	*15*	-	-	8,884	18,758
Joint ventures	*16*	6,844	8,879		-
		549,359	**525,499**	**547,161**	**531,140**
Current assets					
Stock	*17*	13,183	7,474	13,183	7,474
Debtors falling due within one year	*18*	12,353	12,401	20,521	19,680
Debtors due after more than one year	*18*	27,399	15,238	26,728	15,009
Short term investment	*20*	16,686	6,586	6,586	6,586
Cash and cash equivalents	*19*	18,412	13,541	13,976	6,014
		88,033	**55,240**	**80,994**	**54,763**
Creditors: amounts falling due within one year	*23*	(21,258)	(17,376)	(21,111)	(16,757)
Net current assets		**66,775**	**37,864**	**59,883**	**38,006**
Total assets less current liabilities		**616,134**	**563,363**	**607,044**	**569,146**
Creditors: amounts falling due after more than one year	*24*	(437,015)	(383,947)	(426,868)	(383,844)
Provisions for liabilities	*25*	(11,846)	(7,312)	(11,846)	(7,312)
Net Assets		**167,273**	**172,104**	**168,330**	**177,990**
Reserves					
Income and expenditure reserve		163,273	170,604	164,330	176,490
Revaluation reserve		4,000	1,500	4,000	1,500
Total reserves		**167,273**	**172,104**	**168,330**	**177,990**

These financial statements were approved by the Board of Directors on 28 September 2021 and were signed on its behalf by:

Dr Paul Brickell
Chair

Tanya Martin
Trustee

Jonathan Spearing
Company Secretary

Statement of Changes in Equity - Group and Association

for the year ended 31 March 2021

Group	Notes	Called up share capital £'000	Fair value reserve £'000	Income & expenditure reserve £'000	Total equity £'000
Balance at 1 April 2019		-	1,500	157,988	159,488
Surplus for the year after tax		-	-	8,999	8,999
Re-measurement of pension scheme	*8*	-	-	3,617	3,617
Balance at 31 March 2020		**-**	**1,500**	**170,604**	**172,104**
Surplus for the year after tax		-	-	13	13
Re-measurement of pension scheme		-	-	(4,844)	(4,844)
Transfer of investment properties*			2,500	(2,500)	-
Balance at 31 March 2021		**-**	**4,000**	**163,273**	**167,273**

Association	Notes	Called up share capital £'000	Fair value reserve £'000	Income & expenditure reserve £'000	Total equity £'000
Balance at 1 April 2019		-	1,500	161,421	162,921
Surplus for the year after tax			-	11,452	11,452
Re-measurement of pension scheme			-	3,617	3,617
Balance at 31 March 2020		**-**	**1,500**	**176,490**	**177,990**
Surplus for the year after tax		-	-	(4,816)	(4,816)
Re-measurement of pension scheme	*8*	-	-	(4,844)	(4,844)
Transfer of investment properties*			2,500	(2,500)	-
Balance at 31 March 2021		**-**	**4,000**	**164,330**	**168,330**

*£10m cost of investment properties relates to Chrisp Street transferred to housing properties during the year. The historical cost of Chrisp Street investment properties was £7.5m and fair value increased by £2.5m. £2.5m transferred from revenue reserve to revaluation reserve due to change of use from investment properties to housing properties-WIP.

Consolidated Cash Flow Statement

for the year ended 31 March 2021

	Notes	2021 £'000	2020 £'000
Net cash received from operating activities	*21*	4,836	15,150
Cash flows from investing activities			
Acquisition of housing properties		(32,372)	(29,386)
Acquisition of other fixed assets		(595)	(1,414)
Proceeds from sale of housing properties		10,234	17,430
Proceeds from sales of other fixed assets		548	10
Acquisition of investment property		(2,718)	-
Distribution from joint ventures		1,140	549
Loan provided to joint ventures		(9,873)	(419)
Grants received		5,912	1,803
Interest received		-	65
Net cash flows from investing activities		**(27,724)**	**(11,362)**
Cash flows from financing activities			
Interest paid		(11,697)	(11,157)
Interest element of finance lease rental payments		(2,472)	(2,490)
Capital element of finance lease rental payments		(318)	(299)
Loans paid		-	(10,000)
Deposit held as more security required for new bond issued		(10,000)	-
New borrowing		52,246	10,000
Net cash paid in financing activities		**27,759**	**(13,946)**
Net cash (decrease)/increase in cash and cash equivalents		4,871	(10,158)
Cash and cash equivalents at beginning of year		13,541	23,699
Cash and cash equivalents at end of year	*22*	**18,412**	**13,541**

Notes to the Financial Statements for the year ended 31 March 2021

1. Legal Status

The association is incorporated under the Co-operative and Community Benefit Societies Act 2014 with the Financial Conduct Authority (FCA) and is a registered provider of social housing with the Regulator of Social Housing, Homes England.

Poplar Housing and Regeneration Community Association Limited is the ultimate parent of the Poplar HARCA Group. Poplar HARCA has four subsidiaries; Poplar HARCA (Developments) Limited, Poplar HARCA Projects Limited and Poplar HARCA Capital PLC and Leaside Business Centre Management Limited. All four subsidiaries are registered under the Companies Act 2006 and are not registered providers of social housing.

2. Accounting policies

BASIS OF ACCOUNTING

The financial statements of Poplar HARCA ("the Group") are prepared in accordance with the Co-operative and Community Benefits Societies Act 2014, FRS 102 (March 2018), the financial reporting standard in the UK and Republic of Ireland ("FRS102") and the Statement of Recommended Practice: Accounting by Registered Social Housing Providers Update 2018 ("SORP 2018"), and comply with the Accounting Direction for Private Registered Providers of Social Housing 2019.

The presentation currency of these financial statements is sterling (£). All amounts in the financial statements have been rounded to the nearest £1,000. The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements except for the adoption of:

MEASUREMENT CONVENTION

The financial statements are prepared on the historical cost basis except for investment properties stated at their fair value measured in accordance with the revaluation model.

GOING CONCERN

As a consequence of Covid-19 the Group has undertaken extensive stress testing of its short term and long-term plans.

We have considered the impact that Covid-19 has had on our cashflows, including sales, rent receipts, arrears and bad debt levels and the uncertainty regarding phasing of work to our stock. We have considered the values at which we hold our properties. After reviewing the Group's budget for 2021/22 and forecast for future years, and based on normal strategic business planning and control procedures, and following the 29 June 2021 Board meeting, the Board has a reasonable expectation that Poplar HARCA has adequate resources to continue in operational existence for the foreseeable future.

The Board therefore continues to adopt the going concern basis in preparing these financial statements.

BASIS OF CONSOLIDATION

The consolidated accounts incorporate the financial statements of Poplar Housing and Regeneration Community Association Limited ("Poplar HARCA Limited") and its subsidiary undertakings Poplar HARCA Projects Limited, formerly known as Poplar HARCA Refurbishments Limited, Poplar HARCA (Developments) Limited, Poplar HARCA Capital PLC and Leaside Business Centre Management Limited.

The Joint Venture investments in Aberfeldy New Village LLP and Balfron Tower Developments LLP are accounted for using the equity accounting method in these consolidated financial statements.

The fully owned subsidiaries of Poplar HARCA Limited are shown below:

Subsidiary	Date control gained	Status	Activity
Poplar HARCA Projects Limited	13 November 1997	Company limited by shares	Management of overages and mixed income tenures (Market rent and LHA rateable) lettings Joint venture partner to Balfron Tower Developments LLP
Poplar HARCA (Developments) Limited	16 November 2005	Company limited by shares	Development of properties for re-sale Joint venture partner to Aberfeldy New Village LLP
Poplar HARCA Capital PLC	4 April 2013	Company limited by shares	Bond finance provided to the Group
Leaside Business Centre Management Limited	6 April 2016	Company limited by shares	Management company of commercial properties

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the Association's shareholders.

In preparing the Association's individual financial statements, the Association has taken an advantage of the exemption from presenting a statement of cash flows, as permitted by Section 7 'Statement of Cash Flows'.

BASIC FINANCIAL INSTRUMENTS

The Group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS102, in full, to all of its financial instruments.

Tenant Arrears, Trade and other debtors

Tenant Arrears, Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Trade and other creditors

Tenant and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest rate method, less any impairment losses. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial instrument to the net carrying amount of the financial liability.

Investment in subsidiaries

Investments in subsidiaries are carried at cost less impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only for the cash flow statement.

FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

Leases in which the Group assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease.

The Group assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

An impairment review is undertaken when there is an indication that the asset may be impaired. An impairment charge is recognised when it is assessed that the carrying amount of the asset (or the cash generating unit it belongs to) is higher than both its fair value less costs to sell and its value in use, in which case the higher of these two values is taken to be its net book value.

HOUSING PROPERTIES

Housing properties are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the cost of acquiring land and buildings, directly attributable development costs, interest at the average cost of borrowing for the development period, and expenditure incurred in respect of improvements which comprise the modernisation and extension of existing properties.

Shared ownership properties are split proportionately between current and fixed assets based on the element relating to expected first tranche sales (25% First Tranche Sales). The first tranche proportion is classed as a current asset and related sales proceeds are included in turnover. The remaining element is classed as a fixed asset, and included in housing properties at cost, less any provisions needed for depreciation or impairment.

Mixed developments are held within the housing properties and accounted for at cost less depreciation. Commercial elements of mixed developments are held as investment properties.

DEPRECIATION

Component Useful life

Depreciation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of each component part of housing properties. Land is not depreciated.

The estimated useful lives are as follows:

Component	Useful Life (Assets capitalised prior to 1 April 2015)	Useful Life (Assets capitalised from 1 April 2015)
Kitchen	15 years	20 years
Bathrooms	35 years	30 years
Electrical	40 years	40 years
Heating system	15 years	20 years
Windows and doors	30 years	30 years
Roofs	40 years (pitched) or 15 years (flat)	40 years (pitched) or 20 years (flat)
Lifts	20 years	25 years
Door entry system	15 years	15 years
Structure	50 years	50 years
Environmental improvements	15 years	15 years
Community centres & major improvements	30 years	30 years
Minor improvements to community centres	10 years	10 years
Photovoltaics	N/A	25 years

Works to existing properties

The amount of expenditure incurred which relates to an improvement, which is defined as an increase in the net rental stream or the life of a property, has been capitalised. Expenditure incurred on other major repairs, cyclical and day-to-day repairs to housing properties is charged to the Statement of Comprehensive Income in the period in which it is incurred.

Interest capitalised

Interest on borrowings is capitalised to housing properties during the course of construction up to the date of completion of each scheme. The interest capitalised is either on borrowings specifically taken to finance a scheme or on net borrowings to the extent that they are deemed to be financing a scheme. This treatment applies irrespective of the original purpose for which the loan was raised. For the year ended 31 March 2021, interest has been capitalised at an average rate of 4.64% (2020: 4.72%) that reflects the weighted average cost of capital on the Group's borrowings required to finance housing property developments.

Other fixed assets

Depreciation is provided evenly on the cost of tangible fixed assets to write them down to their estimated residual values over their expected useful economic lives as follows:

New offices (except for head office which is depreciated over the term of the finance lease)	30 years (3.3% per annum)
Minor improvements to estate service centres	10 years (10% per annum)
Computer equipment and software	4 years (25% per annum)
Office furniture and equipment	5 years (20% per annum)
Vehicles and estate service centre equipment	4 years (25% per annum)

Freehold land is not depreciated.

INTANGIBLE ASSETS

Intangible assets are recognised at cost at acquisition. There are no internally generated intangible assets. The cost method is used for subsequent measurement net of accumulated amortisation. Intangible assets are amortised over the length of the useful life on an asset by asset basis.

SOCIAL HOUSING GRANT AND OTHER CAPITAL SUBSIDIES

The social housing grant ("SHG") is initially recognised at fair value as a long term liability, repayable indefinitely unless formally abated or waived. The SHG and other capital grants are treated specifically as deferred grant income and released through the Statement of Comprehensive Income as turnover income over the expected useful life of the structure of housing properties and its individual components in accordance with the accrual method applicable to social landlords accounting for housing properties at cost.

Poplar HARCA used the Government's Job retention scheme (furlough) to ensure that colleagues whose work dried up in the early part of the pandemic were financially supported. Government grants relates to coronavirus job retention scheme recognised as other income in the statement of Comprehensive Income. Furlough money received from the Government has been recognised in the period to which the underlying furloughed staff cost relates to. Therefore Furloughed employment cost still showing as employment cost in full.

On disposal of properties, or occurrence of certain relevant events, all associated SHG are transferred to the Recycled Capital Grant Fund ("RCGF") until the grant is recycled or repaid to reflect the existing obligation under the social housing grant funding regime. In recognition of this, external lenders seek the subordination of the Regulator of Social Housing's (formerly known as Homes and Community Agency) right to recover grant to their loan.

Poplar HARCA Limited received an Estate Renewal Challenge Fund (ERCF) Grant to finance the first and second transfers of Council housing in 1998. Although the Housing Corporation paid these grants to Poplar HARCA as Social Housing Grant, the usual conditions of SHG do not apply and, in particular, it is not repayable when properties are sold.

The stock transfers in August 2005, November 2006, December 2007 and July 2009 attracted "gap funding" grant from the Department of Communities, Regulator of Social Housing and from the London Borough of Tower Hamlets ("LBTH").

This is potentially subject to claw back according to future outcomes, but it is unlikely that any of these grants will become repayable.

Additional capital grants and contributions have been received from LBTH and other bodies which have been included within the grant liability. There is no requirement for future repayment on these grants.

The net proceeds from the sale of homes under the Right to Acquire scheme is transferred to the RCGF following the abolition of DPF. Poplar HARCA Limited utilises the RCGF to part fund its development schemes under the RSH affordable homes programme.

INVESTMENT PROPERTIES

Investment properties are properties which are held either to earn rental income at a market rate or for capital appreciation or for both. Property interest held by a lessee under an operating lease may be classified and accounted for as investment property if property meets the definition of an investment property and the lessee can measure the fair value of the property interest on an on-going basis.

Investment properties are recognised initially at cost.

Subsequent to initial recognition

i. Fair value is determined annually and any gains or losses arising from changes in the fair value are recognised in income and expenditure in the period that they arise; and

ii. No depreciation is provided in respect of the investment properties applying the fair value model.

Investment property fair value is based on a valuation by an external, independent valuer, having an appropriate recognised professional qualification and recent experience in the location and class of property being valued. A professional valuation is obtained in a three year cycle and a directors' valuation is carried out in the years where a professional valuation is not obtained.

Any gain or loss arising from a change in fair value is recognised in Statement of Comprehensive Income. Rental income from investment property is accounted for as described in the note 2a Particulars of turnover, cost of sales and operating costs.

PROPERTIES HELD FOR SALE AND WORK IN PROGRESS

Completed properties and properties under construction for open market sales are recognised at the lower of cost and net realisable value. Cost comprises materials, direct labour and direct development overheads. Interest incurred is also capitalised during the course of obtaining planning and throughout the work in progress up to the point of practical completion of the development scheme.

Assessing net realisable value requires use of estimation techniques. In making this assessment, management considers publicly available information and internal forecasts on future sales activity. Net realisable value is based on estimated sales price after allowing for all further costs of completion and disposal.

Completed properties and property under construction for shared ownership are split between current assets (properties held for sale) and fixed assets. The expected shares of the first tranche sales are shown as current assets.

RIGHT TO BUY DISPOSALS

The gain or loss on disposal of housing properties under the Right to Buy is recognised in the Statement of Comprehensive Income at the date of transfer of title, net of any amount payable to the London Borough of Tower Hamlets under the relevant stock transfer agreement.

Any regular Social Housing Grant allocated to the property will be recycled through the Recycled Capital Grant Fund. However, the majority of the capital grants received on the right to buy properties were from the Estate Renewal Challenge Fund, and these grants are not repayable when properties are sold.

RIGHT TO ACQUIRE DISPOSALS

Net proceeds from Right to Acquire sales if unused within a three year period may be repayable to the RSH with interest. The development programme of the Association is such that the Disposal Proceeds Fund is likely to be used before it becomes payable. Any unused proceeds held within the Disposal Proceeds Fund are disclosed in the Statement of Financial Position under note 24 Creditors: amounts falling due after more than one year. All the funds have been spent at 31 March 2021 disclosed in note 27: Disposal Proceed fund.

COMMUNITY REGENERATION

Grant income, expenditure and an allocation of Poplar HARCA's costs relating to community regeneration is accounted for within the Statement of Comprehensive Income.

Funds received from government sources are accounted for using the accrual model, where funds are held within debtors/creditors and released to income in line with expenditure.

Funds received from non-government sources are accounted for using the performance model. Revenues are recognised only when the revenue recognition criteria are satisfied. A grant received before the revenue recognition criteria are satisfied is recognised as a liability.

IMPAIRMENT EXCLUDING PROPERTIES HELD FOR SALE, WORK IN PROGRESS AND INVESTMENT PROPERTIES

Financial assets (including trade and other debtors)
A financial asset not carried at fair value through income and expenditure is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of financial assets such as investments in subsidiaries are measured when the carrying amount of assets exceeds the recoverable amount. For financial instruments measured at cost less impairment, an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that Poplar HARCA would receive for the asset if it were to be sold at the reporting date.

For rent arrears an impairment loss is recognised on the unrecoverable arrears, which are classified as bad debts by management. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised as expenditures in the Statement of Comprehensive Income. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the Statement of Comprehensive Income as a separate line within the operating expenditures and not netted off operating expenditures.

Non-financial assets

The carrying amounts of Poplar HARCA's non-financial assets such as Property, Plant and Equipment, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). For the purpose of goodwill impairment testing, if goodwill cannot be allocated to individual CGUs or groups of CGUs, the company tests the impairment of goodwill by determining the recoverable amount of the entity in its entirety, including the integrated acquired operations.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised as expenditure. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

EMPLOYEE BENEFITS

The Group participates as a contributing member of the Social Housing Pension Scheme ("SHPS") administered by the Pensions Trust and the Local Government Pension Scheme ("LGPS") administered by the London Pension Fund Authority.

DEFINED CONTRIBUTION PLANS AND OTHER LONG TERM EMPLOYEE BENEFITS

The Group operates a defined contribution pension scheme for all new employees joining after 1 October 2010 where the Group pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income and expenditure account in the periods during which services are rendered by employees.

DEFINED BENEFIT PLANS

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group participates as a contributing member of the SHPS administered by the Pensions Trust and the LGPS administered by the London Pension Fund Authority.

Local Government Pension Scheme

The LGPS provides benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Group. This scheme is closed to new entrants. Pension scheme assets are measured using market values.

The Group's net obligation in respect of defined benefit plans and other long term employee benefits is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted.

Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

The pension scheme surplus (to the extent that they are recoverable) or deficit is recognised in full. Changes in the net defined benefit liability arising from employee service rendered during the period, net interest on net defined benefit liability, and the cost of plan introductions, benefit changes, curtailments and settlements during the period are recognised in Statement of Comprehensive Income.

Re-measurement of the net defined liability/asset is recognised in other comprehensive income.

The carrying value of any resulting pension scheme asset is restricted to the extent that the Group is able to recover the surplus either through reduced contributions in the future or through refunds from the scheme.

Social Housing Pension Scheme

SHPS is a multi-employer scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Group.

The Group's net obligation in respect of defined benefit plans and other long term employee benefits is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted.

Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

The pension scheme surplus (to the extent that they are recoverable) or deficit is recognised in full. Changes in the net defined benefit liability arising from employee service rendered during the period, net interest on net defined benefit liability, and the cost of plan introductions, benefit changes, curtailments and settlements during the period are recognised in Statement of Comprehensive Income.

Re-measurement of the net defined liability/asset is recognised in other comprehensive income.

The carrying value of any resulting pension scheme asset is restricted to the extent that the Group is able to recover the surplus either through reduced contributions in the future or through refunds from the scheme.

TERMINATION BENEFITS

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if Poplar HARCA has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

PROVISIONS

A provision is recognised in the Statement of Financial Position when the Group has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Where Poplar HARCA Limited enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, Poplar HARCA Limited treats the guarantee contract as a contingent liability until such time as it becomes probable that the Association will be required to make a payment under the guarantee.

OPERATING SEGMENTS

Where we have publically traded securities within the Group we are required to disclose information about our operating segments under IFRS 8. For the purpose of segmental reporting, the chief operating decision maker (CODM) is considered to be the Board. In line with the segments reported to the CODM the presentation of these financial statements and accompanied notes are in accordance with the Accounting Direction for Private Registered Providers of Social Housing from 2019 and is considered appropriate. The reporting segments include social housing which makes up the core activities, non-social housing and other. Information about income, expenditure and assets attributable to material operating segments are presented on the basis of the activities of the housing assets held by the Group.

This is appropriate on the basis of the similarity of the services provide, the nature of the risks associated, the type and class of customer and the nature of the regulatory environment across the geographical location in which the Group operates. The CODM do not review disaggregated financial information of assets and liabilities at this level of operating segments. Refer to note 2b for further disclosed information.

TURNOVER

Turnover represents rental and service charge income receivable (net of void losses), fees receivable, revenue grant income for community regeneration, first tranche sales of shared ownership properties, open market sales, and amortisation of Social Housing Grant ("SHG") under the accrual model. Rental income is recognised according to the dates of occupation and recorded from the inception of the tenancy agreement. Service charge is recognised on the basis of estimated annual bills and miscellaneous income is recognised at the date of the service provided.

Proceeds on sales are recognised on practical completions. Other income is recognised as receivable on the delivery of services provided.

Overage income is the profit on the market sales properties in excess of a predetermined amount recognised on legal completion of onward sale of units as per development agreement.

COST OF SALES

Cost of sales represents the costs including capitalised interest and direct overheads incurred in the refurbishment and development of the shared ownership properties recorded in stock, and marketing, and other incidental costs incurred in the sale of the properties.

FINANCE LEASE

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

INTEREST RECEIVABLE AND INTEREST PAYABLE

Interest payable and similar charges include interest payable, finance charges on bond classified as liabilities and finance leases recognised in income and expenditure using the effective interest method, and the unwinding of the discount on provisions. Borrowing costs that are directly attributable to the acquisition, construction or production of housing properties that take a substantial time to be prepared for use, are capitalised as part of the cost of that asset.

Other interest receivable and similar income include interest receivable on funds invested. Interest income and interest payable are recognised in income and expenditure as they accrue, using the effective interest method.

DIVIDEND INCOME

Dividend income is recognised in the Statement of Comprehensive Income on the date the company's right to receive payments is established.

BARTER TRANSACTIONS

Under certain development agreements, building works are carried out in exchange for disposal or sale of land. The barter transaction involves a land sale to the developer in exchange for construction works. Such barter agreements are accounted for as sales at fair value in the year of disposal.

RESERVES

The Income and expenditure reserve are the cumulative surpluses and deficits of the Group. The fair value reserve was established on transition to FRS102 on application of the deemed cost model, which allowed first time adopters to elect to measure investment property at its fair value at the date of transition and use that fair value as its deemed cost at that date.

SIGNIFICANT JUDGMENTS AND ACCOUNTING ESTIMATES

Significant judgments

In applying the Group's accounting policies, the following judgments have been made:

- Identifying cash-generating units for the purposes of impairment testing.
- Determining which housing properties and other fixed assets meet the definition of investment properties.

ACCOUNTING ESTIMATES

The following accounting estimates have been made, which have a significant risk of causing material misstatement on the assets and liabilities within the next financial year:

Housing properties

Component useful lives- The component useful lives are reviewed at the end of the reporting period.

Impairment of housing properties

An impairment assessment has been carried out and in 2021 no indicator of impairment was identified.

The recoverable amount was determined to be the higher of EUV-SH (Existing Use Value- Social Housing, representing fair value less costs to sell) and DRC (depreciated replacement cost, representing value in use, given the social value of these housing properties). DRC was determined to be the estimated construction cost (excluding any additional development costs as a result of issues of problems), reduced for depreciation based on the age of the properties.

Impairment of joint ventures

An impairment review of joint ventures is performed at each year-end. In 2020, an impairment was recognised on the Investment in Balfron Tower Developments LLP (Refer to Note 16 – Joint ventures). In determining the recoverable amount of the investment, an estimation of sales value for the outright sales units at Balfron Tower was forecasted by three separate sales agents and an average of these were used. In terms of the expected constructions costs and finance costs, management carried out a best and worst case scenario analysis. A mid-point was used by management to estimate the projected surplus from the joint venture.

Investment properties

Investment properties have been measured as follows:

31 March 2021 – Directors' valuation

31 March 2020 – Directors' valuation

31 March 2019 – External professional valuation

As stated in the accounting policies investment properties are held at fair value based on the valuations obtained.

Intangible assets

Intangible assets are recognised if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost or value of the asset can be measured reliably.

Provision for doubtful debt

At the end of each reporting period, Poplar HARCA assesses whether there is objective evidence of impairment of its debtors. All significant debtor balances are reviewed on an individual and case-by-case basis depending on the nature of the account.

Pension schemes: Social Housing Pension Scheme and Local Government Pension Scheme

The valuation of the defined benefit pension schemes has been carried out by qualified actuaries. The cost of these benefits and the present value of the obligation depends on a number of factors, including life expectancy, salary increases and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the Statement of Financial Position. The assumption reflects historical experience and current trends. Refer to note 8 for the valuation approach and assumptions taken in calculating the scheme asset and liability. A sensitivity analysis has been carried out in respect of the above key sources of estimation in note 8 which illustrates the impact on the total pension liability.

Former tenant unallocated receipts

An assessment of the former tenant unallocated receipts has been carried out on former tenant debt since inception of the Group. The provision has been calculated on all unallocated receipts for the last year from 31 March 2019 as it is probable and can be measured reliably. Any unallocated receipts on former tenants prior to 2018 realised in the 2019 financial year through the Statement of Comprehensive Income as it is not probable that the obligation will eventuate into an outflow of economic benefit.

TAX

Poplar HARCA is exempt from corporation tax on its charitable activities. Tax is payable on its non-charitable business activities. The tax expense comprises current and deferred tax. Tax currently payable, relating to corporation tax, is calculated on the basis of the tax rates and laws that have been enacted or substantively enacted as at the reporting date.

Deferred tax is recognised on all timing differences that have originated but not reversed at the reporting date. Transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future give rise to a deferred tax liability or asset. Timing differences are differences between taxable profits and total comprehensive income as stated in the financial statements that arise from the inclusion of income and expenses in tax assessments in years different from those in which they are recognised in the financial statements.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted as at the reporting date, that are expected to apply to the reversal of the timing difference. The tax expense is recognised in the same component of comprehensive income or equity as the transaction, or other event, that resulted in the tax expense.

Deferred income tax assets are recognised only to the extent that, on the basis of all available evidence, it is deemed probable that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Current and deferred tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts, and there is the intention either to settle on a net basis or to realise the asset and settle the liability simultaneously.

VALUE ADDED TAX

Poplar HARCA Ltd is registered for VAT. Expenditure with recoverable VAT is shown net of VAT and expenditure with irrecoverable VAT is shown inclusive of VAT. VAT on refurbishment/development works expenditure for projects that Poplar HARCA has opted to tax for VAT purposes is fully recoverable. Expenditure on these works is shown net of VAT. Poplar HARCA has an agreed Special Partial Exemption method with HM Revenue & Customs to calculate input tax.

2a. Particulars of turnover, cost of sales, operating costs and operating surplus - Group

Group	2021					2020				
	Turnover £'000	Cost of Sales £'000	Operating Costs £'000	Other operating items £'000	Operating Surplus /(Deficit) £'000	Turnover £'000	Cost of Sales £'000	Operating Costs £'000	Other operating items £'000	Operating Surplus /(Deficit) £'000
Social housing lettings										
Rental accommodation	40,912	-	(34,775)	-	6,137	38,675	-	(33,138)	-	5,537
Leasehold accommodation	5,507	-	(6,456)	-	949	5,232	-	(5,096)	-	136
	46,419	**-**	**(41,231)**	**-**	**5,188**	**43,907**	**-**	**(38,234)**	**-**	**5,673**
Amortised government grants	3,235	-	-	-	3,235	3,031	-	-	-	3,031
Refurbishment administration	-	-	(4,032)	-	(4,032)	-	-	(3,789)	-	(3,789)
Refurbishment administration costs capitalised	-	-	777	-	777	-	-	913	-	913
	49,654	**-**	**(44,486)**	**-**	**5,168**	**46,938**	**-**	**(41,110)**	**-**	**5,828**
Other social housing activities										
Shared ownership sales – First tranche	3,819	(1,994)	-	-	1,825	4,600	(2,415)	-	-	2,185
Gain on disposal of fixed assets and investment property	-	-	-	8,892	8,892	-	-	-	15,245	15,245
Overage income	-	-	-	-	-	1,303	-	-	-	1,303
	3,819	**(1,994)**	**-**	**8,892**	**10,717**	**5,903**	**(2,415)**	**-**	**15,245**	**18,733**
Non-social housing activities										
Community regeneration	2,265	-	(6,573)	-	(4,308)	2,353	-	(6,685)	-	(4,332)
Garages and commercial properties	911	-	(685)	-	226	2,553	-	(1,294)	-	1,259
Market rent	2,660	-	(145)	-	2,515	2,648	-	(115)	-	2,533
Change in value of investment property	-	-	-	(2,050)	(2,050)	-	-	-	(1,970)	(1,970)
Other*	5,806	-	(6,599)	-	(793)	4,905	-	(2,557)	-	2,348
Share of operating surplus/(loss) of joint ventures	-	-	-	(895)	(895)	-	-	-	1,574	1,574
Write down of investment in joint ventures	-	-	-	-	-	-	-	-	(4,745)	(4,745)
	11,642	**-**	**(14,000)**	**(2,945)**	**(5,303)**	**12,459**	**-**	**(10,651)**	**(5,141)**	**(3,333)**
Total on ordinary activities	**65,115**	**(1,994)**	**(58,486)**	**5,947**	**10,582**	**65,300**	**(2,415)**	**(51,761)**	**10,104**	**21,228**
Leaseholder works and recharges	-	-	488	-	488	-	-	(103)	-	(103)
Total	**65,115**	**(1,994)**	**(57,998)**	**5,947**	**11,070**	**65,300**	**(2,415)**	**(51,864)**	**10,104**	**21,125**

*£650k furlough income recognised in the year relates to Coronavirus Job Retention Scheme

2a. Particulars of turnover, cost of sales, operating costs and operating surplus - Association

Association	2021					2020				
	Turnover £'000	Cost of Sales £'000	Operating Costs £'000	Other operating items £'000	Operating Surplus /(Deficit) £'000	Turnover £'000	Cost of Sales £'000	Operating Costs £'000	Other operating items £'000	Operating Surplus /(Deficit) £'000
Social housing lettings										
Rental accommodation	40,911	-	(34,775)	-	6,136	38,675	-	(33,138)	-	5,537
Leasehold accommodation	5,507	-	(6,456)	-	(949)	5,232	-	(5,096)	-	136
	46,418		**(41,231)**	**-**	**5,187**	**43,907**	**-**	**(38,234)**	**-**	**5,673**
Amortised government grants	3,235	-	-	-	3,235	3,031	-	-	-	3,031
Refurbishment administration	-	-	(4,032)	-	(4,032)	-	-	(3,789)	-	(3,789)
Refurbishment administration costs capitalised	-	-	777	-	777	-	-	913	-	913
Refurbishment administration recharged to Group Company	477	-	-	-	477	314	-	-	-	314
	50,130	**-**	**(44,486)**	**-**	**5,644**	**47,252**	**-**	**(41,110)**	**-**	**6,142**
Other social housing activities										
Shared ownership sales – First tranche	3,819	(1,994)	-	-	1,825	4,600	(2,415)	-	-	2,185
Gain on disposal of fixed assets and investment property	-	-	-	8,892	8,892	-	-	-	15,245	15,245
	3,819	**(1,994)**	**-**	**8,892**	**10,717**	**4,600**	**(2,415)**	**-**	**15,245**	**17,430**
Non-social housing activities										
Community regeneration	2,265	-	(6,572)	-	(4,307)	2,353	-	(6,685)	-	(4,332)
Garages and commercial properties	776	-	(590)	-	186	2,354	-	(1,197)	-	1,157
Market rent	2,660	-	(145)	-	2,515	2,648	-	(115)	-	2,533
Change in value of investment property	-	-	-	(2,050)	(2,050)	-	-	-	(1,970)	(1,970)
Written down of investment in subsidiaries	-	-	-	(9,874)	(9,874)	-	-	-	-	-
Other*	5,510		(2,679)	-	2,831	4,520	-	(2,434)	-	2,086
	11,211	**-**	**(9,986)**	**(11,924)**	**(10,699)**	**11,875**	**-**	**(10,431)**	**(1,970)**	**(526)**
Total on ordinary activities	**65,160**	**(1,994)**	**(54,472)**	**(3,032)**	**5,662**	**63,727**	**(2,415)**	**(51,541)**	**13,275**	**23,046**
Leaseholder works and recharges	-	-	489	-	489	-	-	(103)	-	(103)
Total	**65,160**	**(1,994)**	**(53,983)**	**(3,032)**	**6,151**	**63,727**	**(2,415)**	**(51,644)**	**13,275**	**22,943**

*£650k furlough income recognised in the year relates to Coronavirus Job Retention Scheme

2b. Particulars of income and expenditure from social housing lettings - Group

Group	General needs housing £'000	Other social housing £'000	2021 Total £'000	2020 Total £'000
Turnover from social housing lettings				
Rent receivable net of identifiable service charges and void losses	36,550	-	36,550	34,618
Service income	4,362	-	4,362	4,057
Amortisation of social housing and other capital grants	3,235		3,235	3,031
Leasehold rents and service charges	-	5,507	5,507	5,232
Total income from social housing lettings	**44,147**	**5,507**	**49,654**	**46,938**
Expenditure on lettings				
Services	(6,615)	(1,740)	(8,355)	(8,382)
Management	(9,926)	(2,225)	(12,151)	(11,153)
Responsive maintenance	(6,452)	(2,072)	(8,524)	(9,138)
Planned maintenance	(1,129)	-	(1,129)	(794)
Lease costs	(1,383)	-	(1,383)	-
Rent and service charges losses from bad debts	(194)	(419)	(613)	20
Depreciation of social housing properties	(9,076)	-	(9,076)	(8,787)
Refurbishment administration net of capitalised costs	(3,255)	-	(3,255)	(2,876)
Total expenditure on social housing lettings	**(38,030)**	**(6.456)**	**(44,486)**	**(41,110)**
Operating surplus on social housing letting activities	**6,117**	**(949)**	**5,168**	**5,828**
Rent losses from voids.			**(779)**	**(634)**

2b. Particulars of income and expenditure from social housing lettings - Association

Association	General needs housing £'000	Other social housing £'000	2021 Total £'000	2020 Total £'000
Turnover from social housing lettings				
Rent receivable net of identifiable service charges and void losses	37,026	-	37,026	34,932
Service income	4,362	-	4,362	4,057
Amortisation of social housing and other capital grants	3,235		3,235	3,031
Leasehold rents and service charges	-	5,507	5,507	5,232
Total income from social housing lettings	**44,623**	**5,507**	**50,130**	**47,252**
Expenditure on lettings				
Services	(6,615)	(1,740)	(8,355)	(8,382)
Management	(9,926)	(2,225)	(12,151)	(11,153)
Responsive maintenance	(6,452)	(2,072)	(8,524)	(9,138)
Planned maintenance	(1,129)	-	(1,129)	(794)
Lease costs	(1,383)	-	(1,383)	-
Rent and service charges losses from bad debts	(194)	(419)	(613)	20
Depreciation of social housing properties	(9,076)	-	(9,076)	(8,787)
Refurbishment administration net of capitalised costs	(3,255)	-	(3,255)	(2,876)
Total expenditure on social housing lettings	**(38,030)**	**(6,456)**	**(44,486)**	**(41,110)**
Operating surplus on social housing letting activities	**6,593**	**(949)**	**5,644**	**6,142**
Rent losses from voids.			**(779)**	**(634)**

3. Housing stock

Group	2021 No.	2020 No.
Social housing accommodation		
General needs housing	5,129	5,128
Affordable rent	275	255
Low-cost home ownership	315	185
Intermediate market rent	20	11
Total social housing managed	**5,739**	**5,579**
Non-social housing managed		
Leaseholders	3,644	3,601
Market rent	186	181
Non-social other	298	351
Total non-social housing managed	**4,128**	**4,133**
Total units managed	**9,867**	**9,712**
Housing units in development pipeline	**1,030**	**820**

The group added 160 new social units under management (2020: 188 units), 21 units were converted to non-social units which are let at Local Housing Allowance rates (2020: 77 units) in line with Mixed Income Tenure Scheme strategy, and 37 units were sold (2020: 54 units) as part of Recycling Assets Creating Opportunity strategy.

4. Surplus on ordinary activities before tax

	Group		Association	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Is stated after charging:				
Depreciation:				
- Housing properties	9,720	9,455	9,720	9,455
Regular	9,076	8,797	9,076	8,787
Community centres	644	658	644	668
- other fixed assets	1,836	1,628	1,836	1,628
Amortisation of intangible assets	8	7	8	7
Auditor's remuneration (excluding VAT):	62	60	44	43
Audit of these financial statements	61	59	43	42
Audit Certificates	1	1	1	1
Current service charges for pension scheme	210	457	210	457
Change in value of investment property	(2,050)	(1,970)	(2,050)	(1,970)
Gain on disposal of fixed assets and investment property	8,892	15,245	8,892	15,245

5. Surplus on sale of fixed assets and other investments

	Group		Association	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Disposal proceeds	10,429	17,355	10,429	17,355
Shared Ownership Subsequent Tranche proceeds	200	1,566	200	1,566
Cost of disposals	(1,737)	(3,676)	(1,737)	(3,676)
	8,892	**15,245**	**8,892**	**15,245**

Under certain development agreements, building works are carried out in exchange for disposal or sale of land. The barter transaction involves a land sale to the developer in exchange for construction works. Such barter agreements are accounted for as sales in the year of disposal; this creates a debtor balance, which is transferred to fixed assets as works are carried out. In the current year, the value of nil (2020: £195k) was attributed to disposal proceeds.

6. Interest receivable and similar income

	Group		Association	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Bank interest receivable	-	60	-	33
Other interest receivable	1,429	911	23	13
Interest received from group companies	-	-	1,498	1,035
	1,429	**971**	**1,521**	**1,081**

7. Interest payable and similar charges

	Group		Association	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Interest expense and finance costs on liabilities at amortised cost	14,155	13,570	6,966	6,754
Interest payable to group companies	-	-	7,189	6,816
Interest on Disposal Proceeds Fund and Recycled Capital Grant Fund	-	5	-	5
Interest on pension scheme liabilities	166	254	166	254
Interest capitalised in fixed assets	(1,833)	(1,257)	(1,833)	(1,257)
	12,488	**12,572**	**12,488**	**12,572**

Interest expense on liabilities at amortised cost is calculated using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial instrument to the net carrying amount of the financial liability.

Interest charges at an average rate of 4.64% (2020: 4.72%) were capitalised into fixed assets.

8. Employee information

The average monthly number of persons employed during the period (including the Chief Executive) expressed in full time equivalents was:

	Group		Association	
	2021 No.	2020 No.	2021 No.	2020 No.
Administration	53	53	53	53
Development	10	10	10	10
Housing, maintenance and estate services	195	203	195	203
	258	**266**	**258**	**266**
Community regeneration	73	93	73	93
	331	**359**	**331**	**359**

Full time equivalents are calculated based on a standard working week of 35 hours.

The aggregate cost of employing the above staff was:

	Group			Association		
	2021 £'000	2020 £'000 (Revised)	2020 £'000	2021 £'000	2020 £'000 (Revised)	2020 £'000
Administration						
Wages and salaries	2,798	2,515	2,006	2,798	2,515	2,006
Social security	316	276	221	316	276	221
Pension costs	154	139	102	154	139	102
	3,268	**2,930**	**2,329**	**3,268**	**2,930**	**2,329**
Development						
Wages and salaries	791	746	858	791	746	858
Social security	97	91	103	97	91	103
Pension costs	55	50	58	55	50	58
	943	**887**	**1,019**	**943**	**887**	**1,019**
Housing						
Wages and salaries	6,808	6,640	6,931	6,808	6,640	6,931
Social security	681	638	670	681	638	670
Pension costs	330	309	328	330	309	328
	7,819	**7,787**	**7,929**	**7,819**	**7,787**	**7,929**
	12,030	**11,604**	**11,277**	**12,030**	**11,604**	**11,277**
Community regeneration						
Wages and salaries	2,836	2,874	2,981	2,836	2,874	2,981
Social security	286	273	283	286	273	283
Pension costs	141	134	144	141	134	144
	3,263	**3,281**	**3,408**	**3,263**	**3,281**	**3,408**
	15,293	**14,685**	**14,685**	**15,293**	**14,685**	**14,685**

The prior period has seen an adjustment between departments to ensure the disclosure is comparable.

A decision was taken in the current period to change the way in which the department of certain employees are categorised.The pension costs above do not include the Re-measurement with respect to the pension schemes.

Salary banding for all employees earning over £60,000 (including salaries, performance related pay, benefits in kind, termination payments and pension contributions paid by the employer):

Group and Association	2021 No.	2020 No.
£60,000 to £70,000	9	10
£70,001 to £80,000	12	9
£80,001 to £90,000	5	7
£90,001 to £100,000	2	1
£100,001 to £110,000	2	0
£110,001 to £120,000	0	1
£120,001 to £140,000	0	1
£140,001 to £160,000	2	2
£160,001 to £180,000	3	4
£180,001 to £200,000	1	1

PENSION CONTRIBUTIONS

The Group participates in an industry-wide defined benefit scheme, the Social Housing Pension Scheme administered by the Pensions Trust and the Local Government Pension Scheme and in particular in the Fund administered by the London Pensions Fund Authority (LPFA). These defined benefit schemes are closed to new employees who may choose to join the Flexible Retirement Plan which is a defined contribution Money Purchase Scheme run by the Pensions Trust.

Summary of Pension Liability	2021 £'000	2020 £'000
LGPS defined benefit scheme	6,915	4,989
SHPS defined benefit scheme	4,931	2,323
Net pension liability	**11,846**	**7,312**

SOCIAL HOUSING PENSION SCHEME

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

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

The last triennial valuation of the scheme for funding purposes was carried out as at 30 September 2017. This valuation revealed a deficit of £1,522m. A Recovery Plan has been put in place with the aim of removing this deficit by 30 September 2026. The Scheme is classified as a 'last-man standing arrangement'. Therefore, the Association is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the Scheme. Participating employers are legally required to meet their share of the Scheme deficit on an annuity purchase basis on withdrawal from the Scheme.

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 new recovery plan, from 1 April 2019 the deficit contributions that are required from the Association are £547,543 per year. These payments will increase annually by 2% from 1 April 2020 and on each 1 April thereafter until September 2026.

PRESENT VALUES OF DEFINED BENEFIT OBLIGATION, FAIR VALUE OF ASSETS AND DEFINED BENEFIT ASSET (LIABILITY)

	31 March 2021 £'000	31 March 2020 £'000
Fair value of plan assets	19,676	17,203
Present value of defined benefit obligation	24,607	(19,526)
Deficit in plan	(4,931)	(2,323)
Total defined benefit liability to be recognised	**(4,931)**	**(2,323)**

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION

	Period ended 31 March 2021 £'000	Period ended 31 March 2020 £'000
Defined benefit obligation at start of period	19,526	22,066
Current service cost	91	140
Expenses	11	11
Interest expense	461	515
Contributions by plan participants	106	100
Actuarial losses due to scheme experience	(350)	(79)
Actuarial losses due to changes in demographic assumptions	86	(190)
Actuarial losses due to changes in financial assumptions	5,019	(2,783)
Benefits paid and expenses	(343)	(254)
Total defined benefit obligation at end of period	**24,607**	**19,526**

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE FAIR VALUE OF PLAN ASSETS

	Period ended 31 March 2021 £'000	Period ended 31 March 2020 £'000
Fair value of plan assets at start of period	17,203	16,376
Interest income	412	388
Experience on plan assets (excluding amounts included in interest income)- gain	1,652	(45)
Contributions by the employer	646	638
Contributions by plan participants	106	100
Benefits paid and expenses	(343)	(254)
Total fair value of plan assets at end of period	**19,676**	**17,203**

The actual return on the plan assets (including any changes in share of assets) over the period from 31 March 2020 to 31 March 2021 was £2,064,000.

DEFINED BENEFIT COSTS RECOGNISED IN STATEMENT OF COMPREHENSIVE INCOME (SOCI)	Period from 31 March 2020 to 31 March 2021 £'000	Period from 31 March 2019 to 31 March 2020 £'000
Current service cost	91	140
Expenses	11	11
Net interest expense	49	127
Total defined benefit costs recognised in statement of comprehensive income (SoCI)	**151**	**278**

DEFINED BENEFIT COSTS RECOGNISED IN OTHER COMPREHENSIVE INCOME	Period ended 31 March 2021 £'000	Period ended 31 March 2020 £'000
Experience on plan assets (excluding amounts included in net interest cost) – loss	1,652	(45)
Experience gains and losses arising on the plan liabilities- gain	350	79
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation- gain	(86)	190
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation- gain	(5,019)	2,783
Total actuarial gains and losses - recognised in other comprehensive income	**(3,103)**	**3,007**

ASSETS	31 March 2021 £'000	31 March 2020 £'000
Global Equity	3,136	2,516
Absolute Return	1,086	897
Distressed Opportunities	568	331
Credit Relative Value	619	472
Alternative Risk Premia	741	1,203
Fund of Hedge Funds	2	10
Emerging Markets Debt	794	521
Risk Sharing	716	581
Insurance-Linked Securities	473	528
Property	409	379
Infrastructure	1,312	1,280
Private Debt	469	347
Opportunistic Illiquid Credit	500	416
High Yield	589	-
Opportunistic Credit	539	-
Corporate Bond Fund	1,163	981
Liquid Credit	235	7
Long Lease Property	386	298
Secured Income	818	653
Liability Driven Investment	5,001	5,709
Net Current Assets	120	74
Total assets	**19,676**	**17,203**

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.

KEY ASSUMPTIONS

	31 March 2021 % per annum	31 March 2020 % per annum
Discount Rate	2.18%	2.37%
Inflation (RPI)	3.27%	2.60%
Inflation (CPI)	2.87%	1.60%
Salary Growth	3.87%	2.60%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

THE MORTALITY ASSUMPTIONS ADOPTED IMPLY THE FOLLOWING LIFE EXPECTANCIES

	31 March 2021 Life expectancy at age 65 (Years)	31 March 2020 Life expectancy at age 65 (Years)
Male retiring in 2021, 2020	21.6	21.5
Female retiring in 2021, 2020	23.5	23.3
Male retiring in 2041, 2040	22.9	22.9
Female retiring in 2041, 2040	25.1	24.5

PRINCIPAL ACTUARIAL ASSUMPTIONS USED

Discount Rate Assumptions

Under Section 28 of FRS102, the discount rate used to value the defined benefit obligation is set by reference to market yields at the reporting date on high-quality corporate bonds. The currency and term of the corporate bonds must be consistent with the currency and term of the benefit obligation. The discount rates have been chosen so that when they are used to discount the projected benefit cash flows underlying a pension scheme with the equivalent duration, they would give broadly the same result as using a full AA corporate bond yield curve to discount the same cash flows. The cash flows used for this calculation are sample cash flows.

For the 2019/20 disclosures, the full AA corporate bond yield curve was based on Bank of America Merrill Lynch's Sterling AA corporate bond yield curve which is published up to terms of 30 years. Beyond 30 years, the curve was assumed to remain constant.

For the 2020/21 disclosures, the full AA corporate bond yield curve is based on the UK Mercer Yield Curve. The construction of this curve differs from that used for the 2019/20 disclosures in that the bond universe used to construct the Mercer curve is different and the extrapolation method beyond 30 years is determined by holding the spread above nominal gilt spot rates constant. The update to the curve represents an improved approach to deriving the discount rate, as opposed to a change in accounting policy. The corporate bond curve information is regularly updated and reviewed by Mercer. This methodology is consistent with the methodology adopted for previous years.

Price inflation assumptions

The assumption for price inflation impacts the liability calculation for pensions in payment whose increases are linked to inflation, along with the revaluation of deferred pensions. It is also used as the basis for setting the earnings growth assumption. Under Section 28 of FRS102, the price inflation assumption is set by considering market expectations, for example by taking the difference between yields available on long-dated fixed-interest and index-linked gilts (known as "break-even inflation"). Adjustments to this rate are sometimes made to reflect an "inflation-risk" premium, which includes the limited supply and high demand for the gilts.

RPI

The actuary had proposed single equivalent break-even RPI inflation rates that vary with the duration of the Association's liabilities. The inflation rates have been chosen so that when they are applied to the projected benefit cash flows underlying a pension scheme with the equivalent duration, they would give broadly the same result as applying the full Bank of England inflation curve to discount the same cash flows. The cash flows used for this calculation are sample cash flows. The Bank of England inflation curve is published up to terms of 40 years. Beyond 40 years the curve is assumed to remain constant.

For the 2019/20 disclosures, the Association implied inflation curve which was based on published Bank of England implied inflation curve. For the 2020/21 disclosures, the Association implied inflation curve is based on the UK Mercer implied inflation curve less an inflation risk premium of 0.2 % p.a.

CPI
At present there is no indicator of market expectations of CPI inflation. For the 2019/20 disclosures, the CPI assumption was derived as the RPI assumption less 1.0% p.a. i.e. the break-even RPI inflation less 1.2%.

For the 2020/21 disclosures, RPI assumption at 1.0% p.a. i.e. the break-even RPI inflation less 1.2%

This methodology is consistent with the methodology adopted for previous years.

Pension increases assumptions
Increases to pensions in payment are typically either at a fixed rate, or in line with inflation subject to certain caps and collars. The most common type of increase in payment is in line with inflation, subject to a maximum increase in any one year of 5% p.a. or 2.5% p.a. and a minimum of 0% p.a. The assumption is set by considering the likelihood of inflation being above the cap or below the collar in future years, and applying an adjustment to the relevant inflation assumption to reflect this. A statistical model for the distribution of future inflation returns has been used to determine the appropriate adjustment. Based on the relevant RPI and CPI inflation assumptions, the Black-Scholes model was used to assume expected future volatility of price inflation of 1.75% p.a. to derive the various inflation-linked pensions in payment assumptions.

CARE revaluation assumptions were derived using a similar approach to that adopted to derive the increases to pensions in payment assumptions. This methodology is consistent with the methodology adopted for previous years.

Earnings increases assumptions
The earnings growth assumption is used to project accrued pensions for current active members. It is widely recognised that earnings increases in the economy are related to price inflation; hence it is common to look at the earnings growth assumption relative to the price inflation assumption (this is known as “real earnings growth”). Earnings growth could be considered by reference to RPI or CPI inflation. Earnings growth in excess of inflation should reflect best estimate long term increases for the active members of the Association and is expected to be positive over the long term as it must take into account not only inflationary increases, but also promotional increases. The default earnings growth assumption was set at 1.0% p.a. above CPI. This methodology is consistent with the methodology adopted for previous years.

Life expectancy assumptions
There are various base mortality tables based on different data sets and different time periods, the most recent ones being known as the SAPS (self-administered pension schemes) tables. These standard tables are then typically adjusted to allow for any expectation of higher/lower life expectancy of scheme members due to geographic, socio-economic or demographic factors.

The Trustee commissions a regular analysis of the membership profile for SHPS using Club Vita. Club Vita has collected a large amount of mortality experience data on UK defined benefit schemes and has used this to identify a number of characteristics which distinguish whether people live shorter or longer than others using various identifiers such as gender, postcode, salary/pension and occupation. These characteristics were overlaid onto the scheme membership to identify a mortality assumption for each individual member. The results are then used to derive a scheme specific adjustment factor for SHPS based on the standard S2 SAPS table which gives broadly the same result as applying different mortality assumptions for each individual member and this is the basis for the 103% loading. Allowance is then made for improvements in life expectancy since the tables were made, and for further improvements in future. The Continuous Mortality Investigation (CMI) produces annual projections for this which are now in common use.

There is a new optional parameter in the CMI_2019 model to allow users to adjust initial rates of mortality improvements for scheme specific evidence. The latest CMI_2019 model that uses a period smoothing parameter of 7.5, an initial addition parameter of 0. A long-term improvement rate of 1.25% p.a. for males and 1.00% p.a. for females, which is consistent with the 2019/20 disclosures.

Mortality rates before members retire are not expected to have a material impact on the defined benefit obligation. It has therefore been assumed that all members will survive to their assumed retirement dates. This methodology is consistent with the methodology adopted for previous years.

Commutation of pension assumptions
The majority of pension scheme members typically take the maximum available cash lump sum at retirement. It is possible that schemes can be structured so that cash can be taken from a defined contribution section first, which reduces the amount of pension which is commuted from the defined benefit section. A best estimate assumption would normally be set by examining the take up from recent retirements.

The assumption that 75% of members take the maximum cash available to them is based on a study commissioned by the Trustee in October 2015 into the take up rate of cash commutation at retirement. This methodology is consistent with the methodology adopted for previous years.

LOCAL GOVERNMENT PENSION SCHEME (LGPS)

The LGPS is a defined benefit statutory scheme administered in accordance with the Local Government Pension Scheme Regulations 2014, is contracted out of the State Second Pension and currently provides benefits based on career average revalued salary and length of service on retirement.

The administering authority for the Fund is the Local Pensions Partnership. The LPFA Board oversees the management of the Fund whilst the day to day fund administration is undertaken by a number of teams within the administering authority. Where appropriate, some functions are delegated to the Fund's professional advisers.

The LGPS provides benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Group. This scheme has been closed to new entrants. Pension scheme assets are measured using market values. The Group's net obligation in respect of defined benefit plans and other long term employee benefits is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted.

The pension scheme surplus (to the extent that they are recoverable) or deficit is recognised in full. Changes in the net defined benefit liability arising from employee service rendered during the period, net interest on net defined benefit liability, and the cost of plan introductions, benefit changes, curtailments and settlements during the period are recognised in income and expenditure.

Re-measurement of the net defined liability/asset is recognised in other comprehensive income.

The carrying value of any resulting pension scheme asset is restricted to the extent that the Group is able to recover the surplus either through reduced contributions in the future or through refunds from the scheme.

Impact of McCloud/Sargeant judgement

An allowance is included to reflect the Court of Appeal judgement in respect of the McCloud and Sargeant cases which relate to age discrimination within the Judicial and Fire Pension schemes, respectively. This allowance was described in the previous accounting report and incorporated into the accounting results as at 31 March 2020. These results, including the allowance, have been rolled forward and re-measured to obtain the accounting results as at 31 March 2021.

On 16 July 2020, the Government published a consultation on the proposed remedy to be applied to LGPS benefits in response to the McCloud and Sargeant cases. The consultation closed on 8 October 2020 and the final remedy will only be known after the consultation responses have been reviewed and a final set of remedial Regulations are published.

We do not believe there are any material differences between the approach underlying our estimated allowance and the proposed remedy. A more detailed analysis at this stage would require a significant volume of member data which is not yet available. Therefore, we have not included any further adjustment in light of the ongoing consultation in this report.

VALUATION APPROACH

Valuation of the Employer's liabilities

To assess the value of the Group's liabilities at 31 March 2021, we have rolled forward the value of the Group's liabilities calculated for the funding valuation as at 31 March 2019, using financial assumptions that comply with FRS102.

The full actuarial valuation involved projecting future cash flows to be paid from the Fund and placing a value on them. These cash flows include pensions currently being paid to members of the Fund as well as pensions (and lump sums) that may be payable in future to members of the Fund or their dependants. These pensions are linked to inflation and will normally be payable on retirement for the life of the member or a dependant following a member's death.

It is not possible to assess the accuracy of the estimated value of liabilities as at 31 March 2021 without completing a full valuation. However, we are satisfied that the approach of rolling forward the previous valuation data to 31 March 2021 should not introduce any material distortions in the results provided that the actual experience of the Group and the Fund has been broadly in line with the underlying assumptions, and that the structure of the liabilities is substantially the same as at the latest formal valuation. From the information we have received there appears to be no evidence that this approach is inappropriate.

Pension scheme liabilities are measured using a projected unit credit method of valuation.

Valuation of the Employer's assets
To calculate the asset share we have rolled forward the assets allocated to the Employer at 31 March 2019, allowing for investment returns (estimated where necessary), contributions paid into, and estimated benefits paid from, the Fund by and in respect of the Employer and its employees.

As a result of the High Court's recent Lloyds ruling on the equalisation of Guaranteed Minimum Pension (GMP) between genders. LGPS understanding that HM Treasury have confirmed that the judgement "does not impact on the current method used to achieve equalisation and indexation in public service pension schemes.

Experience items allowed for since the previous accounting date
Experience items arise due to differences between the assumptions made as part of the roll forward approach and actual experience. This includes (but is not limited to) assumptions made in respect of salary increases, pension increases, mortality, and member transfers. We have allowed for actual pension increase experience for the period from 2019-2021. This assumes that pension increases are in line with the annual pension increases set by HM Treasury Revaluation Order.

As a result of allowing for actual experience, an experience item is observed in the reconciliation to 31 March 2021, as shown in in Asset and benefit obligations reconciliation for the year ended 31 March 2021 (page 69) and Re-measurement in other comprehensive income (page 70).

Guaranteed Minimum Pension (GMP) Equalisation
As a result of the High Court's recent Lloyds ruling on the equalisation of Guaranteed Minimum Pension (GMP) between genders, a number of pension scheme have made adjustments to accounting disclosures to reflect the effect this ruling has on the value of pension liabilities. It is our understanding that HM Treasury has confirmed that the judgment "does not impact on the current method used to achieve equalisation and indexation in public service pension schemes".

On 23 March 2021, the Government published the outcome to its Guaranteed Minimum Pension Indexation consultation, concluding that all public service pension schemes, including the LGPS, will be directed to provide full indexation to members with a GMP reaching State Pension Age (SPA) beyond 5 April 2021. This is a permanent extension of the existing 'interim solution' that has applied to members with a GMP reaching SPA on or after 6 April 2016.

Our valuation assumption for GMP is that the Fund will pay limited increases for members that have reached SPA by 6 April 2016, with the Government providing the remainder of the inflationary increase. For members that reach SPA after this date, we have assumed that the Fund will be required to pay the entire inflationary increase. Therefore, our assumption is consistent with the consultation outcome and we do not believe we need to make any adjustments to the value placed on the liabilities as a result of the above outcome.

Demographic/Statistical assumptions
We have adopted a set of demographic assumptions that are consistent with those used for the most recent Fund valuation, which was carried out as at 31 March 2019 except for the CMI projection model. The post retirement mortality tables have been constructed based on Club Vita analysis. These base tables are then projected using the CMI_2020 Model, allowing for a long-term rate of improvement of 1.25% p.a., smoothing parameter of 7.0, an initial addition parameter of 0.5% p.a. and a 2020 weighting of 25%.

Although the post retirement mortality tables adopted are consistent with the previous accounting date, the mortality improvement projection has been updated to use the latest version of the Continuous Mortality Investigation's model, CMI_2020, which was released in March 2021. This update has been made in light of the coronavirus pandemic and reflects the latest information available from the CMI. The new CMI_2020 Model introduces a "2020 weight parameter" for the mortality data in 2020 so that the exceptional mortality experienced due to the coronavirus pandemic can be incorporated without having a disproportionate impact on results. Our view is that placing too much weight on the 2020 mortality experience would not be appropriate given the abnormality of the 2020 data, however, the overall outlook for best-estimate future mortality improvements looks less positive as a result of the pandemic. Therefore, we have updated to use the CMI_2020 Model with a 2020 weight parameter of 25%. At the last accounting date, the CMI_2018 Model was adopted.

The effect on the Employer's liabilities of updating to the most recent model is reflected in the Change in demographic assumptions figure in Asset and benefit obligation reconciliation for the year ended 31 March 2021 (page 69) and Re-measurement in other comprehensive income (page 70) and the effect on the assumed life expectancies is demonstrated in the table below.

The assumed life expectations from age 65 are shown in table below.

Life expectancy from age 65 (years)	31 March 2021 (after CMI_2020 update)	31 March 2021 (before CMI_2020 update)	31 March 2020
Retiring today			
Males	21.5	21.8	21.7
Females	23.8	23.9	23.8
Retiring in 20 years			
Males	22.6	23.1	23.0
Females	25.5	25.7	25.7

The LPFA have also assumed that:

- Members will exchange pension to get 50% of the maximum available cash on retirement. For every £1 of pension that members commute, they will receive a cash payment of £12 as set out in the Regulations;
- Members will retire at one retirement age for all tranches of benefit, which will be the pension weighted average tranche retirement age; and
- The proportion of the membership that had taken up the 50:50 option at the previous valuation date will remain the same.

FINANCIAL ASSUMPTIONS

The financial assumptions used to calculate the results are as follows:

Assumptions as at	31 March 2021 % p.a.	31 March 2020 % p.a.
Discount rate	2.00%	2.35%
Pension increases	2.85%	1.95%
Salary increases	3.85%	2.95%

These assumptions are set with reference to market conditions at 31 March 2021.

The LPFA's estimate of the Employer's past service liability duration is 18 years.

An estimate of the Group's future cash flows is made using notional cash flows based on the estimated duration above. These estimated cash flows are then used to derive a Single Equivalent Discount Rate (SEDR). The discount rate derived is such that the net present value of the notional cash flows, discounted at this single rate, equates to the net present value of the cash flows, discounted using the annualised Merrill Lynch AA rated corporate bond yield curve (where the spot curve is assumed to be flat beyond the 30-year point). This is consistent with the approach used at the previous accounting date.

Similarly, to the approach used to derive the discount rate, the Retail Prices Index (RPI) increase assumption is set using a Single Equivalent Inflation Rate (SEIR) approach, using the notional cash flows described above. The single inflation rate derived is that which gives the same net present value of the cash flows, discounted using the annualised Merrill Lynch AA rated corporate bond yield curve, as applying the BoE implied inflation curve. As above, the Merrill Lynch AA rated corporate bond yield spot curve is assumed to be flat beyond the 30-year point and the BoE implied inflation spot curve is assumed to be flat beyond the 40-year point. This is consistent with the approach used at the previous accounting date.

The BoE implied inflation curve may suggest a higher rate of inflation, over longer terms, than actually expected by market participants due to a willingness to accept a lower return on investments to ensure inflation linked returns. To reflect this, we include an Inflation Risk Premium (IRP) adjustment such that our assumed level of future annual RPI increase is 0.25% p.a. lower than the SEIR calculated using the BoE inflation curve alone. This differs from the previous accounting date. The impact of this change in derivation on the liability value is shown in Asset and benefit obligation reconciliation for the year ended 31 March 2021 (page 69).

As future pension increases are expected to be based on the Consumer Prices Index (CPI) rather than RPI, we have made a further assumption about CPI which is that it will be 0.40% p.a. below RPI i.e. 2.85% p.a. The difference between RPI and CPI is less than assumed at the previous accounting date. This reflects the anticipated reform of RPI inflation following the UK Statistics Authority's proposal to change how RPI is calculated and subsequent announcements from the Chancellor suggesting this reform is now likely to take effect from 2030. The impact of this change in derivation on the liability value is shown in Asset and benefit obligation reconciliation for the year ended 31 March 2021 (page 69).

Salaries are assumed to increase at 1.0% p.a. above CPI, which is consistent with the approach at the previous accounting date.

PAST SERVICE COSTS/GAINS

Past service costs/gains arise as a result of introduction or withdrawal of, or changes to, member benefits. For example, an award of additional discretionary benefits to a member such as added years by a member would be considered a past service cost.

We are not aware of any additional benefits which were granted over the year ending 31 March 2021.

CURTAILMENTS

LPFA have calculated the cost of curtailments arising as a result of the payment of unreduced pensions on early retirement. The Group may also have to account for non-pension related costs (e.g. lump sum payments on redundancy) but for the avoidance of doubt, the LPFA have only calculated the cost of curtailments which affect the Group's LGPS pension liabilities.

LPFA calculate the cost of curtailments at the point of exit, with interest applied to the accounting date accounted for separately. Over the year, we understand no employees were permitted by the Employer to take unreduced early retirement that they would not otherwise have been entitled to.

SETTLEMENTS

We are not aware of any liabilities being settled at a cost materially different to the accounting reserve during the year.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021

Net pension liability as at	31 March 2021 £'000	31 March 2020 £'000
Present value of the defined benefit obligation	22,409	18,632
Fair value of Fund assets (bid value)	(15,494)	(13,643)
Net defined benefit liability (Deficit)	**6,915**	**4,989**

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2021

The amounts recognised in the Statement of Comprehensive Income:	2021 £'000	2020 £'000
Current service cost	119	317
Net interest on the defined benefit liability/(asset)	117	127
Administration expenses	18	19
Total expenditure	**254**	**463**

ASSET AND BENEFIT OBLIGATION RECONCILIATION FOR THE YEAR ENDED 31 MARCH 2021

Reconciliation of opening and closing balances of the present value of the defined benefit obligation	**2021** £'000	**2020** £'000
Opening defined benefit obligation	18,632	19,882
Current service cost	119	123
Interest cost	433	474
Change in financial assumptions	4,126	(1,416)
Change in demographic assumptions	(189)	96
Experience gain on defined benefit obligation	(282)	(212)
Estimated benefits paid net of transfers in	(455)	(533)
Past service costs, including curtailments	-	194
Contributions by Scheme participants	25	24
Closing defined benefit obligation	**22,409**	**18,632**

The change in financial assumptions item includes the impact of the change in derivation of future assumed RPI and CPI inflation as noted on page 67. These changes have resulted in a loss of £525,000 on the defined benefit obligation; comprising a gain of £848,000 from the change in assumed IRP and a loss of £1,373,000 from the change in the assumed gap between RPI and CPI inflation.

The change in demographic assumptions figure in the table above reflects the updated Model as set out in the Demographic/Statistical assumptions section of this report.

Reconciliation of opening and closing balances of the fair value of Fund assets	**2021** £'000	**2020** £'000
Opening fair value of Fund assets	**13,643**	**14,659**
Interest on assets	316	347
Return on assets less interest	1,914	(402)
Other actuarial losses	-	(520)
Administration expenses	(18)	(19)
Contributions by employer	69	87
Contributions by Fund participants	25	24
Estimated benefits paid plus unfunded net of transfers in	(455)	(533)
Closing fair value of Fund assets	**15,494**	**13,643**

Asset breakdown	**2021**		**2020**	
	£'000	%	£'000	%
Equities	8,603	56%	7,364	54%
Target Return Portfolio	3,555	23%	3,515	26%
Infrastructure	1,323	9%	994	7%
Property	1,366	9%	1,354	10%
Cash	647	4%	416	3%
Total	**15,494**	**100%**	**13,643**	**100%**

The total return on the fund assets for the year to 31 March 2021 is £2,230k (2020: £55k).

Sensitivity analysis	£'000	£'000	£'000
Adjustments to discount rate	+0.1%	0.0%	-0.1%
Present value of total obligation	22,015	22,409	22,811
Projected service cost	155	159	162
Adjustment to long term salary increase	+0.1%	0.0%	-0.1%
Present value of total obligation	22,428	22,409	22,390
Projected service cost	159	159	158
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	22,788	22,409	22,036
Projected service cost	163	159	155
Adjustment to life expectancy assumptions	+1 year	None	-1 Year
Present value of total obligation	23,406	22,409	21,455
Projected service cost	166	159	152

For the adjustment to the life expectancy assumption, the LPFA are essentially assuming a member will live a year longer or a year less.

For example, under +1 Year the LPFA assumed that a member with a 25-year life expectancy is actually expected to live for 26 years.

RE-MEASUREMENT IN OTHER COMPREHENSIVE INCOME

Re-measurement of net assets/(defined liability)	**2021** £'000	**2020** £'000
Return on Fund assets in excess of interest	1,914	(402)
Other actuarial losses on assets	-	(520)
Change in financial assumptions	(4,126)	1,416
Change in demographic assumptions	189	(96)
Experience gain on defined benefit obligation	282	212
Total actuarial (losses) gains - recognised in other comprehensive income	**(1,741)**	**610**

PROJECTED PENSION EXPENSE FOR THE YEAR TO 31 MARCH 2022

Projections for the year to 31 March 2022	2022 £'000
Service cost	159
Net interest on the defined liability and (asset)	138
Administration expenses	20
Total	**317**
Employer contributions	69

Note that these figures exclude the capitalised cost of any early retirements or augmentations which may occur after 31 March 2021. These projections are based on the assumptions as at 31 March 2021, as described in the main body of this report.

Defined benefit Re-measurement in Other Comprehensive Income – Social Housing Pension Scheme and Local Government Pension Scheme	2021 £'000	2020 £'000
Re-measurement of the net assets/(defined liability) – Social Housing Pension Scheme	(3,103)	3,007
Re-measurement of the net assets/(defined liability) – Local Government Pension Scheme	(1,741)	610
Total Re-measurement of the net assets/(defined liability) recognised in Other Comprehensive Income	**(4,844)**	**3,617**

9. Board members and executive directors

The directors are defined as the members of the Board, the Chief Executive and the Executive Group.

MEMBERS OF THE BOARD

No member of the Board is an employee of Poplar HARCA or received any emoluments during the period.

MEMBERS OF THE CORPORATE MANAGEMENT TEAM

The Corporate Management Team, including the Chief Executive, received emoluments as follows:

Aggregate emoluments payable to the Corporate Management Team	**2021** £'000	**2020** £'000
Salaries including bonuses	1,122	1,007
Employers national insurance contribution	147	132
Pension contributions	31	18
Benefit in kind	4	4
Total emoluments	**1,304**	**1,161**
Emoluments payable to the highest paid employee		
Salary including bonus	202	196
Employers national insurance contribution	27	26
Benefit in kind (car allowance)	4	4
Total emoluments	**233**	**226**

The car allowance relates to a people carrier owned by Poplar HARCA and is mainly used for conducting Poplar HARCA tours.

During the year ending March 2021, the Chief Executive was an ordinary member of the LGPS scheme. Poplar HARCA did not pay into an individual pension arrangement (including a personal pension plan) for the Chief Executive.

10. Taxation

ANALYSIS OF CHARGE IN PERIOD

	Group		Association	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Current tax				
Current tax on income for the period	-	556	-	-
Adjustments in respect of prior year	(160)	-	-	-
Tax charge/(credit)	**(160)**	**556**	**-**	**-**
Deferred tax				
Adjustment in respect of prior period	211	(5)	-	-
Deferred tax recognised on losses in Balfron Tower Developments LLP	(53)	(26)	-	-
	158	**(31)**	**-**	**-**
Tax on surplus on ordinary activities	**(2)**	**525**	**-**	**-**

The tax charge for the Group and Association is at 19% (2020: 19%), the standard rate of corporation tax in the UK as explained below.

TAX RECONCILIATION

	Group		Association	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Surplus/l(deficit) on ordinary activities before tax	11	9,524	(4,816)	11,452
Deficit on charitable activities	(3,031)	(12,488)	4,807	(11,464)
(Deficit)/surplus on non-charitable activities	**(3,020)**	**(2,964)**	**(9)**	**(12)**
Current tax at 19% (2019: 19%)	(574)	(563)	(2)	(2)
Effects of:				
Accounting loss/(profit) on disposal of fixed assets	-	-	-	-
Expenses not deductible for corporation tax	724	-	(3)	-
Adjustments in respect of prior years	(160)	-	-	-
Share of profit received from Aberfeldy New Village LLP	(308)	270	-	-
Share of accounting profit received from Aberfeldy New Village LLP	-	-	-	-
Deferred tax not recognised	5	10	5	10
Impairment of joint ventures	-	902	-	-
Prior year adjustment on deferred tax	211	(5)	-	-
Gift aid paid in year	-	-	-	-
Tax adjusted losses in Balfron Tower Developments LLP	-	(75)	-	-
Adjustments in respect of deferred tax rates	-	(6)	-	-
Group relief claimed	-	-	-	-
Relief for losses brought forward	-	(8)		
Surrender of losses carried back	100	-	-	(8)
Total tax charge recognised in the Statement of Comprehensive Income	**(2)**	**525**	**-**	**-**

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

The Association is a registered Community Benefit Society. Surpluses generated from its charitable activities are not subject to UK corporation tax. However, tax is payable on its non-charitable business activities.

As at 31 March 2021, the Group had tax losses of £1.6m allocated from LLPs in the Group. A deferred tax liability of £158k (2020: £31k) has been recognised in the Group account as it is no longer expected that there will be sufficient profitability in Balfron Tower Developments LLP in order to utilise losses, and therefore the deferred tax asset historically recognised in respect of Balfron Tower Developments LLP of £210,789 has been reversed out. Poplar HARCA Developments Limited has current year property losses and non-trade loan relationshp deficitis carried forward of £276,592.

11. Fixed assets: Housing properties - Group

Group	Properties under construction			Properties held for lettings			
	Social housing lettings £'000	Low-cost home ownership £'000	Non-social housing lettings £'000	Social housing lettings £'000	Low-cost home ownership £'000	Non-social housing lettings £'000	Total £'000
Cost							
At 1 April 2020	49,847	20,896	6,675	407,419	17,430	21,551	523,818
Acquisitions and new build	25,413	19,130	2,393	-	-	-	46,936
Capitalised repairs	-	-	-	1,373	-	-	1,373
Disposals – voluntary sales	-	-	-	(2,470)	(54)	-	(2,524)
Components written off	-	-	(148)	(107)	-	-	(255)
Transfer to completed housing properties	(6,505)	(21,664)	(6,334)	6,505	21,664	6,334	-
At 31 March 2021	**68,755**	**18,362**	**2,586**	**412,720**	**39,040**	**27,885**	**569,348**
Depreciation							
At 1 April 2020	-	-	-	86,462	1,070	4,965	92,497
Charge for the period	-	-	-	8,493	391	836	9,720
Disposals – voluntary sales	-	-	-	(1,179)	(3)	-	(1,182)
Components written off	-	-	-	(32)	-	-	(32)
At 31 March 2021	**-**	**-**	**-**	**93,744**	**1,458**	**5,801**	**101,003**
Net book value							
At 31 March 2021	**68,755**	**18,362**	**2,586**	**318,976**	**37,582**	**22,084**	**468,345**
At 1 April 2020	49,847	20,896	6,675	320,957	16,360	16,586	431,321

11. Fixed assets: Housing properties - Association

	Properties under construction			Properties held for lettings			
	Social housing lettings £'000	Low-cost home ownership £'000	Non-social housing lettings £'000	Social housing lettings £'000	Low-cost home ownership £'000	Non-social housing lettings £'000	Total £'000
Cost							
At 1 April 2020	49,847	20,896	6,675	407,419	17,430	21,551	523,818
Reclassification	-	-	-	-	-	-	-
Acquisitions and new build	25,413	19,130	2,393	-	-	-	46,936
Capitalised repairs	-	-	-	1,373	-	-	1,373
Disposals – voluntary sales	-	-	-	(2,470)	(54)	-	(2,524)
Components written off	-	-	(148)	(107)	-	-	(255)
Transfer to completed housing properties	(6,505)	(21,664)	(6,334)	6,505	21,664	6,334	-
At 31 March 2021	**68,755**	**18,362**	**2,586**	**412,720**	**39,040**	**27,885**	**569,348**
Depreciation							
At 1 April 2020	-	-	-	86,462	1,070	4,965	92,497
Charge for the period	-	-	-	8,493	391	836	9,720
Disposals – voluntary sales	-	-	-	(1,179)	(3)	-	(1,182)
Components written off	-	-	-	(32)	-	-	(32)
At 31 March 2021	**-**	**-**	**-**	**93,744**	**1,458**	**5,801**	**101,003**
Net book value							
At 31 March 2021	**68,755**	**18,362**	**2,586**	**318,976**	**37,582**	**22,084**	**468,345**
At 1 April 2020	49,847	20,896	6,675	320,957	16,360	16,586	431,321

Included in Group's acquisitions during the year is capitalised interest of £1,833k (2020: £1,257k). The amount of cumulative interest capitalised in housing properties is not separately identifiable.

The cost of construction, or of refurbishment for stock transferred to Poplar HARCA at nil cost is shown above. Maintenance expenditure of £1,373k (2020: £1,258k) was capitalised during the year.

IMPAIRMENT

An annual review is undertaken of existing social housing properties and the properties currently under construction to determine if there has been any indicator of impairment in the current financial year. Where any potential indicator as defined in FRS 102.27 'Impairment of Assets' is identified, a review of the affected scheme is undertaken to determine if an impairment is required. No indicator of impairment was identified in 2021, therefore no impairment cost on housing properties was recognised for the current financial year (2020: nil).

12. Other fixed assets - Group and Association

	Office premises £'000	Furniture & equipment £'000	Computer equipment & software £'000	Vehicles & estate equipment £'000	Work-in-Progress £'000	Total £'000
Cost						
At 1 April 2020	13,347	1,329	9,075	1,275	453	25,479
Additions	18	34	132	385	26	595
Disposals	(2,015)	-	-	(173)	-	(2,188)
At 31 March 2021	**11,350**	**1,363**	**9,207**	**1,487**	**479**	**23,886**
Depreciation						
At 1 April 2020	1,986	1,011	6,290	1,028	-	10,315
Charge for the period	395	105	1,191	145	-	1,836
Disposals	(1,467)	-	-	(173)	-	(1,640)
At 31 March 2021	**914**	**1,116**	**7,481**	**1,000**	**-**	**10,511**
Net book value						
At 31 March 2021	**10,436**	**247**	**1,726**	**487**	**479**	**13,375**
At 1 April 2020	11,361	318	2,785	247	453	15,164

13. Intangible assets

	Group and Association £'000
Cost	
At 1 April 2020	493
Franchise licence fee	-
At 31 March 2021	**493**
Amortisation	
At 1 April 2020	31
Charge for the period	8
At 31 March 2021	**39**
Net book value	
At 31 March 2021	**454**
At 1 April 2020	462

Poplar HARCA have paid a franchise licence fee in 2016 to Ecoworld (formerly be:here Limited) to utilise the be:here brand at Aberfeldy New Village.

14. Investment in commercial properties - Group

	Group 2020 Total £'000		Group 2021 Total £'000
Balance at 1 April 2019	71,638	Balance at 1 April 2020	69,673
Additions	5	Additions	2,718
Disposals	-	Transfer to Housing properties	(10,000)
Change in fair value	(1,970)	Change in fair value	(2,050)
Balance at 31 March 2020	**69,673**	**Balance at 31 March 2021**	**60,341**

14. Investment in commercial properties - Association

	Association 2020 Total £'000		Association 2021 Total £'000
Balance at 1 April 2019	67,405	Balance at 1 April 2020	65,435
Additions	-	Additions	2,718
Disposals	-	Transfer to Housing properties	(10,000)
Change in fair value	(1,970)	Change in fair value	(2,050)
Balance at 31 March 2020	**65,435**	**Balance at 31 March 2021**	**56,103**

A professional valuation is undertaken every three years and a directors' valuation is carried out in the years where a professional valuation is not obtained in line with the Group's Accounting Policy.

The directors' valuations is still fair value carried out during the year for the Container Futures, Old Poplar Library, The View Tube, Chrisp Street, Stroudley Walk, Bromley Hall and William Cotton Place.

A professional independent valuation was obtained in 2019 by SFP Property. At the reporting date the fair value was measured at £16,210k and the historical cost was £7,880k.

In 2015/16, Poplar HARCA entered into a finance lease with M&G Investments Limited to carry out the construction of private and affordable residential units on the Aberfeldy estate. The private residential units are classified as investment properties. At the reporting date the fair value of the private residential units was measured at £48,551k (2020: £49,225k), representing £4,186k (2020: £4,860k) in excess to the net present value of the lease liability. The investment method (also known as capitalised rental method) was used to determine the fair value. The historical costs of investment were £44,700k (2020: £44,700k).

15. Investment in subsidiary companies

	Association	
	2021 £'000	**2020** £'000
Poplar HARCA Projects Limited	-	9,874
Poplar HARCA Capital PLC	50	50
Poplar HARCA (Developments) Limited	8,834	8,834
	8,884	**18,758**

Poplar HARCA Projects Limited, a wholly owned subsidiary of Poplar HARCA, is incorporated in England and Wales with an issued, and allotted capital of two ordinary shares of £1 each. The company's principal activity is the management of overages mixed income tenure (LHA and market rent) lettings and refurbishment of Balfron Tower. An investment of £nil (2020: £146k) was made in Poplar HARCA Projects Limited during the year for the Balfron Tower Project. This investment was funded in the form of capital contribution from the parent company Poplar HARCA Ltd.

The parent company Poplar HARCA Ltd has written off all the investment in Poplar HARCA Project Ltd during the year due to no profit forecast in Poplar HARCA Project Ltd.

Poplar HARCA Capital PLC was formed on 4 April 2013 with allotted, issued and paid-up capital of 50,000 ordinary shares of £1 each with the sole purpose of raising Bond Finance for the Group. The company issued Bonds with a value of £140m in July 2013 and £25m in August 2020. All the proceeds were on lent to the parent company, Poplar HARCA.

Poplar HARCA (Developments) Limited, a wholly owned subsidiary of Poplar HARCA, is incorporated in England and Wales with an issued and allotted capital of two ordinary shares of £1 each. The company's principal activity is the development and sale of housing and commercial properties. No investment has been made in the current year.

The subsidiaries of Poplar HARCA are all registered at the address George Green Building, 155 East India Dock Road, London, England, E14 6DA.

16. Joint ventures

The Joint ventures in which the Group has more than 20% interest in are:

Aberfeldy New Village LLP

This is a joint venture between Poplar HARCA (Developments) Limited and Be:Here Holdings Limited for the construction and development of new homes on the Aberfeldy estate. The LLP issued 1,000 shares of £1 each, 500 of which are owned by Poplar HARCA (Developments) Limited. The LLP arrangement is designed such that the land obtained by Poplar HARCA through stock transfers will be developed by Be:Here Holdings Limited, with future profits being shared equally.

Balfron Tower Developments LLP

This is a joint venture between Poplar HARCA Projects Limited and St Leonards Developments LLP for the refurbishment and sale of the Balfron Tower, with future profits to be shared equally. The LLP issued 1,000 shares of £1 each, 500 of which are owned by Poplar HARCA Projects Limited.

The amounts included in respect of the Group's share of joint ventures comprise the following:

	2021		
	Aberfeldy £'000	**Balfron** £'000	**Total** £'000
Share of profit (loss) from joint ventures	**(475)**	**(420)**	**(895)**
Share of:			
Gross assets	25,442	33,315	41,187
Gross liabilities	(25,798)	(34,937)	(41,143)
Net assets	**(356)**	**(1,622)**	**44**
As at 1 April 2020	10,082	(1,203)	8,879
Share of profit/(loss) from joint ventures	(475)	(420)	(895)
Impairment of investment	-	-	-
Contributions made during the year	-	-	-
Distribution paid during the year	(1,140)	-	(1,140)
Investment in joint ventures	**8,467**	**(1,623)**	**6,844**

16. Joint ventures - continued

	2020		
	Aberfeldy £'000	**Balfron** £'000	**Total** £'000
Share of (loss) from joint ventures	**1,969**	**(395)**	**1,574**
Share of:			
Gross assets	15,810	25,377	41,187
Gross liabilities	(14,562)	(26,581)	(41,143)
Net assets	**1,248**	**(1,204)**	**44**
As at 1 April 2019	8,662	3,791	12,453
Share of profit/(loss) from joint ventures	1,969	(395)	1,574
Impairment of investment	-	(4,745)	(4,745)
Contributions made during the year	-	146	146
Distribution paid during the year	(549)	-	(549)
Investment in joint ventures	**10,082**	**(1,203)**	**8,879**

Within the current year, a loss of £132k has been added to the share of loss from joint ventures. Consequently, a decrease to the net assets of the joint venture has been reflected in the current year due to the change between Balfron Tower Developments LLP's 2020 audited financial statements and the 2020 draft financial statements that were available at the time of reporting the Group's annual report. As this amount was not material to the Group's accounts, no prior year adjustment has been made and the amount was corrected in the current year.

During the year, Poplar HARCA (Developments) Limited made an investment of £nil (2020: £nil) into Aberfeldy New Village LLP Phase 3b and Poplar HARCA Projects Limited invested £nil (2020: £146k) as an investment in Balfron Tower Developments LLP. These investments have been funded in the form of capital contribution from the parent company being Poplar HARCA Limited.

At each reporting date Poplar HARCA Limited assesses whether there is any indication of impairment and estimates the recoverable amount of the asset (the amount being higher of its fair value less costs to sell or its value in use).

Poplar HARCA Projects Limited has recognised an impairment of £nil (2020: £4,745k) as a result of a decrease in profit forecast from outright sale of the units at Balfron Tower, which has reduced its recoverable amount of the investment.

17. Stocks

	Group		Association	
	2021 £'000	**2020** £'000	**2021** £'000	**2020** £'000
Shared ownership completed	7,070	495	7,070	495
Shared ownership under construction	6,073	6,939	6,073	6,939
Maintenance and cleaning materials	40	40	40	40
	13,183	**7,474**	**13,183**	**7,474**

18. Debtors

	Group		Association	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Debtors falling due within one year:				
Rent and service charge arrears	5,882	5,377	5,529	5,182
Less: provision for bad and doubtful debts	(3,099)	(2,709)	(2,885)	(2,576)
	2,783	**2,668**	**2,644**	**2,606**
Other debtors and prepayments	9,570	8,207	8,201	7,979
Amounts owing from subsidiaries	-	-	9,676	9,095
Amounts owed by joint venture	-	1,526	-	-
	12,353	**12,401**	**20,521**	**19,680**
Debtors due after more than one year:				
Amounts owing from subsidiaries	-	-	24,795	12,598
Amounts owed by joint venture	25,417	12,610	-	-
	25,417	**12,610**	**24,795**	**12,598**
Other debtors	452	461	455	455
Deferred tax asset	52	211	-	-
Leaseholder refurbishment debtors	2,032	2,597	2,032	2,597
Less: provision for bad and doubtful debts	(554)	(641)	(554)	(641)
	27,399	**15,238**	**26,728**	**15,009**
	39,752	**27,639**	**47,249**	**34,689**

Included in the amounts owing from subsidiaries was a loan of £6,317k (2020: £5,967k) provided to Poplar HARCA (Developments) Limited, a wholly owned subsidiary, on an arms-length basis.

A further £17,068k (2020: £11,600k) was loaned to Poplar HARCA (Developments) Limited on an arms-length basis, for onward lending to Aberfeldy New Village LLP, in which it has a 50% interest.

The Group also loaned £7,807k (2020: £4,108k) to Poplar HARCA Projects Limited, a wholly owned subsidiary, on an arms-length basis. Poplar HARCA Projects ltd then on lent £4,447k (2020: £2,536k) to Balfron Tower Developments LLP, in which it has a 50% interest.

The leaseholder refurbishment debtors are considered to be long term as they are not repayable within the next 12 months, unless leaseholders terminate their lease earlier.

A release of St Paul's Way Barter transaction of £nil (2020: £166k) on the completion of works resulted in a change in debtors for the year.

Poplar HARCA Capital Plc, wholly owned subsidiaries of Poplar HARCA, held a deposit of £10m of the net proceeds into the initial cash security account to ensure compliance with the Asset Cover Test on closing held by BNY as more security was required against the held bonds in order to generate the full £110m in held bonds.

19. Cash and cash equivalents

	Group		Association	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Cash and cash equivalents	18,412	13,541	13,976	6,014
	18,412	**13,541**	**13,976**	**6,014**

20. Short term investment

	Group		Association	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Amounts held in escrow	16,686	6,586	6,586	6,586
	16,686	**6,586**	**6,586**	**6,586**

The short term investment comprises of amounts held in escrow as a security relating to our Local Government Pension Scheme pension scheme.

21. Statement of Cash Flows

	Group	
	2021	2020
	£'000	£'000
Cash flow from operating activities:		
Surplus for the year	13	8,999
Tax on ordinary activities	(2)	525
Adjustment for non-cash items:		
Depreciation and amortisation of assets	11,564	11,090
Grant amortisation	(3,920)	(4,027)
Bad debts and release of provisions	(1,057)	(440)
Pension costs less contributions payable	(476)	(239)
Cost less depreciation on components written off	223	64
Write down of investment in joint venture	-	4,745
Change in the value of investment property	2,050	1,970
Share of profit from joint ventures	895	(1,574)
Gain on disposal of fixed assets and investment property	(8,892)	(15,245)
Net financing costs	11,059	11,601
Deferred tax	158	(31)
Adjustments for working capital movement:		
Increase in stocks	(5,709)	(4,734)
(Increase)/decrease in trade and other debtors	(13)	536
Increase/(decrease) in trade and other creditors	(1,057)	1,910
Cash generated by operations:	**4,836**	**15,150**

22. Analysis of change in net debt

	At 1 April 2020 £'000	Cash flows £'000	Finance Lease £'000	Other non-cash changes £'000	At 31 March 2021 £'000
Cash and cash equivalents					
Cash	13,541	4,871	-	-	18,412
Total cash and cash equivalents	**13,541**	**4,871**	**-**	**-**	**18,412**
Borrowings					
Debt due with 1 year	(318)	318	-	(331)	(331)
Debt due more than 1 year	(218,500)	(52,577)	-	331	(270,746)
Finance lease	(54,675)	-	331	-	(54,344)
Total borrowings	**(273,493)**	**(52,259)**	**331**	**-**	**(325,421)**
Net Debt	**(259,952)**	**(47,388)**	**331**	**-**	**(307,009)**

23. Creditors: amounts falling due within one year

	Group		Association	
	2021 £'000	**2020** £'000	**2021** £'000	**2020** £'000
Trade creditors	2,228	4,324	2,191	4,290
Corporation and other taxes	413	1,005	413	448
Other creditors and accruals	14,821	8,161	14,637	7,989
Current lease liability	331	318	331	318
Amount owing to subsidiaries	-	-	74	144
Grant on housing properties (note 28)	3,446	3,270	3,446	3,270
Disposal Proceeds Fund (note 27)	-	298	-	298
Recycled Capital Grant Fund (note 26)	19	-	19	-
	21,258	**17,376**	**21,111**	**16,757**

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

	Group		Association	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Long term loans and financing costs	97,600	77,467	97,600	77,467
Bond finance and financing costs	163,763	139,473	-	-
Bond Premium	7,246	-	-	-
Loan from group company	-	-	160,862	139,370
Long term lease liability	54,344	54,675	54,344	54,675
Grant on housing properties (note 28)	113,977	112,218	113,977	112,218
Disposal Proceeds Fund (note 27)	-	37	-	37
Recycled Capital Grant Fund (note 26)	85	77	85	77
	437,015	**383,947**	**426,868**	**383,844**

The Group has a total agreed facility to a value of £347.8m (2020: £323.5m) of which £317.8m (2020: £273.5m) had been drawn as at 31 March 2021. The total drawn facility includes 70% fixed loan at the average borrowing cost of 4.735%, 13% floating charge loan ranges between 125 bps to 150bps over the bank reference rate, and 17% RPI linked finance lease.

Bank loans and the bond are secured by specific charges on certain Poplar HARCA's housing properties that have a carrying amount as at 31 March 2021 of £186m, and the finance lease is related to the Aberfeldy Phase 2 units over the fixed term. The table below provides an analysis of the bank loans, bond and finance lease based on the repayment terms in accordance with all individual financial agreements.

The Group has entered into a finance lease with M&G Investments Limited to carry out the construction of private and affordable residential units on the Aberfeldy estate. Refer to note 14 for details.

	Group		Association	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
In one year or less	331	318	331	318
Between one and two years	345	331	345	331
Between two and five years	68,116	22,713	68,116	22,713
In more than five years	256,629	250,131	84,383	110,131
	325,421	**273,493**	**153,175**	**133,493**

25. Provisions for liabilities

	Group and Association		
	Pension liability - SHPS £'000	Pension liability - LGPS £'000	2021 Total £'000
At beginning of period	2,323	4,989	7,312
Provision for the year	2,608	1,926	4,534
At end of period	**4,931**	**6,915**	**11,846**

The details of the Pension liabilities, LGPS and SHPS, are shown in Note 8.

26. Recycled Capital Grant Fund

	Group and Association	
	2021 £'000	2020 £'000
At beginning of period	77	81
Amount paid in from shared ownership sales	57	28
Amount utilised for new build programme	(30)	(32)
At end of period	**104**	**77**
Amounts to be utilised within a year	19	-
Amounts that may be utilised after more than one year	85	77
	104	**77**

The Recycled Capital Grant Fund comprises the grant element on the disposal of shared ownership and new build properties.

27. Disposal proceeds fund

	Group and Association	
	2021	**2020**
	£'000	£'000
At beginning of period	335	878
Interest accrued	-	5
Amount utilised for new build program	(335)	(548)
At end of period	**-**	**335**
Amounts to be utilised within a year	-	298
Amounts that may be utilised after more than one year	-	37
	-	**335**

The Disposal Proceeds Fund (DPF) comprises the net proceeds of right to acquire property sales less amount utilised to provide replacement housing, as explained in note 1. Following deregulatory measures introduced by the Regulator of Social Housing on 6 April 2017, no new proceeds from relevant property disposals will be paid into the DPF. There are no amounts where repayment may be required (2019: £nil). The Group utilised all the remaining funds on new development schemes with the permission of the GLA.

28. Deferred Capital Grant

	Group and Association	
	2021	**2020**
	£'000	£'000
At beginning of period	115,488	117,158
Grant received in the year	5,855	2,355
Released to income in the year	(3,920)	(4,025)
At end of period	**117,423**	**115,488**
Amounts to be utilised within a year	3,446	3,270
Amounts that may be utilised after more than one year	113,977	112,218
	117,423	**115,488**

29. Financial assets and liabilities

The carrying amounts of the financial assets and financial liabilities include:

	Group		Association	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Financial assets measured at amortised cost:				
Cash and cash equivalents *(note 19)*	18,412	13,541	13,976	6,014
Short term investment *(note 20)*	16,686	6,586	6,586	6,586
Debtors *(note 18)*	39,753	27,639	47,249	34,689
	74,850	**47,766**	**67,811**	**47,289**
Financial liabilities measured at amortised cost:				
Trade creditors *(note 23)*	2,228	4,324	2,191	4,290
Interest payable	469	483	469	483
Loans and borrowings *(note 24)*	268,609	217,258	258,462	77,785
	271,306	**222,065**	**261,122**	**82,558**

30. Capital commitments

	Group		Association	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Capital expenditure contracted less certified that has not been provided for in the Financial Statements	143,066	165,055	143,066	165,055
Capital expenditure that has been authorised by the Board but has not yet been contracted for	92,105	107,409	92,105	107,409
	235,171	**272,464**	**235,171**	**272,464**
Financed by:				
Social Housing Grants	51,551	42,991	51,551	42,991
Receipts from sale of assets	159,736	147,732	159,736	147,732
Unutilised loan facilities & available funds	23,884	81,741	23,884	81,741
	235,171	**272,464**	**235,171**	**272,464**

The Group's development pipeline as at 31 March 2021 had an estimated cost of £235m (2020: £272m) and currently spans over 11 years. The expenditure includes s106 schemes and regeneration schemes which are currently on site, as well as the development schemes not yet on site. These schemes will be funded through the social housing grant, accumulated reserves and borrowings.

31. Operating lease

During the year Poplar HARCA Limited entered into a twenty year operating lease agreement with FAHHA Ltd. As at 31 March 2021, there are 142 Island Point and 14 Landmark Pinnacle properties that were leased, consisting of 79 affordable homes, and 63 general needs and 14 shared ownership properties.

	Group and Association	
	2021	**2020**
	£'000	£'000
Not later than one year	1,814	-
Later than one year and not later than five years	7,782	-
Later than five years	33,227	-
Lease payments recognised as an expense	1,383	-

32. Related party transactions

Poplar HARCA Group consists of Poplar Housing and Regeneration Community Association Limited, Poplar HARCA (Developments) Limited, Poplar HARCA Projects Limited, Poplar HARCA Capital PLC, and Leaside Business Centre Management Limited.

POPLAR HARCA PROJECTS LIMITED

Poplar HARCA Projects Limited, a wholly owned subsidiary of Poplar HARCA, manages the overage income on new build schemes, including Balfron Tower Developments LLP, a Joint Venture between Poplar HARCA and St. Leonards Developments LLP, a Telford Homes Group entity. Poplar HARCA Projects Ltd leases a number of LHA rateable properties from Poplar HARCA. The rent income of from these properties are captured by Poplar Projects Ltd.

During the 2021 year, a £nil (2020: £146k) capital contribution was made to Poplar HARCA Projects with regards to costs incurred on the Balfron Tower development. An annual impairment review resulted in an impairment charge of £nil (2020: £4,745k) for the year. Poplar HARCA Projects will receive a profit share on the sale of the flats once sales commence.

As at 31 March 2021, Poplar HARCA Projects owed Poplar HARCA Ltd a balance of £7,807k (2020: £4,108k). This balance is included within note 18 of these accounts. There is no overage receipt during the year. In 2020 £1,303k was received by Poplar HARCA from the St Paul's Way Sales and Development agreement which was triggered by the legal completion of sales units, the rights of this overage income was assigned to Poplar HARCA Projects.

POPLAR HARCA CAPITAL PLC

Poplar HARCA Capital Plc, a wholly owned subsidiary of Poplar HARCA, was established as a special purpose funding vehicle and secured funding of £165 million by issuing bonds from the capital markets for on-lending to Poplar HARCA. The bonds are 30 year fixed rate with a coupon of 4.843%.

As at 31 March 2021, Poplar HARCA Capital PLC has a long-term debtor balance of £160,863k (2020: £139,370k) with parent Poplar HARCA Ltd (note 24).

As at 31 March 2021, Poplar HARCA Capital PLC has a short-term debtor balance of £74k (2020: £144k) with parent Poplar HARCA Ltd (note 23).

POPLAR HARCA (DEVELOPMENTS) LIMITED

Poplar HARCA (Developments) Limited, a wholly owned subsidiary of Poplar HARCA, was formed to develop properties for sale.

Poplar HARCA Limited has been provided a loan, to Poplar HARCA (Developments) Limited, on an arms-length basis, secured by a fixed charge over the property 132 St. Paul's Way, London together with a floating charge over the assets of the company. Interest is payable on the outstanding balance at six monthly LIBOR + 1.5% for 132 St. Paul's Way and monthly at a fixed rate of 7.5% for the loan to Aberfeldy New Village LLP. The loan is repayable on demand and as at 31 March 2021 this intercompany creditor balance to Poplar HARCA is £6,317k (2020: £5,667k) and will be repaid on sale of the remaining commercial units.

As at 31 March 2021, the short-term balance of nil (2020: £1,526k) and long-term balance of £17,669k (2020: £10,074k) is loaned to Poplar HARCA (Developments) Limited, on an arms-length basis, for onward lending to Aberfeldy New Village LLP, in which Poplar HARCA (Developments) Limited has a 50% interest.

As at 31 March 2021, a £nil (2020: £nil) capital contribution was made to Poplar HARCA (Developments) Limited.

During the year Poplar HARCA (Developments) Limited received £1,141k (2020: £549k) as income from the joint venture.

MANAGEMENT AND ADMINISTRATION CHARGES TO SUBSIDIARIES

Poplar HARCA Limited provides management and administration services to Poplar HARCA (Developments) Limited ("DevCo") and Poplar HARCA Projects Ltd ("Projects"). The most significant element of this is staff costs as DevCo and Projects do not have their own employees.

These costs are apportioned as follows:

Development	Time spent by development staff
Finance	Time allocated to schemes developed by DevCo and time allocated to schemes administered through Projects.
Central overheads	Time allocated to DevCo and Projects as per budget

The total interest charged and management and administration costs apportioned in the year were:

	2021 £'000	2020 £'000
Interest charged by Poplar HARCA to DevCo	1,251	865
Management fees charged by Poplar HARCA to DevCo	194	156
Interest charged by Poplar HARCA to Projects	247	160
Management and admin fees charged by Poplar HARCA to Projects	404	527
Consultancy service charged by Poplar HARCA to Projects	283	2,813
Operating lease charges by Poplar HARCA to Projects	2,803	2,582
Interest charged by Capital to Poplar HARCA	9,447	6,780
	14,629	**13,883**

All the subsidiaries are registered in the United Kingdom but are not registered with the Regulator of Social Housing.

GEOCAPITA

GeoCapita is a Community Benefit Society registered on the Mutual's Public Register regulated by the FCA. Geocapita has financed by way of bank loans and a loan from Poplar HARCA Ltd for the installation of solar panels on roofs around the Poplar area. This is a related party as 2 employees of Poplar HARCA Ltd are also registered Directors of Geocapita, James Reverend Olanipekun and Colin Woollard. Colin Woollard, the Director of Poplar HARCA and GeoCapita, resigned on 17 March 2021. Kevin Wright, Director of Technical Resources of Poplar HARCA, appointed as Board member of GeoCapita.

Poplar HARCA holds a long term debtor amount of £455k as at 31 March 2021 (2020: £455k). Poplar HARCA charged Geocapita a total of £18k (2020: £18k) in interest. Interest is charged at 4% on the long term debtor amount.

THE BROMLEY BY BOW CENTRE

The Bromley by Bow Centre is a registered charity which runs a community and health care centre. This is a related party as the Chair of Poplar HARCA's Board, Dr. Paul Brickell, is also a registered Director of the Bromley by Bow Centre. The total amount paid to The Bromley by Bow Centre in the year was £256k as at 31 March 2021 (2020: £253k).

33. Subsequent Events

The Poplar HARCA Capital Plc issued an additional £50 million bonds on 9 April 2021 through public sale, and £35 million on 10 August 2021 as a spot sale. The proceeds will be on lent to Poplar HARCA.

The directors are of the opinion that the judgments taken within the financial statements as at 31 March 2021 are still the appropriate judgements at the time of signing. The directors are not aware of any further mater matters or circumstances arising between 31 March 2021 and the sign-off date of this report which will impact the financial statements (2020: nil).

poplarharca.co.uk